



**Midlothian**  
**Health & Social Care**

**Midlothian**  
**Integration Joint Board (IJB)**  
**Unaudited Annual Accounts**  
**2022/23**

The Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2022 to 31 March 2023, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

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# Audit Arrangements

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Under arrangements approved by the Accounts Commission of Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the accounts of Midlothian Integration Joint Board for the period 1 April 2022 to 31 March 2023 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.

# Management Commentary

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## Introduction

The management commentary considers the work that the IJB has undertaken during the financial year 2022/23, and then describes the financial performance for the financial year ended 31 March 2023. It provides an overview of the key messages relating to the role, remit, members, objectives, and the strategy of the Midlothian Integration Joint Board (IJB).

## The IJB's Operations for the Year 2022/23

### The Role and Remit of the IJB

The IJB is an Integration Authority set up under the Public Bodies (Joint Working) Act (2014). It is a 'body corporate', that is a separate legal entity. The IJB is constituted through its Integration Scheme which was prepared by Midlothian Council and NHS Lothian and presented to Scottish Ministers in March 2015. The Integration Scheme was approved by the Scottish Parliament in June 2015 and the first meeting of the IJB took place on 20 August 2015. A review of the integration scheme was undertaken during 2022 and approved by Midlothian Council and NHS Lothian in June 2022. The scheme is currently awaiting Scottish Parliament approval.

The IJB's role and responsibility is to plan for the delivery of the functions that have been delegated to the IJB by Midlothian Council and NHS Lothian. These functions are -

- Adult Social Care
- Primary Care Services (GP Practices, Community Dentists, Community Pharmacies and Community Opticians)
- Mental Health Services
- Physical and Learning Disabilities Services
- Community Health Services
- Community Hospital Services
- Unscheduled Care Services (services that are generally delivered from the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital).

The IJB assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions. The strategic plan of each IJB must be reviewed and approved by the IJB every 3 years. The IJB, during March and April 2022 considered and approved its third Strategic Plan which covers April 2022 to March 2025.

### Membership of Integration Joint Board

The IJB met virtually 8 times in 2022/23 for formal business meetings, there were two virtual workshops. The members of the IJB as of March 2023 were:

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Val de Souza	Nominated by NHS Lothian	Voting Member, Chair
Colin Cassidy	Nominated by Midlothian Council	Voting Member, Vice Chair and Chair of Audit and Risk Committee
Pauline Winchester	Nominated by Midlothian Council	Voting Member
Derek Milligan	Nominated by Midlothian Council	Voting Member
Kelly Parry	Nominated by Midlothian Council	Voting Member
Angus McCann	Nominated by NHS Lothian	Voting Member
Andrew Fleming	Nominated by NHS Lothian	Voting Member
Nadin Akta (currently Peter Knight acting as substitute)	Nominated by NHS Lothian	Voting Member
Morag Barrow	Appointed by the IJB	Chief Officer
Claire Flanagan	Appointed by the IJB	Chief Finance Officer
Joan Tranent	Nominated by Midlothian Council	Chief Social Worker
Fiona Stratton	Nominated by NHS Lothian	Chief Nurse
Johanne Simpson	Nominated by NHS Lothian	Medical Practitioner
Rebecca Green	Nominated by NHS Lothian	General Practitioner
Grace Chalmers	Appointed by the IJB	MLC Staff Side Representative
Hannah Cairns	Appointed by the IJB	Head Allied Health Professional
Miriam Leighton	Appointed by the IJB	Voluntary Sector Representative
Keith Chapman	Appointed by the IJB	User Representative/Carer Representative
Wanda Fairgrieve / Jordan Miller	Appointed by the IJB	NHS Staff Side Representative

## COVID-19

During the pandemic, Midlothian, in line with Scottish Government guidance, stepped up a range of services to support the continued system wide response to Covid.

The cost projections associated with these services, through the Scottish Government Local Mobilisation Plan (LMP), were reported to the IJB and during the 2020/21 to 2022/23 financial years the associated costs were funded by designated Covid funding.

The Scottish Government confirmed the funding would not be available in the 2023/24 financial year. In response, a Covid decommissioning assessment and reprioritisation of funding exercise was undertaken. The result of this exercise has allowed funding streams to be assessed and reprioritised to ensure both clinical and financial sustainability of these services.

## IJB's Vision and Objectives

The IJB's vision and objectives are laid out in the IJB's Strategic Plan, and these reflect the national agreed Health and Wellbeing outcomes. These are:

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.
2. People, including those with disabilities or long-term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.
4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
5. Health and social care services contribute to reducing health inequalities.
6. 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.
7. People using health and social care services are safe from harm.
8. 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.
9. Resources are used effectively and efficiently in the provision of health and social care services.

The IJB also contributes to the achievement of the national criminal justice outcomes because the Parties have elected to delegate criminal justice social work.

## **Delivery of the IJB's current Strategic plan**

The Strategic Plan is delivered through the IJB's directions to the partners (Midlothian Council and NHS Lothian) and the IJB considered the delivery of these directions in detail at its April 2022 meeting and approved the directions in June 2022. The IJB's Strategic Planning Group has met regularly during the financial year to reflect on and develop the IJB's Strategic Plan and this is discussed further below in the IJB's plan for future years.

The IJB categorises its services into three broad areas:

### **Core Services**

These are the local Health and Social Care services within Midlothian and are operationally managed by the Health and Social Care Partnership which is a joint arrangement between Midlothian Council and NHS Lothian.

### **Hosted Services**

These being delegated functions that are operationally managed by other parts of NHS Lothian – for example in-patient mental health services provided at the Royal Edinburgh Hospital in Edinburgh

### **Set Aside Services**

These being delegated functions operationally managed by NHS Lothian in its Acute Division.

Details of all the functions delegated to the IJB by NHS Lothian and Midlothian Council are laid out under the Role of the IJB below.

Within each of these areas the following developments have been driven forward during the year.

## **Core Services**

### **Primary Care**

The IJB is ongoing in supporting the delivery of the Primary Care Implementation Plan in the twelve GP Practices within Midlothian. The HSCP and the GP Practices continue to work closely together to deliver an integrated local care service and the work to progress the memorandums of understanding (MOU) between the Scottish Government and the GP Practices is key in delivering the IJB's Primary Care Strategy. Examples of this are:

#### **Pharmacotherapy:**

Ongoing implementation of the Primary Care Improvement Plan (via the Scottish Government Primary Care Improvement Fund) now delivers access to Pharmacy services for all GP practices in Midlothian. A wide range of pharmacotherapy is provided, dependent on current need in each practice.

A Pharmacy Medicines Reconciliation Hub has been established and scaled up to provide access to all practices. In addition, Pharmacy-led clinics have been established for cardiology, respiratory, and mental health. The aim is to extend the service as more Pharmacists complete their training.

### **Community Treatment and Care (CTAC)**

Community Treatment and Care Services are now established and embedded in all GP Practices across Midlothian. Additionally, the service has been extended to 7-day cover. This year's increased investment from the Primary Care Improvement Fund has increased workforce capacity in the team, with all practices now been offered Phlebotomy, and most practices with chronic disease, wound care, and ear irrigation.

### **MSK-APP (First contact physiotherapy)**

Advanced Practitioner Physiotherapy (APP) service is now fully established across all Midlothian GP Practices. The service has demonstrated a significant impact in reducing GP workload, with 93% of cases requiring no GP input once seen by an APP.

## **Mental Health**

### **Mental Health and Resilience service (MHARS)**

The Mental Health and Resilience Service (MHARS) is a joint collaborative approach between Midlothian HSCP and Penumbra. The service is open to anyone aged 18 to 65 across Midlothian, 7 days a week, 8am-10pm.

MHARS has been designed to be a self-referral service which aims to reduce barriers, offer support around an individual's specific needs and tailor support around what matters most to them.

The service offers a single point of access to support adult residents of Midlothian who are experiencing mental health crisis and distress offering an adaptive approach that provides both Distress Brief Intervention (DBI) and intensive home treatment. This allows MHARS to provide a range of person-centred support options that are customised to each person's needs. DBI has been shown to be a highly effective tool for reducing distress for individuals experiencing a mental health crisis providing immediate support to those in crisis, helping them to develop coping strategies and promote long term resilience. The intensive home treatment offers a more specialist mental health assessment for those at higher risk which includes using assertive outreach to provide support in the person's own home.

There has been a positive impact of the new service in Midlothian, and since launching on the 1st of August 2022.



## **Midlothian Medicated Assisted Treatment (MAT) Implementation Plan**

Scottish Government's MAT standards aim to ensure safe, effective, acceptable, accessible, and person-centred care by improving access, choice and care for people affected by problematic substance use across Scotland. Midlothian achieved MAT standards 1-5 (which focus on access, choice, and support) and are on target to achieve MAT standards 6-10 by the March 2024 deadline.

### **Justice**

The Justice Team have continued to deliver a range of interventions that fulfil Midlothian's statutory requirements throughout the financial year. This has included making progress to implement the national outcomes outlined in the Scottish Government's Vision for Justice in Scotland.

To ensure the provision of early interventions at the Court stage the service continue to liaise with colleagues locally and nationally to offer and provide a range of bail services to people in Midlothian. As evidenced by the updated performance measures Midlothian have made good progress against the performance indicators, this has been supported by close partnership working to ensure that positive outcomes are achieved for service users.

### **Home First**

Midlothian have had a continued focus on Home First throughout the year, embedding a continuous improvement approach to help balance capacity and demand. Home first encompasses services such as Discharge to Assess, Rapid Response, Community Respiratory Team, Flow Team, and In-reach Social Work. The services work in close collaboration with Midlothian Community Hospital, Highbank, District Nursing, Care at Home, Primary and Secondary Care.

The teams have linked closely with the Scottish Government Discharge Without Delay workstream, using the tools available to embed its' principles system wide. This includes training, developing staff and services, embedding new systems and processes, building relationships across the system, collaborating, and having clear points of escalation.

Midlothian are now beginning to see the benefits of their sustained efforts, with performance improving.

### **Learning Disabilities**

Within Learning Disability Services one of the key areas of success has been the promotion of Positive Behaviour Support where integrated working between staff in health and social care and with external care providers has enhanced the support for people with complex needs. In addition, wider planning activities continue to be driven by the aspiration that all Midlothian learning-disabled citizens feel confident to take part in our community life free from fear, harassment, and abuse. The work is supported and implemented by Expert Panels

designed to give people with lived experience of a learning disability direct participation as drivers of our work and implementing a series of measures to promote people's human rights.

In 2022/23, the IJB agreed a strategic review of the learning disabilities service, the review is set to be completed in 2023/24 and will involve a review of the full model of care including day services, commissioned services, and transport.

### **Avoiding patient falls**

Significant scoping work has been undertaken by the Falls Project Team to map the current processes for falls. This has resulted in a comprehensive programme of work with short, medium, and long-term goals to implement a more preventative approach to falls in Midlothian. This work is underway and will be undertaken by a Falls Implementation Team in the next 6-9 months. Given the high personal and financial cost of falls across the health and social care system, it is anticipated this work results in a reduction in falls and a consequential reduction in demand for services and improved outcomes for people living in Midlothian.

### **Self-Management Approach**

In the last year, the partnership has tested, developed, and scaled -up a variety of early intervention and self-management approaches for people living with a range of long-term conditions including:

- The approach to Long-Covid which is a digital pathway that has been developed in collaboration with partners in NHS Lothian, Chest Heart and Stroke Scotland (CHSS) and POGO Healthcare.
- The approach to the management of Chronic obstructive pulmonary disease (COPD) which has been tested and there has been a scale-up of a digital self-management platform in collaboration with NHS Greater Glasgow & Clyde and National Services Scotland; and
- The Neurological Pathway which is an early intervention approach in collaboration with the Thistle Wellbeing Service, ArtLink, Cerebral Palsy Scotland and Queen Margaret University.

It is anticipated that in 2023/24, the partnership will bring all these approaches together to scope and develop a cohesive approach to all long-term conditions involving a single digital platform embedded within a robust pathway.

## **Hosted Services**

### **Dietetics**

Dietetics is a pan Lothian service hosted by Midlothian HSCP, the service provide both inpatient and community support. During the year there have been several developments:

**Enteral Feeding** – The service explored ways to support the Royal Edinburgh Hospital (REH) wards to manage the dietetic intervention of enteral feeding. The dietetic team have worked with the nursing staff to support training in all aspects of enteral feeding to support the ongoing care of a patient. This has facilitated the right care in the right place for that patient and has meant that an acute hospital admission has been avoided.

**Community** - Prescribing Support Dietitians have worked on the development of information videos to support patients on the use of Food First advice and appropriate use of Oral Nutritional Supplements (ONS) as part of the Dietetics Malnutrition care pathway. Care Home training has also been delivered to support delivery of nutritional care within the care home setting and on appropriate use of ONS in care homes.

### **Inpatient Mental Health**

The IJB continues to support phase II of the Royal Edinburgh Hospital (REH) business case. The Royal Edinburgh Hospital is an in-patient facility for Mental Health patients in Edinburgh. NHS Lothian have been working on rebuilding this hospital and providing modern fit-for purpose accommodation and services for patients.

As part of the overall IJB's Mental Health Strategy, the IJB has been successful in reducing the in-patient bed usage at the REH and now requires fewer beds than it used previously.

### **Set Aside Services**

As in previous years, there are significant pressures on the Acute Hospitals which support Midlothian patients (the Royal Infirmary of Edinburgh and the Western General Hospital). During the year, work has been undertaken to review the use of acute beds, identify the drivers influencing the system and reduce attendances at the Emergency Department.

In response to the system pressures NHS Lothian's Unscheduled Care programme board established the Same Day Emergency Care (SDEC) service, following a successful pilot, at the Western General Hospital (WGH).

The service is designed to maximise the flow and throughput of patients who can be seen and treated without the need for hospital admission. Using scheduled appointment slots, the care is provided by a combination of Advanced Nurse Practitioner (ANP) and medical staff, supported by Clinical Support Workers (CSW) and admin staff.

A full, detailed examination of the work of the IJB in 2022/23 will be published in August 2023 as part of the IJB's Annual Performance Report. This will be on the IJB's website; <https://www.midlothian.gov.uk/mid-hscp/>

## **IJB's Financial Performance in 2022/23**

For the financial year ending 31<sup>st</sup> March 2023, the IJB had a deficit of £10,355,000 as reported in the accounting statements on page 14. This position was driven by a significant use of earmarked reserves in 2022/23. This includes £9,703,000 of Covid funding being utilised to offset Covid costs during the year with the unrequired balance being reclaimed by the Scottish Government. The use of these funds is detailed in the analysis of reserves below.

The IJB's financial performance against its in year delegated budgets (excluding earmarked reserves) reported a surplus of £404,000. This is further detailed below in the section describing the IJB's financial performance in 2022/23.

## **Plans for Next Year and beyond**

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### **Strategic Commissioning Plan 2022-2025: Year One**

In June 2022, The IJB published a new Strategic Commissioning Plan for 2022-25. This plan directs on how to manage the available resources and design services that contribute to people in Midlothian living longer and healthier lives.

To do this we know we will need to provide more support, treatment, and care for people in their homes, communities, or a homely setting rather than in hospital and work with people as partners in their health and social care.

Midlothian IJB looks to ensure services contribute to building a healthier future and continue to meet people's needs. This will require us to design more service offers and supports that help people take action to prevent ill or worsening health while still provide care, treatment and support when required. The three areas of focus in the Strategic Commissioning Plan for 2022-25 are:

- early intervention and prevention,
- support and treatment, and
- crisis and emergency

### **Our Strategic Aims**

The Strategic Commissioning Plan for 2022-25 has 6 strategic aims

1. Increase people's support and opportunities to stay well, prevent ill or worsening health, and plan ahead.
2. Enable more people to get support, treatment and care in community and home-based settings.
3. Increase people's choice and control over their support and services.
4. Support more people with rehabilitation and recovery.
5. Improve our ability to promote and protect people's human rights, including social and economic rights and meet our duties under human rights law through our services and support.

6. Expand our joint working, integration of services, and partnership work with primary care, third sector organisations, providers, unpaid carers, and communities to better meet people's needs.

During the first year of this plan, services have made significant progress in improving how services are planned and delivered, found opportunities to work together in new ways, and strengthened our community connections. Midlothian IJB's Annual Performance Report for 2022/23 will be available on the HSCP website in late August 2023.

## **Directions**

Directions are the mechanism by which Midlothian IJB sets out the main priorities for the services delegated to the IJB, instructs to NHS Lothian and Midlothian Council on how to approach this, and allocates financial resources. Midlothian IJB has continued to actively improve how progress is measured and recognises the individual and collective contribution made by our partners to see better outcomes for people in Midlothian.

A log of Directions was created in 2022/23 to ensure compliance with the Statutory Guidance on Directions from Scottish Government. The log has ensured that all issued Directions continue to be monitored and allowed for more effective reporting of progress. In 2022/23, Midlothian IJB used this log to review progress against the delivery of Directions issued from 2020 and help inform strategic planning.

In 2022/23, Midlothian IJB also reviewed how to set Directions for its NHS Lothian and Midlothian Council partners to ensure grip and control around strategic planning, financial allocation, performance monitoring and review of priority actions. This work allowed the Board to reappraise the value of issuing high numbers of operational Directions and resulted in a decision to move towards a more strategic approach for 2023/24.

The Planning and Performance Teams conducted a series of workshops with the Officers of the HSCP and Board Members. This process supported the development of a strategic set of Directions that reflected the Boards best hopes for the people and communities of Midlothian, and gave operational services to explore, design, and catalyse the transformation required.

A new Midlothian IJB Performance Framework developed in 2022/23 and progress towards Directions continues to be reported to the IJB every six months within this. The Midlothian Performance Framework sits alongside the Midlothian HSCP Performance Framework and brings together the strategic ambitions of the organisation with operational activity captured in the Midlothian HSCP Governance and Assurance Framework.

Looking forward, Midlothian IJB Directions for 2023/24 are aligned to the nine National Health and Wellbeing Outcomes and share the overarching strategic vision of the Lothian Strategic Development Framework, the Midlothian Council 5-Year Plan, and the ambitions of the Midlothian Community Planning Partnership. This integrated approach is designed achieve the greatest change in the shortest time possible to improve the outcomes that matter most to people and communities. Directions for 2023/24 were issued on 30<sup>th</sup> March to the Chief Executives of NHS Lothian and Midlothian Council.

# The IJB's Financial Position: 31 March 2023

## Summary

For the year ending 31 March 2023, the IJB recorded a deficit of £10,355,000. The costs incurred in delivering the IJB's functions, by Midlothian Council and NHS Lothian, were more than the income that the IJB received from NHS Lothian and Midlothian Council.

	Income £000's	Expenditure £000's	Variance £000's
Midlothian IJB	£172,830	£183,185	(£10,355)

This position should be seen in the context of:

- The IJB generated a surplus in 2021/22. The surplus was the result of funding being allocated by the Scottish Government during 2021/22 for use in 2022/23. A significant proportion of this equated to the Covid funding allocation. Therefore, the deficit is a result of the IJB incurring expenditure against its earmarked reserve.
- The IJB's financial performance against its "in year" delegated budgets (excluding earmarked reserves) resulted in a surplus of £404,000 within Social Care.
- The health budgets of the IJB generated an overspend of £1,480,000 and as a result non-recurring financial support was provided by NHS Lothian to ensure a balanced financial position.

## Reserves

The movement in the IJB's reserves and the makeup of that reserve is detailed below.

	Opening £000's	Movement £000's	Closing £000's
Covid	£9,703	(£9,703)	£0
Other Earmarked	£7,939	(£964)	£6,975
General	£5,870	£312	£6,182
<b>Total</b>	<b>£23,512</b>	<b>(£10,355)</b>	<b>£13,157</b>

In summary the balance in the IJB's reserves on 31<sup>st</sup> March 2023 is £13,157,000. This is made up of £6,975,000 for earmarked reserves and £6,182,000 of general reserves. The IJB no longer holds any COVID reserves.

The earmarked reserves are for very specific projects and the IJB will be encouraging the partners to progress these projects, however some elements will support broader work and the IJB is committed to ensuring that the earmarked funds which can be appropriately used to develop the IJB's services are used in that way. More detail on the earmarked reserves is shared below and within the notes to the accounts.

## 2023/24 Financial Outlook

The IJB did not have a balanced budget for 2023/24 at its March and April 2023 meetings. This was due to a reduced budget offer from Partner Midlothian Council, as such the IJB voted to not accept this offer from the Council. The IJB with Midlothian Council are looking at other methods of financial support to the IJB and the IJB is considering options to mitigate the £1,333,000 budget reduction. There are clearly a significant range of financial pressures impacting on the IJB's partners and the IJB is committed to working with the partners in so far as the Integration Scheme allows.

## Analysis of the Financial Statements

The financial statements are all presented on a net basis. Therefore, budget and expenditure values below include both income and expenditure.

	Health Budget £000's	Social Care Budget £000's	Health Expenditure £000's	Social Care Expenditure £000's	Variance £000's	Note
<b>Direct Midlothian Services</b>						
Community AHPS	2,234		2,101		133	
Community Hospitals	6,206		6,563		(358)	
District Nursing	6,085		5,858		227	
General Medical Services	17,276		17,512		(236)	
Health Visiting	2,398		2,506		(108)	
Mental Health	3,031		2,849		182	
Other	1,384		1,167		217	<b>1</b>
Prescribing	19,660		20,328		(668)	
Resource Transfer	7,112		7,109		3	<b>2</b>
Older People		26,304		25,552	752	
Learning Disabilities		18,229		18,984	(755)	
Mental Health		1,134		1,189	(55)	
Physical Disabilities		3,829		3,847	(18)	
Assessment & Care Management		3,616		3,583	33	
Other		3,499		3,053	446	<b>3</b>
<b>Midlothian Share of Pan Lothian</b>						
Set Aside	21,495		22,586		(1,091)	<b>4</b>
Mental Health	2,802		3,051		(249)	
Learning Disabilities	1,338		1,353		(15)	
GP Out of Hours	1,328		1,397		(69)	
Rehabilitation	948		783		165	
Sexual Health	759		774		(15)	
Psychology	1,283		1,184		99	

Substance Misuse	518		497		21	
Allied Health Professions	1,781		1,658		123	
Oral Health	1,355		1,305		51	
Other	3,826		3,717		109	
Dental	6,348		6,348		0	5
Ophthalmology	1,744		1,744		0	5
Pharmacy	3,830		3,830		0	5
<b>Sub Totals</b>	<b>114,738</b>	<b>56,612</b>	<b>116,218</b>	<b>56,208</b>	<b>(1,076)</b>	
Nonrecurring funding support from NHS Lothian	1,480				1,480	
<b>Grand Total</b>	<b>116,218</b>	<b>56,612</b>	<b>116,218</b>	<b>56,208</b>	<b>404</b>	

## Notes

1. Other includes £4.816m for the Social Care Fund. These are resources which the Scottish Government has directed to the IJB through NHS Lothian and are shown as health; however, these funds are then transferred to the Council and used to support the delivery of social care services.
2. Resource Transfer are funds for specific purposes which are transferred from health to social care. However, these remain part of the health budget and are reported there.
3. Other includes care for non-specific groups, substance misuse services and other management and performance costs.
4. Set Aside are the budgets for those functions delegated to the IJB which are managed by the Acute Services management teams within NHS Lothian. These services are:

- Accident and Emergency
- Cardiology
- Diabetes
- Endocrinology
- Gastroenterology
- General Medicine
- Geriatric Medicine
- Rehabilitation Medicine
- Respiratory Medicine
- Various ancillary support services for the above

These services are delivered at the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital.

5. In the Health system, expenditure to support the delivery of community dentistry, community opticians and community pharmacists is termed as 'noncash limited' (NCL) but is clearly part of the delivery of primary care services and these functions are delegated to the IJB. However, being NCL there is no budget as such, but any expenditure incurred is supported in its entirety by the Scottish Government. The NCL values are not part of the budget setting process, there being no budget, but NHS Lothian has matched the NCL expenditure with income to cover this expenditure.



The charges (shown as expenditure above) made by Midlothian Council to the IJB are the net direct costs incurred in the delivery of social care services in Midlothian. The charges from NHS Lothian are based on the health budget setting model as agreed by the IJB. That is, charges for the core services (those services specifically for and delivered by the Midlothian partnership) are based on the net direct actual costs incurred in Midlothian. However, charges for hosted and set aside services (those services which are not generally managed by the Midlothian Partnership and are delivered on a pan-Lothian basis) are based on the total actual costs for these service shared across four IJBs per the budget setting model. The IJB share of the total actual costs incurred in 2022/23 for hosted services is 10% and, generally, 10% of the Lothian element of the set aside budgets and the non-cash limited budgets.

## Reserves

The IJB has reserves at the end of 2022/23 of £13,157,000, compared to reserves of £23,512,000 in March 2022. The movement can be described as follows:

	Opening Balance £000's	Movement £000's	Closing Balance £000's
<b>Earmarked Reserves</b>			
COVID-19 Funding	9,703	(9,703)	0
Local Programmes	2,274	(1,663)	611
Primary Care Investment Fund	889	(677)	212
Alcohol and Drug Strategy	619	(529)	90
Community Support Fund	312	(3)	309
Technology Enabled Care	208	124	332
Integrated Care Fund	399	7	406
Wellbeing Service	248	42	290
Action 15	140	(100)	40
Unscheduled Care	0	1,313	1,313
Mental Health Recovery & Renewal	0	242	242
Unpaid Carers PPE	0	2	2
EGIERDA Project	49	0	49
Autism Strategy	12	0	12
Interim Care	603	(145)	458
Care at Home	934	91	1,025
Multi-disciplinary Teams	302	(302)	0
Older People's Transformation Board	22	0	22
Carers Act	679	558	1,237
Equally Safe Fund	29	(14)	15
Trauma Informed Practice	50	40	90
Additional MHO Capacity	80	0	80
DBI/Penumbra Funding	90	50	140
<b>Total Earmarked Reserves</b>	<b>17,642</b>	<b>(10,667)</b>	<b>6,975</b>
General/Contingency Reserve	5,870	312	6,182
<b>Total Reserves</b>	<b>23,512</b>	<b>(10,355)</b>	<b>13,157</b>

It should be noted that of the total reserve of £13,157,000 at the end of the 2022/23 financial year, these earmarked funds should be expended in 2023/24 and will not be available to the IJB for any other purpose.

## **Key risks, challenges, and uncertainties**

The three main pressures faced by Midlothian are:

- The growing demand for services, both locally and in Acute sites, driven by population growth and the changing needs of the population.
- the lack of available workforce; and
- the challenging financial landscape.

Health and Social Care will regularly update the IJB with detailed transformations plans on reshaping services to meet the needs of the population. The challenge for the IJB is to transform the delivery of its delegated functions to ensure both clinical and financial sustainability.

### **A growing and ageing population**

Midlothian's population is one of the fast growing in Scotland, this was evidenced by the population estimates released by the National Records of Scotland (NRS). The published findings projected that between 2018 and 2028, the population of Midlothian is to increase from 91,340 to 103,945. This is an increase of 13.8%, which compares to a projected increase of 1.8% for Scotland as a whole. Midlothian is projected to have the highest percentage change in population size out of the 32 council areas in Scotland.

The average age of the population of Midlothian is projected to increase. The 75 and over age group is projected to see the largest percentage increase (+40.9%). As people live longer many more people will be living at home with frailty and/or dementia and/or multiple health conditions. This will pose challenges for all our health and social care services whilst also changing the face of some of the local communities.

Source Information - [Link to NRS](#).

### **Higher rates of long-term conditions**

Managing long-term conditions is one of the biggest challenges facing health care services worldwide, with approximately 60% of all deaths attributable to them.

There are a range of long-term conditions that impact the population of Midlothian, but a particular challenge for Midlothian is the prevalence chronic obstructive pulmonary disease (COPD). The number and prevalence of COPD has been increasing over the last decade. Midlothian ranks 10th highest out of the 31 HSCPs for COPD prevalence, has the highest prevalence rate among the Lothian HSCPs, and a higher prevalence rate than the Scotland average.

## **Workforce pressures**

Both the NHS and the Local Authority are experiencing a shortage of care professionals. The pressure spans over various disciplines, including medical staff, nurses, allied health professionals, social workers, and carers. The demand for services often exceeds the available workforce, leading to increased workloads and potential strains on the system.

Addressing these challenges requires a multifaceted approach, including robust workforce planning, recruitment, and retention strategies. In response, Midlothian is piloting new approaches and has held recruitment days to provide a better understanding of services and promote working in Midlothian.

## **Acute hospitals**

The Acute hospitals that support the population of Midlothian (The Royal Infirmary of Edinburgh and the Western General Hospital) remain under significant demand pressures as do other social care and health services, in a financially challenging environment. The IJB will continue to support community-based alternatives that will minimise avoidable admissions and facilitate discharges to help improve system flow.

## **The challenging financial landscape**

The Scottish Government, in setting its budget, highlighted that there is significant financial challenge ahead with limited resources available. The challenge impacts across the whole of the Public Sector and the IJB understands the pressures faced by NHS Lothian and Midlothian Council with increasing costs and constrained funding. The IJB must ensure its own financial sustainability, reported through the IJB's medium term financial plan. The plan shows significant financial gaps therefore a focus will need to be put on financial recovery to ensure the sustainability of services – tough decisions, service redesign and transformation will be critical.

## **Mitigation and management of the risks, challenges, and uncertainties**

Midlothian will continue to pursue innovative solutions to mitigate risk and maximise the opportunities available. Midlothian will manage this through its risk management system, its Directions and the Strategic Plan.

As stated, the population is increasing however the Scottish Government's distribution model of resource allocation to both Councils and the NHS does take account of changes in population. There is a lag between the distribution model changing and the movement in population, but this is not a new issue and both Midlothian Council and NHS Lothian continue to escalate this issue.

The other uncertainties have been and will continue to be managed through the IJB's Strategic Plan (and the supporting Medium Term Financial Plan) and the IJB's Strategic Planning Group discusses and develops transformational change and new integrated models of delivery of both social and health care.

**Val de Souza**, IJB Chair.

**Date:**

**Morag Barrow**, Chief Officer.

**Date:**

**Claire Flanagan**, Chief Finance Officer.

**Date:**

# Statement of Responsibilities

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## Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief finance officer
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far, as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003)
- Approve the Annual Accounts

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit & Risk Committee.

Signed on behalf of Midlothian Integration Joint Board.

**Val de Souza**, IJB Chair.

**Date:**

## Responsibilities of the Chief Finance Officer

The chief finance officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the chief finance officer has: -

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

The chief finance officer has also: -

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Midlothian Integration Joint Board as at 31 March 2023 and the transactions for the year then ended.

*Claire Flanagan 28 June 2023*

**Claire Flanagan, Chief Finance Officer**

**Date:**

# Remuneration Report

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## Introduction

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

The information in the tables below is subject to external audit. The other sections of this report will be reviewed by Audit Scotland and any apparent material inconsistencies with the audited financial statements will be considered as part of their audit report.

## Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by Midlothian Council and NHS Lothian Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the IJB in 2022/23 (PY: nil).

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.

NHS Lothian remunerates its non-executive members on a notional day basis. Those non-executive members of the NHS Lothian Board who are also Chairs or Vice Chairs of IJBs are given an additional notional day's remuneration in recognition of the additional time required to undertake those roles. This remuneration is £9,030 per annum (PY £8,842). Val de Souza took the Chair of the IJB from 01 September 2022, replacing Carolyn Hirst who was the Chair of the IJB until 31 August 2022.

## Remuneration: Officers of the IJB

The IJB does not directly employ any staff; 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. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

The Chief Officer of the IJB is Morag Barrow, who is also the Director of Health and Social Care for Midlothian Council and the Joint Director of the Midlothian Partnership. It has been agreed that 50% of her total remuneration is to be shown in the accounts of the IJB as her remuneration as the Chief Officer of the IJB.

#### Chief Finance Officer

Although the costs of the Chief Finance Officer are not included in the charges made to the IJB by either partner, given the S95 role of the Chief Finance Officer and in the interests of transparency, the remuneration of the Chief Finance Officer is included below. The Chief Finance Officer is employed by NHS Lothian and has three roles – the IJB’s Chief Finance Officer, the Chief Finance Officer of East Lothian IJB and an operational role in the NHS Lothian finance team as a Finance Business Partner. On that basis, one third of the total remuneration for Claire Flanagan is shown below.

#### Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

#### **Senior Employees: Salary, Fees & Allowances:**

Name	2021/22 £	2022/23 £
Morag Barrow	53,805	52,699
Claire Flanagan (Note 1)	22,640	25,901
David King (Note 2)	14,047	1,436

**Note 1:** Chief Finance Officer (Claire Flanagan) returned from maternity leave in May 2022, while off her role was fulfilled on an interim basis by David King.

**Note 2:** David King is retired but was paid on the NHS Lothian Staff bank (by NHS Lothian) on an ad hoc basis. David King also undertook the role of CFO in East Lothian IJB but did not undertake any duties as a finance business partner. NHS Lothian have provided the total costs of having employed David King during this time and half of these costs will be shown here (the other half shown in East Lothian IJB). David King is no longer an active member of the SPPA.

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 tables 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.



**In year Pension Contributions:**

	For Year to 2022 £	For year to 2023 £
Claire Flanagan	£5,504	£5,873

**Accrued Pension Benefits:**

	Pension (Difference from 31 March 2022) £000's	Lump Sum (Difference from 31 March 2022) £000's	Pension (as at 31 March 2023) £000's	Lump Sum (as at 31 March 2023) £000's
Morag Barrow	21	54	9	19
Claire Flanagan	18	27	21	29

**Disclosure by Pay Bands**

Pay band information is not separately provided as all staff pay information has been disclosed in the information above.

**Exit Packages**

The IJB did not support nor did it direct to be supported by its partners, any exit packages during 2022/23 (2021/22: nil).

**Val de Souza**, IJB Chair.

**Date:**

**Morag Barrow**, Chief Officer.

**Date:**

# Annual Governance Statement 2022/23

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## Introduction

The Annual Governance Statement explains the MIJB's governance arrangements and system of internal control and reports on their effectiveness.

## Scope of Responsibility

The MIJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility, the MIJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the MIJB's policies, aims and objectives. Reliance is also placed on NHS Lothian and Midlothian Council's (the partners) 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 MIJB. The system can only provide reasonable and not absolute assurance of effectiveness.

## The Governance Framework and Internal Control System

The Board of the MIJB comprises voting members, nominated by either NHS Lothian or Midlothian Council, as well as non-voting members including a Chief Officer appointed by the Board.

The current MIJB Local Code of Corporate Governance (MIJB Local Code), which was approved by the Board on 8 April 2021, sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. The MIJB Local Code reflects the changing context of integration and is consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the MIJB Local Code in existence during 2022/23 included:

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law**

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the Scheme of Integration which

was approved by the Board and NHS Lothian in June 2022, which serves as the approved constitution, and Standing Orders, a revision of which was approved by the Board in February 2023, to make sure that public business is conducted with fairness and integrity.

The Ethical Standards in Public Life (Scotland) Act 2000 provides for Codes of Conduct for local authority councillors and members of relevant public bodies. As a Public Body listed in schedule 3 of the Act, the MIJB is required to produce a Code of Conduct, which was approved by the Board in April 2022.

The MIJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the MIJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the MIJB Chief Officer supported by Chief Financial Officer, Chief Internal Auditor and Board Clerk as appropriate.

#### **B. Ensuring openness and comprehensive stakeholder engagement**

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plans of the Health and Social Care Integration Joint Board were developed following consultations with interested parties including members of the public.

#### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The vision, strategic objectives and outcomes are reflected in the Midlothian Health & Social Care Integration Joint Board third Strategic Plan 2022-25 was approved in April 2022 and has been updated to reflect on-going assessment of need and priorities following public consultation. Implementation is underpinned by the associated Directions, on which progress reports are presented to the Board.

Implications are considered during the decision making process within the standard report template covering Policy, Equalities, Resources, Risk, and Involving People.

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

In determining how services and other courses of action should be planned and delivered, the MIJB has a statutory responsibility to involve patients and members of the public.

The MIJB Strategic Plan is based on consultation during its review and update.

The MIJB has issued Directions to the partners for service delivery and for service redesign and recommissioning in line with the transformation programme.

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The MIJB Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information/support to inform decision-making and scrutiny.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the MIJB. The MIJB Chief Officer also meets regularly with representatives from the partner organisations.

Members of the MIJB Board are provided with the opportunity to attend Development Sessions relevant to their role as part of their development programme. The MIJB has also undertaken a Self-Assessment in May 2023 with a draft improvement plan being created.

A 3 year Workforce Plan 2022-25 has been created, approved and published to help ensure it has the right people, with the right skills, in the right place, at the right time to support the delivery of its strategic objectives and priorities.

**F. Managing risks & performance through robust internal control & strong public financial management**

The MIJB Chief Officer has overall responsibility for directing and controlling the partnership to deliver health and social care services. The MIJB Board is responsible for key decision-making.

The MIJB has approved a Risk Management Strategy which includes: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance.

The MIJB Chief Financial Officer is responsible for the proper administration of all aspects of the MIJB's financial affairs including ensuring advice is given to the Board on all financial matters.

The MIJB's system of internal financial control is dependent upon the framework of financial regulations, regular management information (including Revenue Budget Monitoring reports to the Board), administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

The MIJB also relies upon the partners for:

- Counter fraud and anti-corruption arrangements; and
- Management of data in accordance with applicable legislation.

### **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Shared Chief Internal Auditor of Midlothian Council is the MIJB's Chief Internal Auditor (which remained unfilled between July 2022 and January 2023) whose role is to provide an independent and objective annual opinion on the effectiveness of the MIJB's internal controls, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

The MIJB responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The MIJB Audit and Risk Committee is integral to overseeing assurance and monitoring improvements in internal controls, risk management and governance.

Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals. An Annual Performance Report for 2022/23 is being prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2022/23 setting out the financial position in accordance with relevant accounting regulations is being prepared.

#### **Review of Adequacy and Effectiveness**

The MIJB is required to conduct an annual review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment carried out by Internal Audit against the MIJB's Local Code of Corporate Governance; Internal Audit reports for the MIJB; External Audit reports for the MIJB; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Lothian and Midlothian Council) Internal Audit and External Audit reports.

In respect of the four improvement areas of governance identified by the MIJB in 2021/22, there have been developments during the year all of these. Specifically, the work and consultation undertaken to prepare the updated Strategic Plan 2022-2025 (which was approved by the Board in April 2022), progress of the Performance Management Framework, the development of the Workforce Strategic Plan 2022-2025 by the Workforce Strategic Planning Group to ensure alignment with the updated Strategic Plan and the development of the Medium Term Financial Plan for 2022/23 – 2026-27 in December 2022, further work against this plan is required as highlighted in the continued improvement areas for governance.

#### **Improvement Areas of Governance**

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code:

- 1 The Medium term financial plan should be further developed to include a more explicit link to the Midlothian IJB Strategic Plan.
- 2 Given the significant challenges in developing financial recovery plans of approximately £6million for 2023/24 confirmation of the governance process of monitoring against the achievement of these recovery plans should be agreed following approval of the recovery plans that have now been developed.
- 3 The Risk Register for the IJB should be developed further to include an additional risk specific to the Board's financial challenge. The risk should be scored appropriately considering the criticality of the risk and the impact on the delivery of the Board's strategic priorities.

The implementation of these actions to enhance the governance arrangements in 2023/24 will be driven and monitored by the MIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2023/24 is designed to test improvements and compliance in governance.

### **Conclusion and Opinion on Assurance**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the MIJB's governance arrangements and system of internal control, while recognising that further improvements are required to fully demonstrate compliance with the Local Code in order for the MIJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

**Val de Souza**, IJB Chair.

**Date:**

**Morag Barrow**, Chief Officer.

**Date:**

# **Independent Auditor's Report**

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**Independent auditor's report to the members of Midlothian  
Integration Joint Board and the Accounts Commission**

# Comprehensive Income and Expenditure Statement

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This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments, this is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

## IJB Comprehensive Income and Expenditure Statement

	2021/22 Net Expenditure £000's	2022/23 Net Expenditure £000's
Health Care Services - NHS Lothian	£121,552	£122,663
Social Care Services - Midlothian Council	£46,352	£60,522
<b>Cost of Services</b>	<b>£167,904</b>	<b>£183,185</b>
Taxation and Non-Specific Grant Income	(£178,423)	(£172,830)
Surplus on Provision of Services	<b>£10,519</b>	<b>(£10,355)</b>

The Integration scheme lays out that the partners will provide corporate and other support to the IJB as required and will not charge for these services. These costs are not, therefore, included above.



# Movement in Reserves Statement

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The movement in reserves statement shows the value of the IJBs reserve and how this has grown during 2022/23, a large proportion of this reserve is earmarked for future projects and commitments.

## Movements in Reserves during 2022/23

	General Fund Balance £000's	Total Reserves £000's
<b>Opening Balance at 1 April 2022</b>	<b>£23,512</b>	<b>£23,512</b>
Total Comprehensive Income and Expenditure	(£10,355)	(£10,355)
Increase or decrease in 2022/23	(£10,355)	(£10,355)
<b>Closing Balance at 31 March 2023</b>	<b>£13,157</b>	<b>£13,157</b>

# Balance Sheet

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

## IJB Balance Sheet

	31 March 2022 £000's	31 March 2023 £000's	Note
<b>Current Assets</b>			
Debtors	£23,512	£13,157	<b>7</b>
Creditors: amounts falling due within one year	0	0	<b>8</b>
Total assets less current liabilities	£23,512	£13,157	
<b>Capital and Reserves</b>			
Earmarked Reserve	£17,642	£6,975	
General Reserve	£5,870	£6,182	
<b>Total Reserves</b>	<b>£23,512</b>	<b>£13,157</b>	

See Notes 7 and 8 at end of document in Notes to the Financial Statements.

*Claire Flanagan 28 June 2023*

**Claire Flanagan**, Chief Finance Officer.

**Date:**

# Notes to the Financial Statements

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## 1 Significant Accounting Policies

### General Principles

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

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

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

The accounts 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.

### Basis of Preparation

The IJB financial statements for 2022/23 have been prepared on a going concern basis. The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973. In accordance with the CIPFA Code of Local Government Accounting (2022/23), the IJB is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the IJB will continue in operational existence for the foreseeable future.

The IJB's funding from and commissioning of services to partners has been confirmed for 2023/24, and a medium-term financial plan has been prepared through to 2026. The Scottish Government allocation has met all costs associated with the pandemic in 2022/23. Therefore, the IJB considers there are no material uncertainties around its going concern status.

### Accruals of Income and Expenditure

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 wholly funded through funding contributions from the statutory funding partners, Midlothian Council and NHS Lothian. Expenditure is incurred in the form of net charges by the partners to the IJB.

### 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.

### Debtors and Creditors

The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet. 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.

### Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the 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.

### 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.

The IJB has none of the above.

## 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. As noted above, the IJB has reserves of £13,157,000 at 31 March 2023.

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation.

### **IJB's useable reserve**

	2022/23 Closing Balance
	£000's
COVID-19 Funding	0
Local Programmes	611
Primary Care Investment Fund	212
Alcohol and Drug Strategy	90
Community Support Fund	309
Technology Enabled Care	332
Integrated Care Fund	406
Wellbeing Service	290
Action 15	40
Unscheduled Care	1,313
Mental Health Recovery & Renewal	242
Unpaid Carers PPE	2
EGIERDA Project	49
Autism Strategy	12
Interim Care	458
Care at Home	1,025
Multi-disciplinary Teams	0
Older People's Transformation Board	22
Carers Act	1,237
Equally Safe Fund	15
Trauma Informed Practice	90
Additional MHO Capacity	80
DBI/Penumbra Funding	140
<b>General Reserves</b>	<b>6,182</b>
<b>Total</b>	<b>13,157</b>

## Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Lothian and Midlothian Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. The IJB holds separate indemnity insurance through its membership of the CNORIS scheme, the charge for this in 2022/23 was £3,000 (PY £3,000).

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.

There are no outstanding claims or any indications that any claims are to be made against the IJB.

## **2 Critical Judgements and Estimation Uncertainty**

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

- The partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required, and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations' options that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none).
- The Annual Accounts contains estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
- There are no items in the IJB's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year.

### Provisions

The IJB has not created any provisions in respect of compensation claims. It is not certain that all claims have been identified or that the historic level of settlement payments is a reliable guide for future settlements.

## **3 Subsequent Events**

In accordance with the requirements of International Accounting Standards 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date that the accounts were certified by the Chief Financial Officer following approval by the Audit and Risk Committee.

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified.

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts is adjusted to reflect such events.
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

## 4 Expenditure and Funding Analysis

Services specifically for Midlothian	2021/22 £000's	2022/23 £000's
Health	75,000	72,439
Social Care	46,352	60,522
Midlothian's share of Lothian Health Services (Hosted)	25,853	27,638
Midlothian's share of Lothian Health Services (Set Aside)	20,698	22,586
<b>Total</b>	<b>167,903</b>	<b>183,185</b>
Funded by: Midlothian Council	50,598	56,612
Funded by: NHS Lothian	127,825	116,218
<b>Total Funding</b>	<b>178,423</b>	<b>172,830</b>
<b>Surplus</b>	<b>10,519</b>	<b>(10,355)</b>

Expenditure above has been split into three main areas:

- Expenditure on those services delivered specifically for the population of Midlothian. These services are managed locally by the Midlothian Partnership
- Hosted Services – these are health services managed either by the Edinburgh, East Lothian and West Lothian Partnerships or managed by NHS Lothian on a pan-Lothian basis. These services included Mental Health Services, Learning Disability Services, Substance Misuse Services, Rehabilitation services, General Dental Services, General Pharmaceutical Services and General Ophthalmic Services. This is the IJB's agreed share of these services
- Set Aside Services – these are services delivered in the main acute hospitals (Royal Infirmary of Edinburgh, Western General Hospital and St. John's Hospital) and managed by NHS Lothian. This is the IJB's agreed share of these services.

## 5 Corporate Service

Included in the above costs are the following corporate services:

	2021/22 £000's	2022/23 £000's
Staff (Chief Officer)	54	53
CNORIS	3	3
Audit Fee	28	32
<b>Total</b>	<b>85</b>	<b>88</b>

As noted above, the Chief Finance Officer is not charged to the IJB.

## 6 Related Party Transactions

As partners with the Integration Joint Board, both Midlothian Council and NHS Lothian are related parties and the material transactions with these bodies are disclosed in these accounts.

There are elements of expenditure which are shown against the NHS Lothian above but where the resources are used by the social care services delivered by Midlothian Council.

	2021/22 £000's	2022/23 £000's
NHS Lothian	121,552	122,663
Resource Transfer	(7,173)	(7,109)
Social Care Fund	(4,816)	(4,816)
<b>Net NHS Lothian Expenditure</b>	<b>109,563</b>	<b>110,738</b>
Midlothian Council	46,352	56,612
Resource Transfer	7,173	7,109
Social Care Fund	4,816	4,816
<b>Gross Social Care Expenditure</b>	<b>58,341</b>	<b>72,447</b>

Both Resource Transfer and the Social Care Fund are resources which are part of the NHS Lothian budget, but these funds are used to deliver social care service supplied by Midlothian Council.

## 7 Short Term Debtors

	2021/22 £000's	2022/23 £000's
Funding due from NHS Lothian	11,899	5,454
Funding due from Midlothian Council	11,613	7,703
<b>Total</b>	<b>23,512</b>	<b>13,157</b>

## 8 Short Term Creditors

	2021/22 £000's	2022/23 £000's
Funding due to NHS Lothian	0	0
Funding due to Midlothian Council	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



## 9 VAT

The IJB is not VAT registered. The VAT treatment of expenditure in the IJB's accounts depends on which of the Partner agencies is providing the service as these agencies are treated differently for VAT purposes.

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

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