

REPORT

Edinburgh Integration Joint Board Audited Annual Accounts for 2022/23

Integration Joint Board

21st September 2023

Executive Summary

This paper presents the audited 2022/23 annual accounts for the Edinburgh Integration Joint Board.

Recommendations

The board is asked to:

- a) note the ‘amber’ rated Internal Audit opinion for the year ended 31st March 2023;
- b) approve and adopt the annual accounts for 2022/23;
- c) authorise the designated signatories (Chair, Interim Chief Officer and Chief Finance Officer) to sign the annual report & accounts on behalf of the board; and
- d) authorise the Chief Finance Officer to sign the representation letter to the auditors, on behalf of the board.

Directions

Direction to City of Edinburgh Council, NHS Lothian or both organisations	No direction required	✓
	Issue a direction to City of Edinburgh Council	
	Issue a direction to NHS Lothian	
	Issue a direction to City of Edinburgh Council & NHS Lothian	

Report Circulation

1. The unaudited annual accounts were considered by the Audit and Assurance Committee on 8th June 2023.
2. Audited annual accounts along with the external audit annual report and the internal audit annual opinion were considered by the same committee on 13th September 2023.

Main Report

Background

3. Integration Joint Boards (IJBs) are required to produce annual accounts. As the appointed “proper officer”, it is the responsibility of the Chief Financial Officer, to prepare the financial statements in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the United Kingdom. In accordance with this guidance, draft financial statements were produced and presented to the Audit and Assurance Committee (AAC) on 8th June 2023. Following this, they were submitted to the appointed external auditors, Audit Scotland on 29th June 2023.
4. Over the summer months, the unaudited accounts were considered by Audit Scotland. As a result of the audit a number of disclosure adjustments were recommended and these have been reflected in the financial statements alongside changes to incorporate information not available at the time the unaudited accounts were prepared. The financial statements for the IJB for 2022/23 are attached as appendix 1 to this report.
5. Audit Scotland is now in a position to give a proposed independent opinion on the financial statements and report on the arrangements in place to ensure the proper conduct of financial affairs and to manage performance and use of resources.



6. The proposed 2022/23 draft annual accounts audit to the members of Edinburgh Integration Joint Board and the Controller of Audit from Audit Scotland is attached at appendix 2. It should be noted that this is a report on the annual accounts only. The final report will include the wider scope audit and will be presented to the Audit and Assurance Committee in December 2023.

Representation letter

7. International Standard on Auditing (ISA 580) requires external auditors to obtain written confirmation of representations received from management on matters material to the financial statements when other sufficient audit evidence cannot reasonably be expected to exist, before their audit report on the annual report & accounts is issued. A draft letter of representation is included at appendix 3.

Internal audit opinion

8. The Chief Internal Auditor has produced an internal audit annual opinion 2022/23. This was presented to and discussed by the Audit and Assurance Committee on 13th September 2023 and is included as appendix 4 to this report.
9. An 'amber' opinion has been given for 2022/23. It confirms that '**reasonable assurance**' can be placed on the adequacy of the EIJB's systems of governance, risk management and internal controls. The opinion reflects assurance activity performed across the EIJB, the Edinburgh Health and Social Care Partnership and its partners, the City of Edinburgh Council and NHS Lothian in the year to 31st March 2023, which concluded there is a generally sound system of governance, risk, and control in place.
10. Internal audit work identified a number of issues, areas of non-compliance and/or scope for improvement throughout the year, which individually do not significantly impair the EIJB's system of internal control but may put at risk the achievement of EIJB objectives if corrective actions are not adequately addressed.

Implications for Edinburgh Integration Joint Board

Financial

11. The financial results deal principally with the financial governance on operational management of existing resources and no resource implications arise specifically from this report.

Legal/risk implications

12. There are no specific implications arising from this report.

Equality and integrated impact assessment

13. There are no specific implications arising from this report.

Environment and sustainability impacts

14. There are no specific implications arising from this report.

Quality of care

15. There are no specific implications arising from this report.

Consultation

16. The draft financial statements have been produced with the support and co-operation of both City of Edinburgh Council and NHS Lothian personnel.

Report Author

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Appendices

Appendix 1

Edinburgh Integration Joint Board Annual Accounts 2022/23

- Appendix 2 2022/23 annual accounts audit report to the members of
Edinburgh Integration Joint Board and the Controller of Audit
- Appendix 3 Letter of representation
- Appendix 4 Internal audit annual opinion 2022/23

Edinburgh Integration Joint Board

Annual Accounts 2022/23

Edinburgh Integration Joint Board - Annual Accounts 2022/23

The Annual Accounts of Edinburgh Integration Joint Board for the year ended 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 and Service Reporting Code of Practice.

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MANAGEMENT COMMENTARY

Introduction

This commentary provides an overview of progress against the objectives and strategy of the Edinburgh Integration Joint Board (EIJB). It considers our financial performance for the year ended 31st March 2023 and gives an indication of the issues and risks which may impact upon our organisation in the future.

Role and remit

Edinburgh Integration Joint Board

EIJB was established as a body corporate by order of Scottish Ministers in June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014. This legislation brought together the planning and operational oversight for a range of NHS and Local Authority services under the EIJB as a statutory public body, with the intent to improve overall health and wellbeing through the delivery of efficient and effective health and social care services. One of the key levers available to the EIJB to support transformation is that NHS and Local Authority budgets are no longer separate. We can move resources between the partners in order to deliver new models of care and ensure the health and care system for Edinburgh is high quality, sustainable and effective.

The board meets bi monthly and has ten voting members: five elected members appointed by City of Edinburgh Council; and five NHS Lothian non-executive directors appointed by NHS Lothian. Non-voting members of the Board include the EIJB Chief Officer, Chief Finance Officer, representatives from the third sector and citizen members. Service and staffing representatives also sit on the Board as advisory members.

Delegated services

We are responsible for planning the future direction of, and overseeing the operational delivery of, integrated health and social care services for the citizens of Edinburgh. These services are delegated to EIJB from our partners, the City of Edinburgh Council and NHS Lothian. They are largely delivered by the Edinburgh Health and Social Care Partnership (the Partnership), although some are managed by NHS Lothian on our behalf. These are referred to as “hosted” or “set aside” services. The full range of delegated services is set out in the table below:

Adult social care	Community health	Hospital-based services
<ul style="list-style-type: none"> • Assessment and care management including occupational therapy • Residential care • Extra-care housing and sheltered housing • Intermediate care • Supported housing – learning disability • Rehabilitation – mental health • Day services • Local area coordination • Care at home services • Reablement • Rapid response • Telecare • Respite services • Quality assurance and contracts • Sensory impairment services • Drugs and alcohol services 	<ul style="list-style-type: none"> • District nursing • Services relating to an addiction • Services provided by allied health professionals (AHPs) • Community dental services • Primary medical services (GP)* • General dental services* • Ophthalmic services* • Pharmaceutical services* • Out-of-hours primary medical services • Community geriatric medicine • Palliative care • Mental health services • Continence services • Kidney dialysis • Prison health care service • Public health services <p>* <i>includes responsibility for those aged under 18</i></p>	<ul style="list-style-type: none"> • A&E • General medicine • Geriatric medicine • Rehabilitation medicine • Respiratory medicine • Psychiatry of learning disability • Palliative care • Hospital services provided by GPs • Mental health services provided in a hospital with exception of forensic mental health services • Services relating to an addiction or dependence on any substance

Strategic Plan

Over the past six years, the EIJB has established itself as a board and developed its ambitions and priorities for change and improvement in the services delegated to it. Throughout this period, despite the pressure of the Covid pandemic, we have made steady progress in most areas. Nonetheless, we expect to face more testing times ahead as demand and complexity increases are set against pressure on budgets and staffing levels. Edinburgh’s population of almost half a million accounts for 9% of the total population of Scotland and is projected to increase faster than any other area of the country over the next ten years. The rate of growth is higher in some age groups than others. Whilst this expansion has many social and economic advantages, it also presents challenges. Although a relatively affluent city, Edinburgh has areas of significant inequality and ‘deprivation’ and one of our key priorities is to work with our partners to reduce health and social inequalities.

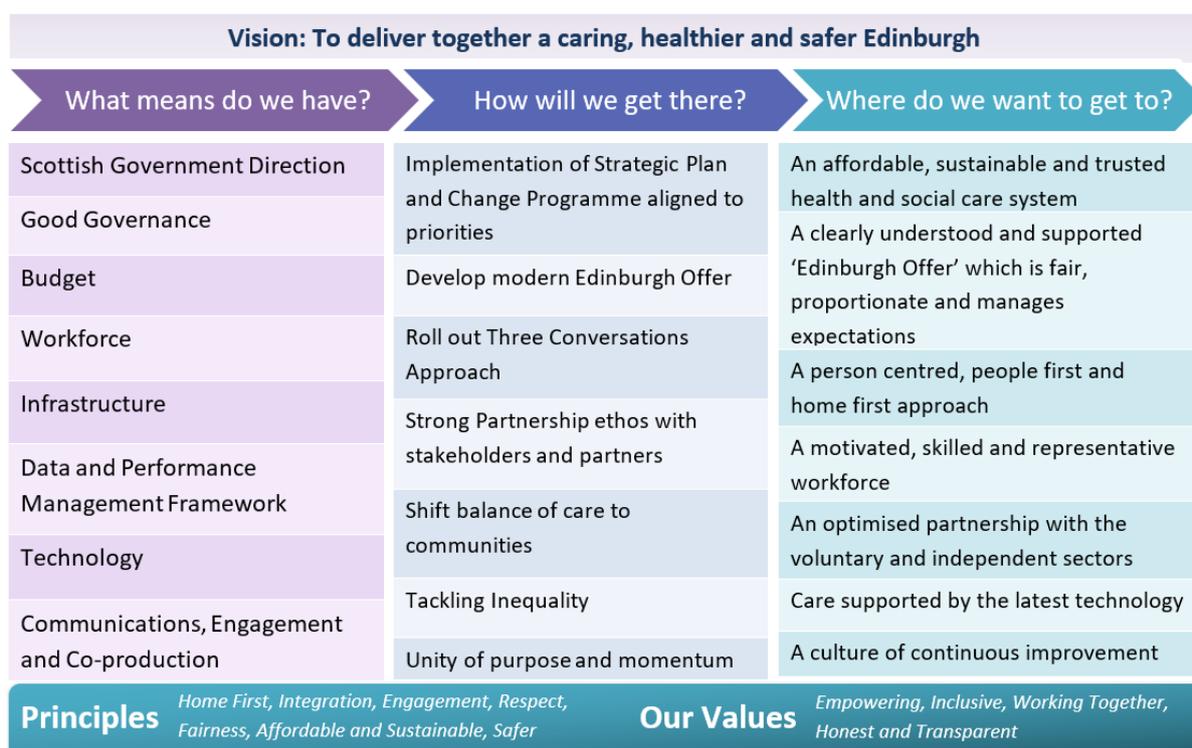
In August 2019 we agreed our strategic plan for 2019-2022. The plan defines our vision for the future of health and social care in Edinburgh, explains how we intend to transition towards this and highlights the resources and enablers we must manage to achieve our objectives. There remains much to do, but together we can create the conditions to deliver a sustainable health and social care model and improve outcomes for the citizens of Edinburgh.

We are now engaged in the next planning cycle, building on our strategic ambitions through an innovation and sustainability lens. The current strategic plan was originally due to be replaced in March 2022 but was

deferred for 12 months because of systems pressures and local elections. In March 2023, it was decided to further delay publication of the strategic plan in light of budget pressures leading to the medium-term financial strategy (MTFS) and our response to recent social care inspections which led to the production of an improvement plan. The improvement plan and 2023/24 savings and recovery programme were both approved by the EIJB in June 2023.

The 2023 strategic plan remains in draft and the latest version was presented to the Strategic Planning Group in August 2023. Further refinement is likely in the months ahead, including a planned development session with the board in October. Final submission to the EIJB is scheduled for December.

The core strategic objectives and underlying work plans remain virtually unchanged. The current strategic plan can be found [here](#) and the strategic framework is captured in the schematic below:



Our intent, as encapsulated in the strategic plan, is to further develop integration to deliver a sustainable and trusted health and social care system for Edinburgh. We seek to shrink bureaucracy, reduce waiting lists, improve choice and assist people to remain at home for as long as they can under the principle of home first. Working closely with our partners, including housing providers and the voluntary and independent sectors, we seek to optimise all available resources in the community and to support and enhance our locality framework and redefine the Edinburgh health and social care offer entitled the Edinburgh Wellbeing Pact.

We will strive to support carers and our workforce and seek to grow a culture of collaboration, maximising capacity, driving out inefficiencies and enshrining continuous improvement. We will seek to better align and integrate our planning and commissioning process, financial planning, market facilitation approach and ways of working. We will make best use of existing and emerging technology and the three conversations approach will be introduced across the city to advance our strategic priorities. Delivering these vital changes will take time and will need positive leadership and drive at all levels.

We have six strategic priorities which are critical to our success in implementing the changes envisaged through integration. They will shape our thinking and guide decision making as we navigate through an increasingly challenging strategic environment. These six strategic priorities are:



Change programme

To deliver the vision set out in the strategic plan, we designed a comprehensive programme of redesign and transformation, working in tandem with other core strategies such as carers, Thrive Edinburgh (mental health) and the primary care improvement plan (PCIP). Our transformation programme, established in early 2020, has been a key delivery mechanism for the ambitions set out in the strategic plan. It is a wide-ranging and ambitious programme of whole system change, which is transforming ways of working and delivering high quality and sustainable health and social care services for our citizens. Delivery of the programme has been supported by a dedicated team of project management professionals, recognising the need for ongoing change and transformation.

In early 2022, we recognised that whilst transformation projects have delivered some key successes, more was required to ensure that health and social care services in Edinburgh are sustainable in the longer term and fit for the future. With this in mind, we transitioned our transformation programme into a new “Innovation and Sustainability Portfolio”, bringing together all of our major change and innovation work, with a clear focus on driving efficiency and delivering sustainability – not just in relation to finance, but also in terms of future workforce and service/care capacity. Programmes and projects within the Innovation and Sustainability Portfolio also play a key role in our emerging medium term financial strategy (MTFS), which is discussed in more detail later on in this management commentary.

Throughout 2022/23, the Innovation and Sustainability Portfolio has considered to drive forward change and improvement in existing projects, whilst also working to develop a pipeline of new projects and initiatives to address challenges and improve performance. Some of the key developments are outlined below:

The **3 Conversations** approach remains one of our key strategic pillars and has been rolled out widely across locality assessment and care management teams. It has evidenced positive impacts in in terms of much quicker response times and our ability to support people towards good outcomes without the need for formal, paid-for services. Where teams were using the 3 conversations approach, 53% of people who contacted us for the first time in 2022/23 benefitted from personalised short-term support rather than formal long-term care services being required or increased. Examples of these supports included building community connections and providing equipment, advice or information. This compares to 35% for the previous year. The number of people without formal long/term care services requiring repeat support remains low, and when required has been due to unforeseen changes to their circumstances. Further work is planned to actively support roll-out across the remaining teams, embedding the ethos and ensuring consistency of practice and approach.

The **home first** project is helping avoid the need for hospital admission and supports people to get home as quickly as possible once it is safe for them to do so. The discharge without delay (DwD) workstream is delivering improvements in relation to active discharge planning, using multi-disciplinary team approaches to reduce the length of stay in both the Western General Hospital (WGH) and the Royal Infirmary of Edinburgh.

These initiatives have contributed to an increase in the number of adults with intensive needs receiving care at home (indicator 18). Our performance in this indicator has improved compared to the previous year and is now at the highest level in the last six years. Our ranking compared to other partnerships improved from 20th to 12th (out of 32), moving us into the second quartile. Our DwD collaboration was particularly successful on the WGH wards, with data showing a 50% reduction in bed occupancy by patients in delay over a 12-month period and when directly comparing winter periods. They also reported a 9-day reduction in median length of stay and a 35% increase in discharge rate when comparing quarter one of 2023 with the same period in 2022.

We have made good progress with our **home based care** transformation, working closely with independent sector providers in the development of a “One Edinburgh” approach to care at home services, which will focus on quality outcomes and creating additional capacity. Excellent progress has been made with the implementation of our new mobile scheduling system, which will support more efficient deployment of our workforce. The system has now been implemented in two of our localities with almost 600 devices being issued to staff. Roll out to the other localities will be completed by the end of the year. In tandem, plans are being developed for the redesign of our internal homecare teams, with a shift towards a reablement approach, offering the opportunity to maximise independence and support people to achieve their personal outcomes, whilst right-sizing ongoing packages of support. The work undertaken to date has led to significant improvements, with a reduction from January 2022 to March 2023 of 83% in the number of people delayed in hospital waiting for a package of care and an average reduction of 84% in the number of days people wait for care at home support arrangements to be put in place. For the same period in the community, there has been a reduction of 72% in people waiting for care at home support arrangements, and an average reduction of 36% in the number of days waiting for these arrangements to be put in place.

Our **digital transformation** strategy is nearing completion, setting out a wide range of improvements in relation to data, people, process and infrastructure. The strategy will seek to maximise the use of existing and emerging technologies to support citizens to remain independent at home for longer, and to appropriately equip our frontline staff and optimise capacity, while also addressing issues with systems and data. Specific examples of progress include the implementation of remote blood pressure monitoring in GP surgeries supported by the long-term conditions team and the continuing analogue to digital programme which will ensure compatibility with the update digital telephony network.

As we further develop our MTFs, there will be a renewed focus on workforce support and transformation. Our inaugural workforce strategy, **‘Working Together’**, was approved by the EIJB in February 2022 and aims to ensure that we have skilled and capable staff that can deliver our vision of ‘a caring, healthier and safer Edinburgh’. Recognising current challenges in relation to recruitment and retention across the health and social care sector, this will be a key priority area moving forward.

Under the banner of our **Edinburgh wellbeing pact** and as part of our wider approach to community mobilisation, we have invested in a number of community-based supports and initiatives. Specific programmes such as the Community Taskforce Volunteer Programme, the Fit and Active Programme for people with learning disabilities and the Enliven Edinburgh - Addressing Loneliness and Isolation campaign, provide prevention and early intervention support in line with the aims set out in the strategic plan. We continue to work in collaboration with community partners to develop community commissioning approaches which will build on the success of our long-standing community grants programme.

The first of our pipeline projects, **the redesign of learning disability services**, is now in delivery stages. Throughout 2022/23, a wide stakeholder engagement exercise helped to inform the development of a range of proposals aimed at improving services for people with a learning disability. Working groups are now taking forward changes including the review and redesign of our existing services and structures to address gaps and remove duplication, the redesign of services for those with complex care needs and support for young people with low and moderate needs.

Whilst many of our programmes can evidence progress, the two recent inspections have highlighted that the impact on performance is not always evident. Both the joint inspection of adult support and protection and

the Care Inspectorate review of adult social work and social care highlighted significant weaknesses and areas for improvement. Although the latter report also recognised some positives, the findings have been taken very seriously and accepted. In response, plans were developed to prioritise key actions to deliver good quality social work and social care services to keep people safe from harm. These actions were cross referenced against other programmes of work and, in June 2023, the EIJB agreed a consolidated improvement plan. This plan aims to take stronger cognisance of early intervention and prevention, be linked to improved performance and aligned with the medium-term financial strategy.

There remains much to do and over the next stage of the strategic planning cycle, our priorities and planned actions will be refined and adjusted where necessary.

Operational overview

Annual performance report

We published our seventh annual performance report at the end of August 2023 in which we outline our challenges and achievements in 2022/23 as well as our progress against the six strategic priorities in our strategic plan 2019-22, and against the Scottish Government's national health and wellbeing outcomes and associated indicators.

2022/23 was another challenging year for the health and social care sector throughout Scotland and this has been felt across our services in Edinburgh. Health, care and wellbeing continue to be affected by the aftermath of the pandemic, with an ongoing 'cost of living crisis' exacerbating existing inequalities. After a difficult few years responding to the pandemic and ensuing pressures across the system, we have seen positive improvements across a wide range of indicators covered in the annual performance report. 13 out of 15 indicators have seen an improved or steady ranking on benchmarked performance compared to last year and we remain in the top half of partnerships for 9 of the indicators with an update in the report. Improvements have been seen in a number of other areas as well. In particular, we have seen positive movement in our levels of bed days spent in delay for over 75s this year. Edinburgh is one of only four partnerships that saw improved performance in delays in 2022/23, with a 6% reduction in Edinburgh compared to a 23% increase nationally, although challenges remain to reduce our level of delays to sustainable levels.

Despite these improvements and the positive stories of our service delivery and innovation shown throughout this report, there remains work to be done. The Care Inspectorate undertook two inspections of our services this year: Adult Support and Protection and Adult Social Care and Social Work. We welcome careful and ongoing scrutiny of our work and that of our partners to ensure that systems and practices are working effectively – and to make improvements when they are not. While these inspection reports highlight areas where we are getting it right, they also highlight key areas for improvement and reflect broader challenges that are common to health and social care partnerships across Scotland. In particular, the inspection reports highlighted concerns around the design, structure, implementation and oversight of key processes, social work workforce capacity, quality assurance and approaches to early intervention and prevention.

Despite the challenges we face, particularly in resourcing and recruitment, we need to build on our strengths – most obviously the commitment of our hard-working colleagues who give their all working in the Edinburgh Health and Social Care Partnership (EHSCP), supporting needs of those who have deeply complex and difficult lives. We have developed an improvement plan, approved by the EIJB in June 2023, to support frontline colleagues and respond to areas for improvement highlighted by the Care Inspectorate. Our priorities within this improvement plan are:

- A focus on early intervention, prevention and demand management;
- Reducing waiting lists and improving access to services;
- Best use of resources to meet demand and an improved structure;
- Getting basic and key processes right;

- Workforce – improving recruitment, retention and governance; and
- Better governance, including professional supervision, manager oversight and quality assurance.

Alongside this improvement plan, the EIJB approved a budget savings programme in June 2023 to enhance financial sustainability of our services within a difficult financial environment and demographic pressures. By using a person-centred approach, the EIJB can deliver better results for people more efficiently over the course of the strategy. In addition, through the use of stronger commissioning and an improved 'digital front door' for people looking to access services, the deficit reduction will be made through creating a modern service, fit for the future.

The annual performance report can be found [here](#).

Financial Overview

Annual accounts

The annual accounts report the financial performance of EIJB. Their main purpose is to demonstrate the stewardship of the public funds that have been entrusted to us for the delivery of our vision and strategic priorities. The requirements governing the format and content of IJBs' annual accounts are contained in *The Code of Practice on Local Authority Accounting in the United Kingdom* (the code). These annual accounts have been prepared in accordance with this code.

2022/23 financial plan

Each year we produce a financial plan which sets out how we ensure our limited resources are targeted to maximise the contribution to our objectives in the year ahead. For 2022/23 our financial plan (agreed by the board in March 2022) assumed funding from our partners totalling £750m and estimated costs for the year at £779m, giving an initial gap of £29m. To bridge this deficit, we agreed a savings and recovery programme of £6m and further mitigating actions totalling £6m, leaving a residual shortfall of £17m. Partners supported the view that this remaining budget gap was at a level where it could feasibly be addressed as the year progressed.

The board agreed the budget on this basis, recognising a number of complex inter related factors, namely: improvements in performance; the likely negative impact on outcomes for people and performance more generally of any further savings initiatives; the ongoing uncertainty as we emerged from the Covid pandemic; and the underlying structural deficit.

EIJB officers worked closely with partners to identify options to bridge the financial gap as the year progressed. Regular updates on the financial position were provided to the Performance and Delivery Committee as well as to the EIJB itself. Included in these regular updates were details of the financial impact of the pandemic and progress with the savings and recovery programme.

Financial Performance

EIJB's financial performance for the year is presented in the comprehensive income and expenditure statement, which can be seen on page 28. The balance sheet (page 29) sets out the liabilities and assets at 31st March 2023.

Financial performance is disclosed in the annual accounts on a different basis from that used to report the ongoing financial performance monthly to the board. The latter considers actual costs against budget and the former captures income and expenditure.

For the year, we are reporting a deficit of £58m in the 2022/23 annual accounts. This compares to a surplus of £57m for the previous year. These contrasting results are effectively the result of timing differences. Funding

was allocated by the Scottish Government in 2021/22 for use in the following financial year. Thus, the in year deficit was caused by timing differences, with income received in the previous year being spent in 2022/23.

EIJB's financial performance against its "in year" delegated budgets resulted in a break-even position in both health and social care services. This was achieved following an additional one off allocation of £4m from NHS Lothian to support the position with set aside services.

Overall, we incurred costs of £923m during the year, £13m of which were attributable to the pandemic. Detailed in the table below are some of the initiatives and responses funded as a direct consequence of Covid. Further information on the components of the total costs of £923m is given in the segmental analysis in note 8.

	£k
<i>Costs incurred by City of Edinburgh Council</i>	
Staff costs	1,115
PPE	365
Provider sustainability payments	5,801
Loss of income	1,000
Shortfall on funding for interim care beds	2,900
Sub total Council costs	11,181
<i>Costs incurred by NHS Lothian</i>	
GP prescribing	1,867
Additional FHS contractor costs	70
Sub total NHS costs	1,937
Total	13,118

Funding for these costs was received during 2021/22, £44m of which was carried forward in an earmarked EIJB reserve. The unspent balance (£32m) was returned to the Scottish Government during the year. This was effected by a reduction in the income received from NHS Lothian during the year.

As described above the comprehensive income and expenditure statement is recording a deficit of £58m. Comparing the actual costs for the year to the delegated budget gives a balanced position. The underlying financial pressures facing us have not materially changed, these include:

- **Externally purchased services** where demographic factors continue to drive demand for these services, this is also evidenced in the continuing growth in direct payments and individual service funds. As in previous years we have seen a significant increase in the levels of services during 2022/23. This, in turn, has led to an increase in cost;
- **Medicines** prescribed by General Practitioners cost £84m in 2022/23. This is an area where, although Edinburgh has one of the lowest costs per head of population, we see costs rising year on year as volumes increase and costs fluctuate; and
- Expenditure in **set aside** which continues to be one of the main financial issues facing NHS delegated services. NHS Lothian agreed a one-off additional allocation to reflect this.

These pressures have been offset in year by high levels of **vacancies** across a number of services in both the City of Edinburgh Council and NHS Lothian. Professions particularly impacted include nursing, allied health professionals and social care workers. We continue to face significant challenges in recruiting and retaining staff and, given the impact on service delivery, operational staff continue to prioritise recruitment.

Whilst it is positive that we are able to report a break even position against our in year budget, the continued reliance on one-off measures to achieve financial balance remains a concern. As a board we face a number of material and long-standing financial pressures and a baseline gap in our financial plan which we struggle to address on a recurring basis. Our medium term financial strategy (MTFS) begins to set out what a path to financial sustainability could look like and this will continue to be developed in the coming financial year.

All funding received during the year but not yet spent has been transferred to reserves. Following the return of the unspent Covid reserve (£32m) to the Scottish Government, our reserves have reduced to £24m at 31st March 2023. Detail of these reserves including those which are 'ring fenced' for specific purposes, with the opening and closing balances are shown in note 9.

Medium term financial strategy

We continue to face unprecedented challenges to the sustainability of our health and care system; an ageing population; an increase in the number of people living with long term condition; a reduction in the working age population which compounds the challenge in workforce supply and fundamentally resource availability cannot continue to match levels of demand. These challenges are enduring and well recognised.

In the case of Edinburgh this is evidenced by the structural deficit which the IJB inherited from partners (particularly for social care services). Since its inception the EIJB has routinely faced an underlying budget gap of between £10m and £18m which we are unable to bridge on a sustainable basis. Our recent financial performance has been underpinned by material levels of non-recurring solutions with the factors outlined above directly impacting our ability to set a budget which is balanced on a recurring basis.

The EIJB has a total budget of circa £800m that comprises the annual financial settlements received from both NHS Lothian and the City of Edinburgh Council to fund delivery of the services delegated to it. Our current approach to financial planning focuses firstly on quantifying the in year shortfall between projected income and expenditure. Subsequently we identify, and then deliver, savings and recovery schemes to address the gap. Each year, developing savings proposals which will have limited impact on performance, quality and outcomes becomes more difficult. It is recognised that the opportunities for developing and effectively delivering significant savings proposals within a single financial year has become unsustainable and would require significant service cuts which would lead, mostly likely, to a worsening experience for people and poorer performance.

To address sustainability in the longer term and avoid the need to relentlessly develop savings programmes that lead to inefficient 'salami slicing', there is an acknowledged requirement to evolve our thinking and approach. As a result, the board has supported the development of our MTFS. This is effectively a set of longer-term transformation change programmes and projects, expected to deliver improved care and financial benefits as part of a multi-year programme. It sets out longer term strategic change proposals, service redesign plans and operational efficiency workstreams. The MTFS is also closely tied in with our developing improvement plans responding to recent Care Inspectorate inspections. These three key strands have been brought together into one coherent change programme, aiming to deliver improved performance, better outcomes and financial benefits. This improvement plan was agreed by the EIJB in June 2023 and the MTFS itself will be presented to the board by December 2023.

The MTFS is the vehicle to move the IJB towards sustainability, but the planning and implementation of such large-scale, strategic change takes time and many of the financial benefits will only be realised over a number of years. At its core, the MTFS presents the building blocks of a major transformation programme to improve services. Key elements include redesigning the 'front door' (ie how services are initially accessed), review and assessment practice, and commissioning, all of which are fundamental to a well-functioning care system. These workstreams represent the start of a large-scale change, incorporating operational, cultural, digital and structural elements.

Risk

The Audit and Assurance Committee oversee the risk management arrangements; including receipt, review, and scrutiny of reports on strategic risks and escalation of any issues that require to be brought to the attention of the EIJB.

We continue to develop our risk framework and risk register to manage, mitigate, and identify risk. As a key part of our governance process, the risk register examines the risks that impact the EIJB’s ability to deliver its strategic plan, and identifies, assesses risks, and clearly associates their owners and controls to manage them. We undertook an exercise through 2022/23 to review and revise our risks, to ensure they are clear and remove any duplication. As a result, the risks recorded on our register reduced from twelve down to nine. We are continually looking at ways to strengthen our risk management approach and work has started to develop a risk matrix which will clearly articulate why a particular risk rating has been choose and well as a revision of the EIJB risk appetite statement and it is anticipated this work will be completed in line with the 23/24 accounts timeline.

The nine risks are captured under 3 headings: strategic planning and commissioning; issuing of directions; and management and role of the IJB. A summary extract of the register as at March 2023 is included below:

ID	Risk Type	Risk Appetite	Risk	RAG	Target Rating	Path to target risk
1. Strategic Planning and Commissioning						
1.1	Strategic & People	Medium – Very High	There is a risk that the Edinburgh Integration Joint Board (EIJB) is unable to deliver its strategic objectives.	Very High	High	
1.2	Strategic & People	Medium – Very High	There is a risk that the EIJB is not able to influence decision-making over delegated services that are not managed by the Partnership.	High	Med	
1.3	Financial	Low - High	There is a risk that the NHS Lothian and City of Edinburgh Council cannot deliver delegated services within available budgets.	High	High	N/A
2. Issuing of Directions						
2.1	Strategic	Medium – Very High	There is a risk that NHS Lothian and City of Edinburgh Council do not deliver directions set by the EIJB.	High	Med	
3. Management and Role of the EIJB						
3.1	Strategic	Medium – Very High	There is a risk that the EIJB is unable to operate effectively as a public body.	Med	Low	
3.2	Strategic	Medium – Very High	There is a risk that the EIJB’s workforce strategy is not delivered.	High	Med	
3.3	Strategic	Medium – Very High	There is a risk that the EIJB doesn’t have an appropriate level of infrastructure delegated from NHS Lothian and the City of Edinburgh Council to operate effectively.	High	Med	
3.4	Regulatory	Low	There is a risk that the EIJB has insufficient assurance from assurance providers to support effective delivery of scrutiny responsibilities.	Low	Low	N/A
3.5	Regulatory	Low	There is a risk that the EIJB does not comply with the necessary legislative and regulatory requirements.	Low	Low	N/A

During 2022/23, we continued to develop our risk management framework including our governance of risk reporting ensuring that we are identifying potential threats preventing us from achieving the EIJB's strategic objectives and directly relaying their impact to the EIJB and in terms of outcomes for the people of Edinburgh. We continue to utilise 'risk profile cards' format for all our risks which:

- identifies the risk, states the objective (what the IJB is trying to achieve) and the source of that objective (key document or relevant legislation);
- names a risk owner who is responsible for actions;
- explains how the risk would happen and the potential outcomes;
- illustrates the historic and current risk score and how it relates on the risk assessment matrix;
- provides a recent update on risk management activities;
- identifies what we are currently doing to reduce the risk; and
- summarises the planned actions to reduce the risk score.

This systematic risk management approach has been endorsed by both the Audit and Assurance Committee and the board itself and will support the more dynamic nature of the risk register.

Conclusion

Throughout the public sector finances are under more pressure than ever before and the impacts of the wider economy and consequent cost of living crisis bring further uncertainty. It is therefore crucial that we focus on early intervention, prevention and recovery if we are to work within the total annual budget. Moving into 2023/24, we are working to proactively address the funding challenges presented while, at the same time, improving outcomes for the residents of Edinburgh.

We are facing the twin challenges of: increasing demand for services; and a climate of constrained financial resources. In this context, the development and implementation of a strategic approach to financial planning over the next 3–5 years is essential to support the sustainability of health and social care delivery in Edinburgh.

Mike Massaro-Mallinson
Interim Chief Officer

Katharina Kasper
Chair

Moira Pringle
Chief Finance Officer

STATEMENT OF RESPONSIBILITIES

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENTS OF ACCOUNT

Responsibilities of the Edinburgh Integration Joint Board

The Edinburgh Integration Joint Board is required:

- to make arrangements for the proper administration of its financial affairs and to secure that it has an officer responsible for the administration of those affairs. In this Integration Joint Board, that officer is the Chief Finance Officer;
- to manage its affairs to achieve best value in the use of its 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); and
- to approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Edinburgh Integration Joint Board on 21st September 2023.

Katharina Kasper
Chair of the Edinburgh Integration Joint Board

Responsibilities of the Chief Finance Officer

As Chief Finance Officer, I am responsible for the preparation of the EIJB's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"), is required to give a true and fair view of the financial position of the EIJB at the financial year end and its income and expenditure for the year then ended.

In preparing the financial statements I am responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent; and
- complying with the Code of Practice and legislation

I am also required to:

- keep proper accounting records which are up to date; and
- take reasonable steps to ensure the propriety and regularity of the finances of the EIJB.

Statement of Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Edinburgh Integration Joint Board at the reporting date, and its income and expenditure for the year ended 31 March 2023.

Moira Pringle
Chief Finance Officer

REMUNERATION REPORT

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 Chief Officer of the Edinburgh Integration Joint Board (EIJB) is a joint appointment between City of Edinburgh Council, NHS Lothian and the EIJB. The terms and conditions, including pay for the post, are those set by the City of Edinburgh Council, who employ the post holder directly and recharge the costs to EIJB and NHS Lothian.

The EIJB Chief Financial Officer is appointed by the EIJB and is supplied without charge by NHS Lothian and the associated costs are included in the support costs disclosed in note 3.

The voting members of the EIJB are appointed by the respective partner bodies (NHS Lothian and City of Edinburgh Council). The voting members from NHS Lothian and City of Edinburgh Council in the period April 2022 to March 2023 were:

S. Chandran (<i>resigned 31/05/22</i>)	NHS	R. Aldridge (<i>resigned 04/05/22</i>)	CEC
E. Gordon (<i>appointed 01/08/22</i>)	NHS	P. Doggart (<i>resigned 04/05/22</i>)	CEC
G. Gordon (<i>appointed 01/06/22</i>)	NHS	E. Davidson (<i>appointed 26/05/22</i>)	CEC
P. Knight (<i>appointed 01/05/22</i>)	NHS	G. Gordon (<i>resigned 04/05/22</i>)	CEC
A. McCann (Vice Chair)	NHS	R. Henderson (Chair) (<i>resigned 04/05/22</i>)	CEC
P. Murray	NHS	M. Main (<i>resigned 04/05/22</i>)	CEC
R. Williams (<i>resigned 31/07/22</i>)	NHS	C. Miller (<i>appointed 30/06/22</i>)	CEC
		M. Mitchell (<i>appointed 26/05/22</i>)	CEC
		T. Pogson (Chair) (<i>appointed 26/05/22</i>)	CEC
		V. Nicolson (<i>appointed 26/05/22</i>)	CEC

The current voting members from NHS Lothian and City of Edinburgh Council are:

K. Kasper (Chair) (<i>appointed 05/04/23</i>)	NHS	T. Pogson (Vice Chair) (<i>appointed 26/05/22</i>)	CEC
E. Gordon (<i>appointed 01/08/22</i>)	NHS	E. Davidson (<i>appointed 26/05/22</i>)	CEC
G. Gordon (<i>appointed 01/06/22</i>)	NHS	C. Miller (<i>appointed 30/06/22</i>)	CEC
P. Knight (<i>appointed 01/05/22</i>)	NHS	M. Mitchell (<i>appointed 26/05/22</i>)	CEC
P. Murray	NHS	V. Nicolson (<i>appointed 26/05/22</i>)	CEC

Edinburgh Integration Joint Board - Annual Accounts 2022/23

Remuneration for the Chair and Vice Chair in relation to their additional duties is set out in the table below. The full year allowance is £17,128. No allowances were paid to other voting members during the year.

	Year to 31/03/2023	Year to 31/03/2022
	Additional remuneration (£)	Additional remuneration (£)
R. Henderson (Chair to 04/05/22)	1,658	16,281
T. Pogson (Chair from 26/05/22)	15,041	0
A. McCann (Vice Chair)	9,922	9,687

The remuneration and pension benefits received by all voting members in 2022/23 are disclosed in the remuneration reports of their respective employer. Voting members can, through their parent bodies, reclaim any expenses. In the year to 31 March 2023, no expense claims were made in relation to work on the EIJB.

Remuneration Paid to Senior Officers

	Year to 31/03/2023		Year to 31/03/2022
	Salary, fees and allowances (£)	Total remuneration (£)	Total remuneration (£)
J Proctor, EIJB Chief Officer	170,148	170,148	162,747
M Pringle, EIJB Chief Finance Officer	94,629	94,629	92,424

Pension benefits

Pension benefits for the Chief Officer and Chair of the EIJB are provided through the Local Government Pension Scheme (LGPS). Pension benefits for the Chief Finance Officer are provided through the NHS New Pension Scheme (Scotland) 2015. 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.

Local Government Pension Scheme

For local government employees, the Local Government Pension Scheme LGPS became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme's normal retirement age is linked to the state pension age (but with a minimum age of 65).

From 1 April 2009, a five-tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership.

The contribution rates for 2022/23 were as follows:

<u>Whole Time Pay</u>	<u>Contribution rate</u>
On earnings up to and including £23,000 (2021/22 £22,300)	5.50%
On earnings above £23,001 and up to £28,100 (2021/22 £22,300 to £27,300)	7.25%
On earnings above £28,101 and up to £38,600(2021/22 £27,300 to £37,400)	8.50%
On earnings above £38,601 and up to £51,400 (2021/22 £37,400 to £49,900)	9.50%
On earnings above £51,401 (2021/22 £49,900)	12.00%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

The value of the accrued benefits has been calculated based on the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

NHS Pension Scheme

The NHS Superannuation Scheme (Scotland) is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31st March 2016. This valuation informed an employer contribution rate from 1st April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees' contributions.

The new NHS Pension Scheme (Scotland) 2015

From 1st April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a career average revalued earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2017/18 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age (NPA) is the same as the state pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31st March 2015, but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1st April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1st April 2015 and join the 2015 scheme at a later date. All other members automatically joined the NHS 2015 scheme on 1st April 2015.

Accrued Benefits

The pension figures shown below relate to the benefits that the person has accrued as a consequence of their total local government service, and not just their current appointment.

The pension entitlements of senior officers and current voting members for the period to 31 March 2023 are shown in the table below, together with the employer contribution made to the employee's pension during the year. Where accrued pension benefits are not shown in the table below, this indicates the employee has been a member of the pension scheme for less than 2 years.

	Employer In-Year Contribution			Accrued Pension Benefits	
	For year to 31/03/23 £	For year to 31/03/22 £		As at 31/03/23 £000	Difference from 31/03/22 £000
J Proctor, EIJB Chief Officer	38,624	36,830	Pension	11	3
			Lump Sum	0	0
M Pringle, EIJB Chief Finance Officer	19,777	19,358	Pension	37	4
			Lump Sum	64	1
R Henderson, Chair (Resigned 04/05/2022)	806	7,919	Pension	9	0
			Lump Sum	2	0
T Pogson, Chair (Appointed 04/05/2022)	7,315	0	Pension	n/a	n/a
			Lump Sum	n/a	n/a

The Chair has been in the pension scheme for less than two years, therefore not currently entitled to pension.

The Vice Chair is not a member of the Local Government Pension Scheme or the NHS Pension scheme; therefore, no pension benefits are disclosed.

All information disclosed in the tables in this remuneration report has been audited by Audit Scotland. Audit Scotland has reviewed other sections of the report to ensure that they are consistent with the financial statements.

Mike Massaro-Mallinson
Interim Chief Officer

Katharina Kasper
Chair

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

The Edinburgh Integration Joint Board (EIJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and that arrangements are in place to secure best value.

In discharging this responsibility, the EIJB and the Chief Officer have put in place arrangements for governance which include robust internal controls, including the management of risk.

The Edinburgh Health and Social Care Partnership is the partnership between the City of Edinburgh Council and NHS Lothian which delivers the majority of services that the EIJB directs. Although the Partnership will be referenced in the statement, only the EIJB's arrangements will be analysed.

2022/23 saw the EIJB continue to deal with the impact of the Covid pandemic, which continued to have a detrimental impact on service delivery, resources as well as impact on the citizens of Edinburgh. The EIJB had to manage the considerable impact, with the cumulative strains and pressures on resources caused by the pandemic response extending into its third year.

Governance Framework

The governance framework comprises the systems, processes, culture and values by which the EIJB is controlled and directed. It enables the EIJB to monitor the progress with its strategic priorities and to consider whether those objectives have led to the delivery of appropriate services and value for money.

A key element of the EIJB's governance framework is its formal Board and committees. These committees provide additional layers of governance, scrutiny and rigour to the business of the EIJB. Their different roles, covering the wide spectrum of the EIJB's business, allow increased scrutiny and monitoring and the focus and capability to provide the EIJB with the necessary assurance.

Board and Committee Structures

The EIJB has been responsible for health and social care functions in Edinburgh since 1 April 2016. The Board consists of 10 voting members, of which five are non-executive directors of NHS Lothian and five are councillors from the City of Edinburgh Council. There are also a number of non-voting members appointed, both to comply with statutory requirements and to provide more varied experience and knowledge to the Board. The chair of the Board rotates every two years between NHS Lothian and the City of Edinburgh Council.

The EIJB has several committees which support the board fulfil its duties as a public body the committee model is as follows:

- **Audit and Assurance** – advise the EIJB on the adequacy of financial reporting arrangements, governance activities, internal and external audit provisions and the implications of assurances provided in respect of risk and internal control.
- **Clinical and Care Governance** – Monitors, reviews, and reports to the Board on the quality of care to the local population, specifically in relation to patient safety, clinical effectiveness and patient experience.
- **Performance and Delivery** – to provide advice and assurance to the EIJB on the effectiveness on the financial management and service performance for services delegated to the EIJB.

- **Strategic Planning Group** – Monitors, reviews, and reports to the Board on the strategy, plans and delivery of services delegated to the EIJB.

The committee terms of reference for Audit and Assurance, Strategic Planning Group and Performance and Delivery have been reviewed, with the terms of reference for the Clinical and Care Governance Committee under review. All updated terms of reference will be presented to the EIJB in October 2023.

A log of all statutory, legislative, and regulatory requirements is included as an appendix to the terms of reference for each committee. This ensures that each committee covers all necessary requirements and allows members to have oversight and visibility of those requirements that the EIJB need to comply with. To support transparency, committee actions notes are included as part of the papers of the EIJB and are made available to members of the public.

Internal Controls

As required by the legislation, the EIJB has appointed a Chief Officer and a Chief Finance Officer. It has also appointed a Chief Internal Auditor, a Standards Officer and a Data Protection Officer. The Chief Officer left her post on 19th May 2023. An Interim Chief Officer was appointed on 12th June 2023 and a permanent appointment was agreed by the EIJB on 21st September 2023.

The EIJB has agreed the following governance documentation:

- **Financial Regulations** – Section 95 of the Local Government (Scotland) Act 1973 requires all IJBs to have adequate systems and controls in place to ensure the proper administration of their financial affairs. The EIJB has agreed a set of financial regulations which are supported by a series of financial directives and instructions with clear lines of delegation to the Chief Finance Officer to carry out that function.
- **A Code of Conduct** for the members of the EIJB has been agreed and made available to all members. Compliance with the Code of Conduct is regulated by the Standards Commission for Scotland. Training is provided to members on the Code of Conduct. A new Code of Conduct was agreed following the changes to the Model Code in December 2021.
- A set of **Standing Orders** has been agreed which sets out the rules governing the conduct and proceedings at the EIJB and its committees. The Standing Orders include rules on the notice of meetings and how voting and debate should be conducted. The Standing Orders were reviewed by the EIJB on 19th April 2022.

The EIJB has a rolling action log which helps the groups monitor the implementation of decisions, there has also been the introduction of an EIJB annual cycle of business which gives both board members and the public an indication of when key workstreams/papers will be presented to the EIJB.

A deputation process has been agreed by the EIJB which allows and encourages groups to directly address the Board on issues under consideration.

The Audit and Assurance Committee is responsible for oversight of the risk management arrangements and considers the risk register quarterly. This is in turn referred to the EIJB twice a year.

The Health and Social Care Partnership Procurement Board exercises oversight of all proposals to award, extend or terminate contracts with third party providers.

Insurance against legal liability for neglect, error or omission by any employee in the performance of their duties in relation to work on the IJB is arranged through CNORIS (NHS Lothian's self-insurance scheme). This is reviewed on an annual basis.

A Savings Governance Board meets monthly and oversees financial savings and is chaired by the Chief Officer. It monitors progress against targets and identifies appropriate remedial action. The Performance and Delivery Committee also monitors the Savings and Recovery Programme with regular reporting to the Board.

EIJB has information governance responsibilities in relation to strategic planning and delegated functions which it determines and directs with its partners. To achieve appropriate governance in this area, a memorandum of understanding (MOU) has been agreed between the EIJB, NHS Lothian and the City of Edinburgh Council that ensures responsibilities are clearly set out and understood. A pan-Lothian information sharing protocol has also been put in place.

In November 2019, the EIJB agreed a Business Classification Scheme and its Records Retention Rules. The EIJB records management plan was submitted and signed off by the Keeper of Records in October 2021.

The EIJB Records Management Plan was agreed in October 2021. The EIJB were able to demonstrate evidence of compliance across 13 of the 15 areas within the Records Management Plan. The two areas assessed at amber are because the EIJB rely on the Council for its record management infrastructure and the Council's Records Management Plan for these two areas were assessed as amber therefore the EIJB submission for those two also remain at amber. The Council are currently undertaking a self-assessment in relation to their own Records Management Plan and are addressing the two amber elements (audit trail and assessment and review) and are engaging with the Operations Manager to ensure that the EIJB comply with any process improvements developed.

The Equalities Act 2010 requires all public bodies to provide a progress report at least every two years with equality outcomes published every four years. The EIJB equality outcomes were initially published in 2019 and a progress was reported to Performance and Delivery Committee in 2021, and the next iteration is due in 2023.

The EIJB has a directions policy in place, and an annual review was undertaken by Performance and Delivery Committee in July and endorsed by EIJB in August 2022. The directions tracker is reviewed on a regular basis at Performance and Delivery Committee.

The EIJB has a reserves policy in place ensure that reserves are identified for a purpose and held against planned expenditure, with timescales or held as a general contingency in the event of an emergency. It is reviewed annually by the Performance and Delivery Committee on behalf of the board with the most recent review taking place in May 2023.

The EIJB as a public body must ensure in exercising its functions:

- a. contribute to the delivery of Scotland's climate change targets; (mitigation)
- b. help deliver any Scottish adaptation programme (adaptation)
- c. act in a way that it considers most sustainable (act sustainability)

The EIJB has no direct responsibility for the delivery of service, employs only two members of staff and has no delegated capital assets (buildings, fleet nor IT equipment) and as such has no responsibilities for complying with the climate change duties in these key areas. The Board does however have a responsibility to ensure compliance with the climate change duties in respect of the strategic and financial planning of delegated health and social care services. All public bodies must also prepare an annual report with the 2022 submission presented to the Performance and Delivery Committee on 30 November and was submitted to the Scottish Government on 30 November.

In April 2021, the EIJB adopted a complaints handling procedure based on the model complaints handling procedure designed by the Scottish Public Services Ombudsman and an annual report was presented to the Audit and Assurance Committee confirming that there has been no EIJB complaints in the last year.

In April 2021 the EIJB agreed a protocol for responding to consultations. These arrangements, which remain in place, require any consultation with a significant impact to be approved by the board. A number of consultation responses have been submitted, one in 2022/23.

An annual assurance process for the 2022/23 cycle has now concluded. This provides assurance on how effective the committees are operating to discharge their remits. All committee members are asked a range of questions, covering membership, training, induction. These are presented to committees for endorsement and then presented to Audit and Assurance Committee alongside the annual accounts.

In line with the CIPFA guidance 'Code of practice on managing the risk of fraud and corruption' the EIJB acknowledges its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation. To support this, we utilise the Council's fraud and corruption procedures and/or NHS Lothian fraud arrangements depending on where the spend/costs sit.

Review of Effectiveness

The EIJB has responsibility for reviewing the effectiveness of its governance arrangements, including its internal controls.

The pandemic extending into its third year has continued to have a significant impact on the EIJB and the services it commissions. The cumulative impact and strain on resources and the increased demand on services has meant significant pressures for the EIJB to manage. Whilst this has had little impact on the governance of the EIJB, there has been significant pressures facing the Edinburgh Health and Social Care Partnership. This is seen particularly through increased demand for services, and an inability to recruit to key roles in the Partnership. This resulted in the Audit and Assurance Committee escalating their risk rating for workforce to very high in 2021/22. Similarly, the Edinburgh Health and Social Care Partnership and the City of Edinburgh Council increased their risk rating for support for vulnerable people to 'critical'. These ratings remained in place during 2022/23. Whilst a range of workstreams was put in place to address these issues, whole scale change is required to fully address the challenges.

Whilst there is good governance within the EIJB, there is a need to strengthen the relationship between EIJB and Council and NHS Lothian committees and clarify responsibility for the scrutiny of services. This will ensure a streamlined process of reporting and governance and provide a structure to ensure that services are adequately scrutinised, and risks are managed. Process improvements are also needed if a partner cannot deliver direction(s) and how this should be reported through the EIJB and/or partner bodies. This will be delivered through the 2023/24 cycle.

This review of effectiveness is informed by:

- The Chief Officer's annual assurance statements for the EIJB and the Health and Social Care Partnership;
- Officer management activities;
- The Chief Internal Auditor's annual report and internal audit reports;
- Reports from the EIJB's external auditor; and
- Reports by external, statutory inspection agencies.

The evidence of effectiveness from these sources includes:

- The EIJB good governance handbook, which is intended to be a live document that lays out the fundamentals of good governance for the EIJB. The handbook covers a wide range of sections and provides clarity on the role of the EIJB and the role of members. It also sets out the key principles of good governance and for example what good scrutiny looks like. This is an important document that shows that the EIJB is committed to good governance and sees the value in a robust and clear framework.
- Our review of the EIJB's governance arrangements to address weaknesses in scrutiny of performance and clarify the relationship between committees.
- An EIJB induction and further development opportunities are in place for all voting and non-voting members.
- Standing Orders that are reviewed annually in a report to the EIJB, to ensure they are up to date and relevant.
- A performance report that is considered monthly by Health and Social Care Partnership management. Performance on local indicators that is reported regularly to the Board and its committees and an annual performance report that is also considered by the Board.
- The Annual Performance Report that was presented to the EIJB in September 2022 as per legislative requirements.
- Regular financial monitoring reports that are presented to the EIJB and Council and NHS committees. Monitoring arrangements have been effective in identifying variances and control issues and taking appropriate action. This has included allocating funds to offset unachieved savings plans.
- The EIJB in March 2022 agreed a budget with a budget deficit of £29.3m. This recognised that further savings had the potential to negatively impact on services, service users and staff. The board agreed that officers would work collaboratively to identify the means to address the gap. In December 2022 the Chief Finance Officer gave moderate assurance that there would be a break-even position for 2022/23. This suggests that this approach has been successful and there is considerable merit in adopting a longer-term strategic approach to savings. However, there is considerable risk in adopting unbalanced budgets from the outset and the success in year 2022/23 of this approach does not automatically lead to assurance that this will be repeated. The current financial position for 23/24 highlights an initial £47m budget gap and a medium-term financial strategy (MTFS) is being developed to address this gap on a sustainable basis.
- The EIJB annually reviews its direction policy through its Performance and Delivery Committee. This review examines the directions agreed in the previous year and determines whether to retain, vary or close them. This allows a close monitoring of directions which are the primary method through which the EIJB instructs the City of Edinburgh Council and NHS Lothian to carry out the delegated functions.
- A quarterly internal audit update detailing Internal Audit activity on behalf of the EIJB is submitted to the Audit and Assurance Committee.
- The EIJB Internal Audit Charter that was approved by the EIJB Audit and Assurance Committee in August 2022 states that internal audit will remain free from interference from anyone within the EIJB in relation to audit selection, scope, procedures, frequency, timing, and report content. The charter is based on Public Sector Internal Audit Standards and details the responsibilities of both management and internal audit to support delivery of EIJB audit assurance.

- Internal Audit has reported an 'amber' rated opinion for the year, concluding that reasonable assurance can be placed upon the adequacy and effectiveness of the EIJB's governance, risk management and internal control systems in the year to 31 March 2023. This reflects that assurance activity has assessed the EIJB as having a generally sound system of governance, risk management and control in place. Internal Audit work identified a number of issues, areas of non-compliance and/or scope for improvement throughout the year, which individually do not significantly impair the EIJB's system of internal control but may put at risk the achievement of objectives if corrective actions are not adequately addressed.
- The EIJB introduced risk cards in 2020, to simplify the risk management process, with risk cards now in place for all risks. The aim was to better understand how the EIJB is exposed to those risks and the controls necessary to mitigate them. This new approach results in a more detailed and comprehensive risk register, and it is expected that this will support a more dynamic approach. Work has continued to enhance the risk cards and develop a risk appetite statement for the EIJB.
- The EIJB agreed in December 2021 to create a permanent programme and project management capability which will help ensure an experienced resource is available to manage the governance of major projects within the EIJB. Recruitment to this team on a permanent basis started throughout 2022/23.
- The Chief Officer and Executive Management Team continue to drive improvement in the number of internal management actions overdue by allocating additional resource to co-ordinate the implementation of EIJB management actions and this is delivering improvement with a significant number of management actions closed over 2022/23, with all historic overdue now closed. The previous Chief Internal Auditor observed an improving trend, but it was recognised that work was necessary to continue and sustain this improvement. Concern had been raised previously by the Audit and Assurance Committee over the number of historic actions, however, management had provided up to date positions on the risks and revised completion dates. Scrutiny is carried out at the Audit and Assurance Committee on internal audit actions on a quarterly basis.
- The transformation programme launched in February 2020 and was established with a comprehensive governance structure which included four programme boards feeding into an overall portfolio board. This team, whilst delivering significant change, was not established to meet all the financial challenges in the medium term. In March 2022, a new programme called the Innovation and Sustainability Programme was approved which seeks to develop an approach to evolve how to work with the staff and the people of Edinburgh to shape and reimagine the delivery of services. The programme aims to redesign systems to facilitate earlier interventions at lower costs and sustained outcomes supporting health and wellbeing. The first of the pipeline of proposals for this programme was considered by the board in 2022.
- External Audit had previously highlighted that there was a risk that the lack of professional, administrative and technical support provided by the Council and NHS Lothian may lead to failures in governance, scrutiny and performance. The EIJB has reviewed the support resources it requires and has highlighted this in the risk register.
- In December 2022, the board via Audit and Assurance agreed its process for the board assurance framework, reflecting on the learning from the 2021/22 process. This process has now concluded and, following a review of the committee assurance statements, the Audit and Assurance Committee has provided the EIJB with a moderate level of assurance on how effectively the committees are discharging their remits.

Edinburgh Integration Joint Board - Annual Accounts 2022/23

- A joint inspection of adult support and protection was undertaken during the year and the findings were published on 14th February 2023. While the Adult Support and Protection Inspection was underway, a further inspection of adult social work and social care in Edinburgh was announced and undertaken by the Care Inspectorate. The report on this inspection was published on 21st March 2023. Recommendations from both inspections and other relevant actions have been consolidated into one clear plan for improvement. This was approved by the EIJB in June 2023.

Last Year's Actions

Progress with the actions identified in the 2021/22 governance statement is summarised in the table below:

Issue	Responsible Party	Progress
1 Innovation and Sustainability Programme – first set of proposals	Chief Officer	Initial project agreed by Board in Sept 2022
2 Review of Board Assurance Framework	Chief Officer	Completed in Dec 2022
3 Agreement of risk management strategy	Chief Officer	Completed in Dec 2022
4 Annual review of regulatory and legislative requirements	Chief Finance Officer	Completed as part of the review of terms of reference
5 Continue to address EIJB management actions	Chief Officer	No outstanding internal audit actions as at Aug 2023

Further Improvement – Action Plan

Following the review of the assurance statements from the 4 EIJB committees, the Audit and Assurance Committee has agreed a set of actions. These are set out below:

Issue	Responsible Party	Reporting date
1 Development of a supported training programme for committee members, alongside a clear process for training opportunities	Interim Chief Officer	March 2024
2 Development of succession plans so that committee changes are handled smoothly	Chair	March 2024
3 A skills audit to be undertaken	Operations Manager	December 2023
4 Training for officers to ensure consistency in quality of reporting	Interim Chief Officer	December 2023
5 Recruitment of Chief Risk Officer	Interim Chief Officer	December 2023
6 Recommend to EIJB that committee membership is increased for the Audit and Assurance, Clinical and Care Governance and Performance and Delivery.	Interim Chief Officer	October 2023

Certification

As evidenced above, the EIJB continues to improve its governance structures, implementing the committee structure, reviewing its consultation, communications, and risk management arrangements, and creating a more robust assurance framework. Whilst the recommendations presented by the Good Governance Institute have been implemented, there does require to be improvement made in how the EIJB interacts with its own committees as well as those of partner organisations. There is also further work required to improve the directions process, specifically when partners are unable to deliver a direction set by the EIJB. The Covid pandemic continued to put considerable pressure on the organisation and the services it is responsible for, but the governance arrangements helped it deliver and keep services running. However it is acknowledged that there are further improvements that can be made.

The EIJB is committed to good governance and continues to look at ways to improve how it operates and delivers services. The organisation continues to face considerable financial challenges and annually struggles to deliver a balanced budget with an unbalanced budget being set for three years in a row. Work is ongoing to address this through the medium-term financial strategy, but the challenges are set to remain, and long-term financial sustainability will remain ambitious.

Mike Massaro-Mallinson
Interim Chief Officer

Katharina Kasper
Chair

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

2021/22			2022/23		
Net Expenditure £000		Note	Gross expenditure £000	Gross income £000	Net Expenditure £000
	Health Services	8			
322,801	Core services		310,483	0	310,483
107,622	Hosted services		114,037	0	114,037
64,942	Non-cash limited		67,952	0	67,952
109,506	Set aside services		119,957	0	119,957
604,871			612,429	0	612,429
	Social Care Services	8			
188,684	External purchasing		215,434	0	215,434
29,866	Care at home		29,809	0	29,809
14,693	Day services		16,599	0	16,599
20,593	Residential care		21,001	0	21,001
15,140	Social work assessment and care management		15,485	0	15,485
423	Corporate services		420	0	420
7,094	Other		11,672	0	11,672
276,493			310,420	0	310,420
403	Corporate services	3	420	0	420
881,767	Cost of services		923,269	0	923,269
(938,516)	Taxation and non-specific grant income and expenditure	2	0	(865,143)	(865,143)
(56,749)	(Surplus)/Deficit on provision of services		923,269	(865,143)	58,126

BALANCE SHEET

The Balance Sheet shows the value, as at 31 March 2023, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

BALANCE SHEET AS AT 31 MARCH 2023			
31/03/2022		Notes	31/03/2023
£000			£000
	Current assets		
82,201	Short term debtors	4	24,088
	Current liabilities		
-42	Short term creditors	5	-55
82,159	Net assets		24,033
-82,159	Usable reserves	MIRS	-24,033
-82,159	Total reserves		-24,033

The unaudited financial statements were issued on 29th June 2023 and the audited financial statements were authorised for issue by the Chief Finance Officer on 21st September 2023.

Moira Pringle
Chief Finance Officer

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Edinburgh Integration Joint Board.

	Notes	31/03/2023	31/03/2022
		£000	£000
Usable reserves – General Fund brought forward		-82,159	-25,410
Deficit/(surplus) on the provision of services		58,126	-56,749
Total comprehensive income and expenditure		-24,033	-56,749
Balance, as at 31 March, carried forward	9	-24,033	-82,159

NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

1.1 General Principles

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 Annual Accounts for the year ended 31 March 2023 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and the Service Reporting Code of Practice. This is to ensure that the accounts 'present a true and fair view' of the financial position and transactions of the Edinburgh Integration Joint Board (EIJB).

1.2 Accruals of Income and Expenditure

The revenue accounts have been prepared on an accruals basis in accordance with the Code of Practice. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- all known specific and material sums payable to the IJB have been brought into account;
- suppliers are recorded as expenditure when they are consumed. Expenses in relation to services received are recorded as expenditure when the service is received rather than when payments are made; and
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 VAT Status

The EIJB is a non-taxable person and does not charge or recover VAT on its functions.

1.4 Going Concern

The accounts are prepared on a going concern basis, which assumes that the EIJB will continue in operational existence for the foreseeable future.

1.5 Funding

Edinburgh Integration Joint Board receives contributions from its funding partners, namely NHS Lothian and the City of Edinburgh Council to fund its services.

Expenditure is incurred in the form of charges for services provided to the EIJB by its partners.

1.6 Provisions, Contingent Liabilities and Assets

Contingent assets are not recognised in the accounting statements. Where there is a probable inflow of economic benefits or service potential, this is disclosed in the notes to the financial statements.

Contingent liabilities are not recognised in the accounting statements. Where there is a possible obligation that may require a payment, or transfer of economic benefit, this is disclosed in the notes to the financial statements

The value of provisions is based upon the Board's obligations arising from past events, the probability that a transfer of economic benefit will take place and a reasonable estimate of the obligation.

1.7 Employee Benefits

The Chief Officer is regarded as an employee of the EIJB, although her contract of employment is with City of Edinburgh Council. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended. The post is funded by the EIJB however the statutory responsibility for employer pension liabilities rests with the employing partner organisation (City of Edinburgh Council).

The Chief Financial Officer is regarded as an employee of the EIJB, although her contract of employment is with NHS Lothian. NHS Lothian participates in the NHS Superannuation Scheme (Scotland) which is a defined benefit statutory public service pension scheme, with benefits underwritten by the UK Government.

The remuneration report presents the pension entitlement attributable to the posts of the EIJB Chief Officer, Chief Financial Officer and Vice Chair of the EIJB although the EIJB has no formal ongoing pension liability. On this basis, there is no pension liability reflected on the EIJB balance sheet for these posts.

1.8 Cash and Cash Equivalents

The EIJB does not hold a bank account or any cash equivalents. Payments to staff and suppliers relating to delegated services will be made through cash balances held by the partner organisations (NHS Lothian and City of Edinburgh Council). On this basis, no Cash Flow statement has been prepared in this set of Annual Accounts.

1.9 Reserves

The Integration Joint Board is permitted to set aside future amounts of reserves for future policy purposes. These reserves normally comprise: funds which are set aside for specific purposes; and funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies. They are created by appropriating amounts out of revenue balances. When expenditure to be funded from a reserve is incurred, it is charged to the appropriate service in that year and thus included in the Comprehensive Income and Expenditure Statement. Movements in reserves are reported in the Movement of Reserves Statement.

The EIJB has one usable reserve, the General Fund which can be used to mitigate financial consequences of risks and other events impacting on the Boards resources.

The Board's reserves policy was approved on 20 August 2019 and is reviewed annually by the Performance and Delivery Committee. The most recent review took place in May 2023. Reserves will be reviewed through the annual budget process and the level and utilisation of reserves will be formally approved by the EIJB.

1.10 Support Services

Support services are not delegated to the EIJB through the Integration scheme, and are instead provided by NHS Lothian and the City of Edinburgh Council free of charge, as a 'service in kind'. Support services provided mainly comprise the provision of financial management, human resources, legal services, committee services, ICT, payroll and internal audit services.

1.11 Assumptions made about the future and other major sources of estimation uncertainty

The cost of services provided by NHS Lothian is based on the NHS Lothian Director of Finance's assessment of the split of costs between the four Integration Authorities in the NHS Lothian area. This assessment is underpinned by a financial model which is reviewed at least annually and supported by the four Chief Finance Officers. As such this is an area of key judgement and estimation uncertainty within these annual accounts.

2. RELATED PARTY TRANSACTIONS

The Edinburgh Integration Joint Board was established on 27 June 2015 as a joint board between City of Edinburgh Council and NHS Lothian. The income received from the two parties was as follows:

	31/03/2023	31/03/2022 <i>(Restated*)</i>
	£000	£000
NHS Lothian	-583,493	-677,166
City of Edinburgh Council	-281,650	-261,350
Total	-865,143	-938,516

* The 2021/22 City of Edinburgh Council figure has been restated to include income for pension costs

Expenditure relating to the two parties was as follows;	31/03/2023	31/03/2022
	£000	£000
NHS Lothian	612,617	605,052
City of Edinburgh Council	310,197	276,258
Total	922,814	881,310

Details of creditor and debtor balances with the partner bodies are set out in the subsequent notes (4 and 5).

3. CORPORATE EXPENDITURE

	31/03/2023	31/03/2022
	£000	£000
Staff costs	386	370
Other fees	3	3
Audit fees	31	30
Total	420	403

Staff costs relate to the Chief Officer, Chief Finance Officer, EIJB Chair and Vice-Chair.

EIJB is in receipt of support services from NHS Lothian and City of Edinburgh Council, both organisations have agreed to provide support services, without an onward recovery. Support services to a value of £0.743m (£0.725m 2021/22) have been provided.

4. SHORT TERM DEBTORS

	31/03/2023	31/03/2022
	£000	£000
NHS Lothian	17,704	70,823
City of Edinburgh Council	6,384	11,378
Total	24,088	82,201

5. SHORT TERM CREDITORS

	31/03/2023	31/03/2022
	£000	£000
External audit fees	-55	-42
Total	-55	-42

6. POST BALANCE SHEET EVENTS

No material events have occurred post the balance sheet reporting date.

7. CONTINGENT LIABILITIES and ASSETS

There are no contingent liabilities or assets to disclose.

8. SEGMENTAL REPORTING

Expenditure on services commissioned by the EIJB from its partner agencies is analysed over the following services:

	2022/23 Actual Expenditure £000	2021/22 Actual Expenditure (restated*) £000
SERVICES PROVIDED BY NHS Lothian		
Core services		
Community hospitals	13,444	12,489
District nursing	13,122	12,154
General medical services	98,617	94,619
Prescribing	84,224	80,885
Primary care management	24,694	65,175
Primary care services	13,819	11,859
Other core services	62,563	45,620
Total core services	310,483	322,801
Hosted services		
Mental health, substance misuse and learning disabilities	53,794	48,474
Other hosted services	60,243	59,148
Total hosted services	114,037	107,622
Non- Cash Limited		
Dental	36,182	33,374
Ophthalmology	9,941	9,932
Pharmacy	21,829	21,636
Total Non-Cash Limited	67,952	64,942
Set aside services		
General medicine	31,981	28,818
Geriatric medicine	20,506	17,935
ED and minor injuries	12,122	10,751
Other set aside services	55,348	52,002
Total set aside services	119,957	109,506
TOTAL SERVICES PROVIDED BY NHS Lothian	612,429	604,871
SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL		
External purchasing	215,434	188,684
Care at home	29,809	29,866
Day services	16,599	14,693
Residential care	21,001	20,593
Social work assessment & care management	15,485	15,140
Other services provided by City of Edinburgh Council	12,092	7,517
TOTAL SERVICES PROVIDED BY CITY OF EDINBURGH COUNCIL	310,420	276,493
Corporate expenditure	420	403
TOTAL ALL SERVICES	923,269	881,767

* 2021/22 expenditure restated to provide consistent allocation of costs

9. MOVEMENT IN RESERVES

	01/04/2022	Movement	31/03/2023
	£000	£000	£000
<i>Earmarked reserves</i>			
Covid and winter	50,332	(48,025)	2,307
Funding for specific initiatives	13,029	(2,437)	10,592
Other balances	15,647	(4,513)	11,134
Sub total	79,008	(54,975)	24,033
<i>General reserves</i>			
Surplus for the year	3,151	(3,151)	0
Total	82,159	58,126	24,033

10. FUNDING ANALYSIS

The expenditure and funding analysis shows how annual expenditure is used and funded from resources in comparison with how those resources are consumed or earned in accordance with generally accepted accounting practice. In essence this demonstrates the difference between expenditure on an accounting basis and a funding basis. For EIJB no such difference applies and the information required is disclosed elsewhere in the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH INTEGRATION JOINT BOARD AND THE ACCOUNTS COMMISSION

Reporting on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Edinburgh Integration Joint Board for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of Edinburgh Integration Joint Board as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

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

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Risks of material misstatement

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

Responsibilities of the Chief Finance Officer and Edinburgh 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 Edinburgh Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue Edinburgh Integration Joint Board's operations.

Edinburgh Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of Edinburgh Integration Joint Board;
- inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of Edinburgh Integration Joint Board;
- inquiring of the Chief Finance Officer concerning Edinburgh Integration Joint Board's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on other requirements

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

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

Other information

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

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

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

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

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

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

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Michael Oliphant FCPFA
Audit Director
Audit Scotland
4th Floor, 102 West Port, Edinburgh, EH3 9DN

Edinburgh Integration Joint Board

2022/23 Annual Accounts audit
DRAFT



 AUDIT SCOTLAND

Prepared for Edinburgh Integration Joint Board and the Controller of Audit
13 September 2023

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Introduction

1. This report summarises the significant matters arising from the 2022/23 annual audit of Edinburgh Integration Joint Board's (EIJB) annual accounts. The scope of the audit was set out in an annual audit plan presented to the 20 March 2023 meeting of the Audit and Assurance Committee. Our Annual Audit Report covering all aspects of the 2022/23 audit will be published later this year.

2. This report is addressed to the board of EIJB and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment from 2022/23

3. The 2022/23 financial year was the first of our five-year appointment. Our appointment coincides with the new [Code of Audit Practice](#) which was introduced for financial years commencing on or after 1 April 2022.

4. We would like to thank the Chief Finance Officer and finance staff from the partner bodies for their cooperation and assistance during our audit.

Responsibilities and reporting

5. EIJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. EIJB is also responsible for compliance with legislation, and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

6. The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice 2021](#), and supplementary guidance and International Standards on Auditing in the UK.

7. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

8. This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

Auditor independence

9. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services. We are not aware of any relationships that could compromise our objectivity and independence.

Audit of 2022/23 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship of public funds.

Main judgements

Our audit opinions on the annual accounts of the joint board are unmodified.

The management commentary, annual governance statement and remuneration report were consistent with the financial statements and properly prepared in accordance with the applicable guidance. In future years, EIJB should take action to improve the management commentary to provide a better overview of service performance.

Audit opinions on the annual accounts are unmodified

10. The board approved the annual accounts for Edinburgh Integration Joint Board for the year ended 31 March 2023 on 21 September 2023. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report was prepared in accordance with the financial reporting framework
- the management commentary and annual governance statement were consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Overall materiality was assessed as £18.5 million

11. Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

12. Our initial assessment of materiality was carried out during the risk assessment and planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality	£18.5 million
Performance materiality	£13 million
Reporting threshold	£250,000

13. The overall materiality threshold for the audit of the annual accounts of EIJB was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

14. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 70% of overall materiality. In assessing performance materiality, we have considered factors such as audit findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

15. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

16. Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the board, including our view about the qualitative aspects of the body's accounting practices.

17. The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements.

18. The significant findings are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters from the audit of the annual accounts

Issue	Resolution
<p>1. Values of funding provided by IJB partners</p> <p>The amount disclosed in the accounts for expenditure on health services provided by NHS Lothian (£612.429 million) is £24.201 million less than the income from EIJB as reported by NHS Lothian in their annual accounts (636.630 million). There is a similar corresponding increase in the amount attributable to the City of Edinburgh Council's funding share as compared to the authority's unaudited accounts, with the net effect on the EIJB being immaterial. We understand this is due to the historic treatment of allocating responsibility for specific commissioned services.</p> <p>The draft accounts should include further disclosure to provide clarity and reasons for these differences.</p>	<p>It is important that the financial statements in EIJB and its partners provide clarity and consistency, particularly when values of funding allocations are concerned. While we are content the EIJB accounts are not materially misstated, the joint board should work with its partners to ensure income and expenditure amounts are classified correctly and reported accurately and consistently.</p> <p>Recommendation 1 (Refer Appendix 1, action plan)</p>

Source: Audit Scotland

There is scope to improve the management commentary

19. The Local Authority Accounts (Scotland) Regulations 2014 require the annual accounts to include a management commentary prepared in accordance with statutory guidance. Management commentaries should provide information on the joint board's main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of an organisation's performance – both financial and non-financial - as well as helping stakeholders understand the financial statements.

20. We identified scope for improvement in the narrative section of the annual accounts. While the guidance allows flexibility in terms of the level of performance information included, the draft version did not provide sufficient detail to allow a reader to assess the joint board's overall performance.

21. While the guidance allows flexibility in terms of the level of performance information included, there is an expectation that the commentary gives an overview of service performance in the year and the inclusion of relevant indicators should enhance the service 'story'. The commentary should include both positive and negative aspects, but the version of the accounts presented for audit did not include, for example, findings from recent care commission

reports, or provide clarity on timescales for key commitments such as the medium-term financial strategy.

22. Following discussions with the chief financial officer, the revised set of annual accounts contained enhanced disclosures.

Recommendation 2

The management commentary should provide a clear and balanced narrative on the performance of the joint board during the year and be supported by financial and non-financial performance information.

Our audit work responded to the risks of material misstatement we identified in the annual accounts

23. We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3

Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
<p>Risk of material misstatement due to fraud caused by management override of controls</p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance</p>	<p>We received assurances from constituent body auditors in relation to the financial information provided, controls in place and results of testing at constituent bodies.</p> <p>The results of our audit work, and from discussions with key staff and board members, did not identify any instances of management override of controls.</p> <p>Conclusion: We did not highlight any instances of fraud, or management override of controls.</p>
<p>Charges for services provided by NHS Lothian</p> <p>A mapping table is used by NHS Lothian to allocate the</p>	<ul style="list-style-type: none"> The allocation of costs between the four integration boards is underpinned by a financial 	<p>Internal audit completed a report on set aside budgets during 2022/23. They reported there is no annual</p>

Audit risk	Assurance procedure	Results and conclusions
<p>set-aside budgets across the four IJBs within Lothian. We consider the cost allocation model to be a significant accounting estimate and identified a significant risk of misstatement in the financial statements in our Annual Audit Plan.</p>	<p>model maintained by NHS Lothian.</p> <ul style="list-style-type: none"> The model is reviewed annually and supported by the four chief finance officers. 	<p>exercise performed to ensure that the 'mapping table' remains up-to-date and reflective of actual patient activity. The report recommended that EIJB should request that NHS Lothian performs an annual exercise to review the allocation of set-aside costs and budgets across the four Lothian IJBs, in compliance with the requirements of the integration scheme. This will require the input and support of the other chief financial officers in Lothian IJBs.</p> <p>Conclusion: As costs have been agreed between the partners, we are content that this issue does not present a risk of material misstatement in the 2022/23 annual accounts.</p> <p>We support the annual review of the cost allocation model and will monitor progress in this area in 2023/24.</p>

Source: Audit Scotland

Other areas of audit focus

24. In addition, we identified an “area of audit focus” in our 2022/23 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. The area of specific audit focus was in relation to reserves. At the start of 2022/23, EIJB held an earmarked reserve balance for Covid-19 funding carried forward from 2021/22, totalling £44.937 million. The Scottish Government instructed IJBs that unused Covid-19 reserve balances should be returned to them. We reviewed the accounting entries and disclosures in the annual accounts and considered that they are appropriate and in line with government guidance.

25. We did not identify any material misstatements. Our audit identified several presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual report and accounts.

26. The unaudited annual accounts were received in line with our agreed audit timetable on 29 June 2023.

Appendix 1. Action plan 2022/23

2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Values of funding provided by IJB partners</p> <p>The funding amounts disclosed in the IJB's NHS and local authority partners are not consistent due to differences in how services have been classified.</p>	<p>It is important that the financial statements in the integration joint board and its partners provide clarity and consistency. The joint board should work with its partners to ensure income and expenditure amounts are classified correctly, and reported accurately and consistently.</p>	<p>Agreed. This will be built into the plan for producing the 2023/24 accounts.</p> <p><i>Chief Finance Officer, June 2024</i></p>
<p>2. Management commentary</p> <p>While guidance allows flexibility in terms of the level of performance information included in the management commentary, the initial version of the annual accounts submitted for audit did not provide sufficient detail to allow a reader to fully assess the joint board's overall performance.</p>	<p>The management commentary should provide a clear and balanced narrative on the performance of the joint board during the year and be supported by financial and non-financial performance information.</p>	<p>Agreed. During the audit process the management commentary was updated to reflect information not available at the time the unaudited accounts were produced. These timing challenges will be considered as part of the planning for the 2023/24 accounts.</p> <p><i>Chief Finance Officer, June 2024</i></p>

Michael Oliphant, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh

21st September 2023

Dear Michael

Edinburgh Integration Joint Board Annual Accounts 2022/23

1. This representation letter is provided in connection with your audit of the annual accounts of Edinburgh Integration Joint Board for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Integration Joint Board, the following representations given to you in connection with your audit of Edinburgh Integration Joint Board's annual accounts for the year ended 31 March 2023.

General

3. The Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2022/23 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Edinburgh Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (2022/23 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Edinburgh Integration Joint Board at 31 March 2023 and the transactions for 2022/23.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2022/23 accounting code, where applicable. All accounting policies applied are appropriate to Edinburgh Integration Joint Board circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Edinburgh Integration Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Edinburgh Integration Joint Board's ability to continue as a going concern.

Liabilities

10. All liabilities and contingent liabilities at 31 March 2023 of which I am aware have been recognised in the annual accounts.
11. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Fraud

12. I have provided you with all information in relation to
 - my assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

13. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

14. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2022/23 accounting code. I have made available to you the identity of all Edinburgh Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

15. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

Management commentary

16. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

17. I confirm that the Integration Joint Board has undertaken a review of the system of internal control during 2022/23 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
18. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2023, which require to be reflected.

Balance Sheet

19. All events subsequent to 31 March 2023 for which the 2022/23 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Moira Pringle
Chief Finance Officer

Internal Audit

2022/23 Annual Report and Opinion

August 2023

Overall Opinion	<i>Reasonable Assurance</i>	There is a generally sound system of governance, risk management and control in place. While some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives, individually these do not significantly impair the Edinburgh Integration Joint Boards system of internal control.
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1. Introduction

The Scottish Government Integrated Resources Advisory Group (IRAG) issued '[Guidance for Integrated Financial Assurance](#)' in support of [the Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#).

The guidance requires Integration Joint Boards (IJBs) to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and control of the delegated resources. The guidance further states that the IJB has a responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control.

The [Public Sector Internal Audit Standards](#) (PSIAS) requires the Chief Audit Executive to deliver an annual report which provides a summary of internal audit activity for the year, and an annual opinion which concludes on the adequacy and effectiveness of the Edinburgh Integration Joint Board's (EIJB) governance, risk management and control framework.

The annual report includes consideration of:

- a summary of the information that supports the opinion
- disclosure of any impairments to scope and / or independence
- a statement of conformance with the PSIAS including the results of the quality assurance and improvement programme and progress against any improvement plans, and
- consideration of any other relevant issues.

Integration Joint Boards are also required to approve an Annual Governance Statement. The Internal Audit Annual Opinion supports the EIJB's Annual Governance Statement which is included within the Annual Accounts.

Basis for the opinion

The opinion on the adequacy and effectiveness of the EIJB's systems of control is achieved through delivery of a risk-based audit and assurance programme aligned to the EIJB's key risks which is approved by the Audit and Assurance Committee.

Audit assurance to the EIJB is not provided in isolation; the internal audit teams of both the City of Edinburgh Council (the Council) and NHS Lothian (NHSL) deliver assurance to their respective organisations which should also be considered by the EIJB where relevant.

Consequently, the annual opinion reflects audit activity performed across the EIJB, the Edinburgh Health and Social Care Partnership (the Partnership) and its partners, the Council and NHSL during the period 1 April 2022 to 31 March 2023.

The opinion also considers reports issued by the External Auditor, the results of other assurance activities performed during the year and the effects of any significant issues or changes impacting the EIJB's control environment.

It also reflects progress with implementation of management actions from previously completed audits which contributes to strengthening the overall governance, risk, and control environment.

In March 2023, as part of the review of the Internal Audit Charter, the Committee approved adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) [standard definitions](#) for audit opinions. Details of the overall definitions are provided within Appendix 3.

2. Executive Summary

Overall
Opinion

Reasonable
Assurance

Overall opinion and summary of key findings

The 2022/23 Internal Audit Annual Opinion confirms that **'reasonable assurance'** can be placed on the adequacy of the Edinburgh Integration Joint Board's (EIJB) systems of governance, risk management and internal controls.

The opinion reflects assurance activity performed across the EIJB, the Edinburgh Health and Social Care Partnership and its partners, the City of Edinburgh Council (the Council) and NHS Lothian (NHSL) in the year to 31 March 2023, which concluded there is a generally sound system of governance, risk, and control in place.

Internal Audit work identified a number of issues, areas of non-compliance and/or scope for improvement throughout the year, which individually do not significantly impair the EIJB's system of internal control but may put at risk the achievement of EIJB objectives if corrective actions are not adequately addressed.

Internal audit activity

The EIJB Internal Audit plan typically includes three/four audits, however reflecting the continued pressures placed on delivery of health and social care services as they recover from the impacts of the Covid-19 pandemic, the approved EIJB 2022/23 Internal Audit plan included a total of two engagements.

Follow-up of audit actions

In addition, the plan included follow-up of managements progress with implementing actions raised in previous internal audits. The opinion also reflects the progress in addressing management actions raised. Significant improvement was made during the year with EIJB audit actions closed on time and no overdue actions outstanding as at 31 March 2023. Performance in addressing audit actions across the Partnership has also improved, with one action overdue at year end.

Council / NHSL annual opinions

The EIJB opinion also considers the 2022/23 annual audit opinions of the Council and NHSL which remain aligned at 'reasonable assurance' and 'moderate assurance' respectively. Links to these opinions are provided in the covering report.

Other assurance providers and other areas of consideration

The opinion also considers the results of other assurance activities performed during the year. During the year two inspections were undertaken by the Care Inspectorate across areas of health and social care services provided in Edinburgh, with a range of areas for improvement highlighted.

The opinion also considers the effects of any significant changes or issues during the year. The EIJB continues to face challenges in the sustainability and ability to meet demand for health and social care services with significant financial implications. The challenges are acknowledged, and a medium term financial strategy which is expected to deliver improved care and financial benefits over a number of years is being developed.

The internal audit assurance outcomes, minimal findings raised, and performance in addressing audits would indicate that substantial assurance could be provided to the EIJB, however as the opinion reflects the outcomes of other assurance work, an opinion of reasonable assurance which recognises scope for improvement in the governance, risk and control environment is provided.

The 2022/23 overall opinion remains aligned to the 2021/22 opinion of 'some improvement required'.

It should be noted that the opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the EIJB.

3. Audit approach and responsibilities

Internal Audit Objectives and responsibilities

The objective of Internal Audit is to provide independent and objective assurance and a systematic and disciplined approach to evaluating and improving the effectiveness of the EIJB's governance, risk management and control environment.

This is achieved through development of a risk-based internal audit plan which is based on the EIJB's audit universe, strategic objectives and an assessment of risks and emerging issues affecting the EIJB and its partners (where relevant), with input from management, committee members, and other key stakeholders such as the Care Inspectorate and External Audit.

Internal Audit performs audit engagements throughout the year in line with the agreed plan and emerging areas of risk. Internal Audit reports on the findings and observations for each review and where areas of improvement are identified, findings and recommendations are raised, and management agree actions and timescales by which they will address the gaps identified.

It is the responsibility of the EIJB's Chief Audit Executive to provide an independent and objective annual opinion on the adequacy and effectiveness of the EIJB's governance and risk management and control frameworks. The opinion is provided to the Audit and Assurance Committee and should inform the Annual Governance Statement.

Management responsibilities

The presence of an effective internal audit team contributes towards, but is not a substitute for, effective control. It is the responsibility of management to establish adequate internal controls so that the activities are conducted in an efficient and effective manner, in adherence with legislation, policies and procedures, and that assets and records are safeguarded.

It is also management's responsibility to address and rectify the weaknesses identified by Internal Audit via timely implementation of agreed management actions.

Audit and Assurance Committee

In line with the terms of reference the Committee monitors the internal audit plan and reviews all audit and inspection work towards the plan, scrutinises internal audit and external audit reports and monitors governance, risk management and internal control.

Other Assurance Providers

Internal Audit is not the only source of assurance provided to the EIJB. There are several additional assurance sources including: external audit, regulators, and inspectorates, that the Committee should equally consider when forming their view on the adequacy of the EIJB's systems of governance, risk management and control.

4. Summary of work completed

2022/23 EIJB Internal Audit Plan

The 2022/23 Internal Audit Plan was approved by the EIJB Audit and Assurance Committee in September 2022.

Planned and actual audit coverage

Reflecting the continued pressures placed on delivery of health and social care services as they recover from the impacts of the Covid-19 pandemic, the EIJB 2022/23 internal audit plan included a total of 2 engagements as follows:

- **Governance of Directions** - review of governance arrangements for directions to ensure they are associated with EIJB decisions; are revised in response to transformation, service redesign, and financial developments; and partner implementation and performance is monitored.
- **Set aside budget setting and monitoring** – review of established processes including identification of services and their associated costs; underlying budget assumptions; and financial reporting to the IJB on ongoing set aside budget management.

A total of 50 days were planned for delivery of the audit work during 2022/23 with 49 days delivered. One audit was delivered by internal auditors from the Council's internal audit team, and one by the NHSL audit team. The Chief Audit Executive for the EIJB retained oversight and supervision of all work completed including work performed by NHSL auditors.

Alignment to risk management

The annual plan was based on the EIJB risk register as at February 2022, and the plan was designed to provide assurance across the following very high and high rated risks at that time:

- Failure of NHSL and the Council to deliver directions leading to services not aligned to strategic intentions – Very High
- Failure of NHSL and the Council in delivering directions leading to confusion and inefficiency – High
- Failure to deliver delegated services within available budgets leading to a requirement to revise the Strategic Plan - High

Audit management and committee reporting

A further 10 days were used for audit administration including time for the Chief Audit Executive to perform the annual risk assessment and development of the annual plan, preparation of committee reports, the annual report and opinion and attendance at Committees. Training for new Committee members was also delivered during 2022/23.

Follow-up of recommendations

In addition, the plan included follow-up of management's progress with implementing management actions raised in previously completed internal audits.

Circa 100 hours (15 days) were used by Internal Audit to review and validate information and evidence provided by management to support closure of management actions previously raised in internal audits.

5. Audit outcomes and key messages

Outcomes for the two EIJB audits completed during 2022/23 are set out below with the total number of audit recommendations by priority rating. Performance for the previous two years is also provided for comparison.

	Overall Rating	High	Medium	Low	Total
Governance of Directions	Substantial Assurance	-	1	1	2
Set-Aside Budgets	Reasonable Assurance	-	2	-	2
Total 2022/23 – 2 reports 1 substantial assurance, 1 reasonable assurance		-	3 (75%)	1 (25%)	4

Total 2021/22 – 3 reports 1 substantial assurance, 2 reasonable assurance	-	6 (85%)	1 (15%)	7
Total 2020/21 – 3 reports 1 substantial assurance, 2 reasonable assurance	-	4 (80%)	1 (20%)	5

No audit outcomes with limited assurance or high priority findings were reported during 2022/23, a continued trend over the past 3 years. This demonstrates there is sound system of governance, risk management and control in place for the areas audited.

Areas where improvements are required

The following areas of improvement were identified during audit engagements, which, if not adequately addressed may have a medium or low impact on achievement of related EIJB objectives.

Governance of Directions

- Directions Policy and Performance Measurement (medium)
The requirement for detailed and SMART performance measures and monitoring arrangements for each direction should be clearly set out within the policy.
- Issuing and confirmation of receipt of Directions (low)
Directions should be issued timeously (within 4 weeks) with formal acknowledgement is sought from Partners to confirm that issued Directions have been received, understood, and actioned.

Set-aside budgets

- Annual Review of Set-Aside Allocation Across IJBs (medium)
The EIJB should request that NHSL perform an annual exercise to review the allocation of set-aside costs and budgets across the Lothian IJBs, in line with requirements of the Integration Scheme, and should seek assurance that cost and budget allocations for set aside services are being reviewed to ensure that they are reasonable and reflective of patient activity.
- Set-Aside Financial Recovery Reporting (medium)
The EIJB should review NHSL overspend recovery actions to determine if these are appropriate with any action required formally requested, and progress on recovery of overspends should be reported to the board or relevant governance forum.

6. Audit work completed by partner organisations

In addition to the EIJB audit engagements, audits were completed by the Internal Audit functions of the EIJB partner organisations, NHSL and the Council, with audit work in the Council including coverage of the Edinburgh Health and Social Care Partnership. Outcomes of assurance work where control gaps identified have a direct impact core IJB activities, or an indirect impact on ancillary IJB activities form part of the overall governance, risk, and control environment for the EIJB and inform the basis of the EIJB annual opinion.

The tables below provide a summary of the EIJB and Partner audit outcomes, with a details of previous year performance for comparison. The number of audits completed across all three organisations remains aligned to previous years. The number of audits with overall limited assurance has reduced, with reasonable assurance remaining stable and slight increase in the number of audits providing substantial assurance. There has been an increase in the number of findings raised during 2022/23, however the proportion of high and medium rated findings has reduced, and the proportion of low rated findings is increasing.

Full details of audits completed for each partner, outcomes and links to reports are provided in Appendices 1 and 2.

	Audit Outcomes						No of Findings Raised				
	No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance	Total		Critical*	High	Medium	Low	Advisory
EIJB	-	-	1	1	2	-	-	3	1	-	4
City of Edinburgh Council	-	3	4	5	12	-	7	13	14	-	34
NHS Lothian	-	1	7	2	10	-	5	19	16	2	42
Total 2022/23	-	4 (17%)	12 (50%)	8 (33%)	24	-	12 (15%)	35 (44%)	31 (39%)	2 (2%)	80
Total 2021/22	-	5 (21%)	12 (50%)	7 (29%)	24	-	11 (17%)	34 (54%)	17 (27%)	-	63
Total 2020/21	-	5 (18%)	13 (48%)	9 (34%)	27	2 (3%)	22 (29%)	40 (53%)	11 (15%)	-	75

7. Progress with implementation of management actions

A total of 7 management actions were raised across the two EIJB audit reports completed during the year.

Timely and effective implementation of audit actions by management is important to prevent the EIJB being exposed for longer than necessary to the potential risks associated with the control gaps or deficiencies identified in audits.

Performance in progress with implementing management actions are reported quarterly to the Audit and Assurance Committee for scrutiny. Overdue audit actions for the Partnership are also referred to the EIJB Audit and Assurance Committee for review and scrutiny, where relevant.

A total of 23 audit actions raised across 9 previous EIJB audits were closed during 2022/23, and all actions for the following 8 audits are now closed. As a result, impacts resulting from exposure to the risks originally raised these audits are reduced:

- Purchase Budget Management (2017)
- Social Care Commissioning 2017)
- Strategic Planning (2018)
- Capital and Workforce Planning (2020)
- Management Information (2020)
- Covid-19 Strategic Lessons Learned (2021)
- Delivery of Legislative and Statutory Requirements (2021)
- Risk Management and Induction (2021)

In addition, 2 of the 4 management actions raised in the Governance of Directions audit completed in 2022 have been closed on time.

Actions closed due to management's acceptance of risk

A total of 4 actions were closed across 2 audits during the year due to management's acceptance of the risks. All risk acceptances are reported to the Audit and Assurance Committee for scrutiny. Details of the audits where actions were risk accepted are provided below:

Audit	Action	Date closed
Purchase Budget Management	ISF payments	June 2022
	ISF returns	June 2022
	Funding allocation model	August 2022
Covid-19 Strategic Lessons Learned	Long term financial impacts of Covid-19	August 2022

Overdue Management Actions

As at 31 March 2023, there were no EIJB overdue management actions which were passed their original implementation date. This is a reduction of 6 when compared to the closing position for the previous year (2021/22).

Additionally, performance in addressing overdue actions for the Partnership has improved with only one overdue audit action outstanding as at 31 March 2023.

The improved performance is attributable to an increased focus and resource within the EIJB and Partnership to support coordination and implementation of assurance actions including audit actions.

Annual validation review of previously implemented actions

An [annual validation review](#) which assesses ongoing adequacy and effectiveness of a sample of previously implemented actions was performed during 2022/23 across the Council, and included actions for the Partnership.

The audit reviewed a total of 45 actions which had been implemented by management between 1 January 2019 and 31 December 2021. Of the 45 actions reviewed, 43 (96%) were functioning as originally validated or had received reasonable changes to be in line with new circumstances.

Controls weaknesses and resulting improvement were identified in the findings for the remaining two previously completed audit actions which directly impact the EIJB:

- **Quality, governance, and regulation** (actions closed December 2019) – the validation audit highlighted that a review of the approach to quality, assurance and compliance is required to ensure it provides a quality assurance framework which is aligned to the needs of both children’s and adult social work services.
- **Edinburgh Alcohol and Drugs Partnership Contract Management** (actions closed June 2019) – the validation audit highlighted that verification checks to confirm the management information provided by suppliers to evidence meeting their contractual obligations, which is submitted quarterly to the Edinburgh Alcohol and Drugs Partnership (EADP) are needed to ensure these are complete and accurate.

Rebased audit actions – Health and Social Care Partnership

In [March 2023](#), the rebasing of 2 overdue historical actions across 2 Council audits which had longstanding revised future dates was reported to the GRBV Committee to enable a focus on review and scrutiny of new overdue actions or actions where sufficient progress is not being made.

Details of the audits with rebased actions are provided below:

Corporate Resilience (September 2018)
22 of 28 action complete. 1 high actions outstanding relating to review and testing of resilience protocols across directorates including the Health and Social Care Partnership. Staged completion is planned with the final action expected to be complete by 31/03/2025.
Health and Social Care Partnership - Lone Working (July 2020)
17 of 18 actions complete. 1 medium action outstanding to update Lone Working operational procedures and monitoring controls following approval of a business case to support technology investments needed. Date revised to 31/03/2024 to recognise the continued challenges and pressures faced across the HSCP.

8. Consideration of other information and emerging areas of risk

The Care Inspectorate

In 2022, the Care Inspectorate undertook a joint inspection of adult support and protection with a report setting out their findings published in [February 2023](#). The inspection highlighted weaknesses in the following areas in the Health and Social care partnership: requests for capacity assessments, case related chronologies, quality of case conferences, quality assurance activity, social work workforce capacity and consistency of support and protection for all people when required.

During 2022/23, the Care Inspectorate undertook a further inspection of adult social work and social work services delegated by the Council to the Health and Social Care Partnership. The outcomes were reported in [March 2023](#) and highlighted improvements were needed across the following areas:

- design, implementation, and oversight of key processes
- approaches to early intervention and prevention
- implementation of Self-directed Support
- support for unpaid carers
- strategic leadership and management oversight of key processes
- embedding approaches to self-evaluation for improvement and quality assurance.

Improvement plans in response to the Care Inspectorate recommendations have been developed and progress will be reported to relevant the EIJB and partner Committees. Internal Audit will monitor progress of the actions via Committee reporting and where necessary may undertake additional work to verify completion of actions.

It is noted that many of the areas of improvement highlighted by the Care Inspectorate are aligned to some of the findings and observations highlighted by Internal Audit across Council and Partnership audits such as policy and procedure management, data management, quality assurance, capacity planning and management oversight.

Financial challenges and governance

The EIJB continued to face significant financial challenges during 2022/23 with a continued reliance on one-off measures to achieve financial balance. The EIJB recognises the need to develop a sustainable plan which moves away from delivery of single year savings to a medium term financial strategy which aims to deliver improved care and financial benefits and is linked to strategic change, service redesign and operational efficiencies. The strategy will also link to the Care Inspectorate improvement plans and focus on improved performance and better outcomes as well as financial benefits.

During 2022/23, governance concerns relating to the EIJB bed based review and handling of, and reporting on Drumbrae Care Home were raised by the Council. A number of reports including a full timeline of decisions were subsequently provided to Full Council and the GRBV Committee. The EIJB is currently undertaking a strategic commissioning exercise on older people's bed services.

Internal Audit priorities for 2023/24 will focus on providing assurance across these areas with EIJB audits considering: hosted services, workforce optimisation, and the innovation and sustainability programme (with specific focus on the bed based review and community mobilisation projects).

In addition, a focused audit of financial sustainability for the Health and Social Care Partnership will be performed during 2023/24.

9. Internal Audit Function

Internal Audit Structure

Internal Audits for the EIJB are delivered by the Internal Audit functions of the EIJB's partners (the Council and NHSL). Typically, the Council completes two audits, while NHSL completes one. The Chief Audit Executive role for the EIJB is fulfilled by the Council's Head of Internal Audit (with a secondment agreement in place). All audit work completed for the EIJB is reviewed by the Chief Audit Executive whether performed by the Council or NHSL.

The Chief Audit Executive also completes the risk assessment process to support the annual plan, attends the Audit and Assurance Committee regularly and prepares the annual report and opinion.

Learning and development

In line with audit Standard 1240, all practicing internal auditors are required to maintain their skills, knowledge, and other competencies through continuing professional development. In August 2022, the general approach to learning and development across the Council audit team was reviewed, and targeted learning provided across several areas including technology auditing, fraud awareness and investigation techniques, supply chain, resilience, and quality improvement.

Revised audit processes

In August 2022, the Council's Internal Audit implemented several changes to internal audit processes with an aim of streamlining these and enabling efficiencies to support timely audit delivery. This included:

- streamlined audit methodology
- revised approach to scoping audits and developing terms of reference to ensure a focus on key risks and controls
- new audit reporting format including one page executive summary
- streamlined management and Committee reporting
- development and roll out of colleague wide controls training
- dedicated [Orb pages](#) providing key information on the audit process
- publishing Council audit reports on the [Council website](#)
- revision to the audit journey map and key performance indicators to support timely delivery while recognising capacity challenges across services.

10. Conformance with Public Sector Internal Audit Standards

Independence and limitations of scope

In line with PSIAS, Internal Audit must be independent, and all internal auditors must be objective in performing their work. To ensure conformance with these requirements, Internal Audit has established processes to ensure that both team and individual independence is consistently maintained and that any potential conflicts of interest are effectively managed.

We do not consider that we have faced any impairments to our independence during 2022/23, nor do we consider that we have faced any scope or resource limitations when completing our work.

Quality Assurance and Improvement Programme

Ongoing reviews to ensure quality on an audit by audit basis are in place. This includes Chief Audit Executive review and sign-off of planning and reporting for all audit work, and ongoing supervision and review of fieldwork throughout by a manager.

Periodic assessments are conducted through self-assessments and Internal Quality Assessments (IQA) on an annual basis. An IQA which reviewed the quality of completed audits, and a self-assessment of PSIAS compliance was performed during 2022/23, led by a Principal Audit Manager and supported by a Senior Auditor.

The assessment team concluded that IA complied with PSIAS requirements during the period 1 April 2022 to 31 March 2023. Several minor improvements were identified, mainly linked to efficiency and workflow. These will be mitigated through implementation and ongoing development of the new audit system implemented in May 2023.

External Quality Assessments

An External Quality Assessment (EQA) should be completed every five years. In 2021/22, an EQA was performed by the Chartered Institute of Internal Auditors (IIA) and the results reported to Committee in December 2022.

The EQA concluded that overall, the Council's Internal Audit function generally conforms with the PSIAS. Two recommendations were made by the IIA to address partial conformance with standards. The recommendations and progress as at 31 March 2023 are set out below:

- 1) undertaking a review of the methodology for development of the audit plan to ensure a focused risk-based approach. **Complete** - the internal audit methodology was reviewed to ensure a more focused risk-based approach. The plan is now reviewed on a quarterly basis to ensure it remains aligned to business critical risks.
- 2) consideration of other assurance sources that Internal Audit can place reliance on such as second line governance activity. **Partially complete** – an initial mapping exercise was undertaken to inform the 2023/24 plan. Further work in conjunction with the newly established Governance and Assurance team will be undertaken and an assurance map developed to inform the 2024/25 audit plan.

The EQA also identified a series of continuous improvement opportunities and suggestions to support the future development of the function. During 2022/23 Internal Audit implemented a range of improvement actions to take forward these opportunities which were reported to Committee in December 2022 and March 2023.

Appendix 1 – 2022/23 City of Edinburgh Council audits impacting the EIJB

			Findings Raised				
		Impact	Overall Report Outcome	High	Med	Low	Total
1.	Transitions for Young Adults with a Disability from Children’s Services to Adult Social Care (HSCP)	Direct	Reasonable Assurance	0	3	1	4
2.	Sensory Loss Support Services (HSCP)	Direct	Limited Assurance	2	3	0	5
3.	Council Emissions Reduction Plan (audit closed)	Indirect	Substantial Assurance	0	1	0	1
4.	Application Technology Controls – SWIFT	Indirect	Limited Assurance	1	0	0	1
5.	CGI Security Operations Centre (confidential report)	Indirect	Limited Assurance	2	1	1	4
6.	CGI Technology Risk Management	Indirect	Reasonable Assurance	1	1	1	3
7.	CGI Enterprise Architecture	Indirect	Substantial Assurance	0	0	3	3
8.	Records Management and Statutory Requests (audit closed)	Indirect	Substantial Assurance	0	1	3	4
9.	Induction and Ongoing Learning for Elected Members	Indirect	Substantial Assurance	0	0	2	2
10.	Role Specific Learning and Development for Council Officers	Direct	Reasonable Assurance	0	2	2	4
11.	Insurance Services	Indirect	Substantial Assurance	0	0	1	1
12.	Annual Validation Review	Direct	Reasonable Assurance	1	1	0	2
Total 2022/23 – 12 reports (3 (25%) Limited Assurance; 4 (33%) Reasonable Assurance; 5 (42%) Substantial Assurance)				7 (20%)	13 (38%)	14 (42%)	34
Total 2021/22 – 12 reports (3 (25%) Significant Improvement Required); 4 (42%) Some Improvement Required; 4 (33%) Effective)				6 (21%)	17 (58%)	6 (21%)	29
Total 2020/21 – 16 reports (3 (19%) Significant Improvement Required; 9 (56%) Some Improvement Required; 4 (25%) Effective)				7 (19%)	23 (64%)	6 (17%)	36

Appendix 2 – 2022/23 NHS Lothian audits impacting the EIJB

		Impact	Overall Report Outcome	Findings Raised					Total
				Critical *	High	Med	Low	Advisory	
1.	Property Transaction Monitoring	Indirect	Moderate Assurance		-	1	-	-	1
2.	Freedom of Information Requests	Indirect	Moderate Assurance		3	2	-	1	6
3.	Critical Infrastructure Systems – Ventilation	Direct	Limited Assurance		2	5	1	-	8
4.	Core Financial Controls - Budgeting	Direct	Significant Assurance		-	-	2	-	2
5.	Use of Bank Staff and Agency Staff	Direct	Moderate Assurance		-	4	4	-	8
6.	Information Sharing	Indirect	Moderate Assurance		-	-	4	-	4
7.	Remobilisation and Recovery of Scheduled Care	Direct	Moderate Assurance		-	2	4	-	6
8.	Compliance with Whistleblowing Policies and Procedures	Indirect	Moderate Assurance		-	1	-	-	1
9.	Information Security	Indirect	Moderate Assurance		-	4	1	-	5
10.	Statutory and Mandatory Training	Direct	Significant Assurance		-	-	-	1	1
Total 2022/23 – 10 reports 1 (10%) limited assurance, 7 (70%) moderate assurance, 2 (20%) significant assurance				-	5 (12%)	19 (45%)	16 (38%)	2 (5%)	42
Total 2021/22 – 9 reports 2 (22%) limited assurance, 4 (44%) moderate assurance, 3 (34%) significant assurance				-	4 (15%)	12 (46%)	10 (39%)	-	26
Total 2020/21 – 8 reports 2 (25%) limited assurance; 2 (25%) moderate assurance; 4 (50%) significant assurance				2 (6%)	15 (44%)	13 (38%)	4 (12%)	-	34

* 'critical' ratings are no longer applied to NHS Lothian reports which effect from 2021/22 audit reports onwards

Appendix 3 – Overall Assurance and Priority Definitions

EIJB /CEC Overall Assurance Ratings	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of EIJB objectives.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of EIJB objectives.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of EIJB objectives.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of EIJB objectives.

EIJB /CEC Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

NHS Lothian Assurance Ratings	
Significant Assurance The Board can take reasonable assurance that the system(s) of control achieves or will achieve the control objective. There may be an insignificant amount of residual risk or none at all.	Moderate Assurance The Board can take reasonable assurance that controls upon which the organisation relies to achieve the control objective are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk.
Limited Assurance The Board can take some assurance from the systems of control in place to achieve the control objective, but there remains a significant amount of residual risk which requires action to be taken.	No Assurance The Board cannot take any assurance from the audit findings. There remains a significant amount of residual risk.