

Integration Joint Board Annual Accounts 2020/21

People,
Compassion
& Partnership



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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 2021.

The Management Commentary provides an overview of the key messages in relation to the IJB's financial planning and performance for the 2020/21 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.

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 had a significant impact in the financial position for 2020/21 and is continuing with significant costs having been incurred over the course of the financial year by the Health and Social Care Partnership in dealing with the impact on individuals. Income streams were significantly reduced or ceased and previously planned savings were not fully achieved. Covid-19 attributable costs incurred over the course of 2020/21 totalled £11.302m compared to projected costs totalling £11.703m which were included in the initial Local Mobilisation Plan return to the Scottish Government on 27 July 2020. All costs incurred in 2020/21 have been wholly offset by additional funding from the Scottish Government. The final costs going forward will depend upon the recovery timescale and whilst some additional resources have already been provided to offset anticipated Remobilisation Plan 3 (RMP3) costs in 2021/22, the Scottish Government 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 2021/22. Close monitoring of the position has been implemented through Covid-19 Local Mobilisation Plans in 2020/21 and will continue going forward. The 2020/21 budget was approved by the IJB on 25 March 2020 on a 'business as usual' basis with reduced expenditure on mainline health and social care services as a consequence of the pandemic having a significant impact on the overall financial position for the year.

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 and is scheduled to be updated again in 2022.

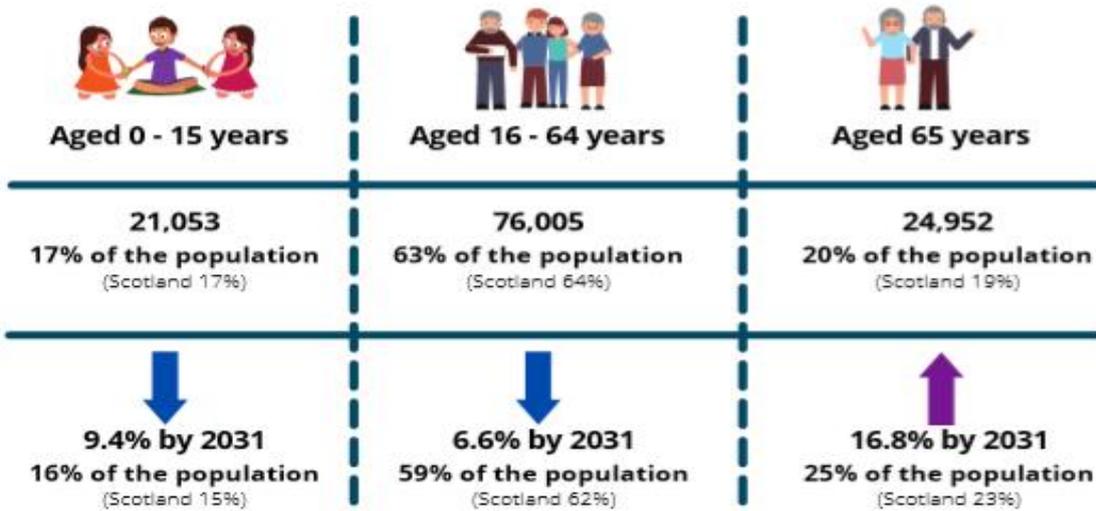
Significant inequalities exist within and between our communities in East Ayrshire. The integration of health and social care provides an important framework to address health and wellbeing inequalities. The profile below displays key characteristics of the East Ayrshire population with information from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

East Ayrshire

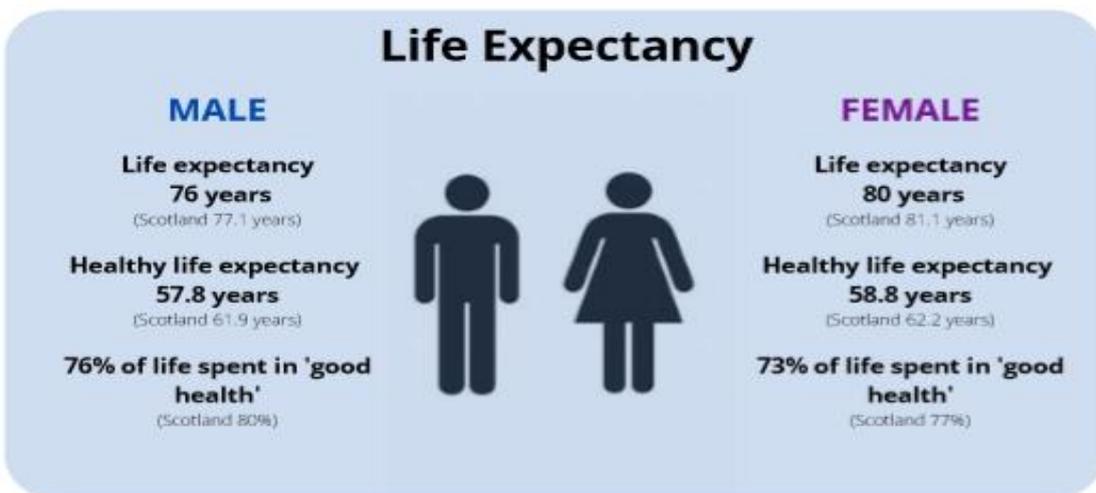
- 490 square miles in South West Scotland
- Incorporates urban and rural communities
- Population **122,010** - 2.23% of Scotland's total population
- Population expected to fall by 2.2% in the next 10 years



Age / Gender Composition



Life Expectancy



Early Years

15.8% of mothers in East Ayrshire smoke during pregnancy
(Scotland 13.8%)

17.8% of East Ayrshire babies are exclusively breastfed at 6-8 weeks
(Scotland 31.6%)

20.2% of children in East Ayrshire had at least one developmental concern noted at their 27-30 month review
(Scotland 14.3%)

72.7% of East Ayrshire children are a healthy weight in Primary 1
(Scotland 76.3%)



Deprivation

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

27.9% of East Ayrshire children are estimated to live in economically deprived households (after housing costs)
(Scotland 24%)

15.2% of East Ayrshire residents are income deprived
(Scotland 12%)



Long Term Health Conditions

More than a quarter (26%) of the East Ayrshire population have at least one physical long term health condition

The five most common long term conditions are asthma, arthritis, coronary heart disease, cancer and diabetes

21.4% of East Ayrshire residents are prescribed medication for anxiety/depression/psychosis
(Scotland 19.7%)



Harmful Behaviours

20.8% of East Ayrshire residents aged 16 or over are estimated to be current smokers
(Scotland 19%)

The rate of alcohol related hospital admissions in East Ayrshire is 662.4 per 100,000
(Scotland 673.4)

During 2019, there were 41 drug related deaths in East Ayrshire, a rate of 36.9 per 100,000
(Scotland 24.3)



Community Engagement: Wellbeing Community Conversation 2020

Mental Health

69.6% of residents indicated that their mental health had been impacted by the pandemic. Negative feelings included depression, stress, anxiety and frustration whilst positive feelings included feeling optimistic, hopeful and relaxed.

"feeling worried and psychologically vulnerable"

"I've had time to consider what my priorities are"

"depressed...my mood is low"

Caring Responsibilities

Comments relating to providing unpaid care for family members were varied, with some people sharing experiences of a lack of local authority support / respite, while circumstances had given others more time to provide care.

"still not got usual supports"

Childcare

Working from home and giving children attention was the major difficulty highlighted although, for others, there was more time and flexibility for childcare.

"More flexible working/childcare and time with family outdoors"

Physical Health

60.9% of residents indicated that their physical health and fitness had been impacted by the pandemic, whilst 20.6% reported that their long term conditions had been impacted.

"unfit and sore"

Low fitness, weight gain and decreased mobility were some of the negative themes although, positively, healthier eating, increased exercise and feeling less physically tired were also highlighted.

"eating healthier as eating home cooked meals"

"less active"

Communities

A range of varied comments were made regarding communities with several highlighting an increased sense of community spirit and willingness to provide support.

"communities pulling together"

"helping those in need"

Finances

Household finances of 28.8% of residents have been affected by the pandemic and 44% of people working prior to the pandemic have had their work affected. Feedback in relation to economic status indicates that furlough, the fear of redundancy and employment uncertainty are key concerns.

"waiting to hear if I've been made redundant"

"furloughed by my work...I feel I've been deserted"

"terrified about future work or lack of potential job"

Substance Abuse
 All comments in relation to alcohol, drug or tobacco use were positive, with a number of references made to quitting smoking and reducing alcohol and drug intake.

"drinking less and less often"

Social Isolation
 39.5% of residents identified social isolation and loneliness as one of their main concerns. Feeling forgotten about, struggling with ill health, addiction and bereavement were all contributing to the feelings of isolation and loneliness.

"still feel lonely"

"fearful of being alone"

Recovery
 A range of feedback was received relating to support from specific service areas that would help residents achieve the things that matter to them.

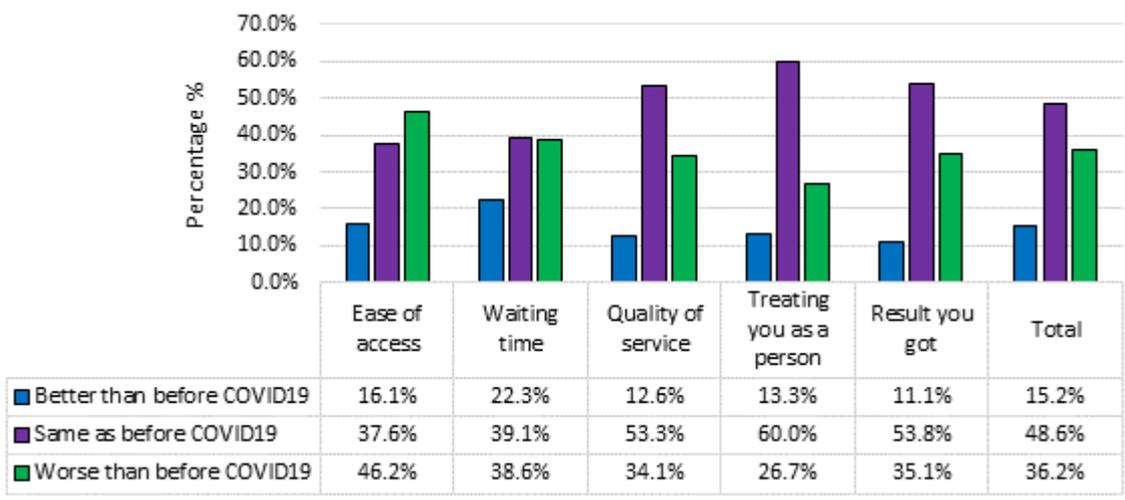
"financial help and support"

"face to face access to services"

"easier access to GP services"

Health and Care Services

Residents were asked to rate any health and care service they had used during the Covid-19 pandemic as better, worse or the same as prior to the pandemic in relation to five key themes.



Only 15% of answers denoted a positive experience with criteria relating to the ease of access and waiting time receiving the best results. Conversely, over 1/3 of responses (36%) indicated a negative experience, especially in relation to ease of access of service, waiting time, and the quality of service provided. Almost half of respondents noted that their experience with services was unchanged from prior to the Covid-19 pandemic.

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. On 1 March 2020, Dr. Sukhomoy Das (Non-executive Director – NHS Ayrshire & Arran) replaced Ms. Jean Ford as a Health Board representative on the IJB. The following table provides detail of voting members of the IJB at 31 March 2021:

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
Dr. Sukhomoy Das	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

Since the establishment of East Ayrshire IJB as a body corporate on 1 April 2015, the position of Director of Health and Social Care was held by Eddie Fraser, as lead professional advisor to the IJB in his role as Chief Officer. Eddie Fraser was appointed as Chief Executive of East Ayrshire Council from 11 January 2021 and was succeeded as Director of Health and Social Care by Craig McArthur, initially on an interim basis. Craig McArthur was appointed to the position on a permanent basis from 22 February 2021.

Non-voting members of the IJB comprise employee and trade union representatives, carers and people who use our services, the third and independent sectors and medical, clinical, social work, finance and governance professionals.

OBJECTIVES AND STRATEGY OF THE IJB

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

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.

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 six years and will continue to do so:

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

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

The Strategic Plan comprises a focus on recovery and renewal following the challenges experienced as a result of the Covid-19 pandemic, in addition to focussing on the 'triple aim' of better care, better health and better value, in line with the national Health and Social Care Delivery Plan.

The Workforce Plan 2018-21 was 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 recognised 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 identified 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 aimed 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 Scottish Government has recognised that the Covid-19 pandemic has radically altered the planning environment for health and social care services from that envisaged at the time of publication of the revised workforce planning guidance (issued as part of the Integrated Health and Social Care Workforce Plan in December 2019). It has therefore been agreed that the publication date for the first three year NHS Board and Health and Social Care Partnership Workforce Plans will move from 31 March 2021 to 31 March 2022. In delaying the suggested publication date, it is the intention of the Scottish Government to provide additional time for NHS Boards and Health and Social Care Partnerships to emerge from the Covid-19 pandemic, reflect arrangements for remobilisation of services and reconstitute workforce planning groups, including stakeholders from Primary Care and the third and independent sectors.

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 2018-21 Plan was 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 Interim Workforce Plan 2021/22 was submitted to the National Health and Social Care Workforce Planning Programme Office at the Scottish Government by the 30 April 2021 deadline with feedback expected in due course.

The Property and Asset Management Strategy 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. The updated Property and Asset Management Strategy 2021-24 was approved by the IJB on 24 March 2021.

PERFORMANCE MANAGEMENT AND REPORTING

The IJB has embedded a performance management culture throughout the Partnership. It has created a wide range of performance information to manage services and target improvements for the people of East Ayrshire. This has been supported by our performance management systems which analyse data, track progress and monitor actions. Regular and robust performance information is provided to our Audit and Performance Committee (APC), IJB Members, operational managers and is 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 APC with a wide ranging remit, but with a particular focus on performance management and improvement.

Since January 2018, Partnerships have been working to local objectives and trajectories 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 under the umbrella of 'unscheduled care', activities that support people to remain in their own homes, return to their own homes as quickly as possible when hospital treatment is required and prevent related re-admission to hospital. Unscheduled care is a key element of the health and social care system in Ayrshire and Arran. As such, services require to be responsive to need whilst at the same time transforming in a way that, where appropriate, moves patient contact from reactive to proactive planned engagement and from hospital based care to the community. Our performance against the MSG measures is summarised in the following table.

Unscheduled Admissions	2020/21 Trajectory: reduce rate of growth to 5% 2020/21 Performance: rate reduced by 12.5% from baseline	✓
Occupied Bed Days Unscheduled Care (acute)	2020/21 Trajectory: reduce by 4% 2020/21 Performance: rate reduced by 14.3%	✓
Emergency Department- Compliance with 4 hour standard	2020/21 Trajectory: 95% admitted, discharged or transferred within 4 hours 2020/21 Performance: 88.2% admitted, discharged or transferred within 4 hours	●
Delayed Discharge bed days (including Code 9)	2020/21 Trajectory: reduce delayed discharges (All reasons) by 20%; reduce delayed discharges (Code 9) by 25%; reduce delayed discharges (Other) by 8% 2020/21 Performance: delayed discharges (All reasons) reduced by 35.2%; delayed discharges (Code 9) reduced by 30.8%; delayed discharges (Other) reduced by 45.5%	✓
End of Life Care- Proportion of last 6 months of life spent in community setting	2020 Calendar Year Trajectory: Increase to 91.7% 2020 Calendar Year Performance: Increased to 90.8%	●
Balance of care: Percentage of population in community or institutional settings - Proportion of 65+ population living at home (supported and unsupported)	2019/20 Trajectory: N/A 2019/20 Performance: 96.3% of population aged 65+ living at home (supported and unsupported) 2020/21 Trajectory: N/A 2020/21 Performance: N/A	-

Throughout 2020/21, activity reports aligned to the MSG indicators were regularly presented to the Audit and Performance Committee and NHS Ayrshire and Arran Health Board, analysing performance in respect of pressures within the health and care system experienced as a result of local demand for unscheduled care.

East Ayrshire Performance against MSG Indicators: 2019/20 – 2020/21 Financial Years

	East Ayrshire 2019/20	East Ayrshire 2020/21	Variance
MSG01 - Unscheduled Admissions (all ages) (rate per 1,000 total population)	147.6	118.2	- 19.9%
MSG02 - Occupied Bed Days Unscheduled Care (all ages, acute specialities) (rate per 1,000 total population)	791.1	732.1	- 7.5%
MSG03 - Emergency Department: compliance with the four-hour standard (18+)	82.3%	85.6%	+ 3.3pp
MSG04 - Delayed Discharge Bed Days (including code 9s) (rate per 1,000 18+ population)	37.6	39.0	+ 3.7%
MSG05 - End of Life Care – proportion of the last 6 months of life spent in community setting *	89.4%*	90.8%*	+ 1.4pp
MSG06 - Balance of care: Percentage of population in community or institutional settings - Proportion of 65+ population living at home (supported and unsupported) **	96.3%	Not available **	

* Please note that the figures for MSG05 relate to calendar years 2019 and 2020.

** 2020/21 updates for MSG06 were not available at the time of reporting.

East Ayrshire has recorded positive performance across the majority of core MSG indicators throughout 2020/21 in comparison to the previous year, as displayed in the table above. During 2020/21, the rate of unscheduled admissions fell significantly by 19.9% and unscheduled care occupied bed days declined notably by 7.5%. Compliance with the four hour emergency department standard increased by 3.3 percentage points during 2020/21 and the proportion of last 6 months of life spent in community settings increased by 1.4 percentage points in calendar year 2020. Although the rate of delayed discharge bed days increased by 3.7% in 2020/21, this still represents an area of sustained strength, being considerably lower than the national rate. It should be noted that local and national performance against these measures will have been influenced by the Covid-19 pandemic to an extent.

MSG Indicator Benchmarking – 2020 Calendar Year

	Scotland	East Ayrshire	Eilean Siar	Dundee City	North Ayrshire	North Lanarks	Inverclyde	West Dunbarton shire	Glasgow City
MSG01 - Unscheduled Admissions (all ages) (per 1,000 population)	96.9	122.6	106.5	106.7	125.2	120.3	106.4	107.6	97.7
MSG02 - Occupied Bed Days Unscheduled Care (all ages, acute specialities) (per 1,000 population)	628.7	731.5	790.5	588.7	866.0	638.6	842.0	800.3	724.5
MSG03 - Emergency Department: compliance with the four-hour standard (18+)	89.1%	85.9%	97.2%	96.2%	86.4%	87.5%	91.5%	88.8%	88.6%
MSG04 - Delayed Discharge Bed Days (including code 9s) (per 1,000 18+ population)	89.6	41.6	146.9	58.4	112.9	125.0	20.9	111.3	93.3
MSG05 - End of Life Care – proportion of the last 6 months of life spent in community setting	90.1%	90.8%	89.9%	91.2%	89.3%	90.1%	89.0%	90.7%	89.6%
MSG06 - Balance of care: Percentage of population in community or	96.2%	96.3%	96.2%	95.5%	96.3%	96.8%	95.0%	95.9%	94.9%

institutional settings - Proportion of 65+ population living at home*									
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* All figures above except MSG06, reflect the 2020 calendar year due to data completeness issues across different areas.

The table above displays East Ayrshire performance alongside comparator areas throughout 2020 within our benchmarking 'family group' developed by the Local Government Benchmarking Framework and the Improvement Service. The figures highlight that East Ayrshire has performed well in relation to delayed discharge bed days, end of life care and balance of care. However, the data indicates that improvement is required in regards to unscheduled admissions, unscheduled care bed days and compliance with the four-hour emergency department standard.

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. Due to various changes in the 2019/20 Health and Care Experience Survey wording, indicators 2, 3, 4, 5, 7 and 9 within the CSII are no longer comparable to previous years. However, indicators 1, 6, and 8 are unaffected by the above changes and 2019/20 figures are fully comparable to previous years.

CSII (Outcome Indicators) Benchmarking - 2019/20

	Scotland	East Ayrshire	Eilean Siar	Dundee City	North Ayrshire	North Lanarks	Inverclyde	West Dumbarton shire	Glasgow City
CSII-01: Percentage of adults able to look after their health very well or quite well	92.9%	92%	94.3%	92.1%	91.8%	90.5%	89.9%	90.7%	89.7%
CSII-02: Percentage of adults supported at home who agree that they are supported to live as independently as possible	80.8%	86.2%	80.6%	78.8%	84.2%	77.6%	90.6%	79.7%	81.5%
CSII-03: Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided	75.4%	78.8%	70.2%	73%	74.5%	71.2%	81.7%	82.9%	75.5%

CSII-04: Percentage of adults supported at home who agree that their health and social care services seemed to be well co-ordinated	73.5%	83.5%	79.7%	72.4%	76.2%	70.2%	81.7%	76.5%	74.8%
CSII-05: Percentage of adults receiving any care or support who rate it as excellent or good	80.2%	79.7%	86.3%	74.8%	77.2%	77.8%	84.6%	82.8%	78.9%
CSII-06: Percentage of people with positive experience of care at their GP practice	78.7%	70.3%	87.5%	79.4%	72.9%	68.3%	77.6%	80.6%	83.1%
CSII-07: Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life	80%	87.1%	85.8%	76.6%	79.3%	75.7%	82.8%	82.1%	79.2%
CSII-08: Percentage of carers who feel supported to continue in their caring role	34.3%	35.8%	39.4%	34.6%	30.7%	32.6%	38.9%	36.8%	35.8%
CSII-09: Percentage of adults supported at home who agree they felt safe	82.8%	88.7%	85.8%	81.7%	85.2%	80%	89.9%	78.9%	81.6%

The table above provides a comparison across the CSII 'Outcome Indicators' (sourced from the 2019/20 Health and Care Experience Survey), within East Ayrshire's 'family group' of comparators developed by the Local Government Benchmarking Framework and the Improvement Service. The figures demonstrate that East

Ayrshire has performed well in a number of areas including: supporting people to live as independently as possible, health and social care services being well co-ordinated, improving or maintaining quality of life and people feeling safe. However, the figures also highlight areas which could be improved in East Ayrshire, such as people having a positive experience of care at their GP practice and carers feeling supported to continue in their caring role.

East Ayrshire Performance against CSII (Outcome Indicators): 2017/18 – 2019/20

	East Ayrshire 2017/18	East Ayrshire 2019/20	Variance
CSII-01: Percentage of adults able to look after their health very well or quite well	92%	92%	–
CSII-06: Percentage of people with positive experience of care at their GP practice	76%	70%	6pp
CSII-08: Percentage of carers who feel supported to continue in their caring role	36%	36%	–

The table above provides the figures for CSII ‘Outcome Indicators’ (sourced from the Health and Care Experience Survey), which are comparable with previous years. The figures show no change in 2019/20 in relation to the percentage of adults able to look after their health very well or quite well and the percentage of carers who felt supported to continue caring, compared with 2017/18. However, the percentage of people with a positive experience of care at their GP Practice fell by 6pp over this period.

CSII (Data Indicators) Benchmarking – 2020 Calendar Year / 2020-21 Financial Year

	Scotland	East Ayrshire	Eilean Siar	Dundee City	North Ayrshire	North Lanarks	Inverclyde	West Dunbartonshire	Glasgow City
CSII-11: Premature mortality rate per 100,000	457	512	408	604	516	581	571	608	678
CSII-12: Emergency admission rate per 100,000	11,100	13,758	13,339	11,823	14,057	14,168	12,492	12,613	11,234
CSII-13: Emergency bed day rate for adults (per 100,000 population)	101,852	106,956	105,099	97,449	135,075	102,394	135,039	121,300	116,788
CSII-14: Emergency readmission to hospital within 28 days of discharge (per 1,000 discharges)	114	125	99	146	114	117	89	102	109
CSII-15: Proportion of last	90.1%	90.8%	89.9%	91.2%	89.3%	90.1%	89%	90.7%	89.6%

6 months of life spent at home or in a community setting									
CSII-16: Falls rate per population aged 65+	21.7	18.4	29.0	30.7	18.3	19.2	21.7	19.7	25.3
CSII-17: Proportion of care services graded 'Good' (4) or better in Care Inspectorate Inspections (2020/21 FY)	82.5%	85.2%	83.3%	79.9%	88.1%	80.7%	86.9%	93.2%	89.9%
CSII-18: Percentage of adults with intensive care needs receiving care at home*	62.9%	71.1%	63.4%	59.5%	72.6%	75.1%	66.9%	70.3%	57.2%
CSII-19: Number of days people aged 75+ spend in hospital when they are ready to be discharged, per 1,000 population (2020/21 FY)	488	200	764	324	386	789	149	904	633
CSII-20: Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	21%	24.4%	16.1%	20.4%	26.4%	18.8%	21.9%	21.4%	22.4%

* Please note that 2020 calendar year figures have been applied for indicators: 11, 12, 13, 14, 15, 16 and 20 to eliminate the risk of comparing incomplete SMR01 data across different areas. Data reflecting 2021 was not available for indicator 18 at the time of reporting, therefore 2020 data has been applied. 2020/21 financial year data has been provided for indicators 17 and 19.

The table above provides a comparison across the CSII within East Ayrshire's 'family group' of comparators developed by the Local Government Benchmarking Framework and the Improvement Service. The figures highlight that East Ayrshire has performed well in a number of areas in relation to comparators, including: premature mortality rate, proportion of last 6 months of life spent at home or in a community setting, falls rate for older people and delayed discharge for older people. However, the figures also highlight various areas which could be improved in East Ayrshire when compared to other comparable local authorities, such as: emergency

admission rate, the emergency bed day rate, readmission within 28 days and the percentage of health and care resource spent on emergency admissions.

East Ayrshire Performance against CSII (Data Indicators): 2019/20 – 2020/21

	East Ayrshire 2019/20	East Ayrshire 2020	Variance
CSII-11: Premature mortality rate per 100,000	492	512	4.1%
CSII-12: Emergency admission rate per 100,000	15,804	13,758	12.9%
CSII-13: Emergency bed day rate for adults (per 100,000 population)	114,397	106,956	6.5%
CSII-14: Emergency readmission to hospital within 28 days of discharge (per 1,000 discharges)	113	125	10.6%
CSII-15: Proportion of last 6 months of life spent at home or in a community setting	89.3%	90.8%	1.5pp
CSII-16: Falls rate per population aged 65+	18.3	18.4	0.5%
CSII-17: Proportion of care services graded 'Good' (4) or better in Care Inspectorate Inspections (2020/21 FY)	74.8%	85.2%	10.4pp
CSII-18: Percentage of adults with intensive care needs receiving care at home	71%	71.1%	0.1pp
CSII-19: Number of days people aged 75+ spend in hospital when they are ready to be discharged, per 1,000 population (2020/21 FY)	240	200	16.7%
CSII-20: Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	27%	24.4%	2.6pp

* Please note that 2020 calendar year figures have been applied for indicators: 11, 12, 13, 14, 15, 16 and 20 in line with Public Health Scotland reporting guidance to eliminate the risk of displaying incomplete SMR01 data. Data reflecting 2021 was not available for indicator 18 at the time of reporting, therefore 2020 data has been applied. 2020/21 financial year data has been provided for indicators 17 and 19.

East Ayrshire has achieved improved performance across the majority of 'Data' indicators within the CSII throughout 2020/21 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 (16.7% reduction), the emergency admission rate (12.9% reduction) and the proportion of care services graded 'Good' (4) or better (10.4pp increase). The most notable challenges experienced during 2020/21 were the rise in emergency readmission to hospital within 28 days of discharge (10.6% increase) and the premature mortality rate (4.1% increase).

Achievements - 2020/21

Improved performance has been recorded across various services throughout 2020/21. In addition to the progress made in relation to MSG and CSII indicators, we are reporting notable improvement across health and wellbeing and children and young people outcomes:



During 2020/21, there were no hospital discharges over 2 weeks. This is a continued strong performance from 2019/20 when there were also no hospital discharges over 2 weeks.



The rate of emergency hospital admissions fell significantly by 20.1%, from 147.8 per 1,000 population in 2019/20 to 118.1 per 1,000 population during 2020/21.



The rate of alcohol-related hospital admissions per 100,000 population fell from 665.4 during 2018/19 to 662.4 in 2019/20 and remains below national levels.



During 2020/21, 98.5% of people needing help with their drug or alcohol problem waited no longer than 3 weeks for treatment to support their recovery, up 3.9 PPs from 2019/20.



The proportion of child protection re-registrations within 12 months fell to 6.6% in 2020/21, down 1.5 PPs from 8.1% in 2019/20.



31.5% of Looked After and Accommodated Children had 3 or more moves as at 31 March 2021, down 13.5 PPs from 45% in 2019/20.



During 2019/20, the percentage of babies with a healthy birthweight increased to 95%, a rise of 2.3 PPs from the previous year.



88% of Community Payback Orders were successfully completed within one year during 2020/21, a notable increase of 20 PPs from 68% during 2019/20.

As evidenced above, 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.

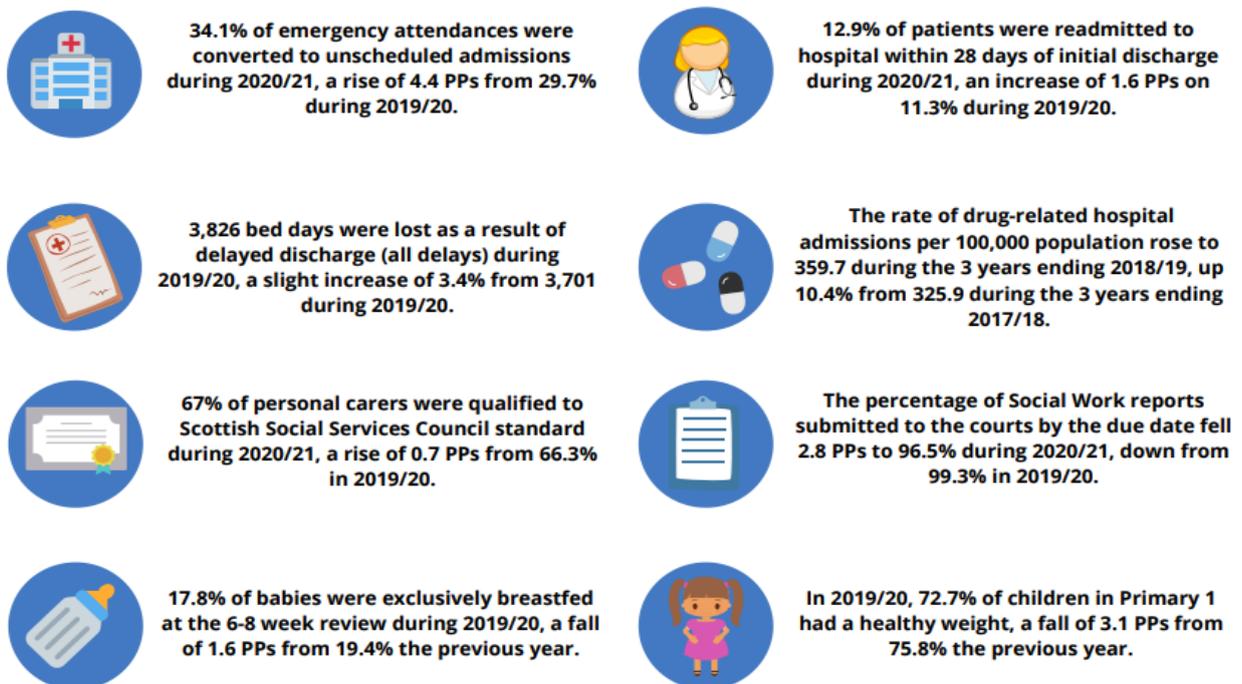
Positive performance reflects the transformational change programme being taken forward through the Strategic Commissioning Board and through the Strategic Planning and Wellbeing Group. Transformation work includes the focus on early intervention and prevention, service re-design, new models of care 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;
- 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;
- 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 (with ongoing systems development) of the replacement Social Work

- information and management system (Liquid Logic) aligned to the associated Controcc finance module;
- Ongoing implementation of care at home electronic scheduling and monitoring system (CM2000) aligned to the Best Value Service Review of Care at Home services;
- Developing Mental Health Practitioners and supporting Primary Care Mental Health waiting times;
- Community Peer Outreach service (in line with evidence based practice set out by the National Drugs Death Taskforce);
- Partnership and Engagement Strategy support;
- Financial Inclusion – recovery and support; and
- Wellbeing support to workforce (Covid-19 recovery).

Areas Identified for Improvement – 2020/21

The Partnership is committed to continuous improvement and performance frameworks are in place to support ongoing monitoring and reporting at a service level. The graphic below highlights examples of focussed areas which have been identified for improvement going forward. It should be noted that Covid-19 has impacted on our services significantly throughout 2020/21 and that the pandemic may have influenced performance over this period.



Annual Performance Reports are normally published in July each year however the Health and Social Care Partnerships are permitted to postpone the publication of 2020/21 Annual Performance Reports until November 2021 (the Coronavirus (Scotland) Act (2020) having been extended to 30 September 2021) [Coronavirus Scotland Act \(2020\), Schedule 6, Part 3](#). The Annual Performance Report for the IJB for 2020/21 was presented to the APC on 10 August 2021 and is presented to the IJB on 25 August 2021 for formal approval. The 2020/21 Annual Performance Report is available at Governance webpage:

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

FINANCIAL STATEMENTS 2020/21

The Financial Statements for 2020/21 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 2020/21

Financial information is part of the performance management framework with regular reporting of financial performance to the IJB and the IJB APC. This section provides a summary of the main elements of our financial performance for 2020/21.

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 2020/21 report approved by the IJB on 25 March 2020 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). As highlighted previously, the 2020/21 budget was approved on a "business as usual" basis.

The Approved Budget 2020/21 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 £2.671m represented a financial risk against the backdrop of price and volume increases.

The response to the Covid-19 pandemic through the Local Mobilisation Planning process had a significant impact on "business as usual" activity levels over the course of 2020/21. The Partnership mitigated risks associated with the response to the pandemic and also the wider budget 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 APC.

Increased demand was noted as a significant risk in the Approved Budget 2020/21 report. Notwithstanding the impact of the pandemic on service delivery, 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 2020/21 financial year is £13.983m less than the directly managed services budget delegated to the IJB. This underspend reduces to £12.020m on a population basis when Lead Partnership net

recharges totalling £1.963m are included. The £12.020m underspend is partially offset by specific commitments in future years, totalling £7.099m, including the earmarked balance of the East Ayrshire element of Primary Care Improvement Fund £1.272m and Mental Health Action 15 funding £0.227m carried-forward to 2020/21. This results in a net underspend of £4.921m for 2020/21.

East Ayrshire Council delegated additional funding to the IJB in 2017/18 to offset a £2.220m budget overspend, primarily 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. For 2018/19 and 2019/20, the IJB baseline delegated budget has been adjusted by £0.250m with an outstanding balance of £1.720m 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 and 2021/22 baseline budgets reduces the outstanding balance to £0.256m. The final outturn position for 2020/21 takes account of the transfer of £0.256m to East Ayrshire Council to repay the balance in advance of the anticipated five year repayment period.

The following table highlights financial performance by IJB Service Division on a directly managed services basis (including Covid-19 attributable costs) as well as a population basis (incorporating Lead Partnership / hosted services / Set Aside NRAC fair share adjustments) and is consistent with Financial Management Reports presented to the IJB over the course of the 2020/21 financial year:

Annual Estimate 2019/20 £m	Actual to 31/3/20 £m	Variance (Favourable) / Adverse £m	Service Division	Annual Estimate 2020/21 £m	Actual to 31/3/21 £m	Variance (Favourable) / Adverse £m
			Core Services			
22.193	21.746	(0.447)	Learning Disabilities	23.026	21.410	(1.616)
6.810	6.341	(0.469)	Mental Health	6.915	6.825	(0.090)
40.163	40.082	(0.081)	Older People	40.420	39.661	(0.759)
2.762	2.289	(0.473)	Physical Disabilities	1.487	1.572	0.085
0.175	0.176	0.001	Sensory	0.181	0.170	(0.011)
7.175	6.695	(0.480)	Service Strategy	6.774	6.311	(0.463)
0.473	0.473	0.000	Transport	0.475	0.475	0.000
0.260	0.278	0.018	Health Improvement	0.238	0.238	0.000
3.906	4.350	0.444	Community Nursing	5.449	5.554	0.105
27.696	27.696	0.000	Prescribing	26.408	26.408	0.000
16.959	16.805	(0.154)	General Medical Services	17.680	17.560	(0.120)
11.379	11.258	(0.121)	Allied Health Professions	11.242	10.583	(0.659)
0.935	1.275	0.340	Intermediate Care and Rehabilitation Teams	1.014	1.014	0.000
140.886	139.464	(1.422)		141.309	137.781	(3.528)
			Covid-19			
0.000	0.000	0.000	Covid-19 Mobilisation Plan	14.412	11.302	(3.110)
0.000	0.000	0.000		14.412	11.302	(3.110)
			Public Protection			
0.143	0.127	(0.016)	Adult Support and Protection	0.147	0.111	(0.036)
2.051	1.953	(0.098)	Alcohol and Drugs Support	3.403	2.760	(0.643)
0.115	0.110	(0.005)	Child Protection Committee	0.120	0.106	(0.014)
0.286	0.198	(0.088)	Learning and Development	0.295	0.294	(0.001)

2.595	2.388	(0.207)		3.965	3.271	(0.694)
			Non-District General Hospitals			
3.302	3.178	(0.124)	East Ayrshire Community Hospital	3.661	3.032	(0.629)
1.258	0.815	(0.443)	Kirklandside Hospital Legacy Budget	1.041	0.525	(0.516)
4.560	3.993	(0.567)		4.702	3.557	(1.145)
			Lead Partnership Services			
0.276	0.258	(0.018)	Standby Services	0.264	0.264	0.000
78.394	77.503	(0.891)	Primary Care (incl. Dental)	94.345	90.405	(3.940)
3.217	3.075	(0.142)	Prison & Police Healthcare	3.320	3.112	(0.208)
1.424	1.424	0.000	War Pensioner	1.424	1.424	0.000
0.126	0.109	(0.017)	Other Lead Services	0.088	0.080	(0.008)
83.437	82.369	(1.068)		99.441	95.285	(4.156)
			Children's Health, Care and Justice Services			
17.990	17.741	(0.249)	Children & Families / Women's Services	18.852	17.605	(1.247)
5.070	4.862	(0.208)	Secure Accommodation / Outwith Placements	4.938	4.747	(0.191)
2.297	2.257	(0.040)	Justice Services	2.388	2.376	(0.012)
3.303	3.180	(0.123)	Health Visiting	3.336	3.436	0.100
28.660	28.040	(0.620)		29.514	28.164	(1.350)
260.138	256.254	(3.884)	DIRECTLY MANAGED SERVICES BUDGET	293.343	279.360	(13.983)
(0.964)	0.000	0.964	Underspend relating to EAC – surplus budget transferred to Council for partial repayment of 2017/18 additional delegated funding	0.000	0.000	0.000
259.174	256.254	(2.920)	DIRECTLY MANAGED SERVICES – TOTAL EXPENDITURE	293.343	279.360	(13.983)
0.000	1.256	1.256	Underspend relating to EAC – earmarked by IJB	0.000	4.903	4.903
0.000	0.925	0.925	Underspend relating to NHS A & A – earmarked by IJB	0.000	0.864	0.864
259.174	258.435	(0.739)	DIRECTLY MANAGED SERVICES – NET EXPENDITURE	293.343	285.127	(8.216)
			Hosted Services adjustments			
(54.232)	(53.577)	0.655	Recharges out	(64.440)	(61.998)	2.442
16.399	16.256	(0.143)	Recharges in	17.537	17.058	(0.479)

(37.833)	(37.321)	0.512		(46.903)	(44.940)	1.963
0.000	0.168	0.168	Underspend relating to NHS A & A Primary Care Improvement Fund – earmarked by IJB	0.000	1.272	1.272
0.000	0.059	0.059	Underspend relating to NHS A & A Mental Health Action 15 – earmarked by IJB	0.000	0.227	0.227
0.000	0.227	0.227		0.000	1.499	1.499
24.024	24.024	0.000	Set Aside	23.897	23.897	0.000
245.365	245.365	0.000	POPULATION BASIS – NET EXPENDITURE	270.337	265.583	(4.754)
0.000	0.000	0.000	Underspend relating to EAC – retained by IJB	0.000	2.647	2.647
0.000	0.000	0.000	Underspend relating to NHS A & A – retained by IJB	0.000	2.107	2.107
245.365	245.365	0.000	NET EXPENDITURE	270.337	270.337	0.000

The final outturn position for 2020/21 highlights an underspend of £4.754m for the Partnership after earmarking of funds and taking account of full funding of Covid-19 attributable expenditure. The Financial Management Report to 31 March 2021 presented to the IJB on 16 June 2021 included the proposal that uncommitted balances for the year £4.754m are retained by the IJB, with £2.422m set aside to increase the general contingency balance in line with the IJB Reserve Strategy, with £2.332m set aside for transformational change purposes. Both proposals were approved by the IJB, subject to completion of the external audit of the Annual Accounts 2020/21.

The financial performance table above highlights that expenditure for the 2020/21 financial year is £12.020m less than the budget delegated to the IJB (£13.983m directly managed services, partially offset by £1.963m hosted services share). Taking account of £1.845m funding delegated to the IJB and accounted for in the 2019/20 financial year, this results a reduced surplus on provision of services pertaining to 2020/21 of £10.175m. This is reflected in the Comprehensive Income and Expenditure Statement within the Financial Statements at Section 5 of the Annual Accounts.

The Comprehensive Income and Expenditure Statement highlights net cost of provision of services for 2020/21 of £258.317m. This is greater than the net expenditure of £279.360m highlighted in the financial performance table above. The variance between these figures 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 2020/21 £m
Financial Statements: cost of provision of services	258.317
Management Accounts: actual expenditure	279.360
Variance	(21.043)
Represented by:	
Lead Partnership income	(61.998)
Lead Partnership contributions	17.058
Large Hospital Set Aside	23.897
	(21.043)

This favourable final outturn position is to be welcomed given the challenges associated with delivering efficiency savings, whilst managing increasing demand and cost pressures and reflects that certain mainline budgets have underspent over the course of the financial year. This is a reflection of the non-business as usual environment within which services were delivered over the course of 2020/21 in response to the pandemic. Despite this favourable position, a number of services experienced budget pressures over the course of the 2020/21 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 £3.462m takes account of underspends earmarked within the IJB Reserve including Community Living Change Fund and Owner Occupiers Minor Equipment. Learning Disabilities underspend £1.616m is due to less than expected Care at Home spend via Self Directed Supports (SDS) options 2 and 3, staff turnover and legacy Integrated Care Fund projects. These savings are partially offset by additional adults with incapacity (AWI) costs.

Community Nursing overspend £0.105m is largely due to increased staffing costs to meet service demands. Older People services is showing a favourable variance £0.759m mainly due to reduced spend on residential and nursing care placements partially offset by additional Care at Home staffing costs and additional externally commissioned care at home services costs.

Service Strategy underspend £0.463m is mainly due to savings for vacant posts and staff turnover. In addition, Allied Health Professionals £0.659m underspend is largely due to staff vacancies and savings in supplies budgets.

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.

Covid-19

Covid-19 net costs for 2020/21 of £11.302m (including earmarked sums for NHS commissioned services £0.507m) are wholly offset by Scottish Government funding. Additional Scottish Government funding received in 2020/21 of £3.110m has been carried-forward as an earmarked balance within the IJB Reserve to offset anticipated full year and part-year costs in 2021/22 (Remobilisation Plan 3 – RMP3). A breakdown of £11.302m costs incurred is highlighted in the tables below:

Council Commissioned Services	Actual to 31/3/21 £m
Living Wage uplift (3.3%)	0.179
Personal Protective Equipment (PPE) directly procured / Deep Cleans	0.766
Additional staff overtime / enhancements	0.042
Additional temporary staff	0.389
Additional costs for externally provided services (including PPE)	1.153
Cost to third parties to protect services (where services have temporarily ceased)	0.483
Loss of income	0.601
Nursing Care beds (not Delayed Discharge)	0.453
Other Community Care costs	0.084
Digital / IT / equipment and sundries	0.157
Children and Family services	0.812
Miscellaneous	0.003
Unachievable savings	0.771
Total	5.893

NHS Commissioned Services	Actual to 31/3/21 £m
Personal Protective Equipment directly procured (PPE)	0.037
Physical distancing measures	0.141
Additional staff overtime / enhancements	0.360
Additional temporary staff (Student Nurses / AHPs)	0.243
Additional temporary staff spend – other	0.092
Mental Health services	0.077
Community Hub	2.531
Prison health care costs	0.054
Flu vaccination costs	1.035
Urgent Care Pathway	0.727
Digital / IT / equipment and sundries	0.103
Additional travel costs	0.009
Total	5.409

The IJB has acted as agent in respect of £500 “thank you” payments from the Scottish Government to eligible East Ayrshire Council staff, private provider care staff and Personal Assistants employed by service users in receipt of Self Directed Support Option 1 payments. These payments are excluded from Note 9 Agency Income and Expenditure at Section 6 Notes to the Financial Statements. The payments have been funded by the Scottish Government in 2021/22 and will be paid in 2021/22. For NHS Ayrshire & Arran staff, the Scottish Government provides all funding for £500 payments to health and social care staff. NHS Boards are acting as principal in relation to payments to their own staff. The sum of £0.538m has been accounted for by NHS Ayrshire & Arran and is therefore excluded from the NHS Ayrshire & Arran expenditure and funding allocation within the Comprehensive Income and Expenditure Statement.

The IJB has also acted as an agent in respect of PPE issued from National Services Scotland (NSS) stock, including PPE issued to external service providers therefore the Comprehensive Income and Expenditure Statement does not include any expenditure, income or stock of PPE supplied via these national distribution arrangements. This totals £0.749m for 2020/21 and is additional to the directly procured PPE costs highlighted in the tables above.

In addition, the IJB has acted as agent in respect of Covid-19 test kits supplied at no cost by the Scottish Government and UK Government. For Scottish Government funded PCR test kits, the sum is £0.269m and for UK Government funded LFD test kits, the sum is £3.114m.

Public Protection

The £0.694m underspend on Public Protection is mainly due to an IJB Reserve adjustment £0.545m for Alcohol and Drug Protection funding. In addition, reduced staffing costs within the Adult Support and Protection and Learning and Development teams, as well as the core Addictions budget due to vacant posts.

Non-District General Hospitals

The £1.145m underspend includes reduced costs of £0.516m on the Kirklandside Hospital legacy 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 and work with North Ayrshire IJB has been concluded, with revised commissioning arrangements now in place. This work had been delayed until the final quarter of 2020/21 due to pressures related to the Covid-19 pandemic. The future shape of patient care and wider provision of services at EACH is currently under review.

Children's Health, Care and Justice Services

The overall £1.350m underspend includes reduced secure accommodation costs of £0.346m, partially offset by £0.155m overspend on outwith authority placement costs. This overspend was entirely due to the repayment £0.256m to cover the remaining balance of the £2.220m overspend for 2017/18.

The underspend on the Children and Families / Women's Services budget of £1.247m reduces to £0.537m after taking cognisance of IJB Reserve adjustments relating to Children and Young People Mental Health and Wellbeing £0.388m; School Counselling £0.303m and Adoption provision £0.019m. In addition, Scottish Government funding (Winter Monies / Vulnerable Children), savings from vacant posts, reduced transport costs and reduced spend within both internal and external adoption. These savings are partially offset by additional kinship care and internal foster care costs.

There is a small underspend of £0.012m on Justice Services which is the net position after taking account of budgeted specific grant funding £2.717m. Full spend of the grant funding has been achieved over the course of the financial year.

The £0.100m overspend on Health Visiting is mostly due to back pay costs associated with regrading of staff.

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.

Primary Care and Out of Hours Community Response Services are underspent by £1.001m, after accounting for the underspend on the Primary Care Improvement Fund £2.939m and the Fairer Scotland Dental funding balance earmarked within the IJB Reserve. The underspend includes further savings in Dental Services where there have been a number of services cancelled in 2020/21 but which have recommenced in the final quarter with an anticipated increase in staffing costs going forward. In addition, work has been undertaken to finalise cross charging of Ayrshire Urgent Care Services (AUCS) costs related to the Covid-19 pandemic against the Local Mobilisation Plan in line with GP activity over the course of 2020/21. Increased staff turnover savings have been realised for AUCS, with posts recruited to in the final quarter of the financial year. The net underspend position includes a sum of £0.167m which will require to transfer to North Ayrshire IJB as a non-recurring budget adjustment in the new financial year. This relates to funding to offset a transfer of GP costs for provision of care at Arran War Memorial Hospital at a late stage the 2020/21 financial year.

The Primary Care Improvement Fund has outturned below budget by £2.939m overall, with East Ayrshire's underspend £1.272m earmarked within the IJB Reserve. The Scottish Government provided confirmation of the sums available for the three Partnerships for 2020/21 with spending plans and priorities taken forward to meet agreed outcomes.

The North and South Ayrshire IJBs shares of the underspend on the Primary Care Improvement Fund £2.939m total £1.667m (North Ayrshire £0.935m, South Ayrshire £0.732m).

Prison and Police Healthcare

The £0.208m underspend on Prison and Police Healthcare is after taking account of an IJB Reserve (earmarking) adjustment in respect of East Ayrshire's share of Sexual Assault and Rape Co-ordination Support (SARC) funding. This outturn position is largely due to net staffing savings and takes account of drugs costs initially charged to the prison which have been correctly charged against Covid-19.

The North and South Ayrshire IJBs NRAC shares of the £1.193m overall underspend on East Ayrshire managed services total £0.775m (North Ayrshire £0.429m, South Ayrshire £0.346m).

North Ayrshire Hosted Services

Specialist Mental Health Services have underspent by £0.721m, with an underspend of £0.058m in Children's Services, largely due to reduced Nursing immunisation costs, partially offset by additional immunisation administration costs. Variances for the year in Mental Health Services mainly relate to underspends in pharmacy due to reduced substitute prescribing costs, part year savings in Elderly Inpatients wards due to service reconfiguration, slippage savings on the Innovation Fund, as well as an over-achievement of the vacancy savings targets across services. These reduced costs are partially offset by overspends in Adult Inpatient costs, largely due to the delay in closing the Lochranza Ward on the Ailsa Hospital site and supplementary staffing, as well as unplanned activities due to increased admissions and Learning Disability services. Finally Daldorch service income was under-recovered due to being unable to charge other Boards for placements from January 2021 as a result of changes in the nature of service provision. The East Ayrshire NRAC share of this £0.779m overall underspend is £0.255m.

There is an underspend of £0.655m on Mental Health Action 15. North Ayrshire have reallocated these underspends to East and South for earmarking within IJB Reserves, the East Ayrshire share being £0.227m.

South Ayrshire Hosted Services

In South Ayrshire Integration Joint Board, there is an overall overspend of £0.011m on services managed under Lead Partnership arrangements. The overspend largely relates to additional staffing and supplies costs within the Community Continence Team. This additional expenditure is partially offset by Family Nurse Partnership underspend is due to slippage in recruiting to School Student Nurse posts (additional funding provided by the Scottish Government). The East Ayrshire NRAC share of this £0.011m overall overspend is £0.004m.

The pan-Ayrshire Lead Partnership outturn position for 2020/21 results in additional costs of £1.963m for East Ayrshire IJB. This comprises the North and South NRAC shares of the East Ayrshire underspend totalling £0.775m plus the East Ayrshire share of the South Ayrshire overspend £0.004m. These costs are partially offset by the East Ayrshire share of the North Ayrshire underspend £0.483m (including £0.227m related to Mental Health Action 15). This £0.296m net cost increases by £1.667m to £1.963m when North and South Ayrshire shares of the Primary Care Improvement Fund totalling are factored-in. The following table provides a summary of NHS Lead Partnership / hosted services recharges for 2020/21:

	Annual Budget 2020/21 £m	Actual Expenditure 2020/21 £m	Variance 2020/21 £m
East Ayrshire hosted - income North Ayrshire	(35.599)	(34.235)	1.364
East Ayrshire hosted - income South Ayrshire	(28.841)	(27.763)	1.078
Recharges out	(64.440)	(61.998)	2.442
North Ayrshire hosted - contribution East Ayrshire	16.852	16.369	(0.483)
South Ayrshire hosted - contribution East Ayrshire	0.685	0.689	0.004
Recharges in	17.537	17.058	(0.479)
Lead Partnership / hosted services	(46.903)	(44.940)	1.963

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 2020/21 includes the Set Aside Resource. 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. Work has been undertaken to provide an updated specific Set Aside resource based upon locally sourced information in respect of 2019/20 bed days, discharges and admissions. This replaces the (uplifted 2018/19) £24.133m Set Aside figure which had been included within in-year Financial Management Reports to the IJB over the course of 2020/21 and which was based upon ISD statistical information. The updated Set Aside figure for East Ayrshire is £23.897m. This Set Aside allocation highlights that East Ayrshire's use of the resource was below the revised NRAC "fair share" £27.385m by £3.488m (at 2019/20 activity levels) as follows:

	Set Aside 2020/21 £m	NRAC 2020/21 %	NRAC Budget Share 2020/21 £m	Over / (Under) NRAC Fair Share £m
East Ayrshire	23.897	32.4	27.385	(3.488)
North Ayrshire	33.054	36.8	31.116	1.938
South Ayrshire	27.540	30.8	25.990	1.550
Total	84.491	100.0	84.491	0.000

East Ayrshire Health and Social Care Partnership continues to operate within a challenging financial environment as a result of real terms reductions in funding, increased demographic pressures and the cost of implementing new legislation and policies. The response to the Covid-19 pandemic over the course of 2020/21 has impacted on service delivery as evidenced in underspends in mainline budgets. The Partnership Management Team with the support of the Integration Joint Board has worked throughout 2020/21 to manage the response to the pandemic and monitor the budget and service implications through strong financial governance.

The Financial Statements 2020/21 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 2021.

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.

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

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 Health and Social Care Integration: update on progress, 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:

Features supporting integration



Within the integrated finances and financial planning area, the key proposals include:

- Health Boards, Local Authorities and IJBs should have a joint understanding of their respective financial positions as they relate to integration.
- Delegated budgets for IJBs must be agreed timeously.
- Delegated hospital budgets and set aside requirements must be fully implemented.
- Each IJB must develop a transparent and prudent reserves policy.
- Statutory partners must ensure that appropriate support is provided to IJB Section 95 officers.
- IJBs must be empowered to use the totality of resources at their disposal to better meet the needs of their local populations.

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. Prior to the Covid-19 pandemic, there had been a high number of unfunded beds in use to meet demands and this pressure had been managed in-year by NHS Ayrshire & Arran in line with the Integration Scheme. The ability to plan with the overall resource for defined populations and user groups and to use budgets flexibly is one of the hallmarks of integrated care and this will be pursued going forward.

It is recognised at Scottish Government and individual IJB level, 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 were held with representatives

from the Scottish Government to take forward a national pilot project on 'fair share' commissioning through the use of Directions. This national pilot seeks to ensure that delegated hospital budgets and Set Aside budget requirements will be fully implemented and following work undertaken on the pilot, updated statutory guidance was issued to all IJBs by the Scottish Government in January 2020. This guidance sets out how to improve practice through the issue of Directions by IJBs to Health Boards and Local Authorities for implementation. The Ministerial Strategic Group for Health and Community Care Review of Progress with Integration of Health and Social Care report published February 2019 set this out as a key proposal under integrated finances and financial planning requirements. Due to the significant challenges and ongoing response in respect of the Covid-19 pandemic, it has not been possible to progress this work to the desired level over the course of 2020/21. Following discussions at the pan-Ayrshire Strategic Planning and Operational Group (SPOG) meeting on 7 December 2020, this pilot project has now recommenced with work to be undertaken over the course of 2021/22.

The Medium-Term Financial Plan 2017/18 to 2021/22 Update approved by the IJB on 25 March 2020 outlined the actual and indicative scale of the financial challenge over the lifetime of the Plan. A comprehensive review of the Medium-Term Financial Plan will be undertaken during 2021 and will take account of issues set out in the Scottish Government Health and Social Care Medium-Term Financial Framework, as well as the impact of potential Scottish Government legislation, notably the Independent Review of Adult Social Care / National Care Service and Fair Work in Scotland's social care sector, as well as the Covid-19 recovery process which will continue to impact across all health and social care services and the wider public sector. The Medium-Term Financial Framework supports the Health and Social Care Delivery Plan and sets out the potential approach and types of initiatives required to ensure continued delivery of a financially balanced and sustainable health and social care system. Importantly, at a local level, the Medium-Term Financial Plan will continue to underpin delivery of the revised Strategic Plan 2021-30. It is anticipated that the updated Medium-Term Financial Plan will be presented to the IJB on 20 October 2021.

The Strategic Plan 2021-30 was approved by the IJB on 24 March 2021. It is a fundamental requirement to match the Strategic Plan and service delivery with the resources available. To meet this financial challenge, delivering services in a more streamlined and effective manner will be essential. The initial proposal was to present the updated Medium-Term Financial Plan to the IJB on 24 March 2021 however this has been delayed in recognition of a number of significant uncertainties pertaining to the 2021/22 baseline budget and going forward. The outcome of the Independent Review of Adult Social Care review was published in February 2021 and contains a number of proposals which, going forward, have the potential to impact significantly on the IJB and its funding partners, with wide political support for a National Care Service for Scotland.

The updated Medium-Term Financial Plan will continue to underpin delivery of the revised Strategic Plan with alignment of budgets and activities to ensure outcomes can be delivered in line with the core themes of the Strategic Plan.

The IJB in November 2020 approved the detail of the engagement and consultation programme used in developing the third Strategic Plan. This engagement programme ran between December and March 2021. The Strategic Plan has due regard to the integration delivery principles and to the national health and wellbeing outcomes together with national outcomes for children, young people and justice. A consistent message from engagement with partners is that wellbeing of people, families and communities is important.

People, Compassion & Partnership

An early intervention and prevention approach to supporting communities is central to any success and this is included as a key principle throughout the Strategic Plan. The Strategic Plan also focuses on the 'triple aim' of better care, better health and better value in line with the national Health and Social Care Delivery Plan. Each strategic priority is further described in relation to strategic commissioning intentions and delivery activity. In 2021/22, all are focussed on recovery and renewal from the impact of the Covid-19 pandemic, informed by the

findings from a range of wellbeing engagement activity and the programme of work set out by the Recovery and Renewal programmes across the Community Planning Partnership.

The Strategic Plan sets out local ambitions and shared priorities for health and social care 2021–24 and towards 2030. The core themes of the Strategic Plan 2021-30 are:

Starting Well and Living Well	People at the Heart of What We Do
Caring for East Ayrshire	Caring for Our Workforce
Safe and Protected	Digital Connections

For 2021/22 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. 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.

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 requirement to revisit savings proposals for 2021/22 as services develop in response to Covid-19 remobilise, recovery and redesign principles represents a further risk given the potential impact in 2022/23 and future financial years. As in 2020/21, the 2021/22 budget assumes “business as usual”. The potential financial and economic impacts of the Covid-19 pandemic represents a significant additional risk to the IJB, and the wider public sector going forward. As highlighted in the Management Commentary at Section 1, all additional costs pertaining to the response to the pandemic were fully funded by the Scottish Government. Other than the £3.110m earmarked balance carried-forward within the IJB Reserve, there is no confirmation of further funding to underwrite costs at this stage.

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 Local Mobilisation Plans, focussing on bed flow initiatives to ensure acute hospital beds were available to cope with the anticipated surge in Covid-19 patients were developed, with the IJB’s Covid Planning Group meeting regularly to consider and refine plans in response to the developing situation.

A pan-Ayrshire Covid-19 Remobilisation Plan (RMP3) has been submitted to the Scottish Government. This largely relates to the first quarter of the 2021/22 financial year with full year costs included for elements such as continued procurement of personal protective equipment (PPE). It is clear however 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 periods of lockdown since 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.

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

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

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 Strategic 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 APC and through the APC to the IJB itself. The key priority is to ensure that the IJB is best prepared to meet key priorities set out in the Strategic Plan 2021-30 within delegated resources. 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 2021/22 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 including enhanced use of technology enabled care 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 2021-30 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.

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 2020/21 financial year. The IJB has successfully overseen the delivery of all core services, responded to significant additional demands driven by the Covid-19 pandemic 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 2021 highlights an underspend of £12.020m on the total delegated budget for the year. Of this underspend, £7.266m has been earmarked within the IJB Reserve for specific commitments in future years, with £4.754m retained as an uncommitted balance. As highlighted previously, the IJB approved that of this uncommitted balance, £2.422m be retained as a general contingency balance, with £2.332m set aside for transformational change purposes. This favourable outturn position reflects the collective efforts of service managers, directorate management teams and Finance staff in maintaining sound financial management processes throughout the year against a backdrop of increasing demand for services, constrained financial resources, the requirement to deliver cash releasing efficiency savings and notably, the response to the Covid-19 pandemic.

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. The impact of Covid-19 on mainline services during 2020/21 cannot be underestimated nor can the pace of change going forward, as services adapt to "normal" service levels. One of the biggest challenges for transformation is being able to put in place renewal and recovery activities to start to bring service levels back to pre-Covid-19 levels and to make further progress through transformational change. It is however important to reaffirm that the requirement to change and redesign services to improve outcomes for individuals would exist despite the 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 2021.

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.

DocuSigned by:
Craig McArthur
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DocuSigned by:
Michael Breen
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DocuSigned by:
Alex McPhee
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Craig McArthur
Chief Officer
25 August 2021

Michael Breen
Chair of the IJB
25 August 2021

Alex McPhee CPFA
Interim Chief Finance Officer
25 August 2021

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 will be approved for signature by the Integration Joint Board at its meeting on 25 August 2021.

Signed on behalf of East Ayrshire Integration Joint Board.

DocuSigned by:
Michael Breen
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Michael Breen
Chair of the IJB
25 August 2021

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 2021 and the transactions for the year then ended.

DocuSigned by:

FFB9821D347945F...

Alex McPhee CPFA
Interim Chief Finance Officer
25 August 2021

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 set out in the IJB's Strategic Plan and to consider whether those objectives have led to the delivery of appropriate cost effective services.

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

THE GOVERNANCE FRAMEWORK AND GOVERNANCE DEVELOPMENTS

The main features of the governance framework that was in place during 2020/21 are outlined below:

- Strategic decision making is governed by the IJB's key constitutional documents including the Integration Scheme, standing orders, scheme of delegation, code of conduct for IJB Members and financial regulations. The Chief Governance Officer of East Ayrshire Council serves as the IJB's Standards Officer. The IJB is responsible for the operational oversight of the integrated services and through the Chief Officer will be responsible for the operational management of the integrated services.
- The IJB's purpose and vision is outlined in the updated IJB Strategic Plan 2021-30 which was approved on 24 March 2021 and which links closely to the East Ayrshire Community Plan and the Local Outcome Improvement Plan and is underpinned by an annual action plan and performance indicators. The initial Strategic Plan 2015-18 was approved by the IJB at its inaugural meeting on 2 April 2015 with the second 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 focusses on the 'triple aim' of better health, better care and better value in line with the national Health and Social Care Delivery Plan.
- The 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 APC to consider all matters in relation to internal and external audit, financial management, risk management and performance. The APC met five times during 2020/21.
- 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
 - APC
 - Strategic Commissioning Board reporting to the APC
 - Health and Care Governance Group
 - Adverse Events / Significant Occurrence Group
 - Partnership Forum (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 Interim Chief Finance Officer is a member of the IJB and is responsible for ensuring that appropriate financial services are available to the IJB and Chief Officer.

A report was submitted to the IJB on 26 August 2020 which set out revised leadership and management arrangements within the Health and Social Care Partnership and which build upon iterative changes over the preceding year. The substantive proposals set out within this report and which were approved by the IJB are:

- Embedding the Wellbeing and Recovery portfolio in the HSCP establishment;
- Embedding the Locality Health and Care portfolio within the HSCP establishment;
- Locating management of Out of Hours Social Work within the portfolio of Children's Health Care and Justice; and
- Extending the role of the Primary Care portfolio to encompass Urgent Care Interface arrangements.

The Partnership management structure is set out in Appendix 2.

A report was presented to the IJB on 24 March 2021 to update on governance arrangements in respect of IJB and APC membership, as well as the implementation of Directions, in line with Scottish Government Guidance.

Following work undertaken pan-Ayrshire on a national pilot of fair share commissioning through use of Directions, the Scottish Government issued new statutory guidance for Directions from IJBs to Health Boards and Local Authorities in January 2020. Directions are the mechanism to action the strategic commissioning plans (Strategic Plan). Due to the pandemic, work to take forward Directions in line with the statutory guidance stalled over the course of 2020/21. Work is however once again underway and will be progressed over the course of 2021/22.

<https://docs.east-ayrshire.gov.uk/r?f=http://docs.east-ayrshire.gov.uk/CRPADMMIN/2012%20AGENDAS/TRANSITION%20INTEGRATION%20BOARD/24%20March%202021/13%20IJB%20Governance%20Report%20240321.pdf>

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.

COVID-19 RESPONSE

On 11 March 2020, the World Health Organisation classified Covid-19 as a global pandemic and, on 23 March 2020, the United Kingdom entered a period of lockdown. This had an unprecedented impact on the governance of the IJB and delivery of services through the Health and Social Care Partnership over the course of 2020/21. It was recognised at an early stage that it was no longer going to be practical to take decisions through established governance routes due to the challenges presented by the pandemic and the ability of individuals to meet formally. A range of delegated authorities for the Chief Officer, Section 95 Officer and other officers in the Health and Social Care Partnership form part of the Integration Scheme and Scheme of Delegation for East Ayrshire IJB. There are powers which are reserved to the Board and these are outlined in the Scheme of Delegation. At its meeting on 25 March 2020, the IJB approved delegated authority to enable the Chief Officer to take operational decisions that would normally require Board approval. These delegated arrangements were required to ensure that operational decisions could be taken timeously to reduce the need for face to face meetings. It is important to highlight that this delegation was in relation to operational decisions only and did not result in any policy changes. The IJB also approved its 2020/21 annual budget on a "business as usual" basis on 25 March 2020.

The audited Annual Accounts 2019/20 were approved on 26 August 2020 in line with standard statutory reporting requirements. In all, the IJB met seven times during 2020/21, with the APC meeting five times over the course of the financial year. In the main, IJB members and officers participated on a “virtual” basis via Microsoft Teams.

In relation to Covid-19 planning there were interim arrangements put in place by IJB with Chair / Vice Chair and Chief Officer input, with non-essential meetings stood down. Covid-19 Planning Meetings were undertaken by management on a weekly / fortnightly basis for approximately six months from the initial lockdown. A report on the Health and Social Care response to the Covid-19 pandemic was tabled at the IJB meeting on 17 June 2020:

<https://docs.east-ayrshire.gov.uk/r?f=http://docs.east-ayrshire.gov.uk/CRPADMMIN/2012%20AGENDAS/TRANSITION%20INTEGRATION%20BOARD/17%20JUNE%202020/07%20-%20HSCP%20Response%20to%20COVID19%20Pandemic%20Report.pdf>

The IJBs response to the pandemic was taken forward through the Local Mobilisation Plan (LMP). Covid-19 related expenditure was separately identified and monitored over the course of 2020/21. Due to the nature of the pandemic, expenditure committed in response was extremely fluid over the course of the financial year and regular updates to the LMP were submitted to the Scottish Government to ensure that all eligible costs were recorded. A pan-Ayrshire approach to consolidate health and social care attributable costs and submit updated LMPs was undertaken over the course of the financial year. This was particularly relevant in respect of services managed on a Lead Partnership basis.

This Annual Governance Statement has been prepared in the context of the response, recovery and renewal activity arising from the Covid-19 pandemic which has dominated the last year. This has been directed and informed by the Scottish Government’s Strategic Framework, which sets out how decisions continue to be taken to control coronavirus, while restoring a degree of normality to everyday life.

Since restrictions on movement were introduced by the UK and Scottish Governments in March 2020, the IJB and its partners has been working to maintain essential services for our communities, with a specific emphasis on the most vulnerable in our society. In terms of transactional finance processing arrangements, it was necessary to prioritise mission critical tasks, with staff office based on a rotational basis to ensure clients had access to funds, with an appointments based system for cash payments (where appropriate) and email invoice processing and authorisation procedures put in place.

This Annual Governance Statement has also been informed by the CIPFA Guidance Bulletin 06 – ‘Application of the Good Governance Framework 2020/21’. This guidance concerns the impact of the continuing Covid-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 during 2020/21.

A number of national publications and guidance supported the Covid-19 response by the IJB and parent bodies. These included publications from the Cabinet Office and Audit Scotland. Publications were focussed on fraud risk and related assurances and were primarily targeted to the transactional operations of the parent bodies. The IJB Chief Internal Auditor collated national responses for the draft Audit Scotland publication “Covid-19: Emerging Fraud Risk” which informs current external work.

COVID-19 RECOVERY AND RENEWAL

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

The IJBs external auditors Deloitte LLP presented their Audit Dimensions and Best Value report for the year ended 31 March 2021 to the APC on 1 June 2021. Within the recommendations for improvement, the report

outlined that financial sustainability is a continuing challenge and consideration should be given to allocating a further resource to drive forward and increase the pace of change. The impact of Covid-19 and the requirement for recovery and renewal represents a significant risk which will require to be mitigated going forward.

There has been significant disruption to how health and social care services have been delivered over the course of 2020/21 with a significant impact on activities as a consequence of the pandemic. Going forward, it will be necessary to capture the extent of the shift from “business as usual” activity to ensure that the IJB can continue to meet need as part of the recovery and renewal process. A key element of recovery planning activity is learning from interim changes put in place in response to the pandemic. Engagement with service users and other key stakeholders to fully understand the impact of measures implemented is an essential component of the recovery and renewal process. The updated Medium-Term Financial Plan will continue to underpin delivery of the revised Strategic Plan with alignment of budgets and activities to ensure outcomes can be delivered in line with the core themes of the Strategic Plan.

The Accounts Commission’s 2020 Local Government in Scotland Overview report highlights the importance of improving long-term financial planning in the context of the challenges and uncertainties councils (and their partners) face as a consequence of Covid-19. Health and social care budgets were already under pressure from increasing costs, along with increasing demands, before the pandemic. Covid-19 brings additional financial demands and has also led to significant reductions in income. Notwithstanding reduced spending on “business as usual” activities, this makes achieving a balanced budget more challenging. The impact of Covid-19 on public sector budgets has also heightened the focus on financial sustainability, with related questions about the application of the going concern basis of accounting in the public sector.

In addition to the Local Government overview report, two new guides for auditors have been produced by Audit Scotland in relation to Covid-19: *Balancing the Budget in Councils* and *Going Concern in Councils*. These publications relate to the Accounts Commission’s longstanding interest in the essential importance of effective leadership, good governance and strong financial management for councils and in recognition of the challenge of delivering key Best Value obligations in the context of Covid-19.

The Audit Scotland report, *NHS in Scotland 2020* (February 2021) is an overview report which focusses on the response to Covid-19. The report sets out that remobilising the full range of NHS services is challenging and maintaining innovation and learning from the pandemic will be essential. Covid-19 has led to a substantial backlog of patients waiting for treatment. NHS boards are prioritising those in most urgent need; those who are of lower clinical priority will have to wait longer. NHS leaders need to work collaboratively, in partnership across public services, to deal with the ongoing challenges caused by Covid-19 and to remobilise services. Covid-19 has exacerbated the existing financial and operational challenges in the NHS. Responding to the pandemic has resulted in significant additional expenditure across health and social care and there is uncertainty about the longer-term financial position.

In December 2020, the Scottish Government published *Scotland’s Wellbeing: The Impact of Covid-19*, which highlighted that the pandemic is likely to have significant and wide-ranging effects across all of the National Outcomes. Moreover, the report notes that the weight of evidence suggests that the pandemic may widen inequalities in income and wealth over the medium-term, as well as making unequal outcomes more severe in a range of other areas, including Health and Wellbeing. These issues will require to be recognised as part of the updated Medium-Term Financial Plan and in strategic planning priorities going forward.

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

INTERNAL CONTROL SYSTEM

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

- Management information systems and process, including service performance and financial information;
- Financial Regulations and codes of financial practice;
- Scheme of Delegation;
- Comprehensive budgeting systems;
- Measurement of financial and other performance against target;
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets (including Covid-19 Mobilisation Plan);
- Internal audit functions; and
- Formal project management disciplines, as appropriate.

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

The likelihood of fraud within the "audit universe" of the IJB is very low. The IJB has no bank accounts, employees or contracts and fraud risk sits largely within the parent bodies. The IJBs external auditors Deloitte LLP presented their Audit Dimensions and Best Value report for the year ended 31 March 2021 to the APC on 1 June 2021. This report noted that "We have assessed the Board's arrangements for the prevention and detection of fraud and irregularities, which includes the arrangements at the Council and Health Board given that the IJB relies on their systems and processes. This has included specific considerations in response to the increased risk of fraud as a result of Covid-19. Overall we found the Board's arrangements to be designed and implemented appropriately". The parent bodies annual internal audit opinions make no reference to fraud impact during 2020/21. Going forward, the IJB Chief Auditor will benchmark fraud reporting in other IJBs to identify any continuous improvement.

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

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

- To ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- To ensure relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory regulations.

The systems of financial control are reviewed to ensure continued effectiveness by the work of managers in the IJB and by the work of internal and external audit in their annual and other reports.

The IJB financial management arrangements comply with the requirements of 'The Role of the Chief Financial Officer in Local Government (CIPFA 2016)'. The IJB's Interim Chief Finance Officer (Section 95 Officer) has

overall responsibility for the IJB's financial arrangements, and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

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

The IJB internal audit function is responsible for the independent appraisal of the IJB's internal systems of control with resources drawn from the parent bodies. The function complies with the requirements of the 'Public Sector Internal Audit Standards (PSIAS 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 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 2020/21 was approved by the IJB APC on 9 June 2020. The IJB Internal Audit Annual Report 2020/21 will be presented to the IJB APC on 10 August 2021.

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.

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

National pandemic arrangements, through the Internal Audit Standards Advisory Board (IASAB), are in place to allow for Chief Auditors to qualify their annual opinions if sufficient work had not been carried out; that arrangement has not been required for the East Ayrshire IJB in 2019/20 or 2020/21.

On the basis of internal audit work completed in 2020/21, 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 2020/21 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 2021. 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.

The Chief Internal Auditor noted in 2019/20 that the annual opinion took cognisance of national and local arrangements put in place for Covid-19 and that these arrangements undoubtedly created challenges for all control environments in all organisations where tried and tested controls may no longer be effective or appropriate. The Chief Auditor noted that she firmly believed on the basis of year on year work that the East Ayrshire IJB was well placed to successfully overcome these challenges. The 2020/21 IJB opinion confirmed that to be the case.

In considering the IJB annual opinion the Audit & Performance Committee are also supplied with the annual opinions of the parent bodies to provide assurance with regard to the control environments which support the delivery of commissioned services. The relevant Chief Internal Auditors have consistently given a reasonable opinion year on year and that continues in 2020/21. It is a notable achievement that annual opinions for the IJB and the parent bodies have continued to provide a consistent level of assurance during the challenges of the pandemic.

ACTION PLAN

Over the course of 2020/21, governance and reporting arrangements have included Locality Groups reporting to the Strategic Planning and Wellbeing Group, the Strategic Commissioning Board reporting to the APC and Adverse Events / Significant Occurrence Group reporting to the Health and Social Care Governance Group.

Issues from 2019/20

Deloitte identified two separate recommendations for improvement in the 2019/20 external audit report (ISA 260):

- The planned update of the Medium-Term Financial Plan should take account of the financial implications of the Scottish Government five year Medium-Term Financial Strategy; and
- As part of the budgeting process, there needs to be a link between budgeted spend and the IJB's priorities as set out in the Strategic Commissioning plan, as well as improved links between the budget and outcomes.

These issues are being addressed as follows:

- As part of the IJBs fiscal framework, a comprehensive review of the Medium-Term Financial Plan will be undertaken during 2021. The review will take account of issues set out in the Scottish Government Health and Social Care Medium-Term Financial Framework published in October 2018 which sets out the potential approach and types of initiatives required to ensure a financially balanced and sustainable Health and Social Care system. In addition the updated plan will take cognisance of issues highlighted in the Independent Review of Adult Social Care. The outcome of the review was published in February 2021 and contains a number of proposals which have the potential to impact significantly on the IJB and its funding partners, including the possible creation of a National Care Service for Scotland. It is anticipated that the updated Medium-Term Financial Plan will be presented to the IJB on 20 October 2021.
- The updated Medium-Term Financial Plan will continue to underpin delivery of the revised Strategic Plan with alignment of budgets and activities to ensure outcomes can be delivered in line with the core themes of the Strategic Plan.

Issues / Actions for 2021/22

Deloitte's Audit Dimensions and Best Value report for the year ended 31 March 2021 to the APC on 1 June 2021

identifies four recommendations for improvement, which will be acted upon in 2021/22.

- Financial sustainability: consideration should be given to allocating a further resource to drive forward and increase the pace of change;
- Set Aside: the IJB should progress with implementing delegated hospital budgets and Set Aside requirements in collaboration with the Scottish Government, NHS Ayrshire & Arran and other Ayrshire IJBs;
- Governance and transparency: scrutiny could be improved by providing more training to members of both the IJB and APC on their respective roles and the clear distinction between informal and formal meetings; and
- Governance and transparency: the Board should progress its work to allow members of the public access to IJB meetings through webcasting, whether live or access to on demand recordings.

In addition, this report notes two recommendations from previous years' audits that have yet to be implemented, These recommendations relate to the update of the Medium-Term Financial Plan aligned with the Scottish Government five year Medium-Term Financial Strategy, as well as with improved links between strategic planning priorities, budgets and outcomes. As highlighted previously, a comprehensive review of the Medium-Term Financial Plan is to be undertaken during 2021.

As highlighted previously, the Scottish Government published Scotland's Wellbeing: The Impact of Covid-19 in December 2020 and this report will be a key consideration as part of the updated Medium-Term Financial Plan.

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 United Kingdom's withdrawal from the European Union represents a risk to the IJB going forward into future financial years.

Notwithstanding the potential impact of the UK's withdrawal from the EU, 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 emerging local and 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.

Operationally, work continued during 2020/21 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 Interim 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.

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

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 2020/21 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.

The unaudited Annual Accounts 2020/21 containing the Annual Governance Statement were approved by the IJB on 16 June 2021.

Signed on behalf of East Ayrshire Integration Joint Board.

DocuSigned by:

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Craig McArthur
Chief Officer
25 August 2021

DocuSigned by:

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Michael Breen
Chair of the IJB
25 August 2021

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.

As highlighted previously within the Management Commentary, since the establishment of 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, Eddie Fraser had been Chief Officer of the IJB. On 11 January 2021, Mr. Fraser took up the position of Chief Executive of East Ayrshire Council, with Craig McArthur appointed as IJB Chief Officer on an interim basis. Mr. McArthur was formally appointed to the role of Chief Officer with effect from 22 February 2021.

Other Officers

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

legislative requirement to ensure that its outcomes are delivered within delegated resources. No other non-voting board members meet the criteria for disclosure.

Total Remuneration 2019/20 £	Name and Post Title	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration 2020/21 £
115,382	Eddie Fraser - Chief Officer (part-year: 1/4/20 – 10/1/21)	98,224	0.000	98,224
0.000	Craig McArthur – Chief Officer (part-year: 11/1/21 – 31/3/21)	7,175	0.000	7,175
115,382	Total	105,399	0.000	105,399

The costs highlighted in the table above are part-year. The equivalent full year cost of the Chief Officer post is £0.119m.

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 2020 £	In-year Pension / Contributions to 31 March 2021 £	Accrued Pension Benefits as at 31 March 2020 £m	Difference from 31 March 2020 £m	Accrued Pension Benefits as at 31 March 2021 £m
Eddie Fraser - Chief Officer (full year)	22,269	23,569*	Pension 0.050 Lump Sum 0.089	Pension 0.009 Lump Sum 0.008	Pension 0.059 Lump Sum 0.097
Craig McArthur - Chief Officer (part year) (22/2/21 to 31/3/21)	0.000	1,325	Pension 0.000 Lump Sum 0.000	Pension 0.040 Lump Sum 0.060	Pension 0.040 Lump Sum 0.060

* £18,957 relates to role as Chief Officer of the IJB (1/4/20 to 10/1/21)

DISCLOSURE BY PAY BANDS

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

Number of Employees in Band 2019/20	Remuneration Band	Number of Employees in Band 2020/21
0	£95,000 - £99,999	1
1	£115,000 - £119,999	0

EXIT PACKAGES

There were no exit packages during 2020/21 (as in 2019/20).

Signed on behalf of East Ayrshire Integration Joint Board.

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Craig McArthur
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DocuSigned by:
Michael Breen
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Craig McArthur
Chief Officer
25 August 2021

Michael Breen
Chair of the IJB
25 August 2021

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 2019/20 £m	Gross Income 2019/20 £m	Net Expenditure / (Income) 2019/20 £m		Gross Expenditure 2020/21 £m	Gross Income 2020/21 £m	Net Expenditure / (Income) 2020/21 £m
157.858	(2.266)	155.592	Core Services	167.133	(6.886)	160.247
2.388	0.000	2.388	Public Protection	3.271	0.000	3.271
3.993	0.000	3.993	Non-District General Hospitals	3.735	0.000	3.735
28.176	(0.004)	28.172	Children's Health, Care and Justice Services	29.536	(0.004)	29.532
28.788	0.000	28.788	Lead Partnership Services	37.635	0.000	37.635
24.024	0.000	24.024	Set Aside	23.897	0.000	23.897
245.227	(2.270)	242.957	Cost of Services	265.207	(6.890)	258.317
0.000	(80.746)	(80.746)	East Ayrshire Council funding (notes 5,6 and 10)	0.000	(80.586)	(80.586)
0.000	(164.254)	(164.254)	NHS Ayrshire & Arran funding (notes 5,6 and 10)	0.000	(187.906)	(187.906)
0.000	(245.000)	(245.000)	Taxation and Non-Specific Grant Income	0.000	(268.492)	(268.492)
245.227	(247.270)	(2.043)	Deficit / (Surplus) on provision of services	265.207	(275.382)	(10.175)

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

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year of the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices (2019/20 Movement in Reserves also shown for information).

Movement in Reserves During 2020/21	General Fund Balance £m	General Fund Earmarked Balance £m	Total Reserves £m
Opening Balance at 1 April 2020 (notes 7,8 and 10)	(0.318)	(4.647)	(4.965)
Total Comprehensive Income and Expenditure (note 5)	(4.754)	(5.421)	(10.175)
Decrease or (Increase) in 2020/21	(4.754)	(5.421)	(10.175)
Closing Balance at 31 March 2021 (notes 7,8 and 10)	(5.072)	(10.068)	(15.140)

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)
Transfer of 2018/19 General Fund balance to earmarked balance	1.201	(1.201)	0.000
Decrease or (Increase) 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)

BALANCE SHEET

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

31 March 2020 £m		Notes	31 March 2021 £m
4.965	Debtors	7	15.140
4.965	Net Assets		15.140
0.318	Usable Reserve: General Fund	8	5.072
4.647	Earmarked Reserve: General Fund	8	10.068
4.965	Total Reserves		15.140

The Statement of Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2021 and its income and expenditure for the year then ended.

The unaudited Financial Statements were issued on 16 June 2021 and the audited Financial Statements will be authorised for issue on 25 August 2021.

DocuSigned by:
Alex McPhee
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Alex McPhee CPFA
Interim Chief Finance Officer
25 August 2021

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 2020/21 financial year and its position at 31 March 2021.

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 2020/21, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

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

Accruals of expenditure and income

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

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

Funding

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

The IJB Interim Chief Finance Officer has received written confirmation from the Chief Finance Officers of East Ayrshire Council and NHS Ayrshire & Arran that, the charges for services commissioned by East Ayrshire IJB reflect income and expenditure recorded in the respective ledgers of the partner organisations; confirmation that the allocation of income and expenditure to the IJB reflects the appropriate charges; and where estimates have been used the best available data has been applied to give a true and fair view.

Cash and Cash Equivalents

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

Employee Benefits

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

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

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Reserves

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

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision. Within usable reserves the IJB holds earmarked funds to meet specific service commitments including funds set aside for transformational change purposes. In addition, a contingency reserve is held to assist the IJB to deal with unforeseen events or emergencies. The updated Reserve Strategy approved by the IJB on 25 March 2020 (and reviewed as part of the budget setting process for 2021/22) 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.

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. There are none which are relevant to the IJB Financial Statements.

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 in 2019/20 was based upon Information Services Division Scotland (ISD) 2018/19 activity data at 2017/18 prices with a 7.5% uplift applied. Work has been undertaken to provide an updated specific Set Aside resource based upon locally sourced information in respect of 2019/20 bed days, discharges and admissions and is included in the 2020/21 Financial Statements. As such, the Set Aside sum included in the Financial Statements will not reflect actual hospital usage in 2020/21.

No disclosure required in respect of estimation uncertainty.

NOTE 4: EVENTS AFTER THE REPORTING PERIOD

The audited Annual Accounts will be authorised for issue by the Interim Chief Finance Officer on 25 August 2021. 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 2021, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTE 5: EXPENDITURE AND INCOME ANALYSIS BY NATURE

2019/20 £m		2020/21 £m
100.538	Services commissioned from East Ayrshire Council	104.699
142.392	Services commissioned from NHS Ayrshire & Arran	153.591
0.027	Auditor Fee: External Audit Work	0.027
(245.000)	Partners Funding Contributions and Non-Specific Grant Income	(268.492)
(2.043)	(Surplus) / Deficit on the Provision of Services	(10.175)

NOTE 6: TAXATION AND NON-SPECIFIC GRANT INCOME

2019/20 £m		2020/21 £m
(80.746)	Funding Contribution from East Ayrshire Council	(80.586)
(164.254)	Funding Contribution from NHS Ayrshire & Arran	(187.906)
(245.000)	Taxation and Non-specific Grant Income	(268.492)

The funding contribution from the NHS Board shown above includes £23.897m in respect of Set Aside resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

The funding contribution from the NHS Board also includes funding from the Scottish Government to offset Covid-19 attributable costs £14.412m. As highlighted previously in the Management Commentary, costs totalling £11.302m have been incurred on health and social care services via the Local Mobilisation Planning process (the £3.110m balance of funding is earmarked within the IJB Reserve to offset Remobilisation Plan 3 (RMP3) costs in 2021/22). Guidance on Accounting for Coronavirus (Covid-19) Grants / Funding Streams issued by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) in May 2021 outlines that financial support directed towards IJBs are not grants but funding of anticipated costs submitted as part of the regular Local Mobilisation Planning process. The main consideration for IJBs is to assess the nature of the expenditure being incurred such as spend directly incurred on HSCP goods / services (such as PPE, costs of running Community and Mental Health Assessment units and increased staff costs of councils and health boards) and spend incurred to support social care providers (such as care homes).

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

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

To assist consistency in treatment of funding provided, the LASAAC guidance contains a schedule which sets out a view of accounting treatment of Covid-19 funding, as to whether principal or agent accounting applies, which IJBs should consider. This sets out that for all payments underlying the £11.302m expenditure, the IJB is acting as principal. In this respect this represents financial support directed towards the IJB and are not grants but funding of anticipated costs submitted as part of the regular Local Mobilisation Planning process. This expenditure is identifiable within the management accounts table within the Management Commentary at Section 1.

NOTE 7: DEBTORS

2019/20 £m		2020/21 £m
3.223	Funding East Ayrshire Council	9.316
1.742	Funding NHS Ayrshire & Arran	5.824
4.965	Debtors	15.140

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 and was reviewed as part of the budget setting process for 2021/22.

The following table shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure £10.062m, and the amount held as a general contingency £5.072m.

The Annual Budget 2021/22 report to the IJB on 24 March 2021 outlined a number of continued risks in respect of both Council and NHS commissioned services. It is important to note that the 2021/22 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 uncommitted balance, and transformational change funding retained within the IJB Reserve, as well as elements of earmarked funding, will be used to mitigate risk going forward.

Transfers Out 2019/20 £m	Transfers In 2019/20 £m	Balance as at 31 March 2020 £m		Transfers Out 2020/21 £m	Transfers In 2020/21 £m	Balance as at 31 March 2021 £m
			Earmarked:			
0.000	(0.407)	(1.295)	Client Equipment and Adaptations	1.084	(0.025)	(0.236)
0.000	(0.425)	(0.425)	Adult Care Package provision	0.000	0.000	(0.425)
0.000	(0.287)	(0.287)	School Counselling	0.000	(0.303)	(0.590)
0.000	(0.100)	(0.100)	Free Personal Care under 65s - Mental Health Counselling	0.000	0.000	(0.100)
0.020	(0.004)	(0.021)	Care Commission standards	0.000	0.000	(0.021)
0.000	0.000	(0.017)	Legal fees	0.000	0.000	(0.017)
0.000	(0.015)	(0.034)	Whole Systems Approach funding	0.009	0.000	(0.025)

0.000	0.000	(0.013)	Looked After and Accommodated fees	0.000	(0.019)	(0.032)
0.000	0.000	(0.054)	Information Technology	0.000	0.000	(0.054)
0.000	0.000	(0.028)	Befrienders Project (ADP)	0.000	0.000	(0.028)
0.008	(0.018)	(0.020)	HARP / Wellbeing Project	0.000	0.000	(0.020)
0.000	0.000	0.000	Covid-19 - Scottish Government funding	0.000	(3.110)	(3.110)
0.000	0.000	0.000	Community Justice - impact of Covid-19	0.000	(0.013)	(0.013)
0.000	0.000	0.000	Financial Risk, Insecurity & Poverty	0.000	(0.039)	(0.039)
0.000	0.000	0.000	C&YP: Mental Health & Wellbeing	0.000	(0.388)	(0.388)
0.000	0.000	0.000	ADP - Mainline; Hard Edges; DDTF	0.000	(0.545)	(0.545)
0.000	0.000	0.000	Community Living Change Fund	0.000	(0.461)	(0.461)
0.000	(0.700)	(0.700)	Intermediate Care and Reablement - 2 year funding	0.108	0.000	(0.592)
0.000	(0.225)	(0.225)	Post Covid developments - 2 year funding	0.000	0.000	(0.225)
0.000	0.000	0.000	SARC	0.000	(0.070)	(0.070)
0.000	0.000	0.000	Fairer Scotland - Dental	0.000	(0.120)	(0.120)
0.000	0.000	0.000	Social Care shielding	0.000	(0.012)	(0.012)

0.000	0.000	0.000	Urgent Care Pathway	0.000	(0.495)	(0.495)
0.000	0.000	0.000	GP costs – Arran War Memorial	0.000	(0.167)	(0.167)
0.213	(0.168)	(0.168)	Primary Care Improvement Fund	0.168	(1.272)	(1.272)
0.124	(0.059)	(0.059)	Mental Health Action 15	0.059	(0.227)	(0.227)
0.000	(1.201)	(1.201)	Transformational Change Programme	0.417	0.000	(0.784)
0.365	(3.609)	(4.647)	Total Earmarked	1.845	(7.266)	(10.068)
1.201	0.000	(0.318)	Uncommitted	0.000	(4.754)	(5.072)
1.566	(3.609)	(4.965)	General Fund	1.845	(12.020)	(15.140)

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 (£61.998m), and the consequential reimbursement (£61.998m), are not included in the Comprehensive Income and Expenditure Statement since the IJB is not acting as principal in these transactions.

Scottish Government £500 “thank you” payments to NHS staff employed within the Partnership are excluded from expenditure and income relating to the agency arrangement. This is due to the LASAAC guidance stating that “pay policy is delegated to local government, therefore, a requirement placed on local authorities to pay their own staff the £500 is indicative of an agency arrangement”. On the NHS side, the Scottish Government provides all funding for £500 payments to health and social care staff. NHS Boards are acting as principal in relation to payments to their own staff. They interpret the guidance and assess specific contract arrangement to determine eligibility of individual employees. The sum of £0.538m has been accounted for by NHS Ayrshire & Arran and is therefore excluded from the NHS Ayrshire & Arran expenditure and funding allocation within the Comprehensive Income and Expenditure Statement. No transactions are recorded in 2020/21 in respect of “thank you” payments to social care staff. These payments have been funded by the Scottish Government in 2021/22 and will be paid in 2021/22. Whilst there will be no recognition of net expenditure in the Comprehensive Income and Expenditure Statement in 2021/22, these payments and offsetting reimbursements will be recorded under Note 9 Agency Income and Expenditure, as the IJB will not be acting as principal in these transactions.

The Health and Social Care Partnership operated a PPE hub which distributed stock to the East Ayrshire Council staff, external providers and carers. This stock was issued to the hub at no charge by NHS National Services Scotland (NSS). This was done under an agency arrangement and the estimate stock issued was £0.749m. As the IJB was acting as an agent regarding PPE transactions it does not recognise any income, expenditure or closing stock of PPE in the annual accounts.

The Health and Social Care Partnership distributed Covid-19 test kits supplied at no cost by the Scottish Government and UK Government. For Scottish Government funded PCR test kits, the sum is £0.269m and for UK

Government funded LFD test kits, the sum is £3.114m. As the IJB was acting as an agent regarding test kit transactions it does not recognise any income, expenditure or closing stock of test kits in the annual accounts.

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

2019/20 £m		2020/21 £m
53.577	Expenditure on Agency Services - Lead Partnership	61.998
0.000	PPE issued from National Services Scotland (NSS) stock	0.749
0.000	Covid-19 PCR test kits – Scottish Government funded	0.269
0.000	Covid-19 LFD test kits – UK Government funded	3.114
(53.577)	Reimbursement for Agency Services - Lead Partnership	(61.998)
0.000	PPE issued from National Services Scotland (NSS) stock	(0.749)
0.000	Covid-19 PCR test kits – Scottish Government funded	(0.269)
0.000	Covid-19 LFD test kits – UK Government funded	(3.114)
0.000	Net Agency Expenditure excluded from the CIES	0.000

2019/20 £m		2020/21 £m
53.577	Expenditure on Agency Services	66.130
(53.577)	Reimbursement for Agency Services	(66.130)
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. It should be noted that the increase in funding contributions received from the Health Board in 2020/21 includes Scottish Government funding totalling £14.412m to offset costs related to the response to the Covid-19 pandemic. Of this funding, £3.110m has been earmarked within the IJB Reserve to offset Remobilisation Plan 3 (RMP3) costs in 2021/22. With the exception of the £500 "thank you" payments related to social care services, all Scottish Government Covid-19 funding was routed to IJBs via NHS Boards in 2020/21.

Transactions with East Ayrshire Council

2019/20 £m		2020/21 £m
(80.746)	Funding contributions received from the Council	(80.586)
(2.270)	Service income received from the Council	(6.890)
102.764	Expenditure on services provided by the Council	112.393
1.228	Surplus / (Deficit) on provision of services	6.093
0.057	Key management personnel: non-voting Board Members	0.052
101.779	Net expenditure on services provided by the Council	111.648

21.033	Net Transactions with the Council	31.062
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Transactions with NHS Ayrshire & Arran

2019/20 £m		2020/21 £m
(164.254)	Funding contributions received from the NHS Board	(187.906)
0.000	Service income received from the NHS Board	0.000
142.348	Expenditure on services provided by the NHS Board	152.709
0.815	Surplus / (Deficit) on provision of services	4.082
0.058	Key management personnel: non-voting Board Members	0.053
143.221	Net expenditure on services provided by the NHS Board	156.844
(21.033)	Net Transactions with the NHS Board	(31.062)

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

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by the Council and Health Board free of charge as a 'service in kind'. This is included at section 4.2 of the Integration Scheme. The support services provided are mainly comprised of the provision of 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 £31.814m 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 £8.796m 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 sum transferred is increased from 2019/20 and is largely due to the transfer of Scottish Government Covid-19 funding £9.003m (which is routed to IJBs via NHS Boards) to offset expenditure on Council commissioned services. The £0.752m payment from the Council to the Health Board includes Delayed Discharge funding which offsets the cost of NHS community-based services.

2019/20 £m	East Ayrshire Council - reconciliation	2020/21 £m
80.746	Payments for delegated functions	80.586
21.566	Funding transfers from NHS Ayrshire & Arran	31.814
(0.533)	Funding transfers to NHS Ayrshire & Arran	(0.752)
21.033	Net transactions with NHS Ayrshire & Arran	31.062

101.779	Payments for delivery of integrated functions	111.648
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2019/20 £m	NHS Ayrshire & Arran - reconciliation	2020/21 £m
164.254	Payments for delegated functions	187.906
(21.566)	Funding transfers to East Ayrshire Council	(31.814)
0.533	Funding transfers from East Ayrshire Council	0.752
(21.033)	Net transactions with East Ayrshire Council	(31.062)
143.221	Payments for delivery of integrated functions	156.844

Balances with East Ayrshire Council

2019/20 £m		2020/21 £m
3.223	Debtor balances: amounts due from the Council	9.316
0.000	Creditor balances: amounts due to the Council	0.000
3.223	Net Balance with the Council	9.316

Balances with NHS Ayrshire & Arran

2019/20 £m		2020/21 £m
1.742	Debtor balances: amounts due from the NHS Board	5.824
0.000	Creditor balances: amounts due to the NHS Board	0.000
1.742	Net Balance with the NHS Board	5.824

NOTE 11: CONTINGENT LIABILITIES

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

NOTE 12: VAT

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

The VAT treatment of expenditure in the IJB's Financial Statements depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenues and Customs.

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

SECTION 7: INDEPENDENT AUDITOR'S REPORT

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

Reporting on the audit of the financial statements

Opinion on financial statements

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 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the body as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 5 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

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

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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

- considering the nature of the board's control environment and reviewing the board's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities;
- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Public Bodies (Joint Working) Scotland Act 2014.

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of the performing the above, we identified the greatest potential for fraud was in relation to the completeness and accuracy of the contributions received from the Health Board and the Council. The risk is that the partner bodies do not pass on any additional funding due. In response to this risk, we tested the income recognised to ensure that the correct contributions have been received in accordance with that agreed as part of the budget process.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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

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

Reporting on other requirements

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

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

Statutory other information

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

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material

misstatement of this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- 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
25 August 2021

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.

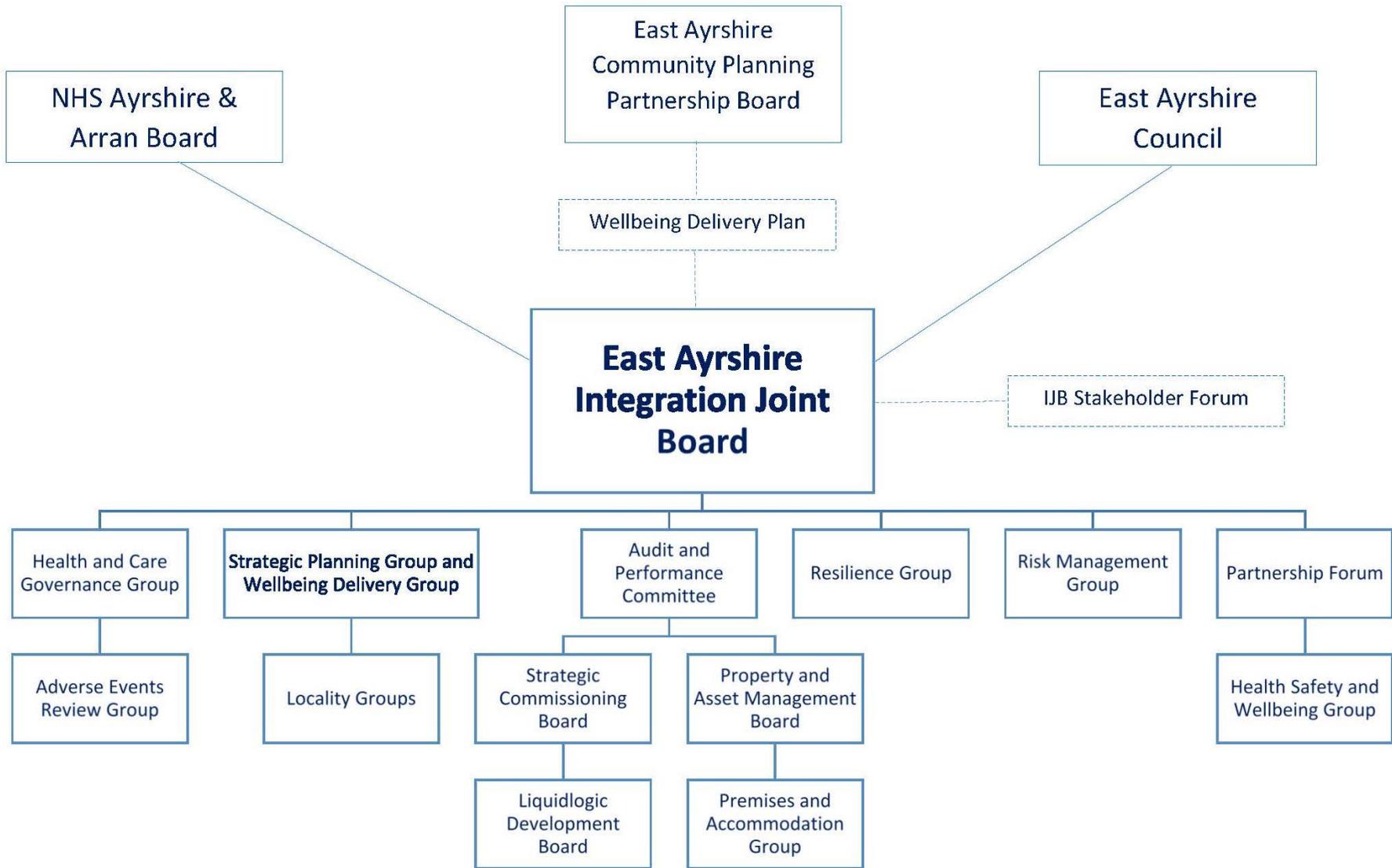
SOLACE

Society of Local Authority Chief Executives.

The Code

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

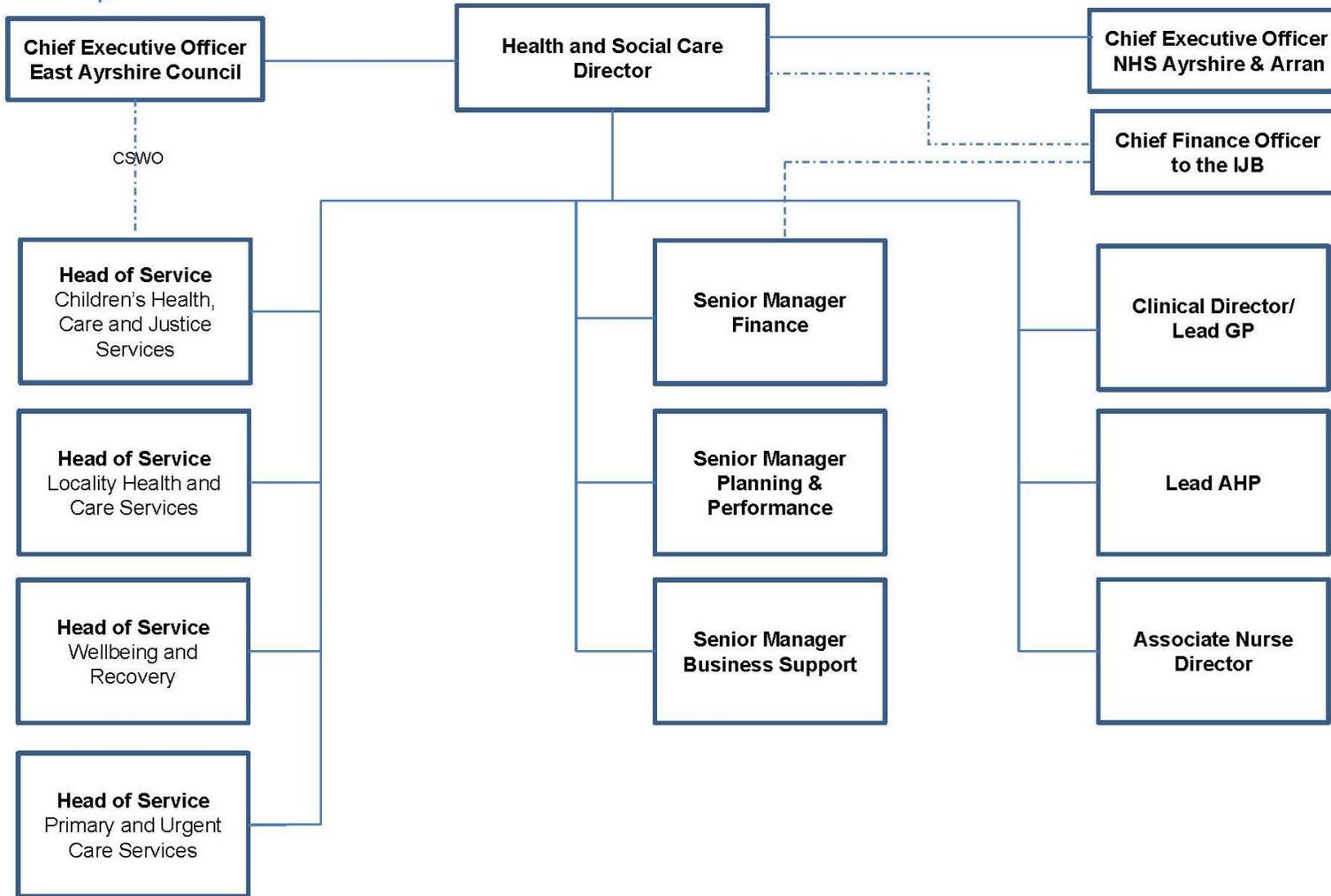
APPENDIX 1: GOVERNANCE AND DECISION MAKING ARRANGEMENTS



APPENDIX 2: PARTNERSHIP MANAGEMENT STRUCTURE

EAST AYRSHIRE
Health & Social Care
 Partnership

East Ayrshire Hire 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۔

本信息可应要求提供盲文，大字印刷或音频格式，以及可翻译成多种语言。以下是详细联系方式。

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ਇਹ ਜਾਣਕਾਰੀ ਮੰਗ ਕੇ ਬੋਲ, ਵੱਡੇ ਅੱਖਰਾਂ ਅਤੇ ਸਣਨ ਵਾਲੇ ਰਪ ਵਿਚ ਵੀ ਲਈ ਜਾ ਸਕਦੀ ਹੈ, ਅਤੇ ਇਹਦਾ ਤਰਜਮਾ ਹੋਰ ਬੋਲੀਆਂ ਵਿਚ ਵੀ ਕਰਵਾਇਆ ਜਾ ਸਕਦਾ ਹੈ। ਸੰਪਰਕ ਕਰਨ ਲਈ ਜਾਣਕਾਰੀ ਹੇਠਾਂ ਦਿੱਤੀ ਗਈ ਹੈ।

Niniejsze informacje mogą zostać udostępnione na życzenie, w alfabecie Braille'a, w druku powiększonym lub w formacie audio oraz mogą zostać przetłumaczone na wiele języków obcych. Dane kontaktowe znajdują się poniżej.

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

EAST AYRSHIRE
**Health & Social Care
Partnership**

 **East Ayrshire Council**
Comhairle Siorrachd Àir an Ear

NHS
Ayrshire
& Arran

 **HEALTH AND SOCIAL CARE
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