

# ARGYLL AND BUTE INTEGRATION JOINT BOARD

Commonly known as Argyll and Bute Health & Social Care Partnership



## ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022



**ARGYLL AND BUTE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS CONTENTS**

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	<b>Page</b>
Management Commentary	2
Statement of Responsibilities	12
Annual Governance Statement	14
Remuneration Report	22
Financial Statements:	25
– Comprehensive Income and Expenditure Statement	
– Movement in Reserves Statement	
– Balance Sheet	
Notes to the Financial Statements:	28
1. Significant Accounting Policies	
2. Events After the Reporting Period	
3. Expenditure and Income Analysis by Nature	
4. Taxation and Non-Specific Grant Income	
5. Debtors	
6. Related Party Transactions	
7. Usable Reserve: General Fund	
8. Unusable Reserve: Employee Statutory Adjustment Account	
Independent Auditors Report	36

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

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### **1. INTRODUCTION**

The Annual Accounts provide the Financial Statements of Argyll and Bute Integration Joint Board (IJB) for the year ended 31 March 2022 and report on its performance. The main purpose of this document is to demonstrate the stewardship of public funds which have been entrusted to us for the delivery of the IJB's Strategic Plan. The requirements governing the format and content of the annual accounts are contained in The Code of Practice on Local Authority Accounting (the Code). These 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 position and its operational performance for the year. This section also provides a summary of the main challenges and risks which may impact upon the finances of the IJB in the future.

The IJB is delighted to report a much improved financial position at the end of the 2021/22 year, this has been achieved in extremely challenging circumstances and is as a result of the hard work of staff in delivering savings and carefully managing budgets and improving financial governance arrangements. The IJB can now look forward with a renewed focus on service improvement and addressing the challenges facing health and care services and preparing for the implementation of the new National Care Service.

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

The 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 throughout the region. This includes services we deliver directly and a wide range of services which are purchased from external providers including NHS Greater Glasgow and Clyde. The Partnership is a distinct legal entity with a board of governance, the IJB which has responsibility and accountability for the planning, resourcing and oversight of the operational delivery of integrated services as outlined in its Strategic Plan. The IJB was delegated resources and responsibility for Health and Care service delivery from 1 April 2016.

Membership of the IJB includes 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, individuals with lived experience and Staff.

Argyll and Bute is home to 85,430 people, covers an area of 690,946 hectares and is the second largest local authority by area in Scotland. It has 23 inhabited islands, with 17% of Argyll and Bute's population living on these islands. Argyll and Bute provides a number of unique opportunities for those who live and work here, however we also face a number of significant challenges. The geography associated with dispersed communities in remote and rural areas and islands presents a challenge in delivering services within the resources available. Of the population, 69% live in "remote" or "very remote" areas and 45% live in areas in the 20% "most

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

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. This presents a serious demographic challenge, in the context of a reducing population which is having an impact on our funding and ability to recruit staff to deliver services.

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

The HSCP vision and priorities for health and social care in Argyll and Bute are outlined in the new Joint Strategic Plan 2022-2025 launched in May 2022. The vision and strategic objective for the partnership has remained consistent and relevant for our communities, staff, partners and stakeholders:

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

The new Strategic Plan was produced following extensive consultation with our communities and its implementation is now the key priority for the coming years. The illustration below summarises the priorities outlined in the plan which can be accessed at: <https://www.nhshighland.scot.nhs.uk/OURAREAS/ARGYLLANDBUTE/Pages/JointStrategicPlan2022-25.aspx>



## ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

### 4. PERFORMANCE MANAGEMENT AND REPORTING

The HSCP has a Planning and Performance Management Framework. Reporting is based upon a performance scorecard which is normally presented on a regular basis to the IJB. Due to the pandemic, reporting against the national wellbeing indicators was suspended and performance reporting during 2021/22 focussed upon the remobilisation of services and waiting times. The annual performance report provides an analysis of performance against the national wellbeing indicators for 2021/22. Performance across the Health and Social Care sector has been affected by the impact of the covid 19 pandemic. This is a national issue and has unfortunately resulted in reduced activity levels, increased waiting times and greater unmet care need. The re-mobilisation of services and increasing capacity to begin to address these issues is now a priority. The performance target set by the Scottish Government, for NHS services was to seek to return to 70-80% of 2019/20 activity levels by November 2021. Good progress has been made, although the Omicron outbreak and winter pressures in late 2021 represented a setback. Overall, the target was achieved or exceeded in 22 out of 31 performance indicators. Additionally, waiting times are starting to reduce as services re-mobilise.

The HSCP continues to publish its Annual Performance Report and the report for 2021-22 is available on the web site. As a consequence of our reliance on NHS Greater Glasgow and Clyde (NHS GG&C) for specialist hospital services, our remobilisation planning has been completed in tandem with them to agree the scale and pace of resumption of normal services. The following table identifies the length of wait associated with each of the specialities which are provided in Argyll and Bute as at 27 April 2022.

Main Specialty	Total on Waiting List	Length of Wait (weeks)				Prior Year	
		Over 26	12 to 26	Under 12	% > 12 Weeks	Total on Waiting list	% > 12 Weeks
Consultant Outpatients	1297	60	257	980	24.4	1095	35.8
Mental Health	725	371	137	217	70.1	745	77.0
AHP	656	131	132	393	40.1	410	27.3
Nurse Led Clinics	226	4	27	195	13.7	120	25.0
Other	1151	208	277	666	42.1	561	23.0
<b>Outpatient Waiting List Total</b>	<b>4055</b>	<b>774</b>	<b>830</b>	<b>2451</b>	<b>39.6</b>	<b>2931</b>	<b>42.2</b>

Above figures are as at 27 April 2022

There remains a significant backlog of treatment and diagnostic activity that the HSCP will need to address, this is a national priority particularly for those who are experience long waits for treatment. The above table provides data in respect of one aspect of the work of the HSCP, the Annual Performance Report provides a much more comprehensive overview of performance and benchmarks against Scotland as a whole.

### 5. FINANCIAL PERFORMANCE 2021-22

#### Financial Outturn 2021-22

The IJB set a balanced budget for 2021/22, the HSCP is able to report a small underspend against its budget and the resources available to it and that it was able to repay all of its debt

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

early. It is acknowledged that a number of factors contributed to this improved position including delivery of savings, improved financial management and governance and additional funding allocations from the Scottish Government.

The year was again disrupted significantly by the ongoing Covid-19 pandemic. This had impacts upon financial performance as it resulted in the HSCP having to stand down some of its planned work on savings delivery and service transformation to focus on the management of the pandemic. It also generated substantial additional costs which were funded by the Scottish Government. These included staffing costs, additional PPE and cleaning, provision of extra financial support to care providers, and the costs of running vaccination clinics.

The final revenue outturn for 2021/22 was an underspend of £682k against the resources available to the HSCP, which totalled £313m. This underspend has been retained by the HSCP within its general reserve and it is intended that it will be invested in 2022/23 on service transformation. The other important aspect of financial performance during the year is that the HSCP was able to repay the full debt balance due to Argyll and Bute Council, this totalled £2.8m. Argyll and Bute Council reduced the funding available to the HSCP to facilitate this repayment of debt.

The following table summarises the financial performance against budget analysed between Health and Social Work related services.

Service	Actual £000	Budget £000	Variance £000	% Variance
Social Work Services	78,958	79,640	682	0.9%
Health Services	233,408	233,408	0	0%
<b>GRAND TOTAL</b>	<b>312,365</b>	<b>313,048</b>	<b>682</b>	<b>0.2%</b>

The small underspend was largely due to savings relating to staffing vacancies during the year and lower than anticipated demand for some social care services. There was additional financial support provided by the Scottish Government to the Health and Social Care sector to cover covid-19 related costs, slippage on approved savings programmes along with additional funding to help manage winter pressures and uplift the minimum pay rates for our care workers.

**Savings Delivery**

The budget for 2021/22 included a total savings target of £9.3m spread across 142 projects. As at the end of March 2022, £8.2m of the savings target was delivered. Of this total, £5.8m was delivered on a recurring basis. The shortfall was funded through additional financial support from the Scottish Government, recognising that a number of projects had to be placed on hold during the year as a consequence of the pandemic.

The HSCP acknowledges that it needs to improve efficiency and deliver best value. It continues to manage its savings programme rigorously and recognises that this is critical to ensuring

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

longer term financial sustainability and facilitating the implementation of our transformational objectives. The HSCP has a savings target of £6.0m for 2022/23, this includes £3.9m of new savings in addition to the carry forward of those projects which were not delivered in full during 2021/22.

**Repayment of Overspend**

The HSCP had, in previous years, overspent its budget with the extra resource requirement being funded by the two partners in line with the Scheme of Integration.

The health related overspend relating to prior years was covered by the Scottish Government brokerage given to NHS Highland. The HSCP has not had to repay this to NHS Highland or the Scottish Government.

The HSCP was able to repay £2.6m to Argyll and Bute Council at the end of 2020/21, this left an outstanding balance of debt to Argyll and Bute Council totalling £2.8m. This is now repaid, made possible as a result of underspending against budget during the year. This represents a significant improvement in the financial position of the HSCP and enables it to hold its own general reserves in future and also means that it is no longer required to allocate future funding to debt repayment.

**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 £14.6m as noted in the Comprehensive Income and Expenditure Statement to the financial outturn position, a £682k underspend:

	£000	£000
<b>Surplus on Provision of Services</b>	<b>(14,610)</b>	
Remove Statutory Adjustments that don't feature in financial outturn position	0	
<b>Movement in General Fund Balance</b>		<b>(14,610)</b>
Other Movements:		
Earmarked Reserves released to services during 2020-21	(3,555)	
New Earmarked Reserves during 2020-21	17,483	
Underspend transferred to General Reserves	682	
		<b>14,610</b>

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

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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 future expenditure.

The balance on the General Fund reserve has increased from £6.6m to £21.2m. These resources have all been earmarked for specific purposes in future years. There are two main factors which have resulted in the increase in resources held by the IJB at the year end:

- The on-going impact of covid-19 delayed some key pieces of work which would have resulted in more specific project funding being spent. This issue was exacerbated when the NHS was again placed on an emergency covid response footing in November 2021; and
- The Scottish Government provided additional financial support to HSCPs late in the financial year to help manage extreme winter pressures and covid 19 impacts. It was not possible for all of these additional funds to be spent during the year, increasing capacity for service delivery has proven to be challenging in the current circumstances, particularly in relation to recruitment of appropriately qualified and experienced staff.

The effect of this is that we now have significant funds available for investment in services and service improvement in future years. This will help us address increased unmet needs and waiting times as described previously. Note 7 in the annual accounts provides more detail on the nature of these reserves and the purposes for which they are earmarked:

	<b>Earmarked Reserves</b> £000	<b>Unallocated Reserves</b> £000	<b>Total</b> £000
Opening Balance at 1 April 2021	6,586	0	6,586
Movement 2021-22	14,610	0	14,610
<b>Closing Balance at 31 March 2022</b>	<b>21,196</b>	<b>0</b>	<b>21,196</b>

The IJB Reserves Policy suggests that a prudent level of General Fund reserve is 2% of the revenue budget, this would equate to around £6m. At present the IJB has only £0.7m in general reserves. It has, until now been unable to establish a reserve whilst it owed debt for past overspending to Argyll & Bute Council. The target level of reserve is aspirational in the current context, the IJB is prioritising the re-mobilisation of services, transformation and investment.

Balance Sheet

The Balance Sheet shows the value of the Integration Joint Board’s assets and liabilities as at 31 March 2022. The Integration Joint Board does not hold fixed assets, these sit with the partner bodies. There are explanatory notes which accompany the Balance Sheet. The net worth of the Integration Joint Board as at 31 March 2022 is £21.2m, this is supported by the General Fund reserve. The balance is:



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

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- Short Term Debtors of £21.2m relating to earmarked reserves balances for delegated services and recognises the amounts owed to the Integration Joint Board by NHS Highland and Argyll and Bute Council.

There are no provisions recognised on the Balance Sheet. NHS Highland made a year-end provision for annual leave of £1.0m (£0.8m in the prior year) for HSCP staff. This is not normally necessary as the leave year is co-terminous with the financial year. Due to the Covid-19 pandemic, some staff have again been unable to take their leave during the year and special provisions for carry forward of unused leave were agreed nationally. There is no comparable provision for Council employed staff as this is treated as a non-controllable cost and not passed on to the IJB. NHS Highland also made a provision at the year end of £0.4m for re-grading of HSCP Health Care Assistants. Both of these provisions are reflected in the outturn position.

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

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

#### **Budget 2022-23**

The budget for 2022/23 was widely consulted on and approved by the IJB in March 2022. The Scottish Government's budget allocated additional funding to the Health & Social Care sector and this was passed through to us by Argyll and Bute Council and NHS Highland. This meant that the HSCP budget increased. The budgeted resources available to the HSCP in 2022/23 total £321m, we have planned to spend all of this on the services we deliver. Additionally, to ensure that we continue to improve efficiency and deliver value for money we have a savings programme which totals £6.0m. As reported in note 7, the HSCP also has significant reserves it has been able to carry forward and these will be use to further develop services and are in addition to our revenue budget. A key aspect of the budget for 2022/23 is that we have made allowance to ensure that all care staff, including those employed by our partners, receive a minimum of £10.50 per hour in line with Government policy.

The HSCP consulted widely on its savings programme and budget setting process. It has operated within budget for the past two years and is confident it will do so again in 2022/23. Operating on a financially sustainable basis is a strategic priority and this will in turn ensure that we can invest in our infrastructure and services in a planned way in future.

#### **Medium to Longer Term Outlook**

Looking into 2022/23 and beyond, it is anticipated the Scottish public sector will continue to face a very challenging financial outlook, this is outlined in the Spending Review published by the Scottish Government in May 2022. The impact of inflation and reducing real terms value of public funding are likely to present a real challenge when coupled with increasing demand for services.

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

The HSCP seeks to look three years ahead in respect of its financial planning and the three year plan outlined in the Scottish Government’s spending review greatly assists this process. It is clear that significant challenges lie ahead in respect of public funding in Scotland, although Health and Social Care is prioritised. Financial pressures will require to be managed through on going value for money and efficiency improvement work, the implementation of new ways of working and careful forward planning. Investment in service transformation and development in the short term will have a focus on meeting anticipated future financial challenges.

The HSCP is in the process of updating its medium term financial plans and anticipated that it will be required to deliver cash releasing efficiency savings of at least 2% or £7m per year to offset the impact of increasing costs and inflationary pressures.

**Financial Risks and Challenges**

The IJB has a robust approach to Risk Management and responsibility for oversight of financial risks and mitigations sits with its Finance & Policy Committee. Financial risks are considered and reported on a regular basis, four key financial risks which have an assessed value of £500k or more have been identified:

<b>Identified Risk</b>	<b>Estimated Value £000</b>	<b>Summary of Mitigations</b>
Sustainability of current service providers – risk that service providers will reduce or close critical provision in the area resulting in additional costs to the HSCP as it is required to identify alternative ways of providing care.	£750k (£0.5m-£1.5m range)	On-going dialogue, monitoring and review. Engagement with Scottish Government in respect of funding for specific instances.
Non-Pay Inflation – risk that macroeconomic conditions, increasing inflation, fair pay policy and supply chain disruption will result in non-pay inflation which exceeds budgeted allowance.	£500k (£0.5m-£1.5m range)	Monitoring of inflation, continuous review of contract rates and pricing. Focus on delivery of savings programme to mitigate in a way that is mindful of pressures facing key partners.
Pay – risk that pay settlements will exceed public pay policy and will not be fully funded by the Scottish Government. Risk increased as a consequence of high inflation rate.	£500k (£0.5m-£1.5m range)	Engagement in sector networks and close monitoring of progress with pay negotiations. Careful modelling and on-going vacancy management in place until uncertainty is reduced.
Savings – failure to deliver the savings programme in full during the year contributes to a budget overspend and failure to achieve financial objectives.	£500k (£0.5m-£1.5m range)	Hold funds in reserve, enabled by early repayment of debt.

There are a large number of additional risks which have a financial impact. These relate to service demand and increased SLA costs (particularly in respect of our contract with NHS Greater Glasgow and Clyde). The potential for further covid-19 related disruption, to the extent that it is not funded, represents a further risk. This is particularly important as no further funding from the UK Government is expected to be available to cover such additional costs. The macroeconomic environment is clearly concerning and presents a significant short term and long term risk. Whilst the implications for the HSCP of higher inflation can be modelled and are

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

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understood, the impact that it will have upon some of the most vulnerable in the communities we serve is of additional concern. Increased poverty and impacts on health and well-being can be expected, this in turn may further increase service pressures.

In respect of wider strategic risks, the HSCP has identified the following as the key risks it faces at present:

- Sustainability of Commissioned Service Providers
- Workforce Recruitment and Retention
- Current socio-economic situation and cost of living crisis

### **Covid-19 pandemic**

The pandemic has continued to have a considerable impact on the HSCP. Whilst we have been able to re-mobilise services at times during the year, the emergence of the omicron variant over the winter of 2021/22 reversed some of the progress made. The NHS was again placed on an emergency footing in November 2021. Locally we were able to minimise disruption to key services but did experience increases in covid related staff absence combined with increased health and care demand.

A further pressure during the year was the requirement to deliver repeated mass vaccinations throughout the year. We performed very well in ensuring that our local communities had access to vaccines across the region, we acknowledge the importance of partnership working to deliver the programme effectively, particularly in our remote and island communities. The efforts of our staff and GP practices to roll this out have been deeply appreciated.

Residential care homes in the area have had to continue to implement covid protocols throughout the year and several of these have had to temporarily close as a result of infections being identified. This has placed additional pressure on managing patient flows, particularly over the winter period.

We have continued to operate our Personal Protective Equipment (PPE) hubs, established in 2020. These have helped support our staff and partners in ensuring that appropriate PPE and covid test kits were available throughout the year. Use of PPE has continued to exceed pre-pandemic levels, the cost of these total £2.1m and was fully funded.

In addition we have been making financial sustainability payments to social care providers for loss of income due to reduced occupancy levels, extra costs, and in support of planned care arrangements and for the Staff Support Fund.

The Scottish Government has approved all Covid-19 mobilisation plans. Regular cost trackers have been returned to Scottish Government via the Local Management Plan (LMP) submission process. The Scottish Government has issued a number of tranches of funding which amount in total to £9.4m (£11.7m for 2020/21) for the HSCP in respect of the LMP. As noted previously, this includes funding of undelivered savings (£1.1m). In addition, £10.9m of covid related funding has been carried forward within reserves to enable the HSCP to address on-going covid

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

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related costs. We have estimated direct costs associated with managing the impact of covid for 2022/23 at £5.2m, costs associated with re-mobilising Health and Care provision are in addition to this forecast.

### **7. CONCLUSION**

The Integration Joint Board's final outturn position for 2021/22 was an underspend of £682k which has been carried forward in reserves. It has been earmarked to support costs associated with transformation projects in 2022/23. Additionally, the HSCP was able to clear the remaining balance of debt due to Argyll & Bute Council (£2.8m), this was an important achievement which places the HSCP in a much improved financial position.

The operating environment going forward remains very challenging as there is a backlog of people awaiting diagnosis and treatment and increased demand for a range of services. The longer term financial environment is also likely to be difficult as the impact of higher inflation and tight public funding settlements will make it challenging to operate on a financially sustainable basis. In this context the on-going identification and delivery of efficiency savings are extremely important. Making best use of the resources we now have available to us to transform and improve services will help ensure that we are well placed to meet both the financial and service challenges we face.

### **8. ACKNOWLEDGEMENTS**

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

Sarah Compton-Bishop  
Chair  
23 November 2022

Fiona Davies  
Chief Officer  
23 November 2022

James Gow  
Head of Finance & Transformation  
23 November 2022

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

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

The Integration Joint Board is required:

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

I confirm that these Annual Accounts were approved for signature by the Argyll and Bute Integration Joint Board at its meeting on 23<sup>rd</sup> November 2022.

Signed on behalf of the Integration Joint Board:

Sarah Compton-Bishop  
Chair  
23 November 2022

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

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

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

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

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates on a reasonable basis;
- 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 2022, and its income and expenditure for the year then ended.

James Gow  
Head of Finance and Transformation  
23 November 2022

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

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### **INTRODUCTION**

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

### **SCOPE OF RESPONSIBILITY**

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

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

The IJB places reliance on the NHS Highland and Argyll and Bute Council systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the Integration Joint Board.

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

### **GOVERNANCE FRAMEWORK**

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

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

The IJB, via a process of delegation from the Health Board and Local Authority, as outlined in the Scheme of Integration, has responsibility for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute. The scheme of integration was revised as required by the legislation. The revised scheme was approved by Scottish Government on 23 March 2021 and is published on the Council and NHS Highland websites.

The funding available to Argyll and Bute IJB is dependent on the funding made available to Argyll and Bute Council and NHS Highland and the corporate priorities of both. The IJB is therefore

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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reliant on both partners for the resources to deliver health and social care services. The main features of the governance framework in place during 2021-22 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 strategic vision, mission and values of the IJB are set out in the Strategic Plan and are aligned to deliver on the National Outcomes for Adults, Older People and Children.
- Effective partnership working with the Council and NHS Highland to ensure delivery of the Strategic Objectives, through information sharing and clear lines of responsibility.
- Members of the IJB subscribe to, and comply with, the Standing Orders and Code of Conduct. 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.
- Appropriate training, development and induction is provided for all new IJB members. Performance Development and Review schemes are in place for all staff through each partner agency, the aim of which is to focus on their individual performance and development and contribution towards meeting service objectives.
- 4 Locality Planning Groups have been established, these aim to provide an effective mechanism for local leadership of service planning and a way for localities to influence how resources are allocated in their area and allow them to contribute to the delivery of the Strategic Plan. These groups did not meet during 2021/22 due to the pandemic and on-going service pressures, they started to meet regularly again in June 2022.
- Effective scrutiny and decision making is 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 agreed Terms of Reference. These include the Clinical and Care Governance Committee, Audit and Risk Committee, Finance & Policy Committee, Strategic Planning Group and Locality Planning Groups. Revised terms of reference, including a new annual reporting process from committees, were formally approved by the IJB in January 2021.
- The work and outputs from committees is publicly available and reported through minutes being considered by the IJB. All committees self-assess their performance and provide an annual assurance report to the IJB.
- The Planning and Performance Management Framework focusses on embedding a performance management culture throughout the organisation with regular reporting to the Board via a performance scorecard. The Integration Joint Board also publishes an Annual Performance Report. An improved Integrated Performance Management regime is being developed.
- 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.



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

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- The legislative framework requires the Chief Officer to be a single point of overall strategic and operational advice to the IJB and to be a member of the Senior Management Teams of Argyll and Bute Council and NHS Highland.

All IJB meetings and committee meetings took place by remote conferencing, this is anticipated to continue as an efficient way of conducting business. Members of press and public were enabled to attend the meeting, and the recording of the meeting was subsequently published alongside the minutes. In March 2020, the IJB agreed a delegation of powers to the Chief Officer in an emergency to instruct executive action on any matter for the duration of the Covid-19 emergency in consultation with the Chair or Vice Chair of the Board with such matters being subsequently reported to the Board when this is possible. This delegation was not utilised, but was in place throughout the year.

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

The governance framework described operates on the basis of a system of internal controls. This 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 2021-22 this included the following:

- Financial Regulations and guidance relating to financial processes and procedures, these were last updated during 2020/21.
- Formalised budget setting process, which includes public consultation, a three year budget outlook and identification of new savings projects.
- Regular review of detailed financial performance reports.
- Formal project management discipline.
- Regular Finance and Policy Committee meetings to provide scrutiny of the financial position and progress with savings and service transformation.
- An effective and independent Internal Audit function.
- Integrated financial reporting and financial risk management.

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)'.

In relation to managing the risk of fraud and corruption the IJB relies upon the financial regulations, processes and procedures put in place by both partners. Its Audit & Risk committee review arrangements for managing fraud risk, including through the work of its internal and external auditors. These arrangements are considered to provide adequate assurance on the management of fraud risk and are considered to be compliant with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption.

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

### UPDATE ON GOVERNANCE IMPROVEMENT ACTIONS

A number of areas for development in respect of governance have been identified, several of these were completed in 2020/21, an update on the remaining actions 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.	An interim workforce plan has been prepared and submitted to the Scottish Government. The target submission date for the full workforce plan was pushed back to July 2022.
Risk management to be embedded in the culture of the organisation.	Complete - the revised Risk Strategy has been implemented and a new Contingency, Risk and Resilience group has been established to further strengthen Risk Management.
Continuing development of performance management and performance scrutiny aligned with the Strategic Plan primary objectives and revised National Health and Wellbeing Outcome indicators.	Progress with implementing the new Integrated Performance Regime for the HSCP has been delayed due to the covid-19 pandemic and will be rolled out progressively during 2022/23.
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.	The 4 Locality Planning Groups were unable to meet during 2021-22 due to the pandemic. The groups started to meet regularly again from June 2022.
Development programme for IJB members to be established, informed by a self-evaluation process, this will be supported by the Local Government Improvement Service.	Complete - IJB development sessions are now embedded.
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.	Complete - The Transformation Board is now an embedded part of the governance structure. It has defined the Transformation priorities and provides oversight of progress and ensures consistency with strategic planning and considers carefully interdependencies between programmes.
To produce an ICT and digital strategy for the IJB which links to the objectives of the HSCP Strategic Plan and cross references to the relevant strategies of our two partners organisations, and establish an HSCP wide digital and ICT steering group.	Complete – a Digital Strategy for the HSCP has been completed and shared with both partners. Implementation is now underway. The Digital Health and Care Board has been established.

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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Planned Action	Progress Update
To produce a schedule setting out how all the elements of the Safe Staffing Act have been implemented	The Safe Staffing act has not yet been fully implemented, work on establishment setting within the safe staffing framework for Nursing staff is complete and it is at an advanced stage for AHP staffing.

### DATA PROTECTION

The HSCP is committed to the highest standards of Data Protection and has put in place arrangements to ensure compliance with the General Data Protection Regulations in partnership with NHS Highland and Argyll & Bute Council. There were no significant or notifiable data breach incidents during 2021/22.

### INTERNAL AUDIT

The IJB is required to put in place adequate and proportionate internal audit arrangements to provide independent assurance on risk management, corporate governance and the system of internal control. Following a competitive tendering process, Argyll and Bute Council Internal Audit Service were contracted as internal auditors for the IJB from 1 April 2021.

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. Professional advisors, the internal auditor and external auditor support the committee and attend where appropriate. The Audit Plan was agreed at the Audit and Risk Committee meeting in April 2021, the plan for 2021/22 included reviews of:

- The Care Programme Approach
- Child Protective Services (for Argyll & Bute Council)
- Complaints Handling
- Workforce Planning

Due to the requirement to prioritise the response to Omicron, the latter two audits were delayed and were not reported to the Audit & Risk Committee until June 2022. In addition, the Committee considered a wide range of reports including several published by Audit Scotland. The Audit and Risk Committee also reviews performance in implementing audit recommendations. The April

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

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2022 update reported that 4 recommendations were considered complete by the internal Auditor, 7 were on track and a further 5 delayed, largely as a result of prioritising the covid-19 response.

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. For financial year 2021/22 the Internal Auditor provided limited assurance to the Committee based upon the work that they were able to complete during the year.

### **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 2020/21 approved by the IJB on 24 November 2021 sets out how it fulfilled its obligations for best value in that year. The Annual Performance Report for 2021-22 will be publicly available in November 2022. 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 new Strategic Plan and the new Commissioning Strategy. There are strong mechanisms for contributions from the Locality Planning Groups and the Strategic Planning Group into these key documents which set the strategic priorities of the IJB. The Commissioning Strategy can be accessed at:

<https://www.argyll->

[bute.gov.uk/moderngov/documents/s184556/Joint%20Strategic%20Commissioning%20Strategy%20A2.pdf](https://www.argyll-bute.gov.uk/moderngov/documents/s184556/Joint%20Strategic%20Commissioning%20Strategy%20A2.pdf)

#### Governance and Accountability

The IJB has significantly improved its governance and seeks to continually develop and improve in response to emerging good practise and independent audit review. It has made excellent progress in implementing its governance improvement programme to ensure it operates in an open and transparent way. Support for the system of governance is provided by Argyll and Bute Council this ensures that it is properly administered. Comprehensive and clear Board minutes and papers continue to be published and meetings are open to the public.

#### Effective use of resources

The Finance & Policy Committee of the Board meets regularly in order to scrutinise performance against budget, progress with the delivery of savings and the Transformation Programme. NHS Highland has implemented a formal Project Management Office approach to delivering savings projects and their methodology has also been extended to the full savings programme. Better financial management and governance has been a priority for a number of years, and this has contributed to the much improved financial position the HSCP is now in.

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

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### Partnership and Collaborative Working

Effective partnership working is a core element of the way in which the IJB has been established. The IJB works closely with NHS Highland and Argyll and Bute Council. The Chief Officer is a member of both Strategic Management Teams. In addition the HSCP works closely with third sector partners and its commissioned service providers by holding regular meetings with key care home and care at home providers. It has been commended by these stakeholders for this. This has continued throughout the year and illustrates the ethos of partnership working. A further example of this partnership working during 2021/22 was the high levels of engagement from partners in the development of the Commissioning Strategy and the new Strategic Plan.

### 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 demonstrated in the high levels of engagement in the development of the Commissioning Strategy and the Strategic Plan. A commitment to co-production is an underlying theme and work is now underway to develop new models of responsive service delivery with community based partners.

### Fairness and Equality

A commitment to fairness and equality is at the core of the IJBs purpose, strategy and vision. It aims to provide critical services to the most vulnerable in society. Equality Impact Assessments on new projects plans and strategies include an assessment of socio-economic impacts and islands impacts.

### Sustainability

The Covid-19 pandemic has created an opportunity to further develop remote working, which has significantly reduced travel, for both staff and service users. There has been extensive use of Near Me for remote consultations where this is appropriate, and continued use and expansion of Microsoft Teams. Other developments such as a project to trial the use of drones for transporting items such as laboratory samples from islands and remote areas and the electrification of the fleet are first steps in delivering upon carbon reduction targets. There has also been close working with commissioned providers to try and ensure their financial sustainability, particularly for loss of income and extra costs due to Covid-19.

### Performance, Outcomes & Improvement

Reporting on performance has continued during the last year, however, health and care activity has reduced due to the impact of managing the covid pandemic and this has resulted in increased waiting times and increased un-met care needs. The HSCP is working to increase activity to pre-pandemic levels and address the backlog. It reports on progress to the IJB regularly and it is intended that this reporting will be further improved as the integrated performance reporting regime is implemented.

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

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### **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
- 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. A number of recommendations for improvement were made. Progress in implementing these is outlined in detail earlier in this section.

### **CONCLUSION AND OPINION ON ASSURANCE**

Significant progress has been made to ensure appropriate governance arrangements are in place, and further improvement and development is ongoing to ensure that the Partnership is able to deliver on its strategic objectives and operate on a financially sustainable basis. The commitment to governance improvement and the progress made to date demonstrates a high level commitment from both the Board and staff to ensuring open and transparent governance.

While recognising the on-going need for further improvement, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Argyll and Bute IJB's systems of governance.

Sarah Compton-Bishop  
Chair  
23 November 2022

Fiona Davies  
Chief Officer  
23 November 2022

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

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### **1. INTRODUCTION**

The Local Authority Accounts (Scotland) Amendment Regulations 2014 (SSI No.2014/200) require local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. The information disclosed in the tables in this Remuneration Report is subject to external audit. The explanatory text 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. NHS Highland appointed Sarah Compton-Bishop as Chair from 1 April 2021 for a 2 year period. Argyll and Bute Council appointed Councillor Kieron Green as Vice Chair from 1 April 2021 to 19 May 2022 and Councillor Amanda Hampsey as Vice Chair from 19 May 2022. 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. The IJB does not have responsibilities, either in the current or future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights or disclosures are provided for the Chair or Vice Chair.

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

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

Under Section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The Chief Officer is regarded as an employee of the IJB although the contract of employment is with NHS Highland. George Morrison was appointed as Interim Chief Officer from 1 April until 3 May 2021. Fiona Davies was then appointed as Interim Chief Officer with effect from 4 May 2021 and then on a permanent basis from 4 February 2022, following an open recruitment process.

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 below.

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

Judy Orr was seconded from Argyll and Bute Council as Head of Finance and Transformation for a two year period from 1 June 2019 to 30 June 2021, the role includes responsibility of acting as Chief Financial Officer. George Morrison, Deputy Chief Officer, covered the role from 1 July 2021 to 9 August 2021 and then James Gow from that date.

The following table sets out the remuneration disclosures for 2021-22 for senior officers:

Total 2020-21 (restated)* £	Senior Officer	Salary (Including Fees and Allowances) £	Taxable Expenses £	Total 2021-22 £	Full Year Equivalent £
-	Chief Officer – Fiona Davies (from 4 May 2021)	89,292	-	89,292	98,130
85,638	George Morrison – Depute Chief Officer / Acting Chief Officer	89,740	-	89,740	-
80,060	Chief Financial Officer – Judy Orr (until 30 June 2021)	20,210	204	20,414	80,336
-	Chief Financial Officer – James Gow (from 9 August 2021)	51,830	530	52,360	80,336
<b>271,122</b>	<b>Total</b>	<b>251,072</b>	<b>734</b>	<b>251,806</b>	

\* the 2020/21 figures have been restated as the Depute Chief Officer is now considered to be a senior officer.

#### 4. PENSION BENEFITS

In respect of officers' pension benefits the statutory responsibility for any future contributions 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. The Chief Officer is a member of the NHS Pension Scheme, costs for the pension scheme contributions and accrued pension entitlements are shown in the table below:

2020-21			2021-22	
In-year Pension Contributions £	Accrued Pension Benefits £		In-year Pension Contributions £	Accrued Pension Benefits £
-	-	<b>Chief Officer</b> – Fiona Davies (from 4 May 2021)	18,512	Pension 24,992 Lump Sum 55,823
17,777	Pension 43,080 Lump Sum 122,804	<b>Depute Chief Officer</b> – George Morrison	18,735	Pension 47,123 Lump Sum 129,427



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

15,342	Pension 30,280 Lump sum 38,310	<b>Chief Financial Officer – Judy Orr (until 30/06/2021)</b>	4,554	Pension 30,814 Lump sum 38,310
-	-	<b>Chief Financial Officer – James Gow (from 9 August 2021)</b>	9,336	Pension 987 Lump Sum 0

**5. DISCLOSURE BY PAY BANDS**

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

**6. EXIT PACKAGES**

There were no exit packages agreed during the year ended 31 March 22 or during financial year 2020-21.

Sarah Compton-Bishop  
 Chair  
 23 November 2022

Fiona Davies  
 Chief Officer  
 23 November 2022

**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.

2020-21		2021-22		
Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
149,417	Adult Care	166,195	(10,092)	156,103
4,116	Chief Officer	5,223	(2,322)	2,901
20,974	Children and Families	25,746	(2,960)	22,786
3,554	Community and Dental Services	3,755	(288)	3,467
2,712	Lead Nurse	3,673	(177)	3,496
1,626	Public Health	3,051	(62)	2,989
3,040	Strategic Planning and Performance	3,330	(51)	3,279
5,700	Estates	6,863	(319)	6,544
2,642	Depreciation	2,576	0	2,576
19,872	General Medical Services	20,970	(10)	20,960
66,142	Greater Glasgow & Clyde Commissioned Services	68,789	0	68,789
(1,368)	Income – Commissioning and Central	0	(1,944)	(1,944)
7,591	Management and Corporate Services	5,653	(197)	5,456
10,909	NCL Primary Care Services	11,516	(681)	10,835
3,902	Other Commissioned Services	4,128	0	4,128
<b>300,828</b>	<b>Cost of Services</b>	<b>331,468</b>	<b>(19,103)</b>	<b>312,365</b>
(306,809)	Taxation and Non-Specific Grant Income (note 4)			(326,975)
<b>(5,981)</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>(14,610)</b>
<b>(5,981)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(14,610)</b>

The movement in the General Fund balance is solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not provided in these annual accounts.

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

**MOVEMENT IN RESERVES STATEMENT**

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

<b>Movements in Reserves During 2021-22:</b>	<b>General Fund Balance</b>	<b>Total Reserves</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Balance at 31 March 2021</b>	<b>(6,586)</b>	<b>(6,586)</b>
(Surplus) / Deficit on Provision of Services	(14,610)	(14,610)
<b>(Increase) / Decrease in Year 2020-21</b>	<b>(14,610)</b>	<b>(14,610)</b>
<b>Closing Balance at 31 March 2021</b>	<b>(21,196)</b>	<b>(21,196)</b>

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

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

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**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.

<b>31 March 2021 £'000</b>		<b>Note</b>	<b>31 March 2022 £'000</b>
	<b>Current Assets:</b>		
6,586	Short Term Debtors	5	21,196
<b>6,586</b>	<b>Net Assets</b>		<b>21,196</b>
6,586	Usable Reserve: General Fund	7	21,196
<b>6,586</b>	<b>Total Reserves</b>		<b>21,196</b>

The unaudited accounts were authorised for issue on 30 June 2022. The audited accounts were authorised for issue on 23 November 2022.

James Gow  
 Head of Finance and Transformation  
 23 November 2022

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

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

#### **1.1 General Principles**

The Financial Statements summarise the transactions of the Integration Joint Board for the 2021-22 financial year and its position for the year end as at 31 March 2022.

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 2021-22, 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 Financial Statements**

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

### **1.4 Funding**

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

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

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

### **1.6 Employee Benefits**

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

The Integration Joint Board has a legal responsibility to appoint a Chief Officer. 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**

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. Where NHS Highland or Argyll and Bute Council recognise provisions in relation to services included in the Integration Scheme these are disclosed in the Integration Joint Board's Annual Accounts.

### **1.8 Reserves**

The Integration Joint Board has a Reserves Policy in place which details the nature and use of reserves.

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

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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 future years.

### **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.

### **1.10 VAT Status**

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

## **2. EVENTS AFTER THE REPORTING PERIOD**

The audited Annual Accounts were authorised for issue on 23 November 2022. 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.

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

**3. EXPENDITURE AND INCOME ANALYSIS BY NATURE**

31 March 2021 £'000		31 March 2022 £'000
	<b>Services Commissioned from Argyll and Bute Council and NHS Highland:</b>	
97,500	Employee Costs	101,153
10,100	Premises Costs	10,009
14,667	Supplies and Services	15,183
2,362	Transport Related Costs	3,201
142,976	Third Party Payments	148,745
(17,331)	Income	(19,104)
50,281	Primary Care Services	52,930
	<b>Other:</b>	
247	Other IJB Operating Expenditure	220
27	Fees payable to Audit Scotland - External Audit Fees	28
(306,809)	Partners Funding Contributions and Non-Specific Grant Income	(326,975)
<b>(5,981)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(14,610)</b>

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

**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 2021 £'000		31 March 2022 £'000
57,995	Funding Contribution from Argyll and Bute Council	62,871
248,814	Funding Contribution from NHS Highland	264,104
<b>306,809</b>	<b>Taxation and Non-specific Grant Income</b>	<b>326,975</b>

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

**5. DEBTORS**

31 March 2021 £'000		31 March 2022 £'000
4,197	NHS Highland	19,049
2,389	Argyll and Bute Council	2,147
<b>6,586</b>	<b>Total Debtors</b>	<b>21,196</b>



## ARGYLL AND BUTE INTEGRATION JOINT BOARD

### Financial Statements

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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. 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 IJB may influence, and be influenced by, its partners. The following transactions and balances included in the Integration Joint Board's accounts provide additional information on the relationships.

##### Transactions with NHS Highland:

2020-21 £000		2021-22 £000
(248,814)	Funding Contributions received from NHS Highland	(264,104)
228,691	Expenditure on Services Provided by NHS Highland	233,408
<b>(20,123)</b>	<b>Net Transactions with NHS Highland</b>	<b>(30,696)</b>

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

##### Transactions with Argyll and Bute Council

2020-21 £000		2021-22 £000
(57,995)	Funding Contributions received from Argyll and Bute Council	(62,871)
78,118	Expenditure on Services Provided by Argyll and Bute Council	78,957
<b>20,123</b>	<b>Net Transactions with Argyll and Bute Council</b>	<b>16,086</b>

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

Support services, such as human resources, financial services, information technology and accommodation are not included in the delegations from Argyll and Bute Council. These are provided free of charge as 'services in kind' and are therefore not included in the expenditure of the Integration Joint Board.

## ARGYLL AND BUTE INTEGRATION JOINT BOARD Financial Statements

### 7. USABLE RESERVE: GENERAL FUND

The Integration Joint Board holds a balance on the General Fund which will normally comprise 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 which were allocated for a defined purpose.
2. Funds which are not earmarked for specific purposes, but are set aside to deal with unexpected events; and
3. Funds held in excess of the target level of reserves and identified earmarked sums. Such reserves can be spent or earmarked at the discretion of the Integration Joint Board.

The following table shows the movements on the General Fund balance:

2020-21		2021-22		
Balance at 31 March 2021  £000		Transfers Out  £000	Transfers In  £000	Balance at 31 March 2022  £000
1,793	Primary Care Transformation Fund	(260)	1,529	3,062
239	Mental Health Action 15 Fund	0	51	290
144	Technology Enabled Care	(20)	18	142
160	Alcohol & Drugs Partnership	(160)	185	185
146	Best start maternity services	(60)	0	86
83	Supporting improvements to GP premises	0	95	178
17	Scotgem accommodation funding	(10)	14	21
10	ACT widen access 19-20	(10)	0	0
2,748	Covid-19 support	(2,706)	10,447	10,489
300	Community Living Change Fund	0	0	300
250	ACT Aros Residences Upgrade	(186)	120	184
92	Primary Care OOH Funding	0	140	232
82	Insulin Pumps	(12)	0	70
78	ASC Nurse Director Support IPC	(17)	0	61
72	Trauma Network Tranche 1 / Tranche 2	(9)	0	63

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

67	PFG School Nursing Tranche 2	0	99	167
60	District Nurse Posts	(34)	101	127
52	E-health Strategy Funding	(0)	20	72
44	Reduce Drug Deaths	(44)	0	0
41	Perinatal MH Funding	0	120	161
28	Mental Health Officer Training	0	0	28
25	Type 2 Diabetes Framework	(2)	9	32
24	Trauma Training Programme	(5)	50	69
20	Child Healthy Weight	(20)	0	0
9	Staff Wellbeing Funding	0	76	85
0	Oban Accommodation Funding	0	145	145
0	Primary Care Education Fund	0	250	250
0	Vehicle Fleet Decarbonisation	0	87	87
0	Additional Band 2-4 Staffing	0	259	259
0	Nursing Support for Care Homes Funding	0	151	151
0	Remobilisation of Dental Services	0	90	90
0	Mental Health Facilities Funding	0	285	285
0	Diabetic Technologies Funding	0	205	205
0	Waiting Times Funding	0	497	497
0	Interface Care Programme	0	133	133
0	Medical Assisted Treatment Standards	0	114	114
0	Psychological Therapies	0	56	56
0	Inequalities Project Funding	0	26	26
0	Dementia Post Diagnostic Support	0	67	67
0	Mental Health Pharmacology Funding	0	18	18
0	Dental Equipment	0	129	129
0	Eating Disorders Funding	0	69	69
0	Ventilation Improvement	0	82	82
0	Mental Health Recovery Services	0	39	39
0	Whole Family Wellbeing Fund	0	39	39
0	Care at Home Funding	0	288	288
0	Multi Disciplinary Teams Funding	0	214	214
0	Interim Care Funding	0	447	447
0	Primary Care Project Funding	0	75	75
0	Children's Mental Health Services (CAHMS)	0	645	645
<b>6,586</b>	<b>Total Earmarked</b>	<b>(3,555)</b>	<b>17,484</b>	<b>20,514</b>

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

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0	General Reserves – Earmarked for Service Transformation	0	682	682
<b>6,586</b>	<b>General Fund</b>	<b>(3,555)</b>	<b>18,166</b>	<b>21,196</b>

**8. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY**

In preparing the 2021/22 Annual Accounts, the IJB has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no critical judgements or material estimation uncertainties included within the Annual Accounts.

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

### **Reporting on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Argyll and Bute Integration Joint Board for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the body as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 26 September 2022. The period of total uninterrupted appointment is one year. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

### **Risks of material misstatement**

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

### **Responsibilities of the Head of Finance and Transformation and 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 body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

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 decisions of users taken on the basis of these financial statements.

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

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

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

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

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

## **Reporting on other requirements**

### **Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report**

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

### **Other information**

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

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

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

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

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

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

**Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

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

**Use of my report**

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

Pauline Gillen CPFA  
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8 Nelson Mandela Place  
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G2 1BT

23 November 2022