

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Commonly known as Argyll and Bute Health & Social Care Partnership



AUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020



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ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

1. INTRODUCTION

The Annual Accounts contain the Financial Statements of Argyll and Bute Integration Joint Board (IJB) for the year ended 31 March 2020 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 2019-20 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 2019-20 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.

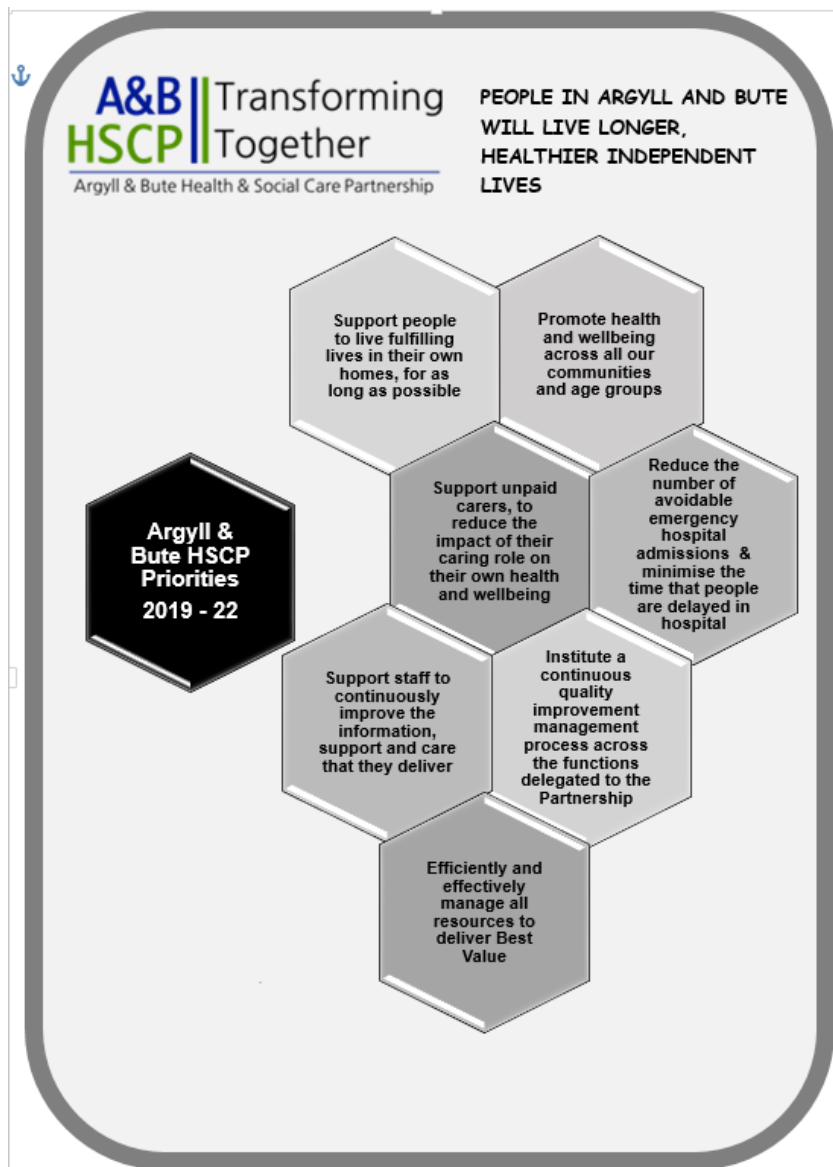
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3. HEALTH AND SOCIAL CARE PARTNERSHIP STRATEGIC PLAN

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 national health and wellbeing outcomes provide a strategic framework for the planning and delivery of health and social care services. These suites of outcomes together focus on improving the experiences and quality of services for people using those services, carers and their families. These outcomes focus on improving how services are provided, as well as the difference that integrated health and social care services should make, for individuals. Currently there are 9 key National Health and Wellbeing Outcomes (NHWBOI's) and 23 sub-indicators and additional measures which form the foundation of the reporting requirement for the HSCP.

The HSCP has in place a Planning and Performance Management Framework and reporting to the Board takes place with a performance scorecard being presented on a regular basis to the IJB. The HSCP continues to publish its Annual Performance Report with the 2019-20 report due to be published in 2020-21. The IJB reviewed its performance scorecard and reporting processes and has further reduced from 65 indicators to 44 indicators. This has been informed by a national review of indicators, changes to the performance targets, it's new Strategic Plan, the establishment of new financial control mechanisms and feedback from the IJB and Senior Leadership Team. The IJB received a presentation from officers on the proposed new Integrated Performance Regime and supporting performance scorecard report in August 2019. The introduction of the new regime is still under way.

The performance for Finance Quarter 1 (FQ1) 2019-20 was reported to the IJB in September 2019, performance for FQ2 2019-20 was reported to the IJB in January 2019 and performance for FQ3 2019-20 was reported to the IJB in March 2020. The scorecard on the next page provides a snapshot of the overall performance as at the end of FQ3 2019-20.

FQ4 data availability nationally has been affected by current national Covid-19 data demands. For this reason FQ4 has not yet been formally reported to the IJB. The data in the table overleaf gives an interim position with some of the indicators using carry-over data from the previous FQ3 position. It should be noted that there is no reported outpatient performance for FQ4 as a result of Scotland wide restrictions on outpatient activity. (The re-mobilisation plan should see the slow reintroduction of outpatient activity from June 2020 onwards.)

The scorecard shows that of the 44 success measures, 27 were on track or better, with 16 reported as off target and 1 measure in development.

Key areas of success against target for FQ4 (19/20) are:

- Percentage of Total Telecare Service Users with Enhanced Telecare Packages (**Target-** 31% **Actual-** 45.2%)
- Percentage of Social Work care services graded 'Good' '4' or better in Care Inspectorate inspections (**Target-** 83% **Actual-** 84.1%)
- Percentage of Children on Child Protection Register with a completed Child Protection Plan (**Target-**100% **Actual-** 100%)

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Some areas where performance hasn't met the target and are areas for improvement are:

- The % of adult protection referrals completed within 5 Days (target 80%, actual 42.2%)
- The number of unplanned bed days for Mental Health specialities (target 3974, actual 6636 – FQ3 data)
- The number of Accident & Emergency (A&E) attendances (target 4240, actual 4407 FQ3 data)
- The percentage of A&E attendances seen within 4 hours (target 95%, actual 89.6% - FQ3 data)
- Social Work Attendance rates (sickness absence) (**Target-** 3.78 days, **Actual-** 4.89 days)
- Percentage of looked after children who are looked after at home or in a community setting (target 90% actual 83.3%)

(Noted as FQ3 data where FQ4 data not yet available)

Table 1: FQ4 (2019-20) Health & Wellbeing Outcome Indicator- Performance Overview

Health & Wellbeing Outcome Indicators	Total Number of Measures	Number of measures On-track	Number of measures Off-track
Outcome 1 - People are able to improve their health	6	5	1
Outcome 2 - People are able to live in the community	6	0	6
Outcome 3 - People have positive service-user experiences	5	2	3
Outcome 4 - Services are centred on quality of life	5	4	1
Outcome 5 - Services reduce health inequalities	5	5	0
Outcome 6 - Unpaid carers are supported	1	0	1
Outcome 7 - Service users are safe from harm	7	6	1
Outcome 8 - Health and social care workers are supported	3	1	2
Outcome 9 - Resources are used effectively in the provision of health and social care services	5	4	1
In Development	1		
Totals	44	27	16

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The HSCP's anticipated performance in terms of the number of patients in breach of consultant waiting times targets for new appointments has been quantified in the NHS Highland Annual Operational Plan (AOP) submitted in March 2019. The AOP was informed by a "demand, capacity, activity, queue" analysis (DCAQ) process which identified the additional capacity that would be required to address average demand on a specialty by specialty basis. The HSCP has received £377,800 in 2019/20 to support this activity with 60% of the funding released in the first tranche and the balance to be released if waiting times performance trajectories are met.

A comparison between the FQ3 position and the AOP figures across all consultant outpatient specialties reporting variances against the 12 week target is detailed below:

- 12 week target: 333 New Outpatient Appointments at Consultant Led Clinic breaches as at Q3 19/20. This is against a projected AOP forecast figure of 382 (-12.8%)
- 26 week target 112 New Outpatient Appointments at Consultant Led Clinic breaches as at Q3 19/20. This is against a projected AOP forecast figure of 103 (+ 8.7%)

It should be noted that the majority of the clinics provided in Argyll and Bute are provided by visiting consultants from NHS GG&C. However in addition there are a small number of local specialties which are also not meeting waiting times targets at present.

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5. FINANCIAL PERFORMANCE 2019-20

Financial Outturn 2019-20

It was clear from the beginning of financial year 2019-20 that the HSCP had financial challenges. The final revenue outturn for 2018-19 was an overspend of £6.681m. The health related overspend of £3.554m was covered by the Scottish Government brokerage given to NHS Highland. The social work related overspend amounting to £3.127m has to be repaid to Argyll and Bute Council.

At the IJB meeting on 27 March 2019, when the budget for 2019-20 was considered, the Board set a balanced budget which required new savings of £6.794m to be delivered. In addition there was £3.029m of previously agreed savings still to be delivered, making the total savings due to be delivered in year £9.823m which was a significant challenge. Further in-year savings were agreed through financial recovery plans which increased the total to be delivered to £10.877m, of which £7.665m was delivered. The shortfall in savings delivery and the SLA dispute with NHS GG&C were the two key reasons for the outturn overspend of £2.446m in 2019/20. It should be noted that although there is an overspend, the level of overspend is well reduced from that in 2018-19, which is a considerable achievement.

The Chief Financial Officer post was covered by the Council's Head of Strategic Finance (in addition to her Council post) until 31 May 2019. A new Head of Finance and Transformation was appointed for a 2 year fixed term from 1 June 2019 to 31 May 2021. The enhanced budgetary control arrangements introduced by the Chief Officer and the Council's Head of Strategic Finance have been continued and expanded and comprehensive financial reports are now being presented to the IJB and to the Finance and Policy Committee on a regular basis. Although unable to break even at the end of 2019-20, there is now greater control and transparency over the partnership's financial position.

The forecast outturn position was reported to the IJB at each meeting throughout the financial year. The overall financial performance against budget for financial year 2019-20 was an overspend of £2.446m, with an overspend of £1.280m on health related services and an overspend of £1.166m on social work services.

The overspend for health related services took an adverse dip between February and the end of the financial year. This was as a result of recognition of the disputed charging of services from NHS Greater Glasgow and Clyde (GG&C). At the end of financial year 2019-20 the dispute remained unresolved. This dispute has continued throughout the financial year, with £1.1m of charges from 2018-19 remaining in dispute and a further disputed amount for 2019-20 of £1.324m. (These disputed amounts are for increases above the normal inflationary uplift which has been offered.) Without the need to make the provision for the disputed amount, the Health position would have shown a small underspend of £44k, and the overall overspend would have been reduced to £1.122m. The dispute has been escalated to the chairs of the respective health boards, and they have agreed to a meeting with the relevant chief executives supported by their directors of finance in order to bring this matter to a resolution. This meeting has understandably been delayed by the Covid-19 pandemic.

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The table below summarises the financial performance against budget for 2019-20, split across Health and Social Work related services.

Service	Annual Budget £000	Outturn £000	Variance £000	% Variance
<u>COUNCIL SERVICES:</u>				
Chief Officer	1,477	798	679	46.0%
Children and Families Central Management Costs	2,285	2,399	(114)	-5.0%
Child Protection	3,348	3,068	280	8.4%
Children with a Disability	874	815	59	6.8%
Criminal Justice	151	(36)	187	123.8%
Looked After Children	6,885	7,385	(500)	-7.3%
Adult Services Central Management Costs	501	464	37	7.4%
Learning Disability	14,679	15,812	(1,133)	-7.7%
Mental Health	2,707	2,482	225	8.3%
Older People	35,078	35,369	(291)	-0.8%
Physical Disability	2,192	2,790	(598)	-27.3%
Service Development	412	409	3	0.7%
COUNCIL SERVICES TOTAL	70,589	71,755	(1,166)	-1.7%
<u>HEALTH SERVICES:</u>				
Adult Services - West	54,702	56,314	(1,612)	-2.9%
Adult Services - East	30,237	30,230	7	0.0%
Children & Families Services	7,257	7,031	226	3.1%
Commissioned Services - NHS GG&C	65,457	66,925	(1,468)	-2.2%
Commissioned Services - Other	3,929	4,044	(115)	-2.9%
General Medical Services	17,720	17,409	311	1.8%
Community and Salaried Dental Services	3,793	3,493	300	7.9%
Other Primary Care Services	9,406	9,406	0	0.0%
Public Health	1,812	1,656	156	8.6%
Lead Nurse	1,516	1,433	83	5.5%
Management Service	3,808	3,679	129	3.4%
Health Board provided services	2,047	2,047		0.0%
Planning & Performance	2,190	2,144	46	2.1%
Depreciation	2,516	2,494	22	0.9%
Income	(1,533)	(1,920)	387	-25.2%
Estates	5,322	5,501	(179)	-3.4%
Budget Reserves	427	0	427	100.0%
HEALTH SERVICES TOTAL	210,606	211,886	(1,280)	(0.6%)
GRAND TOTAL	281,195	283,641	(2,446)	(0.9%)

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The main service areas contributing to the overall overspend position are noted below:

- Looked After Children - Overspend arises due to service demand for external residential placements, overspends on the Life Changes Trust project, overspends on staffing costs within children's homes and slippage on agreed savings in residential placements (£200k) partially offset by underspends in fostering arising due to lower than budgeted service demand.
- Physical Disability - Overspend arises mainly due to higher than budgeted demand as well as slippage on the delivery of efficiency savings for supported living services. This is partially offset by an underspend in respite and payments to other bodies.
- Learning Disability - Overspend arises due to a combination of higher than budgeted demand for supported living and care home services and slippage on savings developed to reduce both of these commitments partially offset by underspends on day services and respite.
- Adult Services West – Overspend arises due to savings not being achieved and several budget overspends, including; Mull Medical Group - GP locums £668k, Psychiatric medical services - locums £603k, LIH General Medical Services - locums £308k, GP prescribing Campbeltown £123k , LIH Laboratory - agency staffing £136k, LIH Ward B - agency nurses £106k, Kintyre Medical Group - GP locums £92k, Campbeltown Hospital nursing £102k, and Jura out of hours GP service. (LIH: Lorn & Isles Hospital)
- Commissioned Services – NHS GG&C – overspend arises mainly due to disputed element of SLA accounted for as per NHS accounting rules, £1.324m. Balance of variance relates to cost per case charges, mainly cystic fibrosis drug costs.

Savings Delivery

As at end of March, £7.665m of the target £10.877m savings have been delivered, 70% of the total – this includes £1.080m non-recurring savings. It is clear that the failure to deliver on all savings (overall shortfall of £3.212m) is the key driver in the outturn overspend of £2.446m (apart from the dispute with NHS GG&C).

The outturn shortfall for Social Work savings is £3.212m .The outturn shortfall for Health savings of £1.080m was fully offset by non-recurring (one-off) savings many of which relate at least in part but where the saving cannot yet be regarded as recurring. The Health savings are being tracked through the Project Management Office approach co-ordinated by NHS Highland which includes greater visibility of progress against agreed milestones. This approach is now being rolled out to Social Work savings through the Finance team. The regular meetings to review the savings have been paused in March due to work on the Covid response but are planned to restart in late May. A Service Improvement Officer (SIO) post dedicated to tracking and progressing social work savings is being recruited to, in addition to two SIOs focussed on Learning Disability and Care Homes / Home Care for Older people. These are expected to improve the focus on savings delivery in 2020-21.

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As nearly all these savings are being carried forward to next year, it is imperative that efforts to deliver the previously agreed savings are continued. Although we now have permanent heads of service in post across all areas which will assist, efforts are currently being hampered by the need to prioritise responses to Covid-19 pandemic. Where we can, we will ensure that actions for Covid-19 are aligned and capitalised on such as increasing use of Near Me.

Repayment of Overspend

The approved Scheme of Integration outlines what should happen in the event of an 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, then the Parties will be required to make additional payments to Argyll and Bute Integrated Joint Board. Where there is a requirement for additional payments an analysis of the requirement for additional payments will be carried out to determine the extent to which they relate to either budgets delegated back to or activities managed by the Council or NHS Highland with the allocation of the additional payments being based on the outcome of this analysis. Any additional payments by the Council and NHS Highland will then be deducted from future years funding/payments.

NHS Highland and Argyll and Bute Council, in line with the Scheme of Integration, allocated additional funding to the IJB at the end of 2019-20. The health related overspend of £1.280m was covered by the Scottish Government brokerage given to NHS Highland and will require to be repaid, unless the dispute with NHS GG&C is settled in our favour. The 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 health overspend will be agreed by NHS Highland and the Scottish Government as it is part of the overall brokerage given to NHS Highland. It is expected that discussions will be held next year about a repayment schedule. At the earliest repayment might commence in 2022-23.

A report was considered at the Council's Business Continuity Committee on 14 May 2020 in respect of the repayment arrangements for the overspends and it was agreed that this be repaid over a period of five years commencing in 2020-21. Total repayments due to the Council are shown in the table on the next page:

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	Repayment 2017-18 Overspend £000	Repayment 2018-19 Overspend £000	Repayment 2019-20 Overspend £000	Total Repayment £000
2020-21	400			400
2021-22	655	545		1,200
2022-23		1,255		1,255
2023-24		1,327		1,327
2024-25			1,166	1,166
Total	1,055	3,127	1,166	5,348

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 £0.280m as noted in the Comprehensive Income and Expenditure Statement to the financial outturn position of £2.446m overspend:

	£000	£000
Surplus on Provision of Services		(280)
Remove Statutory Adjustments that don't feature in financial outturn position	0	
Movement in General Fund Balance		(280)
Other Movements:		
Earmarked Reserves released to services during 2019-20	(275)	
New Earmarked Reserves during 2019-20	555	
Additional Funding Provided by NHS Highland	1,280	
Additional Funding Provided by Argyll and Bute Council	1,166	
		2,726
Financial Outturn (Overspend)		2,446

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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 £0.280m, there was a balance of £0.325m held at 1 April 2019 and the closing balance at 31 March 2020 is £0.605m. This increase represents the net of amounts of earmarked balances used during 2019-20 and new balances earmarked at the end of 2019-20.

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. The IJB had an adverse year-end outturn position and 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:

	Earmarked Reserves £000	Unallocated Reserves £000	Total £000
Opening Balance at 1 April 2019	325	0	325
Movement 2019-20	280	0	280
Closing Balance at 31 March 2020	605	0	605

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 £5.5m. 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 unprecedented economic climate in which the IJB are 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 the 31 March 2020. 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:

- Short Term Debtors of £0.605m, relates to earmarked reserves balances related to health services and recognises the amount owed to the Integration Joint Board by NHS Highland.

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The net worth of the Integration Joint Board as at 31 March 2020 is £0.605m, this is supported by the General Fund reserve.

There are no provisions recognised on the Balance Sheet. There were no new provisions made during 2019-20 on behalf of the IJB. 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 2020-21

A medium term budget outlook report, covering the period 2021-22 to 2023-24 was presented to the IJB on 27 May 2020. The budget outlook was prepared using three different scenarios, best case, worst case and mid-range. As a budget outlook is based on a set of assumptions at a given point in time, it requires to be updated regularly, and this is now presented to every IJB meeting.

A revised budget outlook report was also presented to the IJB as part of the budget papers on 25 March 2020. The budget gap for 2020-21 within the mid-range scenario was £5.362m. The Senior Leadership Team identified savings that would deliver a balanced budget in 2020-21. In order to finance an investment in financial sustainability of £318k, savings of £5,680k were required.

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.

	2020-21 £000	2021-22 £000	2022-23 £000
Management/Operational Savings	4,242	4,292	4,292
Previously agreed saving now removed	-25	-25	-25
Policy Savings	1,463	1,463	1,463
Total Savings	5,680	5,730	5,730

The IJB approved the 2020-21 budget proposals at their meeting on 25 March 2020 delivering a balanced budget for 2020-21. 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 2020-21, 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.

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Medium to Longer Term Outlook

Looking into 2021-22 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 November 2018, it was noted that only a third of IJBs have a medium-term financial plan, typically covering three years, and there is no evidence of longer term-financial planning. 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 for the IJB identifies a significant budget gap over the next three years. The table below notes the current budget gap (cumulative) over the next three years.

	2021-22 £000	2022-23 £000	2023-24 £000
Best Case	3,246	5,248	10,992
Mid-Range	6,613	12,128	20,827
Worst Case	10,992	18,193	31,262

The latest budget outlook report can be accessed on the following weblink:
<https://www.argyll-bute.gov.uk/moderngov/documents/g10688/Public%20reports%20pack%20Wednesday%207-May-2020%2013.00%20Integration%20Joint%20Board%20IJB.pdf?T=10> (see pages 183-194 for budget outlook)

Financial Risks and Challenges

A report was presented to the IJB on 25 March 2020 on financial risks. It is accepted that no budget is without an element of risk, given that it's an estimate of income and 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, and this is summarised in the table on the next page:

Likelihood Range	Remote	Unlikely	Possible	Likely	Almost certain	Total
<£100k	0	1	6	2	0	9
£100k - £300k	0	0	9	4	1	15
£300k - £500k	0	0	3	1	0	4
£500k - £1.5m	0	0	0	1	0	1
>£1.5m	0	0	0	0	0	0
Total	0	1	18	8	1	28

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The 8 risks classified as likely are noted as follows:

Health or Social Work	Identified Risk	Estimated Value £000
Health	NHS GG&C SLA ask may be higher than budget	£500k-£1,500k
Health	Continued use of agency medical staff in psychiatry	£300k-£500k
Health	Continued use of locum GPs in Kintyre Medical Group	£100k-£300k
Health	Potential for growth in the number of high cost individual patient treatments (joint care packages)	£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	Difficulties in recruiting and retaining qualified staff as well as increased demand/complexity in terms of the services required and/or increased sickness absence which result in the use of locum/ supplemental staffing.	£100k-£300k
Health	Continued reliance on locum medical staff to cover shifts on the Oban out of hours rota	<£100k
Social Work	Increased building maintenance and repairs costs arising as the buildings we use get older and their condition deteriorates.	<£100k

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

Health or Social Work	Identified Risk	Estimated Value £000
Health	High volume of grievances received from health care assistants band 2s who believe they should be re-graded to AfC band 3	£100k-£300k

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

The most significant 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. The annual value of the SLA has been successfully agreed for over a decade, usually following a period of negotiation but always without the need for arbitration. However in 2018-19, an impasse was reached with NHS GG&C seeking payment of a higher value than that willing to be agreed to by NHS Highland (and the IJB) which included the usual inflationary uplift. The difference was £1.1m.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

At the end of financial year 2019-20 the dispute remained unresolved with a further difference of £1.324m after offering an inflationary uplift at the nationally agreed rate. It has been agreed that the brokerage given to NHS Highland would again cover the disputed costs for 2019-20. This remains a significant financial risk for the IJB. However, in order to mitigate the risk for 2020-21 and in an effort to allow this to be brought to a conclusion, an additional sum of £1.1m above the inflationary increase of 3% has been allowed for in the budget for that year approved by the IJB. This is expected to be sufficient to resolve the dispute as volumes of patient referrals have been reducing year on year.

In addition to these financial risks identified for the IJB, 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 for the whole of this year and into next year, and the largely unquantifiable 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, and the pandemic has had a considerable impact on the H&SCP as we have mobilised for a large number of cases and withdrawn much of the normal range of routine and elective services. The impact of the government's "lock down" pandemic management has seen a significant reduction in the spread of the virus and as such NHS Highland has remodelled its projections over the period to the 1st April 2021. The peak NHS demand in Argyll and Bute was projected to occur in mid June, but as at end of June, the peak now appears to have been from end of March to early May. We are now working with an assumption of a peak 9% infection rate for any second or subsequent wave, well reduced from the worst case 80% infection rate. This would mean 21 beds required for critical care for Covid-19 in NHS GG&C and 42 other hospital beds required for Covid-19 in Argyll and Bute and 14 in NHS GG&C. As such no net additional beds are estimated to be required.

This is a significant reduction from early estimates as a result of the effective social distancing now in place. However if and when these measures are relaxed, the situation may change. We are expecting to see an increasing demand of "normal" health care activity which could put further pressure on acute hospital facilities. We will continue to model our actual activity against projections to provide some assurance around the shape and length of the projected demand curve, but it is expected this will continue beyond September leading into the winter.

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 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, they will be responsible for distribution of testing kits to residential care and community settings, sending tests for analysis and management of the results.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

There are now over 2,800 people who are in the shielded category and who are receiving regular food parcels through the Council and also direct from Scottish Government. This is expected to continue for a second 12 week period, extending their vulnerability to isolation and loneliness. We expect to see demand for Allied Health Professional services to increase to reverse the impacts of this on their health and wellbeing. We have already seen requests for mental health services ramp up considerably as a result of Covid-19 lockdown.

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. 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.

A small amount of expenditure was incurred in 2019-20 of £41,000 which is matched by a specific funding allocation. In addition the additional FHS (Family Health Services) Prescribing cost accrual of £324,000 (reflecting people ordering prescriptions earlier than usual in March because of the impending lockdown) will be funded through NHS Highland directly in 2019/20, and then offset in 2020/21 where there is a reduction in costs expected in the first quarter.

The Scottish Government has in principle approved all Covid-19 mobilisation plans. Regular cost trackers are being returned to Scottish Government. 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 first tranche of funding on 12 May 2020 of £50m nationally on an NRAC/GAE (national formula) allocation basis and A&B HSCP is to receive £903k as its share. This is “particularly to support immediate challenges in the social care sector”.

There remains considerable uncertainty as to what costs will be funded by the Scottish Government and whether the overall funding will be sufficient. The efforts diverted to respond to the pandemic have diverted efforts from delivery of savings. Whilst regular meetings to review savings are re-commencing at the end of May, we have indicated to the Scottish Government that delivery of up to £5.8m of savings is at risk as a result. This is the biggest financial risk to the HSCP. As at 21 May, the additional costs were estimated at £19.3m including the at risk savings.

7. CONCLUSION

The Integrated Joint Board has had a number of financial challenges during 2019-20 and the final outturn position was an overspend. The operating environment going forward remains very challenging, however, the IJB approved a balanced budget for 2020-21 which should provide reassurance to the public, staff and stakeholders that the HSCP is determined to work within budget. 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 2020-21 and also the remaining undelivered savings from 2019-20.

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

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 Integrated Joint Board and staff for their continued hard work and support.

Cllr Kieron Green
Chair
16 September, 2020

Joanna MacDonald
Chief Officer
16 September, 2020

Judy Orr
Head of Finance & Transformation
16 September, 2020

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Statement of Responsibilities

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 16 September 2020.

Signed on behalf of the Integration Joint Board:

Cllr Kieron Green
Chair
16 September 2020

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Statement of Responsibilities

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 2020, and its income and expenditure for the year then ended.

Judy Orr
Head of Finance and Transformation
16 September 2020

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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 either 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 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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

The main features of the governance framework in place during 2019-20 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 Integration 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.
- Review of the engagement strategy resulting in 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.
- 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 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. The revised terms of reference were formally approved by the IJB on 27 May 2020.
- The work and outputs from committees is reported by their minutes going to the IJB.
- The Planning and Performance Management Framework focusses on embedding a performance management culture throughout the organisation, regular reporting to the Board 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.
- 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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

- 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.

The final IJB meeting of the year in March 2020 took place by Skype 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 August 2020 – this was delayed until new software could be installed. That meeting 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. IJB Board meetings and Committees have continued to take place by Skype conferencing since the year end.

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 2019-20 this included the following:

- Financial Regulations and guidance relating to financial processes and procedures.
- 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 Quality and Finance Programme Board and more recently through the Finance & Policy committee which replaced the previous Board.
- 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 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.

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)'.

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

UPDATE ON GOVERNANCE ISSUES PREVIOUSLY REPORTED

The 2018-19 Annual Governance Statement identified a number of areas for further development. An update on progress with each area is provided below:

Planned Action	Progress Update
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.	The workforce plan presented to the IJB in August 2018 focused on Adult Services. Work on the full plan has been delayed awaiting guidance from Scottish Government but the HROD team has continued to work with services in carry out workforce planning preparatory work. The next iteration of the Plan in 2020 will incorporate all HSCP services and seeks to incorporate our developing relationship with also the third and independent sectors through strategic commissioning.
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.	All committee terms of reference have been reviewed and a full report was presented to IJB on 27 May 2020 for approval.
An action plan to improve integrated budget monitoring will be presented to the IJB Audit Committee in June 2017.	The Chief Financial Officer has embedded integrated budget monitoring and financial risk reporting with regular reports being submitted to IJB and Finance and Policy Committee since May 2019.
Risk management will be subject to an Internal Audit review and improvements during 2017-18. There is a planned development session with the Integration Joint Board, one of the outputs being the development of an agreed risk appetite. These actions will ensure risk management is embedded in the culture of the organisation.	The Strategic Risk Register was reviewed and updated by the IJB development session on 29 May 2019. IJB Risk appetite and related risks were further reviewed at a workshop facilitated by Internal Audit in December 2019 and the updated risk register was approved by the Audit & Risk Committee on 18 February 2020.
Continuing development of performance management and performance scrutiny aligned with the Strategic Plan primary objectives and revised National Health and Wellbeing Outcome indicators.	Presentation to the IJB of proposed Integrated Performance Regime for the HSCP in August 2019 and further update to Audit & Risk Committee on 18 February 2020.

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

Planned Action	Progress Update
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.	A renewed Engagement Strategy has been developed and approved. The 9 Locality Planning Groups have been reduced to 4 area based groups recruitment carried out to the new groups.
Further work on assurance mapping to ensure coverage for the second and third lines of defence on the move to the “business as usual” stage of the organisation.	Governance is now formally provided to the IJB by the Council’s committee services staff. They now organise and minute all committees and papers are published in modern.gov system. Pre-agenda meetings are also held to review draft papers. The Council’s Data Protection Officer has been formally appointed and registered as the IJB’s Data Protection Officer.
Argyll and Bute Council have requested a review of the Integration Scheme with a particular focus on risk sharing arrangements, this review will be led by Argyll and Bute Council in partnership with NHS Highland.	The review of the integration scheme has been concluded and formally approved by NHS Highland and by Argyll and Bute Council. It is still to be approved by Scottish Government, but this review has been put on hold due to the Covid-19 pandemic. This was originally due by 26 June 2020.
Development programme for IJB members to be established, informed by a self-evaluation process, this will be supported by the Local Government Improvement Service.	Initial induction undertaken by the Improvement Service for IJB. A development session facilitated by the Improvement Services was held on 26 February. Further development sessions were scheduled but have been put on hold by the Covid-19 pandemic and the restricted ability to meet in person.
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.	The transformation board has met regularly and now reports progress to the Finance and Policy Committee. A new programme manager post was approved by the IJB on 27 March 2020. The Head of Finance and Transformation is now taking on responsibility for this area, supported by this post. Recruitment has been delayed due to Covid-19 pandemic. However, there are many changes which have been hastened by Covid-19 and will be embedded into the new normal going forward.

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

Planned Action	Progress Update
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.	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. Financial directions were issued to both NHS Highland and Argyll and Bute Council in May 2020. This will continue to be strengthened throughout 2020-21 and is a clear focus of both the Chair and Chief Officer.

INTERNAL AUDIT

The IJB are 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 2019-20 were 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 professional advisors included external and internal audit. The Audit Plan was agreed at the Audit and Risk Committee meeting in June 2018. The risk based audits carried out during 2019-20 were:

- Corporate Governance
- External Communications
- Information Governance
- Care Homes Provision

The IJB Audit and Risk Committee received a full update on progress with individual recommendations and management actions at its meeting on 18 February 2020 with 19 out of 28 actions completed or no longer applicable, 6 partially implemented, 1 incomplete and 3 not yet due.

Internal Audit delivered a risk management development session to IJB members in May 2019, and a further workshop in December 2019. The purpose of the session was to improve awareness of risk management for Board members, to further develop the Strategic Risk Register

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and also to determine the risk appetite of the Board. Following this the updated Strategic Risk Register and risk appetite were approved by the Audit and Risk Committee in February 2020.

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 2019-20 was received on 4 May 2020 and concludes that Argyll and Bute Integration Joint Board has an adequate and effective framework of governance, risk management and control subject to 2 improvements. These were the formal appointment of a Data Protection Officer – which was formally concluded in April 2020; and the lack of formal arrangements for regular Board and committee performance evaluations which was highlighted in the audit of Corporate Governance and is still to be fully addressed. It should be noted that their fieldwork was undertaken pre-Covid.

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 2018/19 approved by the IJB on 7 August 2019 sets out how it fulfilled its obligations for best value in that year. The Annual Performance Report for 2019-20 is still to be developed and revised guidance, as a result of Covid-19, is awaited. 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

There has been an internal audit of corporate governance in 2019-20. In addition the scheme of integration has been reviewed, the strategic risk register has been maintained and reviewed, the committee terms of reference have been reviewed, Data Protection Officer appointed, and an arrangement concluded with the Council to provide formal committee support, all of which had contributed to improved governance and accountability.

Effective use of resources

Finance & Policy Committee now 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 2019-20 and this has included all health savings in the HSCP. This approach has started to be extended to social work savings and additional resource to support this is being recruited to following approval by IJB in March

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

2020. A formal grip and control regime has been in place through the year for all purchases of supplies and services, and workforce monitoring has reviewed all vacancies before agreeing to fill essential posts only. This has continued post Covid.

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 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. 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 changes to dementia services, and through the budget consultation.

Fairness and Equality

The Equality Impact Assessments now include an assessment of socio-economic 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), and plans for the new normal intend to continue with extensive use of Near Me for remote consultations where this is appropriate, and continued use and expansion of Microsoft Teams. There has been close working with commissioned providers to ensure their financial sustainability and speed up payments processing.

Performance, Outcomes & Improvement

The quarterly performance reporting has moved to a system of reporting by exception. The number of performance indicators has been reduced to 45 to improve focus. An integrated performance reporting regime has been designed but is still being fully implemented.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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 IJB Visible Changes Improvement Plan outlines a number of areas for improvement to partnership working including key partners from the HSCP, the Scottish Government, Argyll and Bute Council, NHS Highland and the IJB. Actions include for example collaborative leadership meetings, asset mapping, revised engagement strategy, support for Locality Planning Groups and HSCP branding and identity.

The following improvements were made in 2019-20 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. Scottish Government formal approval is now awaited.
- 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.
- Annual review of the Visible Changes Improvement Plan for effective short term improvement planning.
- 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 Finance and Policy Committee, and more detailed scrutiny of the actions being taken to deliver the savings.

FURTHER ACTIONS

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

- Seek approval from IJB and subsequent deployment of the code of corporate governance implementing annual performance reviews.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

- Development programme for IJB members will be deployed and embedded.
- 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 first four years of the operation of the Integration Joint Board to ensure appropriate governance and information sharing arrangements are in place, 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.

Cllr Kieron Green
Chair
16 September 2020

Joanna MacDonald
Chief Officer
16 September 2020

ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

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 the position of Vice Chair on 1 April 2019 to 31 March 2021.

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 current Chief Officer is regarded as an employee of the IJB although the contract of

ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

employment is with Argyll and Bute Council. Joanna MacDonald secured the permanent position as Chief Officer from 1 October 2018 and continues in post.

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 IJBs 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 31 May 2021 as Head of Finance and Transformation which includes the responsibility of acting as Chief Financial Officer.

The following table sets out the remuneration disclosures for 2019-20 for senior officers:

Total 2018-19 £	Senior Officer	Salary (Including Fees and Allowances) £	Taxable Expenses £	Total 2019-20 £
48,729 <i>(97,458)</i>	Chief Officer – Christina West (up to 30/09/2018) <i>(Full Year Equivalent)</i>	-	-	-
50,665 <i>(101,331)</i>	Chief Officer – Joanna MacDonald (from 01/10/2018) - See Note 1 <i>(Full Year Equivalent)</i>	102,418 <i>(102,418)</i>	-	102,418 <i>(102,418)</i>
14,885	Chief Financial Officer – Caroline Whyte (up to 15/07/2018)	-	-	-
36,302	Chief Financial Officer – Lesley MacLeod (16/07/2018 to 30/11/2018)	-	-	-
-	Chief Financial Officer – Kirsty Flanagan (01/12/2018 to 31/05/2019) – See Note 2	-	-	-
-	Chief Financial Officer – Judy Orr (from 01/06/2019)	64,106 <i>(69,934)</i>	-	64,106 <i>(69,934)</i>
150,581	Total	166,524	-	166,524

Note 1 – The information is provided for Joanna MacDonald after she took up the statutory post as Chief Officer on 1 October 2018.

Note 2 - 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:

2018-19			2019-20	
In-year Pension Contributions £	Accrued Pension Benefits £		In-year Pension Contributions £	Accrued Pension Benefits £
9,405	7,771	Chief Officer – Christina West (up to 30/09/2018)	-	-
9,565	945	Chief Officer – Joanna MacDonald (from 01/10/2018) – See Note 1	19,767	Pension 3,033 Lump sum 0
-	-	Chief Financial Officer – Caroline Whyte (up to 15/07/2018)	-	-
-	-	Chief Financial Officer – Lesley MacLeod (16/07/2018 to 30/11/2018)	-	-
-	-	Chief Financial Officer – Kirsty Flanagan (01/12/2018 to 31/05/2019) – See Note 2	-	-
-	-	Chief Financial Officer – Judy Orr (from 01/06/2019)	12,349	Pension 27,876 Lump sum 37,194

Note 1 – The information is provided for Joanna MacDonald after she took up the statutory post of Chief Officer on 1 October 2018.

Note 2 - 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.

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

6. EXIT PACKAGES

There were no exit packages during 2019-20.

Cllr Kieron Green
Chair
16 September 2020

Joanna MacDonald
Chief Officer
16 September 2020

**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.

2018-19		2019-20		
Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
137,828	Adult Care	153,075	(9,615)	143,460
839	Chief Officer	865	(67)	798
20,123	Children and Families	22,664	(2,002)	20,662
3,540	Community and Dental Services	3,834	(341)	3,493
1,399	Lead Nurse	1,593	(160)	1,433
1,714	Public Health	1,769	(113)	1,656
2,373	Strategic Planning and Performance	2,590	(36)	2,554
5,538	Estates	5,808	(307)	5,501
2,441	Depreciation	2,494	0	2,494
16,723	General Medical Services	17,409	0	17,409
64,370	Greater Glasgow & Clyde Commissioned Services	66,925	0	66,925
(1,459)	Income – Commissioning and Central	13	(1,933)	(1,920)
5,183	Management and Corporate Services	5,882	(156)	5,726
8,806	NCL Primary Care Services	10,556	(1,150)	9,406
4,230	Other Commissioned Services	4,044	0	4,044
273,648	Cost of Services	299,521	15,880	283,641
(273,869)	Taxation and Non-Specific Grant Income (note 4)			(283,921)
(221)	(Surplus) or Deficit on Provision of Services			(280)
(221)	Total Comprehensive Income and Expenditure			(280)

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 2019-20. 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.

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

Movements in Reserves During 2018-19:	General Fund Balance	Unusable Reserves: Employee Statutory Adjustment Account	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2018	(104)	0	(104)
(Surplus) / Deficit on Provision of Services	(221)	0	(221)
(Increase) / Decrease in Year 2018-19	(221)	0	(221)
Closing Balance at 31 March 2019	(325)	0	(325)

**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 2019 £'000		Note	31 March 2020 £'000
325	Current Assets: Short Term Debtors	5	605
0	Current Liabilities: Short Term Creditors	6	0
0	Long-term Liabilities: Provisions	10	0
325	Net Assets		605
325	Usable Reserve: General Fund	8	605
325	Total Reserves		605

The unaudited accounts were authorised for issue on 23 June 2020 and the audited accounts were authorised for issue on 16 September 2020.

Judy Orr
Head of Finance and Transformation
16 September 2020

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Notes to the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Financial Statements summarise the transactions of the Integration Joint Board for the 2019-20 financial year and its position for the year end as at 31 March 2020.

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

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

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 23 June 2020. 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 2019 £'000		31 March 2020 £'000
	<i>Services Commissioned from Argyll and Bute Council and NHS Highland:</i>	
86,636	Employee Costs	92,005
8,946	Premises Costs	8,844
11,431	Supplies and Services	11,791
3,439	Transport Related Costs	3,639
131,411	Third Party Payments	135,488
(14,328)	Income	(15,880)
45,895	Primary Care Services	47,503
	<i>Other:</i>	
193	Other IJB Operating Expenditure	225
25	Fees payable to Audit Scotland - External Audit Fees	27
(273,869)	Partners Funding Contributions and Non-Specific Grant Income	(283,922)
(221)	(Surplus) or Deficit on the Provision of Services	(280)

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:

31 March 2019 £'000		31 March 2020 £'000
59,344	Funding Contribution from Argyll and Bute Council	59,839
214,525	Funding Contribution from NHS Highland	224,083
273,869	Taxation and Non-specific Grant Income	283,922

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

31 March 2019 £'000		31 March 2020 £'000
325	NHS Highland	605
-	Argyll and Bute Council	-
325	Total Debtors	605

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

31 March 2019 £'000		31 March 2020 £'000
-	NHS Highland	-
-	Argyll and Bute Council	-
-	Total Creditors	-

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

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:

2018-19 £000		2019-20 £000
(214,525)	Funding Contributions received from NHS Highland	(224,082)
203,031	Expenditure on Services Provided by NHS Highland	212,167
(11,494)	Net Transactions with NHS Highland	(11,916)

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

2018-19 £000		2019-20 £000
(59,344)	Funding Contributions received from Argyll and Bute Council	(59,839)
70,617	Expenditure on Services Provided by Argyll and Bute Council	71,755
11,273	Net Transactions with Argyll and Bute Council	11,916

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 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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Notes to the Financial Statements

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.

2018-19		2019-20		
Balance at 31 March 2019 £000		Transfe rs Out £000	Transfers In £000	Balance at 31 March 2020 £000
0	Mental Health Action 15 Fund	0	123	123
208	Primary Care Transformation Fund	(208)	103	103
117	Technology Enabled Care	(67)	60	110
0	Alcohol & Drugs Partnership	0	59	59
0	GP Fellowship MH Funding	0	74	74
0	Supporting improvements to GP premises	0	56	56
0	Best start maternity services	0	60	60
0	Scotgem Lochgilphead accommodation	0	10	10
0	ACT widen access 19-20	0	10	10
325	Total Earmarked	(275)	555	605
0	Contingency	0	0	0
325	General Fund	(275)	555	605

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Notes to the Financial Statements

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 2020 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 2020. There were no new provisions made during 2019-20 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 2020 for the Integration Joint Board.

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 2019-20

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 2019-20 Annual Accounts.

Independent auditor's report to the members of Argyll and Bute Integration Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Argyll and Bute Integration Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statements, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Argyll and Bute Integration Joint Board as at 31 March 2020 and of the income and expenditure of the Integration Joint Board for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted My audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 7 January 2019. The period of total uninterrupted appointment is two years. I am independent of the Argyll and Bute Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Argyll and Bute Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance and Transformation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement I report in a separate Annual Audit Report, available from the Audit Scotland website, the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Head of Finance and Transformation and the Audit and Risk Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Head of Finance and Transformation is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Head of Finance and Transformation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance and Transformation is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate. The Audit and Risk Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

Other information in the annual accounts

The Head of Finance and Transformation is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of My report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

John Cornett
Audit Director
Audit Scotland
4th Floor
Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2020