

# ARGYLL AND BUTE INTEGRATION JOINT BOARD

Commonly known as Argyll and Bute Health & Social Care Partnership



## UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021





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 ANNUAL ACCOUNTS CONTENTS**

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## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary**

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### **1. INTRODUCTION**

The Annual Accounts contain the Financial Statements of Argyll and Bute Integration Joint Board (IJB) for the year ended 31 March 2021 and report on the performance of the IJB. Its main purpose is to demonstrate the stewardship of public funds which have been entrusted to us for the delivery of the IJB's vision and Strategic Plan. 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 Management Commentary provides an overview of the key messages in relation to the IJB's financial planning and performance for the 2020-21 financial year and how this has supported delivery of the IJB's strategic priorities. The commentary also looks forward and provides an indication of the challenges and risks which may impact upon the finances of the IJB in the future as we strive to meet the health and social care needs of the people of Argyll and Bute.

### **2. THE INTEGRATION JOINT BOARD (IJB)**

Argyll and Bute Health and Social Care Partnership (HSCP) is responsible for the planning and delivery of all community and acute health and social care services for adults and children in Argyll and Bute. This includes services which are purchased from external providers including NHS Greater Glasgow and Clyde. The Partnership has been established as a separate legal entity from both the Council and the Health Board, with a board of governance, the IJB which has responsibility for the planning, resourcing and overseeing the operational delivery of integrated services as identified in its Strategic Plan. This includes the services, staff and resources. The IJB was delegated resources and responsibility for service delivery from 1 April 2016.

The IJB membership comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board Members of NHS Highland. In addition there are non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

Argyll and Bute is home to 88,166 people (2011 Census), covers an area of 690,946 hectares and is the second largest local authority by area in Scotland. Argyll and Bute has 23 inhabited islands, with 17% of Argyll and Bute's population living on the islands. Argyll and Bute provides a number of opportunities for those who live and work here, however we also face a number of significant challenges. The geography of scattered communities in remote and rural areas and islands presents a challenge in delivering services from the finite resources available. 73% live in "remote" or "very remote" areas. 47% live in areas in the 20% "most deprived for geographic access to services". Argyll and Bute has a higher proportion of older people than Scotland as a whole, with 11.6% aged 75+ compared to 8.5% in Scotland.

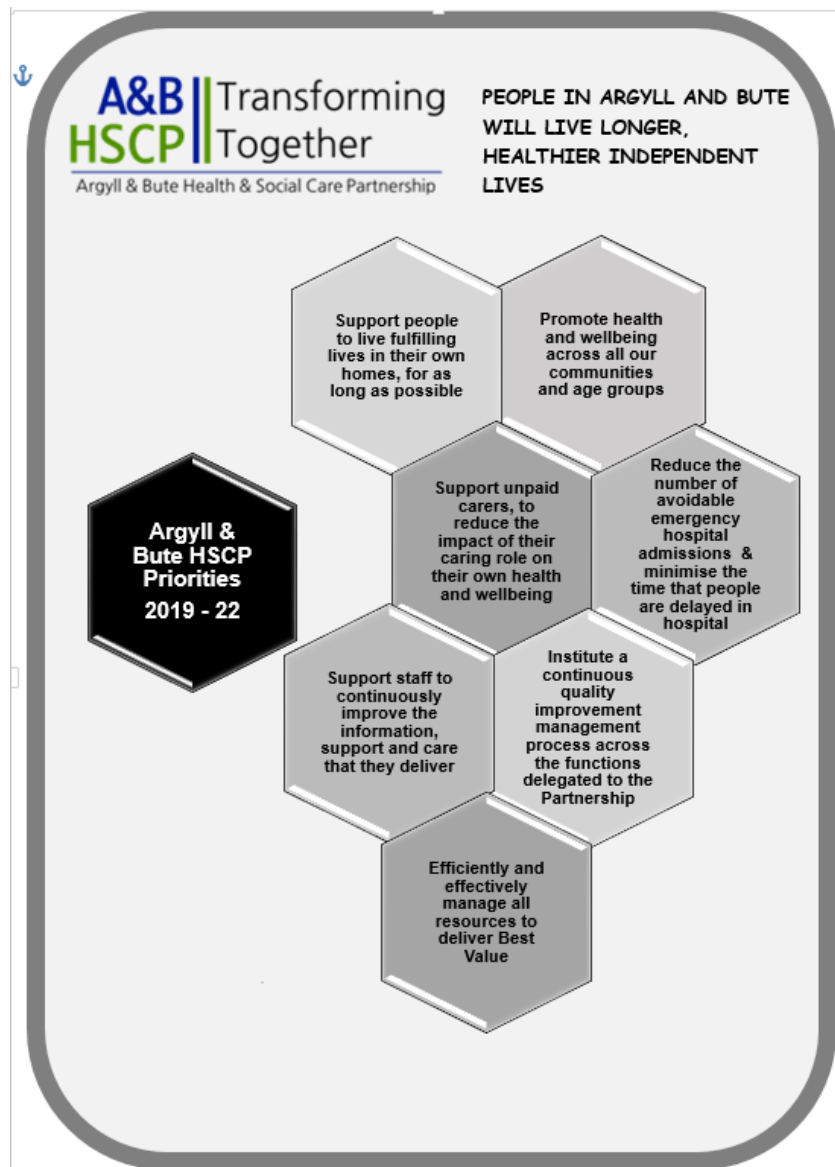
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**3. HEALTH AND SOCIAL CARE PARTNERSHIP STRATEGIC PLAN**

The HSCP vision and priorities for health and social care in Argyll and Bute were developed for the first Strategic Plan 2016-2019 and the vision and priorities still remain current and relevant for our communities, staff partners and stakeholders. The vision in the revised plan 2019-20 to 2021-22 is noted below.

*“People in Argyll and Bute will live longer, healthier, independent lives.”*

Argyll and Bute HSCP seven areas of focus/priorities for the next three years are:



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**4. PERFORMANCE MANAGEMENT AND REPORTING**

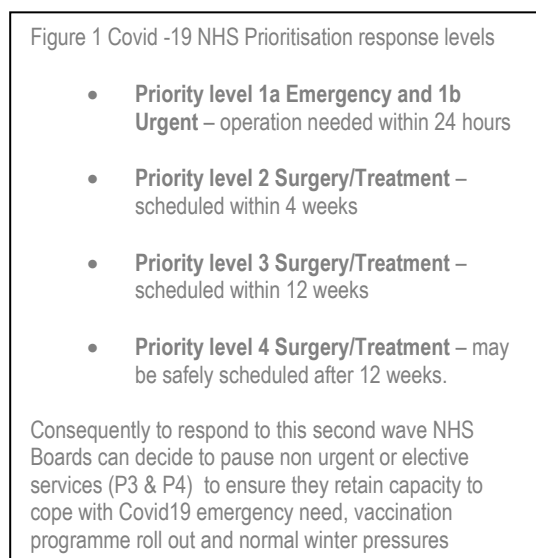
The HSCP has in place a Planning and Performance Management Framework. Reporting to the Board takes place with a performance scorecard normally being presented on a regular basis to the IJB on the National Health and Wellbeing Outcome Indicators. Reporting against these indicators has been affected by the pandemic and normal reports ceased from April to December 2020.

The IJB received a report on performance at its meeting of 27 January 2021. The IJB noted and approved the suspension of reporting against the HSCP Health and Wellbeing Outcome Indicators, and a change in focus of the performance reporting to Covid-19 activity and remobilisation of health and social care services (resuming normal services from an emergency only footing) in Argyll and Bute. NHS Highland’s (NHSH) Remobilisation plan was established in July 2020 in response to the NHS Scotland Covid-19 Framework for Decision Making “Remobilise, Recover and Re-design”. The IJB noted that as at December 2020 the HSCP performance progress regarding remobilisation of activity was in line with NHS Highland’s performance target for 2020-21 agreed with Scottish Government of 70%-80% of 2019-20 activity.

The HSCP continues to publish its Annual Performance Report with the 2020-21 report due to be published in 2021-22. This will be delayed to November 2021 again this year under the provisions of the Coronavirus (Scotland) Act 2020 Schedule 6, Part 3 and will focus on remobilisation of services and the HSCP’s response to the pandemic emergency during 2021.

Due to our reliance on NHS Greater Glasgow and Clyde (NHS GG&C) for specialist hospital services, our remobilisation planning has been completed in tandem with them to agree the scale and pace of resumption of normal services.

This has seen NHS GG&C only undertaking Priority 1 and 2 treatment activity (see figure 1) as they were coping with very high levels of emergency Covid-19 inpatient and Intensive Care Unit activity. A further report was presented to the IJB on 31 March 2021, using validated activity as at February 2021, which showed the situation remains largely unchanged from that reported in January.



The impact of the pandemic on waiting lists and waiting times for scheduled care (priority 3 and 4) has been significant as this activity was cancelled during lockdown.

The table overleaf identifies the length of wait associated with each of the specialities which are provided in Argyll and Bute alongside the totals and booking status as at 10 February 2021. Performance against December 2020 data shows a slight improvement in the overall number

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of Outpatients Waiting more than 12 weeks (3.9% reduction) and a slight increase in March outpatient booking activity.

Main Speciality	Total on Waiting List	Length of Wait (weeks)				Appointment Status		
		Over 26	12 to 26	Under 12	% > 12 Weeks	Booked	Unbooked	% Un Booked
Consultant Outpatients Total	1095	205	187	703	35.8%	405	690	63%
Mental Health Total	745	493	135	171	77%	68	677	90.9%
AHP OTHER Total	410	72	40	298	27.3%	127	283	69.0%
Nurse Led Clinics Total	120	17	13	90	25%	72	48	40%
<b>All OP WL Total</b>	<b>2931</b>	<b>776</b>	<b>461</b>	<b>1694</b>	<b>42.2%</b>	<b>834</b>	<b>2097</b>	<b>71.5%</b>

New Outpatient Waiting List Summary position as at 10<sup>th</sup> February 2020]

There is however, a significant backlog of activity that the HSCP will need to address in 2021-22. This has informed the HSCP contribution to the NHS Highland remobilisation plan which details the scale of service that can be resumed compared to 2019-20 activity levels. This plan is currently being considered and discussed with the Scottish Government.

### 5. FINANCIAL PERFORMANCE 2020-21

#### Financial Outturn 2020-21

The financial year 2020-21 was marked by the Covid-19 pandemic. All work on delivery of savings was halted for 2 months at the end of March 2020 as resource was put onto mobilising for the pandemic. Additional costs were being incurred for staffing (to cover for people off with symptoms or in households with symptoms, or shielding, or with child care issues), and for PPE, additional cleaning, additional provider costs, and running Covid Assessment Centres (CACs) and vaccination clinics across our area. Special Scottish Government support was received for all these costs which covered them in full. The final revenue outturn for 2020-21 was an underspend of £1.089m. This has to be repaid to Argyll and Bute Council to offset previous years' overspends.

At the IJB meeting on 25 March 2020, when the budget for 2020-21 was considered, the Board set a balanced budget which required new savings of £5.705m to be delivered. In addition there was £4.681m of previously agreed savings still to be delivered, making the total savings due to be delivered in year £10.386m which was a significant challenge. An in-year financial recovery plan was required based mainly on expected Covid-19 financial support from the Scottish Government and some additional delivery against the savings targets. Overall an underspend was achieved which was based on that recovery plan.

Comprehensive financial reports have been presented to the IJB and to the Finance and Policy Committee on a regular basis despite the disruption caused by the Covid-19 pandemic. Meetings had to be held on a virtual basis but remained effective. As reported last year, there continues to be good control and transparency over the partnership's financial position.

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The table below summarises the financial performance against budget for 2020-21, split across Health and Social Work related services.

Service	Actual £000	Budget £000	Variance £000	% Variance
<b><u>COUNCIL SERVICES:</u></b>				
Chief Officer	4,116	5,980	1,864	31.2%
Service Development	384	395	11	2.8%
Looked After Children	7,190	6,866	(324)	(4.7%)
Child Protection	2,624	2,946	322	10.9%
Children with a Disability	777	821	44	5.4%
Criminal Justice	(115)	169	284	168.0%
Children and Families Central Management Costs	2,670	2,725	55	2.0%
Older People	35,263	35,872	609	1.7%
Physical Disability	3,284	2,508	(776)	(30.9%)
Learning Disability	16,321	15,085	(1,236)	(8.2%)
Mental Health	2,593	2,703	110	4.1%
Adult Services Central Management Costs	622	565	(57)	(10.1%)
<b>COUNCIL SERVICES TOTAL</b>	<b>75,729</b>	<b>76,635</b>	<b>906</b>	<b>1.2%</b>
<b><u>HEALTH SERVICES:</u></b>				
Community & Hospital Services	57,521	58,486	965	1.7%
Mental Health and Learning Disability	14,203	14,754	551	3.7%
Children & Families Services	7,828	8,049	221	2.8%
Commissioned Services - NHS GG&C	66,142	65,603	(539)	(0.8%)
Commissioned Services - Other	3,902	3,817	(85)	(2.2%)
General Medical Services	19,872	19,889	16	0.1%
Community and Salaried Dental Services	3,554	4,036	482	11.9%
Other Primary Care Services	10,909	10,909	0	0.0%
Prescribing	19,609	19,805	196	1.0%
Public Health	1,626	1,686	60	3.6%
Lead Nurse	2,712	2,719	7	0.2%
Management Service	5,418	3,950	(1,468)	(37.2%)
Planning & Performance	2,656	2,477	(179)	(7.2%)
Budget Reserves	0	391	391	100.0%
Income	(1,368)	(1,560)	(192)	12.3%
Estates	8,341	8,099	(242)	(3.0%)
<b>HEALTH SERVICES TOTAL</b>	<b>222,926</b>	<b>223,110</b>	<b>183</b>	<b>0.1%</b>
<b>GRAND TOTAL</b>	<b>298,655</b>	<b>299,745</b>	<b>1,089</b>	<b>0.4%</b>



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The underspend is primarily caused by significant levels of vacancy savings and reduced non-pay spend due to suspension of services, unspent funding in budget reserves which does not meet the criteria for earmarking, and a prior year rates rebate. There is also a shortfall in income from charges to other health boards, again largely due to the Covid-19 pandemic, and a small number of budget overspends arising from cost pressures.

This year, exceptionally, there was support from Scottish Government for savings which were not fully delivered in recognition of the impact of the pandemic. This, along with support for all Covid-19 related costs, has helped to ensure overall spend was below budget.

The largest underspend for Council Services was in Chief Officer costs where Scottish Government support for loss of income and undelivered savings was coded which offsets extra expenditure in a range of other service areas. The large underspends on health services in community & hospital services Mental Health & Learning Disability, and Dental Services were all due to vacancies and reduced non-pay spend due to suspension of services during the pandemic.

There have been underspends on Older People mainly on external residential care home placements (£492k) due to the impact of the pandemic, additional income in the HSCP run care homes (£241k) and staffing related underspends particularly across the assessment and care management teams due to vacancies (£197k).

The largest overspend on Management Services has been wholly due to the year end provisions for annual leave of £787k and for re-grading of hospital ward based Health Care Assistants from Band 2 to Band 3 following a retrospective claim going back to 2018 which is now nearing settlement. A provision of £862k has been made for this. The annual leave provision is not normally necessary. This year, due to the Covid-19 pandemic, some staff have been unable to take their leave during the year and special provisions for carry forward of unused leave were agreed nationally. Whilst these costs affect the outturn for the IJB, it should be noted that the balance sheet provisions are held by NHS Highland and not by the IJB.

The next largest overspend of £1.236m has been on Learning Disability due to a combination of service demand, and slippage on savings (£787k). The third largest overspend of £776k is on Physical Disability which is due to higher than budgeted demand for supported living (£688k) and extra purchasing spend in the Integrated Equipment store (£101k).

### **Savings Delivery**

As at the end of March, £7.738m of the target £10.386m savings have been delivered, 75% of the total – this includes £1.996m non-recurring savings. This shortfall has been covered by support from the Scottish Government.

The outturn shortfall for Social Work savings is £2.416m offset in part by non-recurring savings of £267k. The outturn shortfall for Health savings of £2.229m was mostly offset by non-recurring (one-off) savings of £1.729m many of which relate at least in part but where the saving cannot yet be regarded as recurring. Overall this left a shortfall of £2.649m covered in full by Scottish

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Government Covid-19 support. The Health savings continue to be tracked through the Project Management Office approach co-ordinated by NHS Highland which includes greater visibility of progress against agreed milestones. The regular meetings to review the savings were paused in March 2020 due to work on the Covid-19 response but restarted in late May. A small team of 3 Service Improvement Officers were recruited to improve the focus on savings delivery in 2020-21, with the final 2 members joining in July 2020.

There is a total of £5.124m savings being carried forward to next year which were not delivered on a recurring basis, on top of any new savings required. It is imperative that efforts to deliver the agreed savings are continued, especially as there will be no similar Scottish Government support for undelivered savings in 2021-22.

### Repayment of Overspend

The approved Scheme of Integration outlines what should happen in the event of an under or overspend at the year end:

*8.2.20 Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, the Parties consider making interim funds available. An analysis will be undertaken to determine the extent to which the overspends relate to either budgets delegated back to or activities managed by the Council or NHS Highland with the allocation of the interim funds being based on the outcome of this analysis. Any interim funds provided by the Council or NHS Highland will be repaid in future years based on a revised recovery plan agreed by both parent bodies, as required by either of the Parties. The NHS and Council will require to be satisfied that the recovery plan provides reasonable assurance that financial balance will be achieved. ....*

*8.2.21 Subject to there being no outstanding payments due to the partner bodies, the IJB may retain any underspend to build up its own reserves and the Chief Financial Officer will maintain a reserves policy for the IJB.”*

NHS Highland and Argyll and Bute Council, in line with the Scheme of Integration, allocated additional funding to the IJB at the end of the last 3 years. The health related overspend of £1.280m was covered by the Scottish Government brokerage given to NHS Highland and was repayable unlike previous years. The 2019-20 social work related overspend amounting to £1.166m needs to be repaid to Argyll and Bute Council along with the repayment of the 2018-19 and 2017-18 overspends.

The repayment of the 2019/20 health overspend of £1.280m has been covered by NHS Highland as part of the funding arrangements for 2021-22 as part of phasing arrangements for the NRAC (NHS Scotland Resource Allocation Committee) formula based increase.

£1.500m was repaid to the Council as part of the funding arrangements for 2020-21 and this has reduced the repayment due in 2021/22 to £200k. A further £1.089m is being repaid based on the final year end outturn and this has fully covered the 2017-18 overspend. Total remaining

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repayments due to the Council are shown in the table below. This was agreed on 13 May 2021 at the Council's Policy & Resources Committee.

	<b>Repayment 2018-19 Overspend £000</b>	<b>Repayment 2019-20 Overspend £000</b>	<b>Total Repayment £000</b>
2021-22	200		200
2022-23	900		900
2023-24	493	407	900
2024-25		759	759
<b>Total</b>	<b>1,593</b>	<b>1,166</b>	<b>2,759</b>

**Financial Statements**

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. There are no statutory or presentational adjustments which affect the application of the funding received from partners, therefore the movement in the General Fund balance is solely due to the transactions shown in the Comprehensive Income and Expenditure statement.

Reconciliation of Comprehensive Income and Expenditure Statement to Financial Outturn:

The table below reconciles the surplus on the provision of services of £5.981m as noted in the Comprehensive Income and Expenditure Statement to the financial outturn position of £1.089m underspend:

	<b>£000</b>	<b>£000</b>
<b>Surplus on Provision of Services</b>	<b>(5,981)</b>	
Remove Statutory Adjustments that don't feature in financial outturn position	0	
<b>Movement in General Fund Balance</b>		<b>(5,981)</b>
Other Movements:		
Earmarked Reserves released to services during 2020-21	(366)	
New Earmarked Reserves during 2020-21	6,347	
Additional Funding Provided by NHS Highland	0	
Funding Repaid to Argyll and Bute Council	(1,089)	
		<b>4,892</b>
<b>Financial Outturn (Underspend)</b>		<b>(1,089)</b>

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Movement in Reserves Statement

This statement shows the movement in year on the Integration Joint Board’s Reserves. The IJB has one reserve, a General Fund reserve, this is a resource backed reserve which can be used to fund expenditure.

The balance on the General Fund reserve has increased by £5.981m. There was a balance of £0.605m held at 1 April 2020 and the closing balance at 31 March 2021 is £6.586m. This increase represents the net of amounts of earmarked balances used during 2020-21 and new balances earmarked at the end of 2020-21. The new earmarked reserves are predominantly in respect of Scottish Government funding received near the year end for specific purposes including ongoing Covid-19 support.

A Reserves Policy was approved by the Integration Joint Board in March 2017. This outlines that the balance of reserves will normally comprise of three elements, one of which is the earmarking of funds set aside for a specific purpose agreed by the Integration Joint Board. There are no unallocated or contingency reserves as the IJB has not been in a position to build up any, having had overspends in previous years some of which have still to be repaid. The only earmarking relates to funding specifically provided for specific projects grant funded by Scottish Government. Further detail is provided in note 8 to the financial statements.

The overall position for reserves is noted below:

	<b>Earmarked Reserves £000</b>	<b>Unallocated Reserves £000</b>	<b>Total £000</b>
Opening Balance at 1 April 2020	605	0	605
Movement 2020-21	5,981	0	5,981
<b>Closing Balance at 31 March 2021</b>	<b>6,586</b>	<b>0</b>	<b>6,586</b>

The IJB Reserves Policy suggests a prudent level of General Fund reserve to be set at 2% of the IJB net revenue budget, this would equate to around £6.0m. Whilst this level of reserve would allow a degree of flexibility and assurance, this must be proportionate and take cognisance of the level of savings required to be delivered. Given the economic climate in which the IJB is operating, this is viewed as an aspirational level of reserves to be built up over time, recognising the tensions between prudent financial planning and budgetary constraints.

Balance Sheet

The Balance Sheet shows the value of the Integration Joint Board’s assets and liabilities as at 31 March 2021. The Integration Joint Board does not hold fixed assets as these remain with the partner bodies. There are explanatory notes which accompany the Balance Sheet. The balances are:

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- Short Term Debtors of £6.586m, relates to earmarked reserves balances related to health and council services and recognises the amounts owed to the Integration Joint Board by NHS Highland and Argyll and Bute Council.

The net worth of the Integration Joint Board as at 31 March 2021 is £6.586m, this is supported by the General Fund reserve.

There are no provisions recognised on the Balance Sheet. NHS Highland made a year-end provision for annual leave of £787k in respect of HSCP staff. The annual leave provision is not normally necessary as the leave year is co-terminous with the financial year. This year, due to the Covid-19 pandemic, some staff have been unable to take their leave during the year and special provisions for carry forward of unused leave were agreed nationally. There is no comparable provision for Council employed staff as this is treated as a non-controllable cost and not passed on to the IJB. In addition, the amount of untaken annual leave was not materially different to the previous year end for Council employed staff.

NHS Highland also made a provision at the year end of £862k for re-grading of HSCP hospital ward based Health Care Assistants from Band 2 to Band 3 following a retrospective claim going back to 2018 which is now nearing settlement. Both of these provisions are reflected in the year end outturn position.

There are historic provision balances and contingent liabilities relating to services provided prior to 1 April 2016, these will be recognised as required in the partner Annual Accounts. There would be further consideration of funding requirements for the IJB where the historic funding of these financial provisions are insufficient and may affect the IJB funding arrangements.

## 6. FINANCIAL OUTLOOK, RISKS AND PLANS FOR THE FUTURE

### Budget 2021-22

A medium term budget outlook report was also presented to the IJB as part of the budget papers on 31 March 2021. The budget gap for 2021-22 within the mid-range scenario was £4.134m. The Senior Leadership Team identified savings that would deliver a balanced budget in 2021-22. This included a provision for a one-off investment in financial sustainability of £517k, to assist in increasing the pace of transformation.

Savings proposals were classified into management/operational savings (where there were no policy implications and no redundancies) and policy savings, where there were either policy or staffing implications. A summary of the savings identified is noted in the table below.

	<b>2021-22</b> <b>£000</b>	<b>2022-23</b> <b>£000</b>	<b>2023-24</b> <b>£000</b>
Management/Operational Savings	3,658	2,688	2,688

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Previously agreed saving now removed	-85	-85	-85
Policy Savings	561	1,263	1,263
<b>Total Savings</b>	<b>4,134</b>	<b>3,866</b>	<b>3,866</b>

The IJB approved the 2021-22 budget proposals at their meeting on 31 March 2021 delivering a balanced budget for 2021-22. The approval of the budget proposals should provide reassurance to the public, staff and stakeholders that the HSCP is determined to work within budget. Moving into 2021-22, there is a continuing need for robust budget monitoring, and when an activity deviates from plan corrective action will have to be taken immediately to minimise any future overspends.

**Medium to Longer Term Outlook**

Looking into 2022-23 and beyond, it is anticipated the Scottish public sector will continue to face a very challenging short and medium term financial outlook with significant uncertainty over the scale of funding.

Audit Scotland publishes a financial overview report each year. In the report published in January 2021, it was noted that whilst 26 of IJBs have a medium-term financial plan, typically covering three years, these may need to be revised to reflect the impacts of Covid-19. Whilst the IJB now have regular reporting of a medium term outlook, consideration will need to be given to the longer term. The medium term outlook does not reflect any implications of Covid-19 costs as the assumption is that these will continue to be met with funding from Scottish Government. However it is acknowledged that it is likely to become more difficult in the future to distinguish between Covid-19 and non-Covid-19 related activity.

The medium term outlook for the IJB identifies a significant budget gap over the next three years. The table below notes the current cumulative budget gap (surplus) over the next three years.

	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>
Best Case	(2,196)	(3,027)	(3,878)
Mid-Range	2,371	6,316	10,695
Worst Case	9,181	18,600	28,367

The latest budget outlook report can be accessed on the following weblink: <https://www.argyll-bute.gov.uk/moderngov/documents/s175668/Budget%20Outlook.pdf>

**Financial Risks and Challenges**

A report was presented to the IJB on 16 June 2021 on the financial risks for 2021-22. It is accepted that no budget is without an element of risk, given that it's an estimate of income and

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expenditure at a given point in time with increasing demands and expectations on the service provided.

Risks have been assessed as to their likelihood and estimated value. The 7 risks classified as likely are noted as follows:

<b>Health or Social Work</b>	<b>Identified Risk</b>	<b>Estimated Value £000</b>
Health	Potential for further growth in the cost of oncology drugs beyond provision in the budget	£100k-£300k
Health	Workforce establishment setting still to be completed to meet Safe Staffing Act requirements and may result in needs to increase establishments.	£100k-£300k
Health	Dunoon medical staffing - Costs above budget in 2020-21 due to additional agency / locum staffing	£100k-£300k
Social Work	Potential increase in the number of children and young people who need to be taken into care and supported/accommodated by the HSCP.	£100k-£300k
Social Work	Potential for an uplift in the rates paid to staff in line with the SJC rates for SW standby.	£100k-£300k
Health	Potential for growth in the number of high cost individual patient treatments. High volume being experienced for new TAVI cardiac procedure	<£100k
Health	Bute dialysis unit - Risk of need for agency staffing if fail to recruit	<£100k

The 1 risk classified as almost certain is noted as follows:

<b>Health or Social Work</b>	<b>Identified Risk</b>	<b>Estimated Value £000</b>
Health/ Social Work	Pay settlements may exceed budgeted levels. Public sector pay policy has been increased but no additional funding has been announced for social care staff.	£300k-£500k

Alongside the potential failure to deliver all planned savings and transformation, the other largest value risk is the contract with NHS Greater Glasgow and Clyde (NHS GG&C). NHS Highland has a Service Level Agreement (SLA) with NHS GG&C for services provided to Argyll and Bute residents in NHS GG&C hospitals. In 2020-21, the previous dispute was resolved, but due to Covid-19 there was a one year agreement to deviate away from activity based charging. Payment for 2021/22 is likely to be on a similar basis due to the ongoing pandemic and budget provision has been based on current year charge uplifted for the national agreed budget uplift. Initial discussion have been on this basis but there is still a risk that eventual agreement could differ.

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The financial risks will be monitored routinely and mitigating actions put in place where possible.

In addition to these financial risks, there remain wider risks that could impact on the IJB. Two wider risks worth mentioning are the implications of the Covid-19 pandemic which is expected to remain with us into next year and beyond, and the still largely unquantified potential implications of the UK's withdrawal from the European Union.

### **Covid-19 pandemic**

We saw the first Covid cases in Argyll and Bute at the end of March 2020. The pandemic has had a considerable impact on the HSCP as we suspended routine and non-emergency activity and planned and mobilised our health and care services onto an emergency footing. This included working with our community planning partners in supporting the health and well-being of our communities as lockdown was applied. We also worked very closely with our NHS partners at a national and regional level and specifically with NHS GG&C and the Scottish Ambulance Service. NHS GG&C are our provider of secondary care services and were significantly impacted by the pandemic as they dealt with very large numbers of Covid-19 patients requiring inpatient and ICU care.

Within Argyll and Bute the impact of the government's "lock down" pandemic management fortunately resulted in a significant reduction in the spread of the virus and our hospitals did not require to use the additional beds we planned to mobilise.

Community Assessment Centres (CACs) have been established to maximise the numbers of symptomatic people who can be cared for in the community, reserving our hospitals for those with the most serious illness, and to minimise the exposure of patients using GP practices to Covid-19. There are eight CACs in Argyll and Bute, 7 of which operate 24/7 and Helensburgh operates day time hours Monday to Friday. In addition there are testing stations run by the Scottish Fire & Rescue Service who provide home testing kits for those with symptoms, and from 24 March 2021 an asymptomatic testing and outreach testing centre based in Helensburgh run by LiveArgyll. There is now a twice weekly regimen for staff testing using lateral flow tests for all front facing health and social care staff.

A daily care home assurance group was established in April 2020. The purpose was to provide oversight and support to all 17 care homes within the context of Covid-19 in Argyll & Bute. The group monitors daily information (5 days a week) from care homes with an overview of Covid-19, staffing, safety, PPE, testing and any other pertinent issues. The group has a direct responsibility to action any concerns, directly with the home in the first instance, and actions are escalated to the Argyll & Bute Covid-19 huddle and NHS Highland Care Home Oversight board. A weekly Care Home Taskforce for all care homes was also established in April 20. This is a multi-agency group that has supported and guided care homes at a challenging time. This allows a safe space to raise concerns and questions in relation to Covid-19 and also allows dissemination and understanding around the constantly changing guidance of PPE, visiting etc. This remains a positive meeting for all involved.



**ARGYLL AND BUTE INTEGRATION JOINT BOARD  
 Management Commentary**

There is much more extensive use of PPE, and we now operate 7 community PPE hubs across the area supplying all social care providers who cannot otherwise source essential PPE. These will continue at least till June 2021 and then be reviewed on a monthly basis. We also pushed out PPE supplies to support vaccination clinics and generally to GP practices, dentists and ophthalmologists although the latter categories have recently moved to direct delivery from NSS. PPE and test kits have been provided free of charge from NSS and UK government as follows:

<b>Test Kits</b>	<b>£value</b>	<b>Source</b>
PCR	£93,499	NSS
Lighthouse	£428,013	UK government
Lateral Flow Device	£655,571	UK government
<b>Total for test kits</b>	<b>£1,177,083</b>	
PPE	£1,338,349	NSS
<b>Total for PPE and test kits</b>	<b>£2,515,432</b>	

These have been distributed under an agency agreement with Scottish Government through a nationally agreed memorandum of understanding. The costs of these kits are therefore excluded from the income and expenditure of the IJB.

In addition we have been making financial sustainability payments to social care providers for loss of income due to reduced occupancy levels, extra costs, and in support of planned care arrangements and for the Staff Support Fund. These arrangements have altered at regular intervals, but are continuing at least until June 2021. The vaccination programme has been unprecedented and the efforts of staff and GP practices to roll this out have been deeply appreciated. This activity will continue for some time, with the possibility of boosters for new variants in the autumn.

There were over 2,800 people in the shielded category who received regular food parcels through the Council and also direct from Scottish Government for the initial lockdown period.

We expect to see demand for Allied Health Professional services to increase to reverse the impacts of the two lockdown periods on health and wellbeing. We have already seen requests for mental health services ramp up considerably.

It is clear that the length of time we will have to deal with the implications of this pandemic is extending into the next 12 months and beyond. This disease burden is part of the new activity “norm” and we will have to focus on simultaneously managing Covid-19 whilst resuming routine, comprehensive health and social care.

The Scottish Government has in principle approved all Covid-19 mobilisation plans. Regular cost trackers have been returned to Scottish Government via the Local Management Plan (LMP) submission process, with the final LMP for 2020-21 submitted on 23 April 2021. All expenditure items over £500k require formal approval and this is still awaited for all lines submitted. In the interim, the Scottish Government has issued a number of tranches of funding which amount in total to £11.7m for the HSCP in respect of the LMP. As noted previously, this includes funding of £2.7m towards undelivered savings. In addition, a number of other tranches

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

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of funding have been received. In total funding of £15.76m has been received from the Scottish Government and of this £2.75m is carried forward as earmarked reserves into 2021-22.

Health and social care staff working last year at a designated point have received Covid-19 bonus payments of £500 for each full time staff member, pro-rata if part-time. These were predominantly paid in 2020-21 for Health staff and both income and expenditure of £730,400 are included in the year end outturn following the national guidance for Health Boards. The payments to Council employed staff totalling £429,480 were all paid after the year end. Payments for social care provider staff of £598,560 were made in early April as directed by Scottish Government, with amounts to pay determined by Scotland Excel. In both these cases, the Council was deemed to be acting as agent and these amounts are excluded from the income and expenditure of the IJB.

We have estimated continuing costs from dealing with Covid-19 for the next 5 years, with these reducing to c £6.9m for 2021-22, and then down to £2.0m p.a. for 2024-25 and 2025-26.

### 7. CONCLUSION

The Integration Joint Board's final outturn position for 2020-21 was an underspend of £1.089m which has been utilised to pay back earlier overspends due to Argyll and Bute Council. This was a remarkable achievement, which was substantially due to the level of additional support from the Scottish Government. The operating environment going forward remains very challenging with the continuing backdrop of the Covid-19 pandemic. However, the IJB approved a balanced budget for 2021-22 which should provide reassurance to the public, staff and stakeholders that the HSCP is determined to work within budget. The IJB starts the year with an enhanced level of earmarked reserves of £6.6m. That said, there remains a number of risks to deliver the services within the budget resource and to deliver the agreed savings, both the ones newly agreed for 2021-22 and also the remaining undelivered savings from 2020-21.

### 8. ACKNOWLEDGEMENTS

We would take this opportunity to acknowledge the significant effort in producing the Annual Accounts and to record our thanks to members of the Integration Joint Board and staff for their continued hard work and support, particularly in such a challenging year.

Sarah Compton-Bishop  
Chair  
Date, 2021

Fiona Davies  
Interim Chief Officer  
Date, 2021

Judy Orr  
Head of Finance & Transformation  
Date, 2021

**ARGYLL AND BUTE INTEGRATION JOINT BOARD**  
**Statement of Responsibilities**

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**THE INTEGRATION JOINT BOARD'S RESPONSIBILITIES:**

The Integration Joint Board is required:

- to ensure the Annual Accounts are prepared in accordance with the legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government Act 2003);
- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board had responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this organisation, that officer is the Chief Financial Officer;
- to manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets; and
- to approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Argyll and Bute Integration Joint Board at its meeting on date **to be inserted**.

Signed on behalf of the Integration Joint Board:

Sarah Compton-Bishop  
Chair  
**Date**, 2021

**ARGYLL AND BUTE INTEGRATION JOINT BOARD**  
**Statement of Responsibilities**

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**THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES:**

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

In preparing the annual accounts the Chief Financial Officer is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- complying with legislation;
- complying with the Local Authority Code of Practice (in so far as it is compatible with legislation).

The Chief Financial Officer is also required to:

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

I certify that the financial statements give a true and fair view of the financial position of the Argyll and Bute Integration Joint Board as at 31 March 2021, and its income and expenditure for the year then ended.



**Judy Orr**  
**Head of Finance and Transformation**  
**29 June 2021**

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement**

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### **INTRODUCTION**

The Annual Governance Statement explains Argyll and Bute Integration Joint Board's (IJB) governance arrangements and reports on the effectiveness of the IJBs system of internal control.

### **SCOPE OF RESPONSIBILITY**

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

In discharging these responsibilities, the IJB has put in place arrangements for governance of its affairs which includes a system of internal control. The system is based on an ongoing process designed to identify, prioritise and manage the risks facing the organisation. The system aims to manage risks efficiently, effectively and economically to achieve the organisation's policies, aims and objectives.

The IJB has a reliance on the NHS Highland and Argyll and Bute Council 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 Integration Joint Board.

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

### **GOVERNANCE FRAMEWORK**

The Argyll and Bute IJB has been established as a separate legal entity from both Argyll and Bute Council and NHS Highland, with a separate board of governance. The IJB comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board members of NHS Highland. In addition there are a number of non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

The arrangements for the operation, remit and governance of the IJB are set out in the Argyll and Bute Integration Scheme which has been prepared and approved by Argyll and Bute Council and NHS Highland.

The IJB, via a process of delegation from the Health Board and Local Authority as outlined in the Scheme of Integration has responsibility for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute. The scheme of integration was revised as required under the legislation. The revised scheme was signed off by Scottish Government on 23 March 2021 and is published on the Council and NHS Highland websites. There were no significant changes to the scheme.

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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The funding available to Argyll and Bute IJB is dependent on the funding available to Argyll and Bute Council and NHS Highland and the corporate priorities of both. The IJB is therefore reliant on both partners for the resources to deliver health and social care services.

The main features of the governance framework in place during 2020-21 were:

- The Integration Scheme which outlines the scope and functions of services that are delegated, the clinical and care governance, financial and operational management arrangements.
- The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions; these are subject to regular review.
- The overarching strategic vision, mission and values of the IJB are set out in the Strategic Plan and Strategic Objectives are aligned to deliver on the National Outcomes for Adults, Older People and Children.
- Effective joint working with Health and Council partners to ensure delivery of the Strategic Objectives, through information sharing and clear lines of responsibility, with an agreed Information Sharing Protocol in place.
- Members of the IJB subscribe to and comply with the Standing Orders and Code of Conduct and the appointed Standards Officer is responsible for advising and guiding members of the Board on issues of conduct and propriety. A register of interests is in place for all Board members and senior officers.
- Development of appropriate training, development and induction provided for all new IJB members. Performance Development and Review schemes are in place for all staff through each partner agency, the aim of which is to focus on their individual performance and development and contribution towards meeting service objectives.
- 4 Locality Planning Groups which aim to provide a more effective mechanism for local leadership of service planning and a way for localities to influence how resources are spent in their area and allow them to contribute to the delivery of the Strategic Plan 2019-22. It should be noted that these groups did not meet during 2020-21 due to the pandemic and are due to re-start in September 2021.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Audit Scotland, Inspectorates and the Internal Audit service. The Internal Audit Service has been tendered and a new appointment made for a 3 year period starting from 1 April 2021.
- The decision making structure whereby the committees of the IJB have Terms of Reference agreed by the Integration Joint Board. These include the Clinical and Care Governance Committee, Audit and Risk Committee, Finance & Policy Committee, Strategic Planning Group and Locality Planning Groups. Revised terms of reference, including a new annual reporting process from committees, were formally approved by the IJB on 27 January 2021.
- The work and outputs from committees is reported by their minutes going to the IJB. From 2021-22 all committees will self-assess their performance and provide an annual report on their activities to the IJB.
- The Planning and Performance Management Framework focusses on embedding a performance management culture throughout the organisation, regular reporting to the Board

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement**

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takes place with a performance scorecard being presented on a regular basis. The Integration Joint Board also publishes an Annual Performance Report. An improved Integrated Performance Management regime is being worked on for implementation next year, this having been deferred due to the pandemic.

- Reliance on the procedures, processes, policies and operational systems of Argyll and Bute Council and NHS Highland where these are operationally delegated. The IJB key governance documents are subject to periodic review with assigned lead officers and approval routes.
- The legislative framework requires the Chief Officer to be a single point of overall strategic and operational advice to the IJB and to be a member of the Senior Management Teams of Argyll and Bute Council and NHS Highland.

All IJB meetings and committee meetings took place in 2020-21 by remote conferencing instead of in-person due to the requirement for social distancing as a result of the Covid-19 pandemic. Members of press and public were enabled to attend the meeting, and the recording of the meeting was subsequently published alongside the minutes. In March 2020, the IJB agreed a delegation of powers to the Chief Officer in an emergency to instruct executive action on any matter for the duration of the Covid-19 emergency in consultation with the Chair or Vice Chair of the Board with such matters being subsequently reported to the Board when this is possible. This delegation has not been utilised, but is still in place whilst health and social care remains on an emergency footing nationally.

### **THE SYSTEM OF INTERNAL FINANCIAL CONTROL**

The governance framework described operates on the foundation of internal controls. The system of internal financial control is based on a framework of regular management and financial information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the IJB. During 2020-21 this included the following:

- Financial Regulations and guidance relating to financial processes and procedures. Financial regulations were reviewed and updated in the year adding a new section on members' expenses, gifts, hospitality and register of interests.
- Formalised budget setting process, which includes the updating of the budget outlook and a process for monitoring of savings and identifying new savings to balance the budget through the Finance & Policy committee.
- Regular review of periodic and annual financial reports that indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Formal project management disciplines.
- Regular Finance and Policy Committee meetings to provide scrutiny of the financial position and progress with service transformation and redesign.
- An effective Internal Audit function.
- Development of initial integrated financial reporting and implementation of a financial risk register with financial risks reported every 2 months to the IJB.

**ARGYLL AND BUTE INTEGRATION JOINT BOARD**  
**Annual Governance Statement**

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The system of internal financial control can provide only reasonable and not absolute assurance and is designed to manage risk to a reasonable level. Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Financial Officer. The IJB’s financial management arrangements conform to the governance requirements of the CIPFA statement: ‘The Role of the Chief Financial Officer in Local Government (2016)’.

**UPDATE ON GOVERNANCE ISSUES PREVIOUSLY REPORTED**

The 2019-20 Annual Governance Statement identified a number of areas for further development. An update on progress with each area is provided below:

<b>Planned Action</b>	<b>Progress Update</b>
<p>A detailed workforce plan will be developed demonstrating how this supports the Strategic Plan, this will also link to support activities such as training and recruitment and align to the shift of the workforce from institutional to community based settings.</p>	<p>The workforce plan presented to the IJB in August 2018 focused on Adult Services. Work on the full plan was delayed awaiting guidance from Scottish Government which has now been received. The first 3 year plans are now required to be submitted to Scottish Government by 31 March 2022. Workshops have been taking place with service managers. The HSCP has set up a workforce planning group which now meets monthly to monitor progress. A further request was received from Scottish Government to submit a one year high level workforce plan by end April 2021. Additional resource in the NHS Highland Workforce planning team is supporting collation of this information from NHS and the information from the Council is being fed in to ensure that we fulfil the requirements of Scottish Government for the IJB.</p>
<p>A local code of governance will be developed which will describe and define the main features of governance for the Integration Joint Board, in practice currently there are a number of local codes or documents.</p>	<p>All committee terms of reference have been reviewed and the final version was approved by the IJB on 27 January 2021.</p>
<p>Risk management to be embedded in the culture of the organisation.</p>	<p>A revised Risk Strategy was approved by the Audit &amp; Risk Committee on 20 April 2021. Due to the pandemic, there has been no formal review of the strategic risk register during 2020-21 until May 2021. This update is to be presented to IJB in June 2021 and thereafter to be reviewed at 6 monthly intervals.</p>



**ARGYLL AND BUTE INTEGRATION JOINT BOARD**  
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<b>Planned Action</b>	<b>Progress Update</b>
<p>Continuing development of performance management and performance scrutiny aligned with the Strategic Plan primary objectives and revised National Health and Wellbeing Outcome indicators.</p>	<p>Progress with implementing the new Integrated Performance Regime for the HSCP has been delayed due to the pandemic and this is now a priority for 2021-22.</p>
<p>Further develop the capacity and capability of Locality Planning Groups to ensure members have the support and capability to use and interpret data to facilitate the implementation of Strategic Plan objectives at locality level.</p>	<p>The 4 Locality Planning Groups have not met due to the pandemic in 2020-21. Plans are being put in place to re-energise these groups by the recently recruited Service Planning Manager.</p>
<p>Development programme for IJB members to be established, informed by a self-evaluation process, this will be supported by the Local Government Improvement Service.</p>	<p>After an initial development session was undertaken by the Improvement Service on 26 February 2020, this was put on hold due to the Covid-19 pandemic and the restricted ability to meet in person. Committee and member self-assessment is progressing and this will inform the overall development plan for 2021-22</p>
<p>Establish and develop the Transforming Together approach to the delivery of service change with a focus on the development of strategy and policy documents to underpin the service changes.</p>	<p>The Transformation Board was paused due to the pandemic and only re-started in early February 2021. It has defined 5 areas of focus for 2021-22 and these have been approved by the Strategic Planning Group. It now reports progress to the Finance and Policy Committee. The new programme manager post was approved by the IJB on 27 March 2020 is now being recruited to.</p>
<p>Review the use of Directions to ensure decisions and delegations from the IJB are clearly communicated to partners and to ensure their use reflects best practice.</p>	<p>There has been new national guidance on the provision of directions. A directions section has been added to all IJB reports and is now well embedded. A training session was carried out for all IJB members. Financial directions were issued to both NHS Highland and Argyll and Bute Council in May 2020 and form part of the Budget Proposals approved by the IJB on 31 March 2021.</p>

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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Some new areas identified during 2020-21 were as follows:

Planned Action	Progress Update
To produce an ICT and digital strategy for the IJB which links to the objectives of the HSCP Strategic Plan and cross references to the relevant strategies of our two partners organisations, and establish an HSCP wide digital and ICT steering group	Information has been collated from the relatively few other HSCPs which have such a strategy in preparation for this.
To produce a schedule setting out how all the elements of the Coronavirus Act and Safe Staffing Act have been implemented	In progress. New toolkit produced nationally at end of April 2021 to be used during Covid. This has been tested locally. NMAHP oversight group still to report on actions to the IJB.

### INTERNAL AUDIT

The IJB is required to put in place adequate and proportionate internal audit arrangements to provide independent assurance on risk management, corporate governance and the system of internal control. The internal auditors of the IJB for 2020-21 were Azets (formerly known as Scott-Moncrieff).

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 and Risk Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the IJB Audit and Risk Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the IJB Audit and Risk Committee.

The role of the IJB Audit and Risk Committee is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Membership of the IJB Audit and Risk Committee includes six members of the IJB (2 current vacancies) and the professional advisors included external and internal audit. The Audit Plan was agreed at the Audit and Risk Committee meeting in June 2020. The risk based audits carried out during 2020-21 were:

- IT Strategy and Governance
- Impact of New Legislation
- Financial Monitoring and Planning
- Social Care Contract Management

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement**

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In addition the Committee considered the NHS Highland internal audit report on Business Continuity Planning. The IJB Audit and Risk Committee received a full update on progress with individual recommendations and management actions at its meeting on 23 February 2021 with 12 out of 18 actions completed, 5 partially implemented, and 1 incomplete.

The Chief Internal Auditor provides the Audit Committee with an annual report on internal audit activity for the Integration Joint Board. The annual report includes an independent opinion on the adequacy and effectiveness of the systems of governance and internal control. The report for 2020-21 concludes that Argyll and Bute Integration Joint Board has an adequate and effective framework of governance, risk management and control subject to specific improvements. These improvements relate to the lack of IT objectives and lack of specific processes through which the IJB contributes to the technology and digital strategies of Argyll and Bute Council and NHS Highland, and the lack of an action plan / reporting on compliance with the Coronavirus Act and the Safe Staffing Act. The latter has since been actioned.

### **BEST VALUE**

The IJB has a statutory duty to provide best value as a designated body under section 106 of the Local Government (Scotland) Act 1973. The Annual Performance Report 2019/20 approved by the IJB on 25 November 2020 sets out how it fulfilled its obligations for best value in that year. The Annual Performance Report for 2020-21 is still to be developed and revised guidance, as a result of Covid-19, is expected to be similar to that for 2019-20. The report is expected to be simplified and delayed. A short summary against the 8 best value themes is given below:

#### Vision and Leadership

The IJB and Senior Leadership team are involved in setting clear direction and organisational strategy which is expressed in the 3 year Strategic Plan. There are strong mechanisms for contributions from the Locality Planning Groups and the Strategic Planning Group. The latter Group is currently working on the Strategic Commissioning Plan informed by a formal Joint Strategic Needs Analysis and has reported regularly to the IJB on its progress with this.

#### Governance and Accountability

Following the internal audit of corporate governance in 2019-20, the scheme of integration has been reviewed and formally signed off by the Scottish Government, the committee terms of reference have been updated, a Data Protection Officer appointed, and formal committee support provided from the Council, all of which have contributed to improved governance and accountability.

#### Effective use of resources

Finance & Policy Committee continues to meet on a monthly basis to scrutinise monthly budget monitoring and progress of delivering against savings. NHS Highland has utilised a formal Project Management Office approach to delivering savings throughout 2020-21 and this has included all

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement**

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health savings in the HSCP. This approach has been extended to social work savings and additional resource to support was recruited to following approval by IJB in March 2020. A formal grip and control regime continued through the year for all purchases of supplies and services, and workforce monitoring has reviewed all vacancies before agreeing to fill essential posts only. The Transformation Board was paused due to the pandemic but re-started meeting on a monthly basis from early February 2021. It has clear procedures in place for reporting progress.

### Partnership and Collaborative Working

The IJB works closely with NHS Highland and Argyll and Bute Council. The Chief Officer is a member of both of their Strategic Management Teams and attends relevant Board meetings. These close relationships have been particularly evident in the joined up responses to the Covid-19 pandemic through the Local Resilience Partnership and the Caring for People Tactical Group. In addition the HSCP has worked extremely closely with its commissioned service providers holding weekly meetings with care homes and care at home providers and has been commended by these stakeholders for this. This has continued throughout the year and illustrates the ethos of true partnership working.

### Community Responsiveness

The Locality Planning Groups ensure that local concerns are addressed and feed through to the Strategic Plan. Whilst these were paused for much of 2020/21, these groups are now being re-started. In addition the Engagement Strategy ensures that full consultation and engagement is carried out before policy changes are agreed. Most recently this has been illustrated through the extensive consultation carried out for the proposed changes to care homes, and through the budget consultation.

### Fairness and Equality

The Equality Impact Assessments now include an assessment of socio-economic impact and islands impact. There is a single process used across the HSCP and EQIAs are published. EQIAs were produced for all policy related budget saving proposals.

### Sustainability

The Covid-19 pandemic has created an opportunity to speed up remote working, which has significantly reduced travel and reduced printing (through move to paperless office). There has been extensive use of Near Me for remote consultations where this is appropriate, and continued use and expansion of Microsoft Teams with Council staff as well as NHS Highland staff now all migrated onto MS Teams. There has been close working with commissioned providers to ensure their financial sustainability, particularly for loss of income and extra costs due to Covid-19, and to speed up payments processing. All Council invoices have been processed as urgent payments as part of this drive to pay faster.

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement**

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### Performance, Outcomes & Improvement

The quarterly performance reporting was largely paused, and instead concentration has been on re-mobilisation. The revised integrated performance reporting regime has been designed but is still being fully implemented.

### **REVIEW OF EFFECTIVENESS**

The IJB places reliance on the procedures, processes, policies and operational systems of Argyll and Bute Council and NHS Highland. The IJB operates within an established procedural framework and the partner organisations provide assurance over the effectiveness of their systems of internal control.

The IJB has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal financial control. This is informed by:

- The work of officers within the IJB
- The work of Internal Audit as described above
- The work of External Audit
- External review and inspection reports
- The compliance with statutory guidance issued for the integration of services
- Recommendations from the Audit Committee.

Internal Audit carried out a formal review of Corporate Governance in 2019-20. The following improvements were made in 2020-21 which have assisted with the further strengthening of the corporate governance arrangements:

- The review of the Integration Scheme with a particular focus on risk sharing arrangements, was carried out, led by Argyll and Bute Council in partnership with NHS Highland. This has now been formally signed off by Scottish Government in March 2021.
- Reviewed the use of Directions to ensure decisions and delegations from the IJB are clearly communicated to partners and to ensure their use reflects best practice.
- Increased monitoring of the delivery of agreed savings through increasing the frequency of meetings of the Quality and Finance Programme Board to monthly and making it a formal committee now known as the Finance and Policy Committee, and more detailed scrutiny of the actions being taken to deliver the savings.
- Committees all have workplans and are to report to the IJB annually on their activity from 2021-22. The Audit and Risk Committee and Finance & Policy Committees have been early adopters of this and have both carried out a self-assessment of their effectiveness and presented an annual report on their activity in 2020-21 to the IJB in June 2021.

### **FURTHER ACTIONS**

These further improvements are still to be concluded / fully embedded:

- Development programme for IJB members will be deployed and embedded.

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Annual Governance Statement**

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- A self-evaluation process for IJB members will be implemented to ensure IJB members are receiving the support required to undertake the role.

**CONCLUSION AND OPINION ON ASSURANCE**

Significant progress has been made in the operation of the Integration Joint Board to ensure appropriate governance and information sharing arrangements are in place, and further improvement and development of governance arrangements is ongoing to safeguard the future success of the Partnership.

While recognising that improvements are required, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Argyll and Bute IJB's systems of governance.

Sarah Compton-Bishop  
Chair  
Date, 2021

Fiona Davies  
Interim Chief Officer  
Date, 2021

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report**

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### **1. INTRODUCTION**

The Local Authority Accounts (Scotland) Amendment Regulations 2014 (SSI No.2014/200) require local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

The information disclosed in the tables in this Remuneration Report is subject to external audit. The explanatory text in the Remuneration Report is reviewed by external auditors to ensure it is consistent with the Financial Statements.

### **2. INTEGRATION JOINT BOARD**

The IJB comprises eight voting members appointed in equal numbers by the Health Board and Council. The partners appoint a Chair and Vice Chair in accordance with the Integration Scheme and the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. Article 4 of the Order provides for the Chair to be appointed by NHS Highland or Argyll and Bute Council from among the voting members nominated by NHS Highland and the Council. The Vice Chair is appointed by the constituent authority who did not appoint the Chair.

The NHS Board and the Council have responsibility for these appointments on an alternating basis and the NHS Board and the Council may change the person appointed by them as Chair or Vice Chair during an appointing period.

The Council nominated Chair, Councillor Kieron Green, took the office of Chair for the two year period from 1 April 2019 to 31 March 2021. NHS Highland appointee Sarah Compton-Bishop took up this position from 1 April 2021 when they rotated for the next 2 year period.

In addition there are professional advisors and stakeholder members who are non-voting members of the Integration Joint Board.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the Integration Joint Board. The IJB does not reimburse the relevant partner organisations for any voting board members costs borne by the partner. The IJB does not have responsibilities, either in the current years or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights or disclosures are provided for the Chair or Vice Chair.

### **3. OFFICERS OF THE IJB**

The IJB does not directly employ any staff in its own right, however specific post-holding officers are non-voting members of the Board.

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 is regarded as an employee of the IJB although the contract of employment is

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

with Argyll and Bute Council. Joanna MacDonald was in post until 31 March 2021. George Morrison was appointed as Interim Chief Officer from 1 April until 3 May 2021. Fiona Davies was then appointed as Interim Chief Officer with effect from 4 May 2021 for a period of up to one year whilst a further recruitment process is undertaken to recruit a new Chief Officer on a permanent basis.

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

Kirsty Flanagan who is Argyll and Bute Council's Section 95 Officer covered both her role within Argyll and Bute Council and the IJB's Chief Financial Officer from 1 December 2018 to 31 May 2019. Kirsty Flanagan's salary is disclosed within Argyll and Bute Council Annual Accounts and no recharge was made to the IJB. Judy Orr was seconded from Argyll and Bute Council for a two year period from 1 June 2019 to 30 June 2021 as Head of Finance and Transformation which includes the responsibility of acting as Chief Financial Officer. George Morrison, Deputy Chief Officer, is covering the role from 1 July 2021 until 9 August 2021 when James Gow joins as the new appointee.

The following table sets out the remuneration disclosures for 2020-21 for senior officers:

Total 2019-20  £	Senior Officer	Salary (Including Fees and Allowances)  £	Taxable Expenses  £	Total 2020-21  £
102,418	<b>Chief Officer</b> – Joanna MacDonald	105,424	-	105,424
(102,418)	<i>(Full Year Equivalent)</i>	(105,424)		(105,424)
-	<b>Chief Financial Officer</b> – Kirsty Flanagan (01/12/2018 to 31/05/2019) – See Note 1	-	-	-
64,106 (69,934)	<b>Chief Financial Officer</b> – Judy Orr (from 01/06/2019)	79,638 (80,060)	422	80,060 (80,060)
<b>150,581</b>	<b>Total</b>	<b>185,062</b>	<b>422</b>	<b>185,484</b>

Note 1 - Kirsty Flanagan was remunerated separately by Argyll and Bute Council for her post as Head of Strategic Finance. No recharge was made to the IJB.



## ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

### 4. PENSION BENEFITS

In respect of officers' pension benefits the statutory responsibility for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pension liability reflected on the IJB balance sheet for the Chief Officer or any other officers. The IJB however has a 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 Chief Officer is a member of the Local Government Pension Scheme (LGPS), costs for the pension scheme contributions and accrued pension entitlements are shown in the table below:

2019-20			2020-21	
In-year Pension Contributions £	Accrued Pension Benefits £		In-year Pension Contributions £	Accrued Pension Benefits £
19,767	Pension 3,033 Lump sum 0	<b>Chief Officer</b> – Joanna MacDonald	20,347	Pension 5,234 Lump sum 0
-	-	<b>Chief Financial Officer</b> – Kirsty Flanagan (01/12/2018 to 31/05/2019) – See Note 1	-	-
12,349	Pension 27,876 Lump sum 37,194	<b>Chief Financial Officer</b> – Judy Orr (from 01/06/2019)	15,342	Pension 30,280 Lump sum 38,310

Note 1 - Kirsty Flanagan was remunerated separately by Argyll and Bute Council for her post as Head of Strategic Finance. No recharge was made to the IJB.

### 5. DISCLOSURE BY PAY BANDS

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

### 6. EXIT PACKAGES

There were no exit packages during 2020-21.

Sarah Compton-Bishop  
Chair  
Date, 2021

Fiona Davies  
Interim Chief Officer  
Date, 2021

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Financial Statements

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2019-20		2020-21		
		Gross Expenditure £000	Income £000	Net Expenditure £000
143,460	Adult Care	159,310	(9,893)	149,417
798	Chief Officer	6,251	(2,135)	4,116
20,662	Children and Families	23,359	(2,386)	20,974
3,493	Community and Dental Services	3,802	(248)	3,554
1,433	Lead Nurse	2,849	(137)	2,712
1,656	Public Health	1,714	(88)	1,626
2,554	Strategic Planning and Performance	3,057	(17)	3,040
5,501	Estates	6,014	(315)	5,700
2,494	Depreciation	2,642	0	2,642
17,409	General Medical Services	19,929	(56)	19,872
66,925	Greater Glasgow & Clyde Commissioned Services	66,142	0	66,142
(1,920)	Income – Commissioning and Central	16	(1,384)	(1,368)
5,726	Management and Corporate Services	7,629	(39)	7,591
9,406	NCL Primary Care Services	11,111	(202)	10,909
4,044	Other Commissioned Services	3,902	0	3,902
<b>283,641</b>	<b>Cost of Services</b>	<b>317,728</b>	<b>(16,900)</b>	<b>300,828</b>
(283,921)	Taxation and Non-Specific Grant Income (note 4)			(306,809)
<b>(280)</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>(5,981)</b>
<b>(280)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(5,981)</b>

The information in the management commentary provides a more detailed analysis of the expenditure which is consistent with the management reporting to the IJB during the course of 2020-21. The movement in the General Fund balance is solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not provided in these annual accounts.

**ARGYLL AND BUTE INTEGRATION JOINT BOARD  
Financial Statements**

**MOVEMENT IN RESERVES STATEMENT**

This statement shows the movement in the year on the IJB 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.

<b>Movements in Reserves During 2020-21:</b>	<b>General Fund Balance</b>	<b>Unusable Reserves: Employee Statutory Adjustment Account</b>	<b>Total Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Opening Balance at 31 March 2020</b>	<b>(605)</b>	<b>0</b>	<b>(605)</b>
(Surplus) / Deficit on Provision of Services	(5,981)	0	(5,981)
<b>(Increase) / Decrease in Year 2020-21</b>	<b>(5,981)</b>	<b>0</b>	<b>(5,981)</b>
<b>Closing Balance at 31 March 2021</b>	<b>6,586</b>	<b>0</b>	<b>6,586</b>

<b>Movements in Reserves During 2019-20:</b>	<b>General Fund Balance</b>	<b>Unusable Reserves: Employee Statutory Adjustment Account</b>	<b>Total Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Opening Balance at 31 March 2019</b>	<b>(325)</b>	<b>0</b>	<b>(325)</b>
(Surplus) / Deficit on Provision of Services	(280)	0	(280)
<b>(Increase) / Decrease in Year 2019-20</b>	<b>(280)</b>	<b>0</b>	<b>(280)</b>
<b>Closing Balance at 31 March 2020</b>	<b>(605)</b>	<b>0</b>	<b>(605)</b>

**ARGYLL AND BUTE INTEGRATION JOINT BOARD  
 Financial Statements**

**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		Note	31 March 2021 £'000
605	<b>Current Assets:</b> Short Term Debtors	5	6,586
0	<b>Current Liabilities:</b> Short Term Creditors	6	0
0	<b>Long-term Liabilities:</b> Provisions	10	0
<b>605</b>	<b>Net Assets</b>		<b>6,586</b>
605	Usable Reserve: General Fund	8	6,586
<b>605</b>	<b>Total Reserves</b>		<b>6,586</b>

The unaudited accounts were authorised for issue on 29 June 2021.



**Judy Orr**  
 Head of Finance and Transformation  
 29 June 2021

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Notes to the Financial Statements**

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### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 General Principles**

The Financial Statements summarise the transactions of the Integration Joint Board for the 2020-21 financial year and its position for the year end as at 31 March 2021.

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

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authorities Accounting in the United Kingdom 2019-20, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

#### **1.2 Accruals of Income and Expenditure**

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 Integration Joint Board.
- Income is recognised when the Integration Joint Board has a right to the income, for instance by meeting any terms and conditions required to earn 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.

For the Integration Joint Board annual accounts a debtor and/or creditor will be recorded where the partner contributions differ from the actual net expenditure in year, this allows any surplus or deficit on the provision of services to be transferred to the reserves held by the Integration Joint Board. Where any in-year overspend exceeds reserves available the partners will make additional in-year payments, in this instance a creditor will not be recognised as future funding would be adjusted to reflect any future repayment.

#### **1.3 Offsetting of Debtors and Creditors**

The Integration Joint Board does not hold cash and cash equivalents. Instead the funding partners utilise, as directed by the Integration Joint Board, the amount of funding due to the Integration Joint Board to pay for services.

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD Notes to the Financial Statements**

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The Integration Joint Board and the funding partners have confirmed that there is a 'right of offset', and that there is an intention to allow settlement of balances to be undertaken on a net basis. On this basis the Integration Joint Board's financial statements present the balances due to and from the funding partners on a net basis rather than as separate creditors and debtors.

### **1.4 Funding**

The Integration Joint Board is primarily funded through funding contributions from the statutory funding partners, Argyll and Bute Council and NHS Highland. Expenditure is incurred as the Integration Joint Board commissions specified health and social care services from the funding partners for the benefit of service recipients in Argyll and Bute.

### **1.5 Cash and Cash Equivalents**

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

### **1.6 Employee Benefits**

The Integration Joint Board 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 Integration Joint Board therefore does not present a Pensions Liability on its Balance Sheet.

The Integration Joint Board 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 at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

### **1.7 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 Integration Joint Board's Balance Sheet, but is disclosed in a note where it is material.

## **ARGYLL AND BUTE INTEGRATION JOINT BOARD**

### **Notes to the Financial Statements**

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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 Integration Joint Board's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

Where NHS Highland or Argyll and Bute Council recognise provisions, contingent liabilities or contingent assets in relation to services included in the Integration Scheme these will be disclosed in the Integration Joint Board's Annual Accounts.

#### **1.8 Reserves**

The Integration Joint Board's reserves are classified as either Usable or Unusable Reserves. There is a Reserves Policy in place which details the nature and use of reserves.

The Integration Joint Board's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the Integration Joint Board can use in later years to support service provision.

The Integration Joint Board's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation. It defers the charge to the General Fund for the Chief Officer's absence entitlement as at 31 March, for example any annual leave earned but not yet taken. The General Fund is only charged for this when the leave is taken, normally during the next financial year.

#### **1.9 Indemnity Insurance**

The Integration Joint Board has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Highland and Argyll and Bute Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the Integration Joint Board does not have any 'shared risk' exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The Integration Joint Board's 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 Integration Joint Board'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.

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Notes to the Financial Statements

### 1.10 VAT Status

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

### 2. EVENTS AFTER THE REPORTING PERIOD

The unaudited Annual Accounts were authorised for issue on 29 June 2021. Events taking place after this date are not reflected in the financial statements or notes.

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:

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

There are no events to report after the reporting period end.

### 3. EXPENDITURE AND INCOME ANALYSIS BY NATURE

31 March 2020 £'000		31 March 2021 £'000
	<b><i>Services Commissioned from Argyll and Bute Council and NHS Highland:</i></b>	
92,005	Employee Costs	97,500
8,844	Premises Costs	10,100
11,791	Supplies and Services	14,667
3,639	Transport Related Costs	2,362
135,488	Third Party Payments	142,976
(15,880)	Income	(17,331)
47,503	Primary Care Services	50,281
	<b><i>Other:</i></b>	
225	Other IJB Operating Expenditure	247
27	Fees payable to Audit Scotland - External Audit Fees	27
(283,922)	Partners Funding Contributions and Non-Specific Grant Income	(306,809)
<b>(280)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(5,981)</b>

Audit Scotland did not receive any fees for non-audit work.



**ARGYLL AND BUTE INTEGRATION JOINT BOARD**  
**Notes to the Financial Statements**

**4. TAXATION AND NON-SPECIFIC GRANT INCOME**

The following taxation and non-specific grant income was recognised in the Comprehensive Income and Expenditure Statement:

<b>31 March 2020</b> <b>£'000</b>		<b>31 March 2021</b> <b>£'000</b>
59,839	Funding Contribution from Argyll and Bute Council	57,995
224,083	Funding Contribution from NHS Highland	248,814
<b>283,922</b>	<b>Taxation and Non-specific Grant Income</b>	<b>306,809</b>

The funding contributions from the partners shown above excludes any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding would be presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement. As in previous years, the funding contribution from Argyll and Bute Council excludes the apprentice levy of £106k which is treated as a non-controllable cost.

**5. DEBTORS**

<b>31 March 2020</b> <b>£'000</b>		<b>31 March 2021</b> <b>£'000</b>
605	NHS Highland	4,197
-	Argyll and Bute Council	2,389
<b>605</b>	<b>Total Debtors</b>	<b>6,586</b>

Amounts owed by the funding partners are stated on a net basis. Debtor and Creditor balances recognised by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

**6. CREDITORS**

<b>31 March 2020</b> <b>£'000</b>		<b>31 March 2021</b> <b>£'000</b>
-	NHS Highland	-
-	Argyll and Bute Council	-
-	<b>Total Creditors</b>	-

Amounts owed to the funding partners are stated on a net basis. Debtor and Creditor balances recognised by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

## ARGYLL AND BUTE INTEGRATION JOINT BOARD

### Notes to the Financial Statements

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#### 7. RELATED PARTY TRANSACTIONS

The Integration Joint Board has related party relationships with NHS Highland and Argyll and Bute Council. In particular the nature of the partnership means that the Integration Joint Board may influence, and be influenced by, its partners. The following transactions and balances included in the Integration Joint Board's accounts are presented to provide additional information on the relationships.

##### Transactions with NHS Highland:

2019-20 £000		2020-21 £000
(224,082)	Funding Contributions received from NHS Highland	(248,814)
212,167	Expenditure on Services Provided by NHS Highland	228,691
<b>(11,916)</b>	<b>Net Transactions with NHS Highland</b>	<b>(20,123)</b>

There are key management personnel employed by NHS Highland, these costs are included in the expenditure on services provided. The non-voting Board members employed by NHS Highland include the Lead Nurse, Clinical Director for Argyll and Bute, Public Health Specialist, Lead Allied Health Professional, Lead Pharmacist, Staff Representative and representatives from primary care and medical services. Details of the remuneration, where required, is provided in the Remuneration Report.

##### Transactions with Argyll and Bute Council

2019-20 £000		2020-21 £000
(59,839)	Funding Contributions received from Argyll and Bute Council	(57,995)
71,755	Expenditure on Services Provided by Argyll and Bute Council	78,118
<b>11,916</b>	<b>Net Transactions with Argyll and Bute Council</b>	<b>20,123</b>

There are key management personnel employed by Argyll and Bute Council, these costs are included in the expenditure on services provided. The non-voting Board members employed by Argyll and Bute Council include the Chief Officer, Chief Financial Officer, Chief Social Work Officer and a Staff Representative. Details of the remuneration, where required, is provided in the Remuneration Report.

Support services are not included in the delegations from Argyll and Bute Council. These include services such as human resources, financial services, information technology and

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Notes to the Financial Statements

accommodation. These are provided free of charge as 'services in kind' and these costs are therefore not included in the expenditure of the Integration Joint Board.

### 8. USABLE RESERVE: GENERAL FUND

The Integration Joint Board holds a balance on the General Fund which will normally comprise one of three elements:

1. Funds that are earmarked or set aside for specific purposes. In Scotland, under Local Government rules, earmarked reserves are accounted for separately but remain legally part of the General Fund. The identification of earmarked reserves may include:
  - future use of funds for a specific purpose, as agreed by the Integration Joint Board; or
  - reserves for unspent revenue grants or contributions.
2. Funds which are not earmarked for specific purposes, but are set aside to deal with unexpected events or emergencies; and
3. Funds held in excess of the target level of reserves and the identified earmarked sums. Reserves of this nature can be spent or earmarked at the discretion of the Integration Joint Board.

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

2019-20		2020-21		
Balance at 31 March 2020 £000		Transfers Out  £000	Transfers In  £000	Balance at 31 March 2021 £000
103	Primary Care Transformation Fund	(912)	2,602	1,793
123	Mental Health Action 15 Fund	(210)	326	239
110	Technology Enabled Care	(6)	40	144
60	Alcohol & Drugs Partnership	(154)	254	160
60	Best start maternity services	0	86	146
74	GP Fellowship MH Funding	(74)	0	0
56	Supporting improvements to GP premises	0	27	83
10	Scotgem Lochgilphead accommodation	0	7	17
10	ACT widen access 19-20	0	0	10
0	Covid-19 support	(6,947)	9,695	2,748
0	Community Living Change Fund	0	300	300

**ARGYLL AND BUTE INTEGRATION JOINT BOARD  
Notes to the Financial Statements**

0	ACT Aros Residences Upgrade	0	250	250
0	Primary Care OOH Funding	0	92	92
0	Insulin Pumps correction including VAT	0	82	82
0	ASC Nurse Director Support IPC	(21)	99	78
0	Trauma Network Tranche 1 / Tranche 2	(36)	108	72
0	PFG School Nursing Tranche 2	0	67	67
0	District Nurse Posts	(16)	76	60
0	E-health Strategy Funding	(60)	112	52
0	Reduce Drug Deaths	0	44	44
0	Perinatal MH Funding	0	41	41
0	Mental Health Officer Training	0	28	28
0	Type 2 Diabetes Framework	(58)	83	25
0	Trauma Training Trials	0	24	24
0	Child Healthy Weight	(14)	34	20
0	Wellbeing funding	0	9	9
<b>605</b>	<b>Total Earmarked</b>	<b>(8,509)</b>	<b>14,491</b>	<b>6,586</b>
0	Contingency	0	0	0
<b>605</b>	<b>General Fund</b>	<b>(8,509)</b>	<b>14,491</b>	<b>6,586</b>

**9. UNUSABLE RESERVE: EMPLOYEE STATUTORY ADJUSTMENT ACCOUNT**

The Integration Joint Board's only Unusable Reserve is the Employee Statutory Adjustment Account. There is no balance for the Chief Officer's absence entitlement as at 31 March 2021 recognised in the reserve for annual leave earned but not yet taken as the amount is not material.

**10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There are no provisions recognised on the Balance Sheet as at 31 March 2021. There were no new provisions made during 2020-21 on behalf of the Integration Joint Board. There are historic provision balances and contingent liabilities relating to services provided prior to 1 April 2016, these will be recognised as required in the Annual Accounts of Argyll and Bute Council and NHS Highland. There would be further consideration of funding requirements for the Integration Joint Board where the historic funding of these financial provisions are insufficient and may affect the Integration Joint Board's funding arrangements in the future.

There are no identified contingent liabilities or contingent assets as at 31 March 2021 for the Integration Joint Board.

**ARGYLL AND BUTE INTEGRATION JOINT BOARD**  
**Notes to the Financial Statements**

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**11. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. There was an immaterial amount of non-recoverable VAT incurred by the Integration Joint Board during 2020-21.

**12. ACCOUNTING STANDARDS ISSUED 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 a significant impact on the 2020-21 Annual Accounts.

