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**Report To:** Inverclyde Integration Joint Board      **Date:** 29 November 2021

**Report By:** Allen Stevenson  
Interim Corporate Director  
(Chief Officer)  
Inverclyde Health & Social  
Care Partnership      **Report No:** IJB/56/2021/CG

**Contact Officer:** Craig Given      **Contact No:** 01475 715381

**Subject:** **ANNUAL REPORT TO THE IJB AND THE CONTROLLER OF  
AUDIT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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## **1.0 PURPOSE**

1.1 The purpose of this report is to present the Annual Report and Auditors' letter to Integration Joint Board (IJB) Members for the financial year ended 31 March 2021 which has been prepared by the IJB's external auditors, Audit Scotland. A representative from Audit Scotland will be at the meeting to present the report.

## **2.0 SUMMARY**

2.1 It is a statutory requirement of the accounts closure process that the IJB receives a letter (ISA260) from the appointed External Auditors highlighting the main matters arising in respect of prior years accounts.

2.2 There are a number of key appendices to the report:

- The Annual Report to the IJB from External Audit is attached at Appendix 1.
- The letter of representation from the Chief Financial Officer enclosed at Appendix 2.
- A copy of the final 2020/21 Annual Accounts is also attached at Appendix 3.

## **3.0 RECOMMENDATION**

3.1 The Integration Joint Board is asked to:

1. Consider the contents of the Annual Report to the IJB and Controller of Audit for the Financial Year ending 31 March 2021.
2. Authorise the Chair, Chief Officer and Chief Financial Officer to accept and sign the final 2020/21 Accounts on behalf of the IJB.
3. Consider the Letter of Representation contained within Appendix 2 and approve the signing of this by the Chief Financial Officer.

**Allen Stevenson**  
Interim Chief Officer

**Craig Given**  
Chief Finance Officer

## 4.0 BACKGROUND

- 4.1 All IJBs are required to submit draft accounts by 30 June each year with final, Audited Accounts required by 30 November.
- 4.2 It is a statutory requirement of the accounts closure process that the IJB receives a letter from the appointed External Auditors highlighting the main matters arising in respect of the prior year accounts. This letter, (ISA260), has been incorporated into the enclosed Annual Report to the IJB.
- 4.3 The IJB's External Auditors, Audit Scotland, have carried out the audit and the main matters arising are presented in their enclosed ISA 260 document. All relevant changes resulting from the ISA 260 have been reflected in the IJB's final Audited Accounts which are also attached, in Appendix 2.
- 4.4 The information provided to the IJB is the culmination of a significant amount of work by Officers and External Auditors who worked closely together to ensure the audit process has been as efficient as possible. The accounts closure process and subsequent audit have produced a high quality Annual Accounts. This is a testament to the significant work by Officers and their positive working relationship with Audit Scotland.

## 5.0 MAIN AREAS TO HIGHLIGHT

- 5.1 There are a number of key appendices to this report:
- The Annual Report to the IJB from External Audit is attached at Appendix 1.
  - The letter to the Audit Committee, draft Audit Certificate and draft letter of representation from the Chief Financial Officer is enclosed at Appendix 2. The letter of representation provides External Auditors with assurance regarding some of the key accounting requirements and assumptions utilised when closing the 2020/21 Accounts. From this letter, the IJB's External Auditors can arrive at a view when expressing an opinion as to whether the financial statement presented a true and fair view of the financial position of the Inverclyde IJB at 31 March 2021.
  - A copy of the final 2020/21 Annual Accounts is also attached at Appendix 3.
- 5.2 In respect of the Annual Accounts, it has been confirmed that the IJB has received an unqualified opinion on the financial statements for the financial year ended 31 March 2021 and that there are no unadjusted differences to report. Both these are very welcome and significant achievements.
- 5.3 Some minor presentational changes from the draft accounts were identified during the course of the audit and have been actioned.

## 6.0 DIRECTIONS

6.1	<b>Direction Required to Council, Health Board or Both</b>	Direction to:	
		1. No Direction Required	X
		2. Inverclyde Council	
		3. NHS Greater Glasgow & Clyde (GG&C)	
		4. Inverclyde Council and NHS GG&C	

## 7.0 IMPLICATIONS

### FINANCE

- 7.1 There are no direct financial implications within this report.

One off Costs – additional costs as outlined in this report

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From	Other Comments
N/A					

## LEGAL

7.2 There are no specific legal implications arising from this report.

## HUMAN RESOURCES

7.3 There are no specific human resources implications arising from this report.

## EQUALITIES

7.4 There are no equality issues within this report.

7.4.1 Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.4.2 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None

Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None
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## 7.5 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

## 7.6 NATIONAL WELLBEING OUTCOMES

How does this report support delivery of the National Wellbeing Outcomes  
There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

## 8.0 CONSULTATION

- 8.1 This report has been prepared by the Chief Financial Officer of the IJB after due consultation with External Audit and the Chief Officer and input from the Finance teams of the Health Board and Inverclyde Council together with the Director of Finance for Greater Glasgow & Clyde NHS and the Chief Finance Officer for Inverclyde Council.

# Inverclyde Integration Joint Board

2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Inverclyde Integration Joint Board and the Controller of Audit

November 2021

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# Key messages

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## 2020/21 annual report and accounts

- 1 Our audit opinions on the annual accounts of the IJB are unmodified.
- 2 The Covid-19 pandemic had an impact on the timing of assurances provided by partner bodies
- 3 An error in the set-aside amount of £4 million has been corrected in the audited accounts. There is no net effect on the outturn as this is fully funded by NHS GG&C

## Financial management and sustainability

- 4 The IJB budget is generally delayed by NHS GG&C though indicative budgets are agreed
- 5 Additional funding and an underspend on core activities resulted in a surplus of £6.5 million in 2020/21, with the majority of savings delivered.
- 6 A £0.5 million overspend is currently forecast for 2021/22 with additional Covid-19 costs fully funded.
- 7 The IJB has a medium-term financial plan

## Governance, Transparency and Best Value

- 8 There was a rapid response to the pandemic and Strategic Plan priorities have been revised.
- 9 Management changes in the IJB have been significant.
- 10 Review of the integration scheme has been delayed.

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# Introduction

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1. This report summarises the findings from our 2020/21 audit of Inverclyde Integration Joint Board (the IJB).
2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit and Risk Committee meeting on 22 January 2021. This report comprises the findings from:
  - an audit of the IJB's 2020/21 annual accounts
  - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#).
3. The global coronavirus pandemic has had a considerable impact on the IJB and its partner bodies during 2020/21. This has had significant implications for the way services have been provided with increased costs and unachieved savings due to delayed efficiency and redesign initiatives. There has been significant additional funding provided by the Scottish Government and additional contributions to the IJB budget by NHS Greater Glasgow and Clyde (NHSGGC) towards the end of the year.

## Adding value through the audit

4. We aim to add value to the IJB, through our audit, by:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations
  - sharing intelligence and good practice through our national reports (Appendix 3) and good practice guides
  - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

## Responsibilities and reporting

5. The IJB 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. The IJB is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
6. As public sector auditors, we give independent opinions on the annual accounts. Additionally, we conclude on the appropriateness and effectiveness of the performance management arrangements, the suitability and effectiveness of



corporate governance arrangements, and the financial position and arrangements for securing financial sustainability.

**7.** Our responsibilities, as independent auditors appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice including supplementary guidance, and International Standards on Auditing in the UK.

**8.** Further details of the respective responsibilities of management and the auditor can be found in the Code of Audit Practice and supplementary guidance.

**9.** This report raises matters from our audit. 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.

**10.** Our Annual Audit Report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers, and dates for implementation. It also includes outstanding actions from last year and progress against these.

## Auditor Independence

**11.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

**12.** 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 and therefore the 2020/21 audit fee of £27,330, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**13.** This report is addressed to both the IJB and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course. We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

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# 1. Audit of annual accounts

The principal means of accounting for the stewardship of the resources and performance

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## Key messages

Our audit opinions on the annual accounts of the IJB are unmodified.

The Covid-19 pandemic had an impact on the timing of assurances provided by partner bodies.

An error in the set-aside amount of £4 million has been corrected in the audited accounts. There is no net effect on the outturn as this is fully funded by NHSGG&C.

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## Our audit opinions on the annual accounts are unmodified

**14.** The annual accounts for the year ended 31 March 2021 were approved by the IJB on 29 November 2021. 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, Management Commentary, and Annual Governance Statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

## The Covid-19 pandemic had an impact on the timing of assurances provided by partner bodies

**15.** The completeness and accuracy of accounting records and the extent of information and explanations that we required for our audit were affected by the Covid-19 pandemic. In particular, partner bodies' auditors provided assurances later, due to delays in those audits.

**16.** We received a good level of support from the finance staff of the IJB and its constituent bodies during our audit.

## Overall materiality is £2 million

**17.** The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement in the annual report and accounts.

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

## Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£2 million
Performance materiality	£1.5 million
Reporting threshold	£60,000

## Appendix 2 identifies the main risks of material misstatement and our audit work to address these

19. [Appendix 2](#) provides our assessment of risks of material misstatement in the annual accounts and any wider audit dimension risks. It also identifies the work we undertook to address these risks and our conclusions from this work.

## We have one significant finding to report on the annual accounts

20. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of Inverclyde IJB's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. The significant findings on the annual accounts are summarised in [Exhibit 2](#).

## Exhibit 2 Significant findings from the audit of the financial statements

Issue	Resolution
<p><b>1. Set aside</b></p> <p>There was an error in the Set Aside calculation for both 20/21 and 19/20. The error arose because incorrect figures for Inverclyde HSCP bed days were used in the calculation by NHSGGC. The expenditure is matched by an equivalent funding contribution so there is no net impact on the IJB's outturn or on accumulated reserves and NHS GGC is responsible for managing any overspends on the set-aside budget.</p>	<p>The audited accounts were amended to reflect the correct set aside. To reflect this correction the IJB has:</p> <ul style="list-style-type: none"> <li>• Restated 2019/20 from £23.635m to £28.389m</li> <li>• Corrected 2020/21 from £28.177m to £32.276m</li> </ul> <p>We received assurances from the auditor of NHS Greater Glasgow and Clyde that the set aside figures in the</p>

Issue	Resolution
	IJB accounts had been reviewed for the purposes of the NHSGGC audit and confirmed that they agreed to the corresponding amounts in the NHSGGC financial statements.

## Identified misstatements of £4.5 million were adjusted in the annual accounts

**21.** Total misstatements identified were £4.5 million. We have reviewed the nature and causes of these misstatements and have concluded that they arose from issues that have been isolated and identified in their entirety and do not indicate further systematic error. One error related to set aside (see [Exhibit 2](#)) which does not indicate wider issues in the accounts. We have confirmed the revised approach and values with NHS GG&C auditors and did not require to undertake further audit procedures.

**22.** The other error related to the £500 bonus payment to social care workers. This was incorrectly included in 2020/21. We have confirmed the revised treatment with the Inverclyde Council auditors. It did not indicate wider issues and no further audit procedures were required.

## Limited progress was made on prior year recommendations

**23.** The IJB has made limited progress in implementing our prior year audit recommendations. Two out of five recommendations have been implemented. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

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## 2. Financial management and sustainability

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively

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### Key messages

The IJB budget is generally delayed by NHS GG&C though indicative budgets are agreed

Additional funding and an underspend on core activities resulted in a surplus of £6.5 million in 2020/21, with the majority of savings delivered.

A £0.5 million overspend is currently forecast for 2021/22 with additional Covid-19 costs fully funded.

Set Aside has not been working well and an Unscheduled Care Improvement Programme is being developed to address this

The IJB has a medium-term financial plan

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### **The IJB did not approve its 2020/21 budget until NHSGG&C financial plan was approved, but an indicative budget was agreed in March 2020**

**24.** The 2020/21 budget was not formally approved before the financial year due to funding from NHSGGC not being confirmed until their 2020/21 financial plan had been finalised. Delegated authority was provided to the Chief Officer to accept the funding offers outlined in the indicative budget from both the Council and Health Board. The budget was set at £168 million with agreed savings of £1 million. This was broadly in line with the indicative budget agreed in March 2020.

### **Additional funding and an underspend on core activities, resulted in a surplus of £6.5 million in 2020/21**

**25.** The IJB received £10.7 million of additional funding for Covid-19, of which £3.3 million is unspent and has been carried forward in earmarked reserves.

**26.** The IJB also underspent on core activities by £3.2 million contributing to the total surplus of £6.5 million in the year. The majority of this was in Health services where there has been a delay in filling vacancies, leading to non-recurrent savings, as well as Alcohol and Drugs Partnership funding received but unspent at the year end.

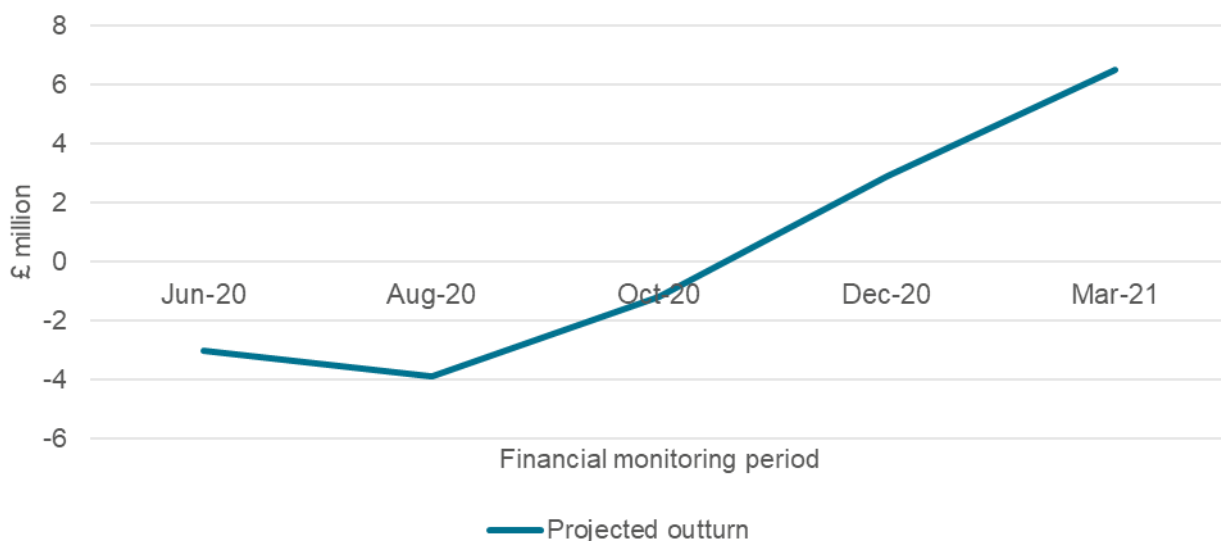
**27.** Savings of £0.97 million (97 per cent) were delivered.

### The outturn underspend developed through the year and as additional Covid funding was awarded

**28.** The projected underspend increased during the year as further Covid funding was confirmed ([Exhibit 3](#)). £6.9 million of Covid funding had been confirmed by the October report, with the remaining £3.8 million confirmed thereafter.

#### Exhibit 3

##### Reporting of the projected year-end outturn 2020/21



Source: Inverclyde IJB Monitoring reports

### In 2021/22, NHS GG&C has delayed the finalisation of the IJB budget

**29.** The IJB had not finalised its budget before the start of 2021/22 due to delays in the NHS confirming the formal funding offer. However, an indicative budget was agreed with additional savings of £0.6 million.

**30.** In March 2021, the IJB approved an indicative budget of £175 million. The funding offer from the Health Board is anticipated to be in-line with the interim budget offer made in March. However, a revised offer following the finalised 2020/21 outturn has not yet been confirmed.

**31.** The indicative budget includes estimated cost pressures of £2.3 million in Social Care and £1.3 million in Health Care. These pressures are to be met by increased funding and efficiency proposals from the council (£2.3 million), health funding uplift of 1.5% for all recurring budgets and assumed (non-recurrent) staffing turnover of £0.4 million.

### **A £0.5 million core overspend is forecast for 2021/22 with additional Covid-19 costs fully funded**

**32.** The financial monitoring report to the end of August 2021 is forecasting a £0.5 million overspend on core activities for 2021/22. The Local Mobilisation Plan for the first quarter of 2021/22 identifies covid-19 costs of £6.6 million (£5.3m Social Care and £1.3m Health). The IJB expects these costs to be fully funded from a combination of Scottish Government funding and the existing £2.9 million Covid-19 Earmarked Reserve carried forward from last year.

### **Total reserves are £15 million, with most of this earmarked**

**33.** During 2020/21, £4.4 million of Earmarked Reserves were used and an additional £10.9 million was transferred in. No balances from the General Reserve were used meaning a net increase of £6.5 million in reserves over the year. This has resulted in an overall accumulated reserves balance of £14.9 million.

**34.** Several new earmarked reserves were created in 2020/21 for Covid-19 and existing projects and commitments. The reserve balance includes £0.7 million (0.5% of net expenditure) in unearmarked reserves to meet unforeseen contingencies.

### **Set Aside has not been working well and an Unscheduled Care Improvement Programme is being developed to address this**

**35.** The 2018 Scottish Parliament report, “Looking ahead to the Scottish Government - Health Budget 2019-20: Is the budget delivering the desired outcomes for health and social care in Scotland?”, concluded that the set aside budget is, generally, not operating as intended. Significantly, the report highlights that there is a disconnect between how the set aside budget should operate in principle compared with how it is operating in practice meaning that this mechanism for shifting the balance of care is not being utilised effectively.

**36.** A draft Unscheduled Care Commissioning Plan was presented to the board in June 2020 which included the development of a financial framework for the six IJB’s within NHS GG&C. An update report by the Chief Officer to the Board in September 2021 noted that since publication of the original draft, uncheduled care services have changed as a result of the pandemic, including a national redesign of urgent care.

**37.** A refreshed NHS GG&C Unscheduled Care Improvement Programme is currently being prepared which will include a financial framework to support the release of resources to primary care and community services.

## **The IJB has a medium-term financial plan**

**38.** An updated Financial Plan 2021/22 to 2025/26 was agreed by the Board in March 2021 which aligns to the five-year Strategic Plan.

**39.** A detailed analysis of costs and demands is included and scenario planning (looking at a range of options around each assumption to establish best case, worst case, and probable outcomes). Taking into account costs, demands and estimated changes to funding using the five-year outlook for the Scottish budget, the Financial Plan estimates a funding shortfall of £7.3 million over the period 2021/22 to 2025/26. The medium-term financial plan has been updated to take into account the anticipated continued impact of Covid-19.

**40.** The IJB is required to make efficiency savings to maintain financial balance. The five-year financial plan includes savings targets of £2.6 million in 2022/23 and £7.3 million cumulative savings by 2025/26. Savings options are being developed for 2022/23 to address this.

## **The host bodies have sound systems of internal control**

**41.** The IJB does not have any financial systems of its own, instead it relies upon the financial systems of the host bodies to record all transactions.

**42.** As part of our audit approach, we sought assurances from the external auditor of NHS GGC and Inverclyde Council (in accordance with ISA 402) and confirmed there were no significant weaknesses in the systems of internal controls for both the health board and the Council.

## **The host bodies have sound arrangements for the prevention and detection of fraud and error**

**43.** The IJB uses the financial systems of Inverclyde Council and NHS Greater Glasgow and Clyde (NHS GGC) and so arrangements for the prevention and detection of fraud, bribery, and corruption in respect of the financial systems is the responsibility of these organisations. We have received assurances from the auditors of NHS GGC and Inverclyde Council (in accordance with ISA 402) that there are no issues of concern.

## **Additional funding from the UK-wide health and social care tax will be available from 2022/23**

**44.** The UK government has recently announced the introduction of health and social care tax from 2022/23 which will be raised initially from an increase in national insurance contributions.

**45.** According to the announcement the new tax should result in an additional £1.1 billion of funding for Scotland. Whilst the distribution of this funding has yet to be decided, the Cabinet Secretary for Health and Social Care has indicated that it will be passported to health and social care.



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# 3. Governance, transparency, and Best Value

The effectiveness of scrutiny and oversight and transparent reporting of information. Using resources effectively and continually improving services.

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## Key messages

Good governance arrangements have been maintained.

There was a rapid response to the pandemic and Strategic Plan priorities have been revised.

Management changes in the IJB have been significant.

Review of the integration scheme has been delayed.

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## Good governance arrangements have been maintained

**46.** Inverclyde IJB made changes to its governance arrangements in response to the pandemic. The IJB approved and initiated temporary decision-making arrangements. The temporary arrangements have remained in place throughout the year and have been subject to ongoing review. Under these arrangements, authority is delegated, if required to meet immediate operational demand, to the Chief Officer and the Chief Financial Officer in consultation with the Chair and Vice Chair of the IJB.

## There was a rapid response to the pandemic

**47.** The health and social care partnership engaged with the Scottish Government and produced a local mobilisation plan in March 2020. The Plan included cost estimates for purchase of additional care home beds, additional staffing, and additional equipment. Emergency, complex, and critical support continued to be delivered across all key areas.

**48.** The HSCP moved from a normal operating model to service hubs in response to the combined increased demand for services and decrease in availability of staff to provide those services. Some areas of service were impacted. A number of Day services, for example, were suspended and affected staff redeployed.

## **Management changes in the IJB have been significant**

**49.** The IJB's previous Chief Officer took up the post of Chief Executive of Inverclyde Council in September 2021. An interim Chief Officer was appointed from 31 August 2021 pending the appointment of a permanent successor.

**50.** The Chief Financial Officer also departed the IJB in March 2021 and an Interim CFO was appointed in May 2021 to cover the period until a replacement was permanently recruited. The new CFO took up post on 12 July 2021.

## **Review of the Integration Scheme continues to be delayed**

**51.** We reported last year that the Covid-19 pandemic led to approval of the updated Integration Scheme being delayed and the existing scheme has been rolled forward into 2020/21.

**52.** Currently a legislative issue is being resolved by Scottish Government. Once this is resolved it is anticipated that the six IJBs (associated with NHS Glasgow and Clyde) with their Council and Health Board Partners will be able to approve and submit the updated Integration Schemes to Scottish Government. This matter has been disclosed in the Governance Statement in the IJB's annual accounts.

## **The social care finance function was transferred from the Council to IJB**

**53.** In February 2019, the Ministerial Strategic Group for health and community care published 'a review of progress with the integration of health and social care'. The report made 25 recommendations, and this included that each partnership area moves to a model where both the strategic and operational finance functions are undertaken by the IJB S95 officer and that these functions are sufficiently resourced to provide effective financial support to the Chief Officer and the IJB.

**54.** Inverclyde has opted to transfer the council social care finance staff to the IJB so that the line management and day to day operational activity fall within the remit of the IJB chief finance officer.

## **Strategic Plan priorities have been revised**

**55.** The Strategic Plan (2019-24) and Big 6 Actions outlined the commitments of the HSCP to achieve a programme of transformational change and how this would be delivered.

**56.** Due to the pandemic, officers within the HSCP reviewed the existing Strategic Plan priorities and agreed a revised priority list to reflect new Covid 19 related themes; the need for recovery and to reflect the deliverability of existing priorities in the midst of a pandemic. Twenty-nine key priorities were identified for 20/21 and beyond, agreed by the Strategic Planning Group, which covered a number of new priorities.

**57.** The Year 2 Strategic Plan Report identifies progress against these 29 key priorities (now referred to as the HSCP Transition Strategic Plan) mapped against each of the Big 6 Actions.

**58.** Progress will continue to be monitored against this Transition Strategic Plan throughout 2021/22 with quarterly reporting to the Strategic Planning Group.

### **Formal review of Best Value is now undertaken annually**

**59.** We recommended last year that the IJB should formally agree a mechanism for undertaking a periodic and evidenced formal review of how it is achieving best value to be reported through the Annual Performance Report. In response, officers agreed that the IJB's Best Value Statement would now be reported to the Audit Committee to ensure full oversight and governance is in place.

**60.** The 2020/21 Best Value Statement was reviewed and agreed at the IJB meeting on 29 March 2021 with review to be undertaken annually thereafter. The statement considers Inverclyde's position in relation to 10 key Audit Scotland Best Value prompts. Based on this and appropriate reliance on the Best Value arrangements in the Council and Health Board, no additional action was required by the IJB at this time over and above the actions already taking place as detailed in the statement.

### **The IJB has an agreed performance management framework and performance relative to others is good**

**61.** Regular performance information is produced for the board and its committees. Ad hoc reports are also brought on areas of service delivery where improvements are needed. An annual performance report is published and the report for 2020/21 was submitted to the Board in September 2021.

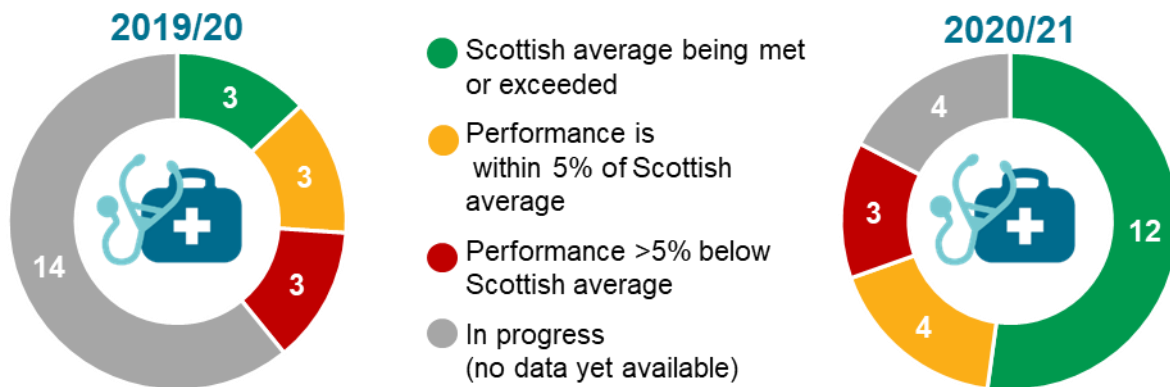
**62.** The core suite of integration indicators was published by the Scottish Government in July 2021. Although these are the latest indicators, they do not all relate to 2020/21 with survey results for example relating to 2019/20. Inverclyde's performance compared to the Scottish average has improved with only three indicators more than 5% below average and twelve at or above average ([Exhibit 4](#)).

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## **Exhibit 4**

### **Performance against core suite of integration indicators**

## Comparative performance on data indicators in 2020/21



Source: Inverclyde IJB Performance Report September 2021

**63.** The three indicators where Inverclyde are more than 5% below the Scottish average are: 'Premature mortality rate per 100,000 persons'; 'Emergency admission rate (per 100,000 population)'; and 'Emergency bed day rate (per 100,000 population)'.

**64.** However, 12 indicators (50%) where the Scottish average is being met or exceeded shows a strong performance overall and performance on delayed discharges is significantly better than the Scottish average.

### Locality Action Plans have been developed

**65.** Locality planning is being adopted by Inverclyde Alliance, the area's Community Planning Partnership and Inverclyde Health and Social Care Partnership. It aims to empower communities by strengthening their voices in decisions about public services.

**66.** At the beginning of 2020 the Alliance set up Communication and Engagement Groups in each of the six localities and held a number of face-to-face meetings and events. Due to the pandemic, they were unable to continue with face-to-face meetings and instead developed alternative ways of communicating and engaging with communities during 2020/21 such as Facebook, online meetings and listening events.

**67.** A Locality Action Plan has been developed for each of the six localities.

### Locality Planning Groups aim to develop further in 2020/21

**68.** The Alliance plans to work with the Communication and Engagement Groups to increase membership and support the community members of the groups. It intends to provide training and support on digital engagement and to work with the groups to take action to tackle the issues that they want to prioritise.

**69.** To date, two Locality Planning Groups have been established (Port Glasgow and Inverkip & Wemyss Bay) and last met in September 2021 with meetings scheduled quarterly.

**70.** By June 2022, an evaluation of these two groups will take place and decision made by October 2022 as to whether to extend to the other four areas (as per the current model) or consider a streamlined approach of establishing two LPGs covering East and West Inverclyde with the six CEGs continuing to meet regularly.

### **Consultation on a national care service for Scotland has closed**

**71.** Following an independent review of adult social care services, published in February 2021, the Scottish Government has started a period of consultation on the introduction of a national care service. Consultation includes proposals for reformed IJBs and the introduction of Community Health and Social Care Boards with wider responsibilities which would report to Scottish Minister and be funded directly from the Scottish Government.

**72.** The Scottish Government's consultation was launched on 9 August 2021 and closed on 2 November 2021. Inverclyde Council's response to the consultation was agreed by the Council on 28 October 2021. The Council's response notes that there is a need for some change but believe that the current model of delivery requires time to embed and be fully resourced with the required multiyear funding and staffing to deliver.

### **National performance audit reports**

**73.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21 we published some reports which may be of direct interest to the IJB as outlined in [Appendix 3](#).

**74.** During the year Audit Scotland also published a [guide for Audit and Risk Committees on COVID-19](#). Internal audit used this guide to facilitate a review of governance arrangements during the pandemic.

# Appendix 1

## Action plan 2020/21

### 2020/21 recommendations

There are no current year recommendations

### Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<b>1 Financial Plan</b>	Management should ensure that the financial plan is updated to account for the significant impact of Covid-19 on financial sustainability.	<p><b>Complete.</b></p> <p>The medium-term financial plan has been updated to take into account the anticipated continued impact of Covid-19.</p>
<b>2 Savings proposals</b>	Efficiency savings plans and proposals should continue to be developed to meet anticipated savings targets	<p><b>Outstanding</b></p> <p>Work is underway to develop savings / spend to save proposals based on estimated funding positions. In line with previous years this will be firmed up once Scottish Government public sector budgets are confirmed in December and will go to the IJB for consideration and approval between Feb and March 2022.</p> <p>Chief Financial Officer</p> <p>By 31 March 2022</p>
<b>3 Integration Scheme Review</b>	The updated Integration Scheme should be approved and submitted to the Scottish Government as soon as practicable.	<p><b>In progress</b></p> <p>Currently a legislative issue is being resolved by Scottish Government. Once this is resolved it is anticipated that the six IJBs (associated with NHS Glasgow and Clyde) with their Council and Health Board Partners will be able to approve and submit the updated</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>Integration Schemes to Scottish Government.</p> <p>This is currently being updated and will be revised and presented to the IJB.</p> <p>Chief Financial Officer</p> <p>By 31 March 2022</p>
<p><b>4 Implementation of Locality Planning Groups</b></p>	<p>Locality Planning Groups should be implemented to oversee the development of Locality Action Plans.</p>	<p><b>In progress</b></p> <p>Two Locality Planning Groups have been established (Port Glasgow and Inverkip &amp; Wemyss Bay) and last met in September 2021 with meetings scheduled quarterly. By June 2022, an evaluation of these two groups will take place and a decision made by October 2022 as to whether to extend to the other four areas (as per the current model) or consider a streamlined approach of establishing two LPGs covering East and West Inverclyde with the six CEGs continuing to meet regularly.</p> <p>Chief Financial Officer</p> <p>By 31 March 2023</p>
<p><b>5 Best Value</b></p>	<p>A periodic and evidenced formal review should be undertaken of how the IJB is achieving best value.</p>	<p><b>Complete</b></p> <p>The Best Value Statement is reviewed and updated by officers annually. This will now also be reported to the Audit Committee to ensure full oversight and governance is in place.</p>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the Code of Audit Practice.

### Risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<p>Agreement of balances and transactions to Inverclyde Council and NHS GG&amp;C financial reports / ledger / correspondence.</p> <p>Service auditor assurances were obtained from the auditors of Inverclyde Council and NHS GG&amp;C over the completeness, accuracy and allocation of income and expenditure.</p> <p>Review of year-end adjustments and journals</p> <p>On-going review of financial position.</p>	<p><b>Results:</b> We obtained relevant assurances from the auditors of Inverclyde Council and NHS GGC. We undertook detailed testing of journal entries.</p> <p><b>Conclusion:</b> We did not identify any incidents of management override of controls.</p>

### Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p><b>2. Financial Management Medium-term financial planning</b></p> <p>Audit Scotland's Local Government in Scotland Financial Overview 2019/20 has highlighted that the impacts of COVID-19 could</p>	<p>Reviewed the updated medium-term financial strategy.</p> <p>Considered the robustness of future savings plans.</p>	<p><b>Results:</b> Financial monitoring reports were reviewed throughout the year.</p> <p>An updated Financial Plan 2021/22 to 2025/26 was agreed by the Board in March 2021.</p>



Audit risk	Assurance procedure	Results and conclusions
<p>be significant and that medium-term financial plans will need to be revised to reflect this. The medium-term financial plan agreed by the IJB in March 2020 will require revision to account for the scale of the financial challenge posed by Covid-19.</p> <p>In addition, the IJB has not identified all anticipated savings in the medium to long-term. The IJB budget setting process will require to consider and look to address any anticipated funding gaps.</p> <p>There is a risk that financial plans do not take account of the significant impact of Covid-19 on financial sustainability and that the IJB does not generate the savings required to ensure services provided are financially sustainable.</p>	<p>Established the funding and cost impacts of COVID-19 on 2020/21 outturn.</p> <p>Considered the 2021/22 revenue budget and plans to address any funding gap.</p> <p>Monitored the IJB's achievement of planned transformation and cost saving projects.</p>	<p>The Financial Plan estimates a funding shortfall of £7.3m over the period 2021/22 to 2025/26.</p> <p>This shortfall does include the projected impact of Covid-19 on health and social care budgets. However, not all anticipated savings have been identified in the medium to long-term.</p> <p><b>Conclusion:</b> Efficiency savings plans and proposals should continue to be developed to meet anticipated savings targets.</p> <p>See prior year Recommendation 2 in Appendix 1.</p>
<p><b>3. Financial Management</b></p> <p><b>Impact of Covid-19</b></p> <p>The IJB set a balanced budget for 2020/21 but is currently projecting an overspend of £0.7m. The delivery of planned savings has been impacted by the disruption to operations caused by COVID-19.</p> <p>There is a risk that areas of recurrent overspend are masked by additional funding received in response to the pandemic.</p>	<p>Established the funding and cost impacts of COVID-19 on 2020/21 outturn.</p> <p>Considered areas of overspend in 2020/21 to identify the underlying reasons and management actions to address these.</p> <p>Reviewed financial monitoring reports.</p>	<p><b>Results:</b></p> <p>Financial monitoring reports were reviewed throughout the year.</p> <p>Agreed savings plans included income growth through charging and the loss of 5.1 FTE posts. 2020/21 savings were 95% delivered.</p> <p>The IJB received £10.7 million of additional funding for Covid-19, of which £3.3 million has been carried forward in earmarked reserves. The IJB also underspent on core activities by £3.2 million contributing to the surplus of £6.5 million in the year.</p> <p><b>Conclusion:</b> Covid-19 funding has added £3.3</p>

Audit risk	Assurance procedure	Results and conclusions
<p><b>4. Governance and Transparency</b></p> <p><b>Changes to key officers</b></p> <p>The current Chief Financial Officer (CFO) is leaving the IJB in April 2021. A revised senior management team structure within the HSCP has created a new Head of Finance, Planning &amp; Resources post who will also be the new IJB CFO.</p> <p>There is a risk surrounding financial capacity in relation to the preparation of the IJB's financial statements.</p>	<p>Continued to monitor progress made with recruitment for the vacancy.</p> <p>Assessed the financial information provided when the interim/new CFO was in post.</p>	<p>million to earmarked reserves.</p> <p><b>Results:</b></p> <p>An interim Chief Officer was appointed from 31 August 2021 pending the appointment of a permanent successor Chief Officer.</p> <p>An Interim CFO was appointed in May 2021 to cover the period until a replacement was permanently recruited. The new CFO took up post on 12 July 2021.</p> <p><b>Conclusion:</b> The new CFO has now been appointed. The IJB's financial statements were prepared in line with our timetable.</p>

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# Appendix 3

## Summary of national performance reports 2020/21

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### April

[Affordable housing](#)

### June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

### July

[The National Fraud Initiative in Scotland 2018/19](#)

### January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

### February

[NHS in Scotland 2020](#)

### March

[Improving outcomes for young people through school education](#)

# Inverclyde Integration Joint Board

## 2020/21 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)

For the latest news follow us on social media or [subscribe to our email alerts.](#)



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[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

## Inverclyde IJB Audit Committee

29 November 2021

### Inverclyde IJB

### Audit of 2020/21 Annual Accounts

#### Independent auditor's report

1. Our audit work on the 2020/21 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 29 November 2021 (the proposed report is attached at [Appendix A](#)).

#### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit committee's consideration our draft annual report on the 2020/21 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

#### Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

#### Representations from Section 95 Officer

7. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer on aspects of the annual accounts, including the judgements and estimates made.

8. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

# Appendix A: Proposed Independent Auditor's Report

## Independent auditor's report to the members of Inverclyde 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 the body for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

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

#### Basis for opinion

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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is five years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

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

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

#### Risks of material misstatement

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

#### Responsibilities of the Chief Financial officer and Inverclyde Integration Joint Board Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial 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 Financial 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 Financial Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The body's Audit Committee is responsible for overseeing the financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

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

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council'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](http://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 part of the Remuneration Report**

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

### **Statutory other information**

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

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in 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 statutory 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 statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement of Assurance to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

### **Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement of Assurance**

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 of Assurance 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; or
- there has been a failure to achieve a prescribed financial objective.

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 120 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.

Brian Howarth, Audit Director

Audit Scotland

4<sup>th</sup> Floor

8 Nelson Place

Glasgow

G2 1BT



## Appendix B: Letter of Representation (ISA 580)

Brian Howarth, Audit Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Brian

### **Inverclyde Integration Joint Board Annual Accounts 2020/21**

1. This representation letter is provided in connection with your audit of the annual accounts of Inverclyde Integration Joint Board for the year ended 31 March 2021 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 IJB Audit Committee, the following representations given to you in connection with your audit of Inverclyde Integration Joint Board's annual accounts for the year ended 31 March 2021.

#### **General**

3. Inverclyde Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 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 Inverclyde 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 2020/21 (2020/21 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 Inverclyde Integration Joint Board at 31 March 2021 and the transactions for 2020/21.

#### **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 2020/21 accounting code, where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Inverclyde 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 Inverclyde 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 Inverclyde Integration Joint Board's ability to continue as a going concern.

### **Fraud**

**10.** 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**

**11.** 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**

**12.** All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2020/21 accounting code. I have made available to you the identity of all the Inverclyde Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

### **Remuneration Report**

**13.** 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**

**14.** 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**

**15.** I confirm that Inverclyde Integration Joint Board has undertaken a review of the system of internal control during 2020/21 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.

**16.** 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 2021, which require to be reflected.

### **Balance Sheet**

**17.** All events subsequent to 31 March 2021 for which the 2020/21 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Chief Finance Officer

# **Inverclyde Integration Joint Board**

## **Audited Annual Accounts 2020/21**





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# Management Commentary

## Introduction

This publication contains the financial statements for the Inverclyde Integration Joint Board (IJB) for the year ended 31 March 2021.

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the year 2020/21 and how this has supported delivery of the IJB's core objectives. This commentary also looks forward, outlining the future financial plans for the organisation and the challenges and risks which we will face as we strive to meet the needs of the people of Inverclyde.

## Inverclyde IJB

In Inverclyde we have an 'all-inclusive' health and social care partnership. The Inverclyde IJB has responsibility for the strategic commissioning (either planning or direct service delivery, or both) of the full range of health and social care services; population health and wellbeing, statutory health and social work/ social care services for children, adults, older people, homelessness and people in the community justice system. The IJB discharges this responsibility through its operational delivery arm, which is the Inverclyde Health and Social Care Partnership (HSCP).

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. From 1st April 2016, the IJB took formal delegated responsibility from the NHS Greater Glasgow and Clyde and Inverclyde Council for the delivery and/or planning of local health and social care services.

For some services this delegation of responsibility means the IJB taking full responsibility for planning, management and delivery of service provision, while for others, notably hospital based services, this means planning with partners who continue to manage and deliver the services as part of wider structures (e.g. the Greater Glasgow & Clyde Acute Sector).

Inverclyde is located in West Central Scotland along the south bank of the River Clyde. It is one of the smallest local authority areas in Scotland, home to 77,800 people and covering an area of 61 square miles. Our communities are unique and varied.

Covid-19 was declared a pandemic by the World Health Organisation on 12 March 2020. Since then Covid-19 spread across all areas of the UK. Throughout 2020/21 Covid-19 has presented an ongoing threat requiring continued social distancing and a number of local and national lockdowns across the country. During this year the HSCP has dealt with the various waves of Covid-19 activity (infected individuals, public health measures and roll out of vaccination programmes), and also continued to deliver core health and care services. In the first wave, HSCPs stopped a wide range of activity to create capacity for Covid-19 activity, comply with social distancing requirements and address increased levels of staff absence within the HSCP and the wider provider network.

Interim governance structures were put in place and a recovery plan was drafted to map out the pathway for services and the IJB as the country moved through this pandemic. Throughout this time the HSCP continued to work to put people at the centre of all that we do and ensure that essential services are delivered safely and effectively and in line with our Strategic Plan. The Strategic Plan was reprioritised to focus on Covid recovery with 28 priorities linked to the IJB 6 Big Actions. Additional support mechanisms were put in place around all internal and external services during this time. This has included the introduction of a number of new groups and regular safety meetings within the HSCP including: a weekly Local Resilience Management Team meeting (LRMT), fortnightly Covid Recovery Group meetings, Humanitarian Aid Groups, regular care home safety huddle meetings and weekly multidisciplinary meetings.

Staff within the HSCP and those working for our external providers, as well as a number of local community groups have worked tirelessly throughout the pandemic to ensure that services can continue to be delivered



safely and to support the physical and mental health and wellbeing of people across Inverclyde. To ensure we support our staff, the HSCP has created a Wellbeing at Work Plan and a series of support measures to help staff cope with the stresses and strains brought on by the pandemic.

The IJB Strategic Plan 2019-24 outlines our vision for the Inverclyde Health & Social Care Partnership as well as our core objectives and services which are delivered through four core teams. As a result of the pandemic a revised high level plan and priority list was created during the year to reflect the newly emerging priorities such as Covid recovery, Test and Trace and vaccinations and to also reflect the unavoidable delay in some priorities such as the roll out of locality groups. The revised plan was approved by the Strategic Planning Group in August and officers have worked hard during 2020/21 to deliver against the revised plan.

The IJB Strategic Plan is supported by a variety of service strategies, investment and management plans which aid day to day service delivery. These plans and strategies identify what the IJB wants to achieve, how it will deliver it and the resources required to secure the desired outcomes. The Strategic Plan also works in support of the Inverclyde Community Planning Partnership's Local Outcome Improvement Plan and the Greater Glasgow & Clyde Health Board Local Delivery Plan. It is vital to ensure that our limited resources are targeted in a way that makes a significant contribution to our objectives.

The Strategic Plan and other key documents can be accessed online at:

<https://www.inverclyde.gov.uk/health-and-social-care>

The operational HSCP Structure responsible for delivering services in 2020/21 is illustrated below. The structure is changing from 2021/22 linked to the recommendations of the recent management review.

### HSCP Operational Structure



### The Annual Accounts 2020/21

The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the IJB's vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2020/21 Accounts have been prepared in accordance with this Code.

### The Financial Plan

IJBs need to account for spending and income in a way which complies with our legislative responsibilities.

For 2020/21 Covid-19 had a significant impact on IJB expenditure and income. Covid costs of £7.495m were funded in full by Scottish Government (£5.593m Social Care and £1.542m Health), £10.754m (£10.400 Principal and £0.354m agency) was paid during 2020/21 to the HSCP for Covid spend. Unspent Covid

funding of £3.251m received by the year end has been carried forward in an Earmarked Reserve. As per the Revised Budget reported at period, the IJB budgeted to deliver Partnership Services at a cost of £184.199m, including £27.651m of notional budget for Set Aside and £6.073m of spend through Earmarked Reserves. During the year, funding adjustments and reductions in spend and a restatement of Set Aside budgets resulted in actual spend of £187.477m, including Set Aside (£32.276m) and spend from Reserves, for the year. Funding rose during the year from a budgeted £184.199m to an actual £193.959m, the majority of the additional income was non-recurring or related to the Set Aside restatement. This generated a surplus for the year of £6.482m. The movement in budget vs actual and analysis of the surplus are shown in the tables on pages 9 and 10.

## Performance

The IJB and HSCP tracks change in need and demand, and delivery of the National Wellbeing Outcomes through its performance management arrangements. Every service usually undergoes a quarterly service review, chaired by the relevant Head of Service. Service use, waiting times and any other pressures are closely reviewed alongside progress against the service’s key objectives and delivery of outcomes. Any divergence from the agreed strategic direction is quickly identified and steps are put in place to get the service back on track. In 2020/21 this process has not been possible due to the pandemic. Performance is still reviewed regularly within each service and where there are notable differences between the service’s performance and what has been planned for, then these differences are reported to the Senior Management Team along with an outline of the planned remedial action in cases where the divergence is negative. The legislation requires that IJBs follow a prescribed format of annual performance reporting against the nine outcomes, based on 23 national indicators and a requirement to publish an annual performance report by 31<sup>st</sup> July. Inverclyde’s summary 2020/21 will be published in line with agreed national revised timelines.

The IJB’s 2020/21 Performance against the 23 National Indicators is shown below.

Calendar year 2020 is used here as a proxy for 2020/21 due to the national data for 2020/21 being incomplete. We have done this following guidance from Public Health Scotland and to improve consistency between our report and those for other Health and Social Care Partnerships. The data for indicator number 18 (Percentage of adults with intensive care needs receiving care at home), unfortunately, was not published in time to be included in this year’s report.

Those marked with an \* (numbers 1 to 9) are taken from the 2017/18 biennial Health and Care Experience Survey. The 2020/21 survey results will be published later than planned (due to Scottish Government staff redeployment during the COVID-19 pandemic) but we will include them in future performance reports once they are available.

Of the 19 currently reported measures we are at or better than the Scottish average in 10 (green), just below in 6 (amber) and behind in 3 (red).

In 7 measures we have seen an improving trend (green arrow), maintaining our performance in 7 (amber arrows) and reducing performance in 5 (red arrow).

↑ ↓	Performance is equal or better than the Scottish average
↑ ↓	Performance is close to the Scottish average
↑ ↓	Performance is below the Scottish average

## Outcome Indicators

The Health and Care Experience survey for 2019/20 was published by the Scottish Government on 15 October 2020 with local level results available via an interactive dashboards on the PHS website.

National Integration Indicator	Time Period	Inverclyde HSCP	Scottish Average	Change from previous period	Inverclyde Long-term Trend	Scottish Long-term Trend
1 Percentage of adults able to look after their health very well or quite well	2019/20	89.9%	92.9%	→←	↓	↓
2 Percentage of adults supported at home who agreed that they are supported to live as independently as possible	2019/20	90.6%	80.8%	↑	↑	→←
3 Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	2019/20	81.7%	75.4%	↑	↓	↓
4 Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	2019/20	81.7%	73.5%	↑	→←	↓
5 Total % of adults receiving any care or support who rated it as excellent or good	2019/20	84.6%	80.2%	→←	→←	↓
6 Percentage of people with positive experience of the care provided by their GP practice	2019/20	77.6%	78.7%	↓	↓	↓
7 Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	2019/20	82.8%	80.0%	↑	↓	↓
8 Total combined percentage of carers who feel supported to continue in their caring role	2019/20	38.9%	34.3%	→←	↓	↓
9 Percentage of adults supported at home who agreed they felt safe	2019/20	89.9%	82.8%	↑	↑	→←

## Data indicators

The primary source of data for these indicators are Scottish Morbidity Records (SMRs) which are nationally collected discharge-based hospital records. In accordance with recommendations made by Public Health Scotland (PHS) and communicated to all Health and Social Care Partnerships, the most recent reporting period available is calendar year 2020; this ensures that these indicators are based on the most complete and robust data currently available. Please note that figures presented will not take into account the full impact of the Covid-19 pandemic during 2020/21.

National Integration Indicator	Time Period	Inverclyde HSCP	Scottish Average	Change from previous period	Inverclyde Long-term Trend	Scottish Long-term Trend
11 Premature mortality rate per 100,000 persons	2019	550	426	→←	→←	→←
12 Emergency admission rate (per 100,000 population)	2020	12492	11100	↓	→←	→←
13 Emergency bed day rate (per 100,000 population)	2020	135039	101852	→←	→←	↓

14	Readmission to hospital within 28 days (per 1,000 population)	2020	89	114	↔	↓	↑
15	Proportion of last 6 months of life spent at home or in a community setting	2020	89.0%	90.1%	↑	↑	↑
16	Falls rate per 1,000 population aged 65+	2020	21.7	21.7	↓	↓	↔
17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	2019/20	86.6%	81.8%	↔	↑	↔
18	Percentage of adults with intensive care needs receiving care at home	2019	65.2%	63.1%	↔	↑	↑
19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (age 75+)	2020/21	149	488	↔	↓	↓
20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	2020	21.9%	21.0%	↓	↑	↔

PHS are still developing 4 of the 23 National Integration Indicators so these have not been included in the report. These are

10	Percentage of staff who say they would recommend their workplace as a good place to work
21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home
22	Percentage of people who are discharged from hospital within 72 hours of being ready
23	Expenditure on end of life care, cost in last 6 months per death

The Covid pandemic has meant that 2020/21 has been a challenging year, especially for Health and Social Care providers. Despite this the HSCP achieved a number of successes in year, including:

- Rapid transition to agile and blended working models. At the beginning of the pandemic as the country went into lockdown key services still needed to be delivered but in a different way. The entire HSCP transitioned within a couple of days from its business as usual model to a Hub model with staff working remotely, from home and in a variety of blended ways. Measures were put in place to ensure the core services were still being delivered and service users were being supported within the initial stepped down arrangements.
- Flu and Covid Vaccinations – mass vaccination centres were set up in Inverclyde for both flu and Covid vaccinations. In addition, in December 2020, a team from the HSCP went to each Care Home in Inverclyde to vaccinate all of our Care Home residents against Covid.
- Assessment and Testing Centres – throughout the pandemic Inverclyde has set up and run a number of Covid assessment and testing centres to support the Test and Trace initiatives and minimise pressures on Primary Care.
- Remobilisation – as the pandemic continued, rules around lockdown have continually changed and our services have successfully adapted and stepped up and backed down accordingly as situations emerged.
- Resilience – our staff and the staff working within our provider and partner organisations have shown incredible resilience in the face of the ongoing volume of demands presented by the pandemic. Additional staffing has been brought into some teams and across the entire HSCP people have worked tirelessly to continue delivering our services and keeping people safe.
- Wellbeing – in recognition of the incredible efforts of our staff and in order to support them longer term the HSCP invested in the development and roll out of a Workplace Wellbeing Programme. This aims to

support the mental and physical wellbeing of our staff who are facing unprecedented levels of personal and professional stresses and strains in this last year.

- Supporting our providers – the HSCP Strategic Commissioning Team and Health and Social Care teams have done an exemplary job this year providing support and guidance to all of our social care providers during the pandemic. This support included guidance, PPE, staffing, infection control advice, enhanced governance inspections and provider sustainability grant administration.
- Homelessness – in response to Covid-19 the service accelerated the roll out of key aspects of the Rapid Rehousing Transition Plan and successfully set up short term tenancies for large numbers of homeless clients within the first few weeks of the outbreak. In addition, the service was able to rehome a number of clients who were granted early release from prison. Supporting clients in this type of accommodation during a pandemic has been challenging but good progress has been made.
- Community Engagement – we have always said that Inverclyde is a caring and compassionate place but this was even more evident as the country faced this health crisis. Our partners in CVS, Your Voice, the Carers Centre and many other community groups stepped up to help those in need. The community response to the pandemic in Inverclyde has been incredible. We have seen significant growth in the number of volunteers; local groups have set up wellbeing support arrangements and food and care parcels are being delivered across the district. This was a key part of the Strategic Plan and the IJB is keen to ensure that the positive growth in social prescribing and community cohesion continues long after the pandemic is over.
- Every agency has a role supporting Inverclyde communities to recover from Covid. The HSCP has led the support to communities to ensure people access support easily and that agencies work together to ensure the most vulnerable are protected.
- Adult Support and Protection Inspection – in 2020 Inverclyde was the first HSCP in Scotland to be inspected under the new model. The inspection indicated that they felt adults in Inverclyde were safe. The team managed to participate with the inspection during the pandemic despite waiting lists developing due to Covid. More support needs to be put into teams focussing on getting people the right support timeously. A model of recovery at front door of services is being developed.
- Inverclyde's Delayed Discharge performance has remained among the best in Scotland for the fourth year running. Even throughout the Covid-19 pandemic the service has continued to work well with Acute colleagues to ensure that delayed discharges are minimised.
- Alcohol related Accident & Emergency admissions were successfully reduced in the year following the appointment of an Alcohol Liaison nurse based at the local hospital. While part of this reduction can be attributed to Covid, this is the second year admissions have reduced.
- Children & Families – services have seen an unprecedented increase in demands for services. From our Children's Homes dealing with schools being closed and a national lockdown; to staff dealing with a significant increase in family breakdowns as a result of the pandemic and increased referrals from the Children's panels. Workloads within the service have increased. Services have been responding to an increased level of risk and complexity and additional staff have been brought in to support this.

Areas the HSCP will be focussing on in the coming year include:

- Coping with Covid – much of the HSCP over the coming months will still be around dealing with the pandemic through vaccination centres, test and trace, public health measures and adapting services to suit the national lockdown rules and local service user needs.
- Recovery – as the pandemic continues the HSCP needs to continue to adapt and deliver services but as the pandemic finally ends the HSCP needs to move into its recovery phase. This will involve learning from the past year and reintroducing services which are fit for the "new normal". Recovery planning has already begun and outline plans are in place ready to be implemented when the pandemic begins to finally subside. The drugs prevalence in Inverclyde continues to be among the highest in Scotland, with Inverclyde having the 3<sup>rd</sup> worst drug deaths. Implementation of the drug death action plan is priority for the local ADP.
- Health inequality is still a challenge in Inverclyde, even more so with Covid-19 impacts and the anticipated increase in welfare issues for many local people.
- Wellbeing for the community needs to concentrate on supporting people to get the right help at the right time. Additional investment in mental health will take place in the coming year.
- Looked After Children – a change in legislation means that children have the opportunity to stay in care until they are older. This creates an additional financial and operational pressure on this service. Plans

are in place to address that and as part of that initiative existing homes are being adapted to increase bedroom capacity.

- Child Protection registrations have grown to an all time high. Officers are looking into underlying reasons for this increase.
- Presentations at Accident & Emergency dropped significantly across the country when the pandemic began but as lockdown restrictions lifted, presentations started to increase again. Going forward we will be looking at how we can deliver a sustained reduction in A&E attendances.
- Unplanned Bed Days – although the number of Inverclyde bed days are low in comparison with other HSCPs, the service is looking at bringing this down further through focus on frequent attenders, reablement and continued focus on delayed discharge performance.
- Addictions – the implementation of the Addictions Review was initially delayed as a result of Covid. Approval was given during the year to continue with this and the service has now moved into implementation phase. It is anticipated that some of the new operating models brought in as a response to Covid-19 may be form part of the final service model.

## Financial Performance

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

### (a) Partnership Revenue Expenditure 2020/21

Covid had a significant impact on spend across the Partnership in the year. In total £7.495m was spent in year on a variety of areas. The estimated costs were met in full by Scottish Government through local mobilisation plans. A combination of the Scottish Government paying grants in 2020/21 for 2021/22 spend and a lag on some payments means an Earmarked Reserve has been created to carry forward and ring fence Covid funding received but not yet spent. The total anticipated Covid spend is detailed in the table below:

	Social Care £000	Health £000	Total £000
Provider Sustainability Payments	3,773	0	3,773
Additional Staffing	186	663	849
Homelessness Services	682	0	682
Assessment & Testing Centres	0	323	323
Other	1,311	556	1,867
<b>TOTAL ANTICIPATED COSTS &amp; FUNDING RECEIVED</b>			
Funding Received from Scottish Government	532	10,214	10,745
Actual Spend at 31/03/2021	5,953	1,542	7,495
<b>CARRY FORWARD IN EMR</b>			<b>3,250</b>

During the year the Partnership again successfully mitigated the full value of the inherited Health baseline budget pressure on Mental Health Inpatient services through a combination of measures, including: improved cost control and tighter absence management arrangements and planned one off underspends in other areas to offset the remaining budget pressures. Monies were received in year from Scottish Government for Mental Health Action 15, ADP developments and Primary Care Improvement Planning. In addition, the IJB agreed to invest additional monies on a non-recurring basis to support a number of Mental Health service developments.

Partnership services saw continued demand growth with numbers of service users and cost per service user rising across a number of services. The Partnership was able to effectively manage these budget pressures in year and as a result of the inherent delay in filling vacancies and some additional funding received towards the end of the year, generated an overall surplus of £6.482m which was carried into Earmarked Reserves.

In previous years certain budgets have experienced a degree of short term volatility in certain demand led budgets. In order to address this, any one off underspends on these budgets have been placed in Earmarked Reserves to cover any one off overspends in future years. In 2020/21 a net of £1.122m was used from the

Transformation Fund, £931m from the Integrated Care Fund and £0.394m was added to the Residential and Nursing Placements Reserve.

During the year £4.372m of Earmarked Reserves were used to fund specific spend and projects, an additional £10.854m was transferred into Earmarked Reserves, with no funds being drawn down from the General Reserve, leading to a net increase of £6.482m in Reserves over the year.

Total net expenditure for the year was £187.477m against the overall funding received of £193.959m, generating a revenue surplus of £6.482m. This was made up as follows:

### **Analysis of Surplus on Provision on Services**

At year end the actual surplus was comprised of:

- an underspend on Health services of £3.171m
- an underspend of £0.394m on Social Care Services
- A carried forward of £3.250m of ring fenced Covid reserves received from the Scottish Government
- A new contribution of £4.039m to earmarked reserves
- Less £4.372m of Earmarked Reserves which was spent on agreed projects (£3.061m related to reserves carried forward from 2019/20 and £1.311m spend related to the current year's Earmarked Reserves).

Further analysis of the Health and Social Care underspends are shown in the following table.

	£000
Additional funding for Covid costs received in 2020/21, being carried forward to reserves for future years spend	3,250
Older People - underspend against External Homecare as a result of non-essential services not being fully provided this year and providers being unable to deliver all their packages due to Covid related staffing issues. The underspend is partially offset by an overspend in Employee Costs with the in-house service covering external provider packages.	294
Learning Disabilities - overspend against Client Commitments, TAG Contract and Grants, which are partially offset by underspends in Employee Costs within Day Operations and Support at Home	(126)
Mental Health overspend due to underlying budget pressure	(762)
Planned underspend in Health Central budgets through early delivery of future year savings to offset Mental Health budget pressure	762
Underspend in PCIP, Action 15, ADP - funding is committed but not yet drawn down and was received against all of these funds in February 2021	1,413
Various minor Social care underspends	34
Underspend on various Social Care services due to a delay in filling vacancies	242
Physical & Sensory - underspend against client commitments	49
Underspend on prescribing, partially offset by initial impact of covid-19	454
Underspend on various Health services due to delay in filling vacancies	1,023
Children & Families - overspend is due to overspends in Residential Staffing, External Placements, Fostering, Adoption and Kinship which was partially offset by additional Winter Fund income	(348)
Criminal Justice - overspend against shared Client Package costs with Learning Disabilities	(104)
Assessment & Care Management - underspend against Employee Costs due to vacancies and against Respite due to lower take up of the service	216
Alcohol & Drugs Recovery Service - underspend is as a result of a delay in filling vacancies due to slippage in implementing ADRS plus additional ADP money confirmed in February 21	499
Homelessness - overspend on Employee Costs due to non-achievement of Turnover Target and on Repairs & Maintenance and an increased Bad Debt Provision	(101)
Underspend on Primary Care premises funding	21
New contribution to earmarked reserves	4,039
Planned in year use of current year earmarked reserves	(1,311)
Planned in year use of carried forward earmarked reserves	(3,061)
<b>Surplus on Provision of Services</b>	<b>6,482</b>

The surplus has been taken to IJB reserves as detailed in note 7.

During the year, the period 9 projected outturn reported an overspend of £0.690m in Social Care core budgets. The main projected variances were linked to Covid and in particular against Children and Families and Learning Disabilities. These services continued to report an overspend at the year end. The £6.176m variance of P9 projected outturn against Outturn was as a result of both the underspend and Covid grants carried forward on behalf of Health.

The projected outturn for Health services at period 9 was reported as a breakeven position, as a result of £5.957m being transferred to Earmarked Reserves. The transfer to Earmarked Reserves continued to increase during the year due to additional in year funding and by year end this equated to £6.207m. Note the projected outturn reported at period 9 included £396k of Covid payments made to the Hospices. This has since deemed to be categorised as the HSCP acting as agent rather than principal, therefore, in line with the Code, this expenditure has been excluded from the year end position.

In February 2021 the IJB received over £4.3m of additional funding from Scottish Government relating to Covid 19, ADP, Action 15 and PCIP. This together with the in year underspend on Health and Social Care means that, in line with many other IJBs, the IJB reserves increased in year. For Inverclyde this was by a net £6.482m.



## Budget agreed at Period 9 vs Final Outturn

Revised Budget	IJB	Projected Outturn @ P9	Outturn	P9 vs Actual Outturn
86,161	Health Funding	86,161	90,398	4,237
86,161	Health Spend	86,161	90,398	4,237
<b>0</b>	<b>Contribution</b>	<b>0</b>	<b>0</b>	<b>0</b>
51,977	Social Care Funding	51,977	52,973	996
51,977	Social Care Spend	52,667	46,491	(6,176)
<b>0</b>	<b>Contribution</b>	<b>(690)</b>	<b>6,482</b>	<b>7,172</b>
18,294	Resource Transfer Funding	18,294	18,312	18
18,294	Resource Transfer Spend	18,294	18,312	18
<b>0</b>	<b>Contribution</b>	<b>0</b>	<b>0</b>	<b>0</b>
27,651	Set Aside Funding	27,651	32,276	4,625
27,651	Set Aside Spend	27,651	32,276	4,625
<b>0</b>	<b>Contribution</b>	<b>0</b>	<b>0</b>	<b>0</b>
(6,073)	Movement in Reserves	(6,073)	0	6,073
<b>0</b>	<b>Surplus/(Deficit) on Provision of Operating Services</b>	<b>(690)</b>	<b>6,482</b>	<b>7,172</b>

Revised Budget		Projected Outturn @ P9	Outturn	P9 vs Actual Outturn
184,083	IJB Funding	184,199	193,959	5,661
178,126	IJB Expenditure	178,816	187,477	4,562
6,073	Movement on Earmarked Reserves (Decrease)/Increase	6,073	0	(6,073)
<b>0</b>		<b>(690)</b>	<b>6,482</b>	<b>7,172</b>

### (b) The Balance Sheet

The Balance Sheet summarises the IJB's assets and liabilities as at 31 March 2021, with explanatory notes provided in the full accounts.

### Financial Outlook, Risks and Plans for the Future

The UK economy was showing signs of recovery with inflation and unemployment falling and growth taking place in a number of sectors. The imminent exit from the European Union has created some further, short and longer term, uncertainty and risk for the future for all public sector organisations.

Additional funding of £100m was announced for Integration Authorities across Scotland from 2020/21 to support the delivery of new policy initiatives such as the Carers Act and Free Personal Care for under 65s and to fund general demographic and demand pressures. Despite this, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted. In addition to economic performance, other factors influence the availability of funding for the public sector including demographic challenges that Inverclyde is facing. In response to the Covid-19 pandemic, HSCPs are submitting regular financial mobilisation plans to Scottish Government detailing the additional costs being incurred in addressing the pandemic both by HSCPs and their providers. Anticipation is that these costs will

be funded centrally. Across Scotland they are expected to equate to around 4-5% of HSCP expenditure budgets over the full year.

The HSCP has a Covid-19 risk register that is reviewed at the Local Resilience Management Team meetings. The IJB risk register was updated in May to reflect the impact of responding to the Covid-19 pandemic. The most significant risks faced by the IJB over the medium to longer term, reflected in the IJB risk register can be summarised as follows:

- Financial sustainability around cost pressures and funding linked to unfunded/ unanticipated/ unplanned demand for services and/or partners being unable to allocate sufficient resources, and
- Financial Implications of Responding to Covid-19 – All costs are being tracked and the IJB is actively engaged with Scottish Government and providing regular updates on associated costs. Governance arrangements are in place re approval and monitoring of costs. The IJB is actively engaging with the third and independent sector in relation to their associated costs.

The Inverclyde IJB has responsibility for social care and a range of health services. The IJB is responsible for financial and strategic oversight of these services.

The planning and delivery of health and social care services has had to adapt to meet the significant public health challenge presented by the Covid-19 pandemic. In response to the pandemic the IJB has been required to move quickly and decisively.

There has been significant disruption to how health and social care services across Inverclyde are currently being delivered and experienced by service users, patients and carers and this is likely to continue in the to medium to longer term. The HSCP has also had to implement new service hubs in response to the pandemic, examples of which have included the establishment of assessment and testing centres to support assessment and testing of potential Covid-19 patients and the creation of a hub to support the distribution of PPE to our social care services and those delivered by the third and independent sector and personal assistants and carers.

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate protective equipment, and manage the new and changing levels of need and demand) has been significant and is likely to be ongoing and evolving. The Governance Statement outlines the governance arrangements which are in place during this challenging time. These accounts have been prepared on the assumption that the Scottish Government will meet the additional costs experienced by the IJB and this is also the assumption which has been made moving forward into 2021/22.

Moving into 2021/22, we are working to proactively address the funding challenges presented while, at the same time, providing effective services for the residents of Inverclyde throughout the Covid-19 pandemic. In March 2020 the IJB agreed a balanced budget which included a savings plan totalling £1.044m for 2020/21 and an updated 5 year budget to 2025. As a result of the Covid-19 pandemic £0.025m of those savings was not be deliverable in year, this has been reflected in the Covid-19 mobilisation plan submitted to Scottish Government. The remaining savings are expected to be delivered in full in 2021/22, in line with the IJB's Medium Term Financial Plan.

The 2021/22 budget remains an indicative budget at this time as the formal funding offer from the Health Board has not yet been agreed. The Health Board's draft financial plan for 2021/22 was presented to the Health Board in March 2021. The Board's Operational Plan has been suspended and Board Remobilisation plan introduced. Both supporting the Financial Plan will require to be reviewed in light of the ongoing Covid-19 pandemic. This has led to a delay in IJB's being given their formal budget allocation, however, it is anticipated this will be in line with the interim budget offer made in March.

We have well established plans for the future, and the IJB Strategic Plan 2020/21 to 2023/24 and 5 year Financial Plan were approved by the IJB in March 2019 these plans outlined the overarching vision and financial landscape for the coming years.



Following on from our last Strategic Plan we are still committed to “Improving Lives”, and our vision is underpinned by the “Big Actions” and the following values based on the human rights and wellbeing of:

- **Dignity and Respect**
- **Responsive Care and Support**
- **Compassion**
- **Wellbeing**
- **Be Included**
- **Accountability**

## 6 Big Actions

**Big Action 1:**  
Reducing Health Inequalities by Building Stronger Communities and Improving Physical and Mental Health

**Big Action 2:**  
A Nurturing Inverclyde will give our Children & Young People the Best Start in Life

**Big Action 3:**  
Together we will Protect Our Population

**Big Action 4:**  
We will Support more People to fulfil their right to live at home or within a homely setting and Promote Independent Living

**Big Action 5:**  
Together we will reduce the use of, and harm from alcohol, tobacco and drugs

**Big Action 6:**  
We will build on the strengths of our people and our community

## Conclusion

In a challenging financial and operating environment the IJB successfully oversaw the delivery of its Strategic Plan objectives and the delivery of all core services while undertaking a significant change programme designed to provide a more person centred model of care, deliver on early intervention and prevention ambitions and free up efficiencies. In 2020/21 there have been many successes within year 1 of the new Strategic Plan, including delivery of significant change and foundations set for more changes in the year ahead. Since Covid-19 emerged as a pandemic and business as usual was no longer an option, services were mobilised into hubs and new operating procedures brought in to respond to the pandemic and ensure the ongoing safety of our staff and service users. Covid-19 will continue to impact in the coming year in terms of delivering the Strategic Plan. As time has moved on, the IJB has moved into the recovery phase where services are being stepped back up in line with national guidance and safety protocols.

The Strategic Plan, associated Implementation Plan and Medium Term Financial Plan will lead the IJB forward over the next 4 years and improve the lives of the people of Inverclyde and the Strategic Plan will be reviewed in response to the pandemic.

## Where to Find More Information

If you would like more information please visit our IJB website at:  
<https://www.inverclyde.gov.uk/health-and-social-care>

### Allen Stevenson

Interim Chief Officer

\_\_\_\_\_  
**Date:** 29 November 2021

### Craig Given

Chief Financial Officer

\_\_\_\_\_  
**Date:** 29 November 2021

### Alan Cowan

IJB Chair

\_\_\_\_\_  
**Date:** 29 November 2021

# Statement of Responsibilities

## Responsibilities of the IJB

The IJB is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the board has the responsibility for the administration of those affairs. In this IJB, the proper officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and the Coronavirus (Scotland) Act 2020), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003)
- Approve the Annual Statement of Accounts.

I confirm that the audited Annual Accounts were approved for signature at a meeting of the IJB on the 29 September 2021.

Signed on behalf of the Inverclyde IJB

**Alan Cowan**

IJB Chair

**Date:** 29 November 2021

## Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the IJB's annual accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing these annual accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of Inverclyde IJB as at 31 March 2021 and the transactions for the year then ended.

**Craig Given**

Chief Financial Officer

**Date:** 29 November 2021

# Remuneration Report

## Introduction

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

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

### 1 Integration Joint Board

The voting members of the IJB were appointed through nomination by the Health Board and Council.

### 2 Senior officers

The IJB does not directly employ any staff in its own right. All HSCP officers are employed through either the Health Board or Council and remuneration for senior staff is reported through those bodies. Specific post-holding officers are non-voting members of the Board

#### Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The Chief Officer, Louise Long, is employed by Inverclyde Council and seconded to the IJB and has been in post since 8 May 2017. The statutory responsibility for employer pension liabilities sits with Inverclyde Council as the employing partner organisation. There is therefore no pension liability reflected on the Inverclyde IJB balance sheet for the IJB's Chief Officer. The remuneration terms of the Chief Officer's employment are approved by the IJB.

#### Chief Financial Officer

The IJB Chief Financial Officer, Lesley Aird, was employed on a part time basis by NHS Greater Glasgow and Clyde in 2019/20 but became full time in 2020/21 to cover a vacant Head of Service role within the HSCP. The Council and Health Board share the costs of this and all other senior officer remunerations.

#### Other officers

No other staff are appointed by the IJB under a similar legal regime. There are no other non-voting board members who meet the criteria for disclosure and require to be included in the disclosure below.

Salary, Fees & Allowances 2019/20 £	Name and Post Title	Salary, Fees & Allowances 2020/21 £
116,221	Louise Long Chief Officer	117,770
46,217	Lesley Aird (part time 0.5 WTE in 2019/20, FT in 2020/21) Chief Financial Officer	91,510

There were no exit packages paid in either financial year.

### 3 Remuneration: IJB Chair, Vice Chair and Voting Members

The voting members of the IJB are appointed through nomination by Inverclyde Council and Greater Glasgow & Clyde Health Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair, Vice Chair and other IJB voting member appointments and any taxable expenses paid by the IJB are shown below.

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for voting members.

#### **Voting IJB Members Remuneration Table**

Name	Post(s) Held	Nominated By
Councillor Jim Clocherty	IJB (Chair until 21/06/2021)	Inverclyde Council
Alan Cowan	IJB Member, Vice Chair (from 24/06/2019) Chair Audit Committee	NHS GG&C
Simon Carr	IJB Member	NHS GG&C
Dr Donald Lyons	IJB Member (until 30/06/2020) Audit Committee Member (until 30/06/2020)	NHS GG&C
Paula Speirs	IJB Member (from 30/06/2020) Audit Committee Member (from 24/08/2020)	NHS GG&C
Dorothy McErlean	IJB Member	NHS GG&C
Councillor Lynne Quinn	IJB Audit Committee Member (until 17/03/2020)	Member Inverclyde Council
Councillor Ciano Rebecchi	IJB Audit Committee Member	Member Inverclyde Council
Councillor Elizabeth Robertson	IJB Vice Chair Audit Committee (from 24/06/2019)	Member Inverclyde Council

There were no Inverclyde IJB specific expenses recorded for voting members of the IJB during 2020/21. Any expenses claimed by voting members are paid through the relevant IJB partner organisation.

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

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/20 £	For Year to 31/03/21 £		Difference from 31/03/20 £	As at 31/03/21 £
Louise Long Chief Officer	22,328	22,732	Pension	2,716	18,686
			Lump Sum	0	0
Lesley Aird Chief Financial Officer	5,778	19,021	Pension	1,787	4,668
			Lump Sum	0	0

The Chief Financial Officer was previously a member of the Strathclyde Pension Scheme but has opted not to transfer those benefits. The accrued pension benefit disclosed above therefore relates only to this current employment and pension.

### Disclosure by Pay Bands

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

**Allen Stevenson**

Interim Chief Officer

**Date:** 29 November 2021

**Allen Stevenson**

IJB Chair

**Date:** 29 November 2021



# Annual Governance Statement

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

## Scope of Responsibility

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. The Integration Scheme was reviewed during 2019/20 and an updated version of the Scheme was prepared but the Covid 19 pandemic led to this being delayed. The integration scheme is currently being reviewed by all the Greater Glasgow IJB's and will be revised and approved by IJB late 2021/22. Inverclyde IJB is a body corporate, a legal entity in its own right but it relies on support from officers employed by Inverclyde Council and Greater Glasgow & Clyde NHS Board in relation to the conduct of its business. It is subject to the Public Bodies (Joint Working) (Scotland) Act 2014 and secondary legislation directly relating to the integration of health and social care services, and indirectly in relation to regulatory regimes affecting devolved public bodies in Scotland. The main features of the IJB's governance arrangements are described in the Local Code but are summarised below.

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

To meet this responsibility the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the Inverclyde Council and Greater Glasgow & Clyde Health Board systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

## The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either Inverclyde Council or Greater Glasgow & Clyde Health Board, as well as non-voting members including a Chief Officer appointed by the Board.

The main features of the IJB's governance arrangements are described in the Local Code but are summarised below:

- The IJB was the key decision making body. The IJB's membership (voting and non-voting), as set by statutory instrument, is fully established. An Audit Committee with detailed remit and powers and clearly defined membership considers all matters in relation to Internal and External Audit and Risk Management;
- Strategic decision-making is governed by the IJB's key constitutional documents including the Integration Scheme, Standing Orders, and Financial Regulations.
- The IJB's purpose and vision are outlined in the IJB Strategic Plan which was approved and published on 19 March 2019 and which links closely to the vision of the Inverclyde Community Planning Partnership and the Single Outcome Agreement and is underpinned by an annual action plan and national statutory performance indicators;
- The Performance Management Strategy focuses very firmly on embedding a performance management culture that measures delivery of improved outcomes rather than systems and processes throughout the IJB. Regular reporting to Board Members takes place;
- The IJB has a Code of Conduct based on the Model Code of Conduct for Integration Joint Boards. The register of members' interests is published and made available for inspection.

- The IJB has in place a development programme for all Board Members. The IJB places reliance on the organisational development activity undertaken through partnership organisations for senior managers and employees;
- A joint approach to locality planning has been adopted by Inverclyde Alliance, the area's Community Planning Partnership and Inverclyde Health and Social Care Partnership. Across Inverclyde, six localities have been created that cover the whole of Inverclyde to ensure that every community has the opportunity to take part. The intention is that each locality will comprise of a Communications and Engagement Group (CEG) and a Locality Planning Group (LPG). The six Communication and Engagement Groups are well established and meeting regularly in each locality. To date, two Locality Planning Groups have been established (Port Glasgow and Inverkip& Wemyss Bay) and last met in September 2021 with meetings scheduled quarterly. By June 2022 an evaluation of these two LPGs will take place and decision made by October 2022 as to whether to extend to the other four areas (as per the current model) or consider a streamlined approach of establishing two LPGs covering East and West Inverclyde with the six CEGs continuing to meet regularly.
- As a separate Public Body, the IJB is required to publish Equalities Outcomes. These are published on the HSCP website.

The governance framework was in place throughout 2020/21.

### **The System of Internal Financial Control**

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of the Health and Social Care Partnership. During 2020/21 this included the following:

- Financial regulations and codes of financial practice;
- Comprehensive budgeting systems;
- Regular reviews of periodic and annual financial reports that indicate financial performance against budget and forecasts;
- Monthly submission of Local Mobilisation Plans for Covid spend through NHS GG&C to Scottish Government
- Setting targets to measure financial and other performance;
- Clearly defined capital expenditure guidelines;
- Formal project management disciplines.

The IJB complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA). The Chief Internal Auditor reports directly to the IJB Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Audit Committee.

With regard to the entries taken from the Health Board and Council Accounts, the IJB is not aware of any weaknesses within their internal control systems and has placed reliance on the individual Annual Governance Statements where appropriate.

### **Review of Effectiveness**

Inverclyde IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Senior Management Team who have responsibility for development and maintenance of the governance environment, the annual report by the Chief Internal Auditor and reports from Audit Scotland and other review agencies.

The Internal Audit functions of the Council and Health Board have independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2020/21, these services operated in

accordance with relevant professional audit standards and the Public Sector Internal Audit Standards. The Chief Internal Auditors prepared annual reports to the relevant Audit Committees, including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

### **Significant Governance Issues during 2020/21**

The Internal Audit Annual Reports 2020/21 for the Council and Health Board identify no significant control issues. Some actions have been agreed within the Council and Health Board Annual Governance statements to further enhance those internal control environments. None of these are considered material enough to have a significant impact on the overall control environment.

The Internal Audit Annual Report and Assurance Statement for 2020/21 concludes: “that the majority of the IJB’s established internal control procedures operated as intended to meet management’s control requirements for each area reviewed by Internal Audit. The overall audit opinion is Satisfactory.

The pandemic in March tested how well the IJB’s risk management, governance and internal controls framework is operating. The HSCP have undertaken to carry out a post-incident review and highlight any lessons learned.” However the IJB will review in 2022.

### Covid-19

Since March 2020 the governance context in which the IJB operated was impacted by the need to implement business continuity processes and recovery planning in response to the significant public health challenge presented by the Covid-19 pandemic. The planning and delivery of health and social care services adapted to meet this challenge and the IJB adapted its governance structures accordingly.

In response to the pandemic and the requirement to move quickly and decisively to manage the subsequent pressures on health and social care services, the IJB approved and initiated temporary decision making arrangements supported by core IJB meetings conducted virtually throughout the year. The temporary arrangements have remained in place throughout the year and have been subject to ongoing review.

Under these temporary arrangements authority is delegated, if required to meet immediate operational demand, to the Chief Officer in consultation with the Chair and Vice Chair of the IJB. Interim arrangements were also put in place for the IJB which were formally ratified at the May 2020 meeting.

Any decisions made under temporary delegated authority are recorded in the approvals/decision tracker log that captures the approval timeline, with reports shared with IJB Members for information. IJB papers are available through the Inverclyde Council website.

The IJB has continued working with partners to participate in the wider response to the pandemic at Health Board and national level and is a key participant in the Council and Greater Glasgow and Clyde governance structures, working with other HSCPs to manage the impact of the pandemic.

New services have been rolled out during the year in response to the pandemic, these include the establishment of assessment and test centres and mass vaccination centres and the creation of a hub to support the distribution of PPE to our social care services and those delivered by the third and independent sector and personal assistants and carers.

With significant disruption to how health and social care services are normally delivered and experienced by service users, patients and carers likely to continue for the time being, officers within the HSCP developed plans to capture the extent of the shift from business as usual activity and ensure the IJB can continue to meet need and achieve the strategic priorities set out in the revised Strategic Plan. Planning activity takes into consideration the learning from each phase of responding to the pandemic and engaging with and listening to key stakeholders in planning future service provision.

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate protective equipment, and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. All

Covid projected and actual spend is recorded and reported through the Local Mobilisation Plan (LMP) which is submitted monthly to Scottish Government.

A vital element of the recovery planning activity being undertaken is learning from the interim changes put in place. The HSCP are actively seeking to understand the impact of the measures implemented and are engaging with service users to understand which could be retained or adapted to improve services and continue to meet individuals' outcomes. The IJB will consider the learning from the pandemic including the innovative approaches and service alterations put in place out of necessity may present opportunities as we seek to re-start services within the new context in which health and social care services need to be delivered. In doing so the IJB will continue to follow appropriate governance structures and consider equalities and human rights requirements to ensure that from the current crisis emerges a more efficient and effective health and social care system that delivers on the priorities set out in the Strategic Plan.

### **Action Plan**

Following consideration of adequacy and effectiveness of our local governance arrangements the IJB approved a local code of good governance on 20 March 2018. A number of actions were identified to enhance local governance and ensure continual improvement of the IJB's governance, all of those actions have been delivered in full.

### **Integration Scheme**

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

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

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment.

#### **Allen Stevenson**

Interim Chief Officer

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**Date:** 29 November 2021

#### **Alan Cowan**

IJB Chair

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**Date:** 29 November 2021

# The Financial Statements

## Comprehensive Income and Expenditure Statement

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

2019/20			2020/21			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,845	(734)	2,111	Strategy & Support Services	3,638	(1,505)	2,133
30,508	(2,101)	28,407	Older Persons	31,322	(939)	30,383
12,814	(269)	12,545	Learning Disabilities	12,639	(340)	12,299
7,225	(124)	7,101	Mental Health – Communities	7,639	(154)	7,485
10,115	(378)	9,737	Mental Health – Inpatients	11,029	(422)	10,607
15,496	(1,382)	14,114	Children & Families	16,277	(1,566)	14,711
3,353	(150)	3,203	Physical & Sensory	3,059	(120)	2,939
3,498	(317)	3,181	Addiction/Substance Misuse	3,975	(149)	3,826
10,408	(427)	9,981	Assessment & Care Management / Health & Community Care	11,217	(428)	10,789
7,074	(2,845)	4,229	Support / Management / Admin	4,843	(6,405)	(1,562)
2,163	(2,114)	49	Criminal Justice / Prison Service	2,345	(2,197)	148
1,632	(589)	1,043	Homelessness	1,905	(732)	1,173
28,010	(954)	27,056	Family Health Services	29,725	(107)	29,618
18,359	0	18,359	Prescribing	18,242	0	18,242
0	0	0	Covid Funding	16,022	(5,622)	10,400
1,044	0	1,044	Change Fund	0	0	0
110	0	110	IJB Operational Costs (see note 4)	2,012	0	2,012
<b>154,654</b>	<b>(12,384)</b>	<b>142,270</b>	<b>Cost of Services Directly Managed by Inverclyde IJB</b>	<b>175,887</b>	<b>(20,686)</b>	<b>155,201</b>
28,389	0	28,389	Set Aside	32,276	0	32,276
<b>183,043</b>	<b>(12,384)</b>	<b>170,659</b>	<b>Total Cost of Services to Inverclyde IJB</b>	<b>208,163</b>	<b>(20,686)</b>	<b>187,477</b>
0	(171,828)	(171,828)	Taxation and Non-Specific Grant Income (Note 2)	0	(193,959)	(193,959)
<b>183,043</b>	<b>(184,212)</b>	<b>(1,169)</b>	<b>Surplus on Provision of Services</b>	<b>208,163</b>	<b>(214,645)</b>	<b>(6,482)</b>
		<b>(1,169)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(6,482)</b>

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

## Movement in Reserves Statement

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movements in Reserves During 2020/21	General Reserves £000	Earmarked Reserves £000	TOTAL Reserves £000
<b>Opening Balance at 31 March 2020</b>	<b>(741)</b>	<b>(7,709)</b>	<b>(8,450)</b>
Total Comprehensive Income and Expenditure	0	(6,482)	(6,482)
<b>Closing Balance at 31 March 2021</b>	<b>(741)</b>	<b>(14,191)</b>	<b>(14,932)</b>

## Balance Sheet

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

31 March 2020 £000		Notes	31 March 2021 £000
<b>Current Assets</b>			
8,467	Short term debtors	5	14,950
<b>Current Liabilities</b>			
(17)	Short term creditors	6	(18)
<b>8,450</b>	<b>Net Assets</b>		<b>14,932</b>
8,450	Reserves	8	14,932
<b>8,450</b>	<b>Total Reserves</b>		<b>14,932</b>

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

The audited financial statements were authorised for issue on 29 November 2021.

### **Craig Given**

Chief Financial Officer \_\_\_\_\_ **Date:** 29 November 2021

# Notes to the Financial Statements

## 1. Significant Accounting Policies

### 1.1 General principles

The Inverclyde Integration Joint Board is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014. It was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. The Integration Scheme is a legally binding agreement between Inverclyde Council and NHS Greater Glasgow and Clyde.

Integration Joint Boards (IJB's) are specified as section 106 bodies under the Local Government (Scotland) Act 1973 and as such are required to prepare their financial statements in compliance with the Local Authority Accounts (Scotland) Regulations 2014 and the Code of Practice on Accounting for Local Authorities in the United Kingdom, supported by International Financial Reporting Standards (IFRS). These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the IJB.

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

There were additional health and social care costs incurred in NHS Greater Glasgow & Clyde and Inverclyde Council that do not form part of the income and expenditure recorded in these accounts. This follows national accounting guidance and the assessment of principal/agency arrangements in each body. It includes expenditure on PPE, testing kits and social care bonus payments

The Annual Accounts summarise the IJB's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021.

### 1.2 Accruals of expenditure and income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

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

### 1.3 Funding

The IJB is primarily funded through funding contributions from the statutory funding partners namely Inverclyde Council and NHS Greater Glasgow and Clyde. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Inverclyde.

### 1.4 Cash and Cash Equivalents

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

### 1.5 Employee Benefits



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

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

Charges from funding partners for other staff are treated as administration costs.

## **1.6 Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

## **1.7 Events After The Reporting Period**

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

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts are adjusted to reflect such events. No material event have taken place.
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. No material Non-adjusting events have taken place.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

## **1.8 Exceptional items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the IJB's financial performance.

## **1.9 Related Party Transactions**

As parties to the Inverclyde Integration Scheme both Inverclyde Council and NHS Greater Glasgow and Clyde are related parties and material transactions with those bodies are disclosed in Note 3 in line with the requirements of IAS 24.

## **1.10 Support services**

Support services were not delegated to the IJB through the Integration Scheme and are instead provided by the Health Board and Council free of charge as a 'service in kind'. The support services provided are mainly comprised of: provision of financial management, human resources, legal, committee services, ICT, payroll, internal audit and the provision of the Chief Internal Auditor.

## **1.11 Indemnity Insurance**

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

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

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

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

## **1.12 Clinical and Medical Negligence**

The IJB provides clinical services to patients under the statutory responsibility of NHS Greater Glasgow and Clyde. In connection with this it is responsible for any claims for medical negligence arising within the services it commissions, up to a certain threshold per claim. For claims in excess of this threshold the Health Board and IJB are members of CNORIS established by the Scottish Government which reimburses costs to members where negligence is established.

The IJB would make provision for claims notified by the NHS Central Legal Office according to the value of the claim and the probability of settlement. Where a claim was not provided for in full the balance would be included as a contingent liability. The corresponding recovery from CNORIS in respect of amounts provided for would be recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

## **1.13 Reserves**

Reserves are created by appropriating amounts out of revenue balances. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year so as to be included within the Income and Expenditure Statement. Movements in reserves are reported in the Movement in Reserves Statement. Reserves are classified as either usable or unusable reserves.

## **1.14 VAT**

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

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

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

## 2 Taxation and Non-Specific Grant Income

31 March 2020 £000	Taxation and Non-Specific Grant Income	31 March 2021 £000
121,106	NHS Greater Glasgow and Clyde Health Board	140,986
50,722	Inverclyde Council	52,973
<b>171,828</b>	<b>TOTAL</b>	<b>193,959</b>

### Health Board Contribution

The funding contribution from the Health Board above includes £32.276m in respect of 'Set Aside' resources relating to hospital services. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however, has responsibility for the consumption of, and the level of demand placed on, these resources.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

### 3 Related Party Transactions

The IJB has related party relationships with Greater Glasgow & Clyde Health Board and Inverclyde Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

31 March 2020 £000		31 March 2021 £000
<b>Transactions with NHS Greater Glasgow &amp; Clyde</b>		
(121,106)	Funding Contributions received	(140,986)
(2,506)	Service Income received	(1,622)
106,954	Expenditure on Services Provided	124,296
<b>(16,658)</b>	<b>TOTAL</b>	<b>(18,312)</b>
<b>Transactions with Inverclyde Council</b>		
(50,722)	Funding Contributions received	(52,973)
(9,878)	Service Income received	(19,065)
76,089	Expenditure on Services Provided	83,869
<b>15,489</b>	<b>TOTAL</b>	<b>11,831</b>

31 March 2020 £000		31 March 2021 £000
<b>Balances with NHS Greater Glasgow &amp; Clyde</b>		
0	Debtor balances: Amounts due to the NHS	0
0	Creditor balances: Amounts due from the NHS	0
<b>0</b>	<b>Net Balance with the NHS Board</b>	<b>0</b>
<b>Balances with Inverclyde Council</b>		
0	Debtor balances: Amounts due to the Council	(18)
8,467	Creditor balances: Amounts due from the Council	14,950
<b>(8,467)</b>	<b>Net Balance with the Council</b>	<b>(14,932)</b>

Key Management Personnel: The non-voting Board members employed by the Health Board or Council and recharged to the IJB include the Chief Officer, Chief Financial Officer, representatives of primary care, nursing and non-primary services, and staff representatives. Details of remuneration for some specific post holders is provided in the Remuneration Report.

#### 4 IJB Operational Costs

31 March 2020 £000	Core and Democratic Core Services	31 March 2021 £000
203	Staff costs	278
37	Administrative costs	37
27	Audit fees	27
<b>267</b>	<b>TOTAL</b>	<b>342</b>

The cost associated with running the IJB has been met in full by NHS Greater Glasgow and Clyde and Inverclyde Council. For the 2020/21 Accounts this is combined within the gross expenditure for both partners.

#### 5 Short Term Debtors

31 March 2020 £000	Short Term Debtors	31 March 2021 £000
8,467	Other local authorities	14,950
<b>8,467</b>	<b>TOTAL</b>	<b>14,950</b>

Amounts owed by the funding partners are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

#### 6 Short Term Creditors

31 March 2020 £000	Short Term Creditors	31 March 2021 £000
(17)	Other local authorities	(18)
<b>(17)</b>	<b>TOTAL</b>	<b>(18)</b>

## 7. Critical Judgements and Estimation Uncertainty

In applying the accounting policies set out above, the IJB has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts include:

- In preparing the 2020/21 Annual Accounts, the IJB has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts are:

A range of COVID-19 related costs have been excluded from the IJB's accounts in accordance with national accounting guidance:

- An additional £500 payment to social care staff. This will be treated as agency costs in Inverclyde Council and therefore there is no impact for Inverclyde IJB
- Costs associated with the provision of PPE and testing kits by NHS National Services Scotland to Inverclyde for social care services. Inverclyde Council is acting as principal and therefore Inverclyde IJB has not recognised the £0.375m Expenditure and associated funding within the financial statements as they are acting as agents."

It should be noted that the set aside budget is an estimate provided by Greater Glasgow Health Board as an estimate of costs incurred by the Inverclyde IJB as opposed to actual judgement figures.

The set aside resource for delegated services provided in acute hospitals is determined by analysis of hospital activity and actual spend for that year and while these are provided by the Health Board which retains responsibility for managing the costs of providing the service the HSCP Board however has responsibility for the consumption of, and level of demand placed on, these resources.

The set aside actual activity costs for 20/21 has been restated due to an error in the Health Board calculation which resulted in an increase of £4.099m in the reported figure from £28.177m to £32,276m and a prior year 19/20 increase of £4.754m from £23.635m to £28.389m.

Actual activity costs are funded by an equivalent notional resource allocation, which has also increased as above, resulting in no change to the reported surplus or reserves figures for 20/21 or 19/20.

- Within Greater Glasgow and Clyde, each IJB has responsibility for services which it hosts on behalf of the other IJB's. In delivering these services the IJB has primary responsibility for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required. As such the IJB is considered to be acting as 'principal', and the full costs should be reflected within the financial statements for the services which it hosts. This is the basis on which Inverclyde IJB accounts have been prepared. The services which are hosted by Inverclyde are identified in the table below. This also shows expenditure in 2020/21 and the value consumed by other IJB's within Greater Glasgow and Clyde.

Host	Service	Actual Net Expenditure 2020/21	Consumed by Other IJBs
Inverclyde	General Psychiatry	£6,541,681	£825,787
Inverclyde	Old Age Psychiatry	£4,065,363	£154,652
	Total	£10,607,044	£980,439

The services which are hosted by other IJB's on behalf of the other IJB's including Inverclyde are identified in the following table. This also shows expenditure in 2020/21 and the value consumed by Inverclyde IJB.

Host	Service	Actual Net Expenditure 2020/21	Consumed by Inverclyde IJB
East Dunbartonshire	Oral Health	£9,820,104	£562,692
	<b>Total</b>	<b>£9,820,104</b>	<b>£562,692</b>
East Renfrewshire	Learning Disability	£9,460,628	£614,257
	<b>Total</b>	<b>£9,460,628</b>	<b>£614,257</b>
Glasgow	Continence	£4,101,613	£292,235
Glasgow	Sexual Health	£11,130,121	£394,900
Glasgow	MH Central Services	£7,325,466	£773,602
Glasgow	MH Specialist Services	£12,471,669	£1,083,098
Glasgow	Alcohol & Drugs Hosted	£16,003,167	£506,692
Glasgow	Prison Healthcare	£7,407,247	£566,002
Glasgow	HC in Police Custody	£2,256,303	£166,966
Glasgow	Old Age Psychiatry	£15,120,643	£0
Glasgow	General Psychiatry	£45,149,444	£202,614
	<b>Total</b>	<b>£120,965,672</b>	<b>£3,986,109</b>
Renfrewshire	Podiatry	£6,906,129	£828,736
	Primary Care Support	£3,903,329	£238,103
	General Psychiatry	£8,931,286	£0
	Old Age Psychiatry	£7,386,216	£0
	<b>Total</b>	<b>£27,126,961</b>	<b>£1,066,839</b>
West Dunbartonshire	MSK Physio	£6,247,075	£427,753
	Retinal Screening	£718,619	£48,239
	Old Age Psychiatry	£1,036,622	£0
	<b>Total</b>	<b>£8,002,316</b>	<b>£475,992</b>
<b>Grand Total</b>		<b>£175,375,681</b>	<b>£6,705,890</b>

## 8. Movement in reserves

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

2019/20		2020/21		
Balance at 31 March 2020 £000		Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Balance at 31 March 2021 £000
<b>SCOTTISH GOVERNMENT FUNDING</b>				
132	Mental Health Action 15	132	343	343
93	Alcohol & Drug Partnerships	94	424	423
400	Covid - 19	400	2,896	2,896
124	Primary Care Improvement Programme	124	560	560
0	Covid Community Living Change	0	320	320
0	Covid Shielding SC Fund	0	34	34
0	DN Redesign	0	86	86
<b>EXISTING PROJECTS/COMMITMENTS</b>				
43	Self Directed Support/SWIFT Finance Module	0	0	43
24	Growth Fund - Loan Default Write Off	0	0	24
81	Integrated Care Fund	931	959	109
195	Delayed Discharge	441	334	88
112	CJA Preparatory Work	36	12	88
0	Welfare	0	297	297
272	Primary Care Support	30	32	274
0	SWIFT Replacement Project	137	511	374
83	Rapid Rehousing Transition Plan (RRTP)	19	72	136
20	Older People Wifi	13	0	7
352	LD Estates	32	63	383
432	Refugee Scheme	17	322	737
258	Tier 2 Counselling	41	158	375
0	C&YP Mental Health & Wellbeing	0	202	202
0	C&YP Winter Planning	0	187	187
90	CAMHS Post	22	0	68
0	CAMHS Tier 2	23	150	127
100	Dementia Friendly Inverclyde	0	0	100
632	Contribution to Partner Capital Projects	75	53	610
0	Staff Learning & Development Fund	0	204	204
0	Fixed Term Staffing	0	400	400
565	Continuous Care	140	0	425
0	Homelessness	0	200	200
0	C&F Residential Services	0	250	250
<b>TRANSFORMATION PROJECTS</b>				
2,045	Transformation Fund	1,122	162	1,085
198	Addictions Review	42	94	250
610	Mental Health Transformation	122	300	788
<b>BUDGET SMOOTHING</b>				
325	Adoption/Fostering/Residential Childcare	325	350	350
0	Advice Service Smoothing Reserve	54	72	18
300	Prescribing	0	63	363
223	Residential & Nursing Placements	0	394	617
0	LD Client Commitments	0	350	350
<b>7,709</b>	<b>Total Earmarked</b>	<b>4,372</b>	<b>10,854</b>	<b>14,191</b>
<b>UN-EARMARKED RESERVES</b>				
741	General	0	0	741
<b>741</b>	<b>Un-Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>741</b>
<b>8,450</b>	<b>TOTAL Reserves</b>	<b>4,372</b>	<b>10,854</b>	<b>14,932</b>



## 9. Expenditure and Funding Analysis

31 March 2020 £000	Inverclyde Integration Joint Board	31 March 2021 £000
	<b>HEALTH SERVICES</b>	
24,630	Employee Costs	27,495
37	Property Costs	113
7,667	Supplies & Services	16,159
28,013	Family Health Service	30,063
18,172	Prescribing	18,069
28,389	Set Aside	32,276
(2,506)	Income	(1,622)
	<b>SOCIAL CARE SERVICES</b>	
29,814	Employee Costs	31,869
1,060	Property Costs	1,437
1,207	Supplies & Services	1,690
416	Transport	254
736	Administration	776
42,889	Payments to Other Bodies	47,622
(10,132)	Income	(19,065)
	<b>CORPORATE &amp; DEMOCRATIC CORE/IJB COSTS</b>	
203	Employee Costs	278
37	Administration	37
27	Audit Fee	27
<b>170,659</b>	<b>TOTAL NET EXPENDITURE</b>	<b>187,477</b>
(171,828)	Grant Income	(193,959)
<b>(1,169)</b>	<b>(SURPLUS) ON PROVISION OF SERVICES</b>	<b>(6,482)</b>

## 10. External Audit Costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's Code of Audit Practice in 2020/21 are £27,330. There were no fees paid to Audit Scotland in respect of any other services.

## 11. Post balance sheet events

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the financial statements where there is evidence that the event relates to the reporting period; otherwise the financial statements are not adjusted, and where the amount is material, a disclosure is made in the notes.

The Chief Financial Officer issued the Unaudited Statement of Accounts on 21 June 2021. There have been no material events after the balance sheet date which necessitate revision of figures in the financial statements or notes thereto including contingent assets or liabilities.

## **12. Contingent assets and liabilities**

There are equal pay claims pending against both the Council and Health Board. Since the IJB is not the employer for any of the staff in question it is not financially liable for any amounts due.

## **13. New standards issued but not yet adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The IJB considers that there are no such standards which would have significant impact on its annual accounts.

# Independent Auditor's Report

## Independent Auditor's Report to the members of Inverclyde IJB and the Accounts Commission for Scotland

### 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 the body for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

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

#### Basis for opinion

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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is five years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

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

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

#### Risks of material misstatement

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

#### Responsibilities of the Chief Financial officer and Inverclyde Integration Joint Board Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial 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 Financial 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 Financial Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The body's Audit Committee is responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

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

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council'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](http://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 part of the Remuneration Report**

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

### **Statutory other information**

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

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in 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 statutory 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 statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement of Assurance to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

### **Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement of Assurance**

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 of Assurance 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; or
- there has been a failure to achieve a prescribed financial objective.

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 120 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.

Brian Howarth, Audit Director

Audit Scotland

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8 Nelson Place

Glasgow

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