

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Commonly known as Argyll and Bute Health & Social Care Partnership



UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023



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

	Page
Management Commentary	2
Statement of Responsibilities	11
Annual Governance Statement	13
Remuneration Report	21
Financial Statements:	24
– Comprehensive Income and Expenditure Statement	
– Movement in Reserves Statement	
– Balance Sheet	
Notes to the Financial Statements:	27
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	35

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

1. INTRODUCTION

The Annual Accounts provide the Financial Statements of Argyll and Bute Integration Joint Board (IJB) for the year ended 31 March 2023 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 challenges and risks which may impact upon finances in the future.

The IJB is delighted to report a further improvement in its financial position at the end of the 2022/23 year. The IJB has operated within the resources available to it and has generated a small level of general reserves. 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. This provides the IJB with an opportunity to continue to progress its service transformation and investment plans and provides increased flexibility in managing financial challenges in the future.

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

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

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 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 and ageing population. It 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 its 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 Strategic Plan was produced following extensive consultation with our communities and its implementation is now the priority of the IJB. The illustration below summarises these priorities, the full plan 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 holistic performance scorecard which is presented regularly to the IJB. The annual performance report provides a detailed analysis of performance against the national wellbeing indicators. Performance across the Health and Social Care sector has been affected by the impact of the covid 19 pandemic. While the direct impact of covid was more limited during 2022/23, the process of dealing with the diagnosis and treatment backlog and returning services to their previous levels continues to be a challenge. This is a national issue and has unfortunately resulted in reduced activity levels, increased waiting lists and greater unmet care need.

The HSCP publishes an Annual Performance Report and the report for 2022-23 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 12 April 2023:

Main Specialty	Total on Waiting List	Length of Wait (weeks)				Prior Year	Prior Year
		Over 26	12 to 26	Under 12	% > 12 Weeks	Total on Waiting list	% > 12 Weeks

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

Consultant Outpatients	1727	209	342	1176	31.9	1297	24.4
Mental Health	685	272	128	285	58.4	725	70.1
AHP	943	208	161	574	39.1	656	40.1
Nurse Led Clinics	359	77	107	175	51.3	226	13.7.0
Other	1540	535	350	655	57.5	1151	42.1
Outpatient Waiting List Total	5254	1301	1088	2865	45.5	4055	39.6

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 experiencing very long waits for treatment. The Annual Performance Report provides a much more comprehensive overview of performance and benchmarks.

5. FINANCIAL PERFORMANCE 2022-23

Financial Outturn 2022-23

The IJB set a balanced budget for 2022/23 and is reporting an underspend against the resources made available to it. The IJB is therefore in an improving financial position and will carry forward funding in reserve to enable it to progress key transformation projects and investments. A number of factors contributed to this improved position including the delivery of savings, improved financial management and governance, additional funding allocations from the Scottish Government and continued challenges in recruiting staff and increasing activity levels.

The Covid-19 pandemic had a reduced impact on the HSCP during 2022/23. There was some level of disruption and additional costs during the year, all additional costs were fully 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 consequences that Covid 19 has had upon health and care needs and on the workforce remains a challenge. During 2022/23 the HSCP also purchased the Kintyre Care Centre and became responsible for its operation. This exceptional intervention was taken by the HSCP in partnership with Argyll & Bute Council to ensure residential nursing care services continue in Campbeltown.

The final revenue outturn for 2022/23 was an underspend of £9.1m against the resources available to the HSCP, which totalled £341m. This underspend has been retained by the HSCP within its general reserve and it is intended that it will be used to enable service transformation, investment in key projects and to mitigate the financial challenge facing the HSCP in 2023/24 as on-going high inflation continues to put pressure on service budgets. 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	86,116	89,672	3,556	4.0%
Health Services	245,665	251,207	5,542	2.2%

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

GRAND TOTAL	331,781	340,897	9,098	2.7%
--------------------	----------------	----------------	--------------	-------------

The underspend has been largely due to increases in funding, savings relating to staffing vacancies and lower than anticipated demand or provision of some services, including services provided by Greater Glasgow and Clyde Health Board.

Savings Delivery

The budget for 2022/23 included a savings target of £6.1m. As at the end of March 2023, £4.1m or 68% of the target was delivered. The HSCP needs to continue to improve its efficiency and deliver best value. It manages its savings programme rigorously and recognises that this is critical to longer term financial sustainability. The HSCP has a savings target of £8.7m for 2023/24 which includes £6.8m of new savings in addition to the carry forward of projects which were not delivered in full during 2022/23.

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 deficit on the provision of services of £4.2m as noted in the Comprehensive Income and Expenditure Statement to the financial outturn position, a £9.1m underspend. The deficit arises as the net impact of spend and clawback of opening reserves exceeded the value of the underspend against budget and new funding carried forward:

	£000	£000
Deficit on Provision of Services	(4,206)	
Remove Statutory Adjustments that don't feature in financial outturn position	0	
Movement in General Fund Balance		(4,206)
Other Movements:		
Earmarked Reserves released to services during 2020-21	(10,530)	
Covid Reserves returned to Scottish Government	(5,957)	
New Earmarked Reserves during 2020-21	3,183	
Underspend transferred to General Reserves	9,098	
Total		(4,206)

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

Movement in Reserves Statement

This statement shows the movement 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 reduced from £21.2m to £17m in 2022/23. These resources have all been earmarked for specific purposes. The reduction is due to:

- Projects which are funded from reserves proceeding during the year with a total of £10.5m of the carried forward balance being spent during the year; and
- The clawback of £6m of covid funding received in 2021/22 and not spent.

The value of reserves spent and returned to Government was partially offset by the value of the underspend and new specific funding streams not fully spent. The resources held will be used to fund the potential budget gap in 2023/24 and key infrastructure and transformation projects. Note 7 provides detail on the nature of these reserves and the purposes for which they are earmarked.

	Earmarked Reserves £000	Unallocated Reserves £000	Total £000
Opening Balance at 1 April 2022	21,196	0	21,196
Reserves spent during 2022/23	(10,530)	0	(10,530)
Covid funds returned to Scottish Government	(5,957)	0	(5,957)
Underspend for year	9,098	0	9,098
Specific funding received and carried forward	3,183	0	3,183
Closing Balance at 31 March 2023	16,991	0	16,991

The IJB Reserves Policy is that a prudent level of General Fund reserve is 2% of the revenue budget, this equates to around £6.8m. As at 31 March 2023 the IJB general reserves exceeded this value with the reserves being earmarked to enable key projects to progress and to fund the 2023/24 budget gap. The IJB is prioritising the re-mobilisation of services, service transformation and investment in its infrastructure.

Balance Sheet

The Balance Sheet shows the value of the Integration Joint Board's assets and liabilities as at 31 March 2023. It 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 2023 is £17m, this is supported by the General Fund reserve. The

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

balance consists of Short Term Debtors of £17m 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 £1.1m (£1.0m in the prior year) for HSCP staff. Argyll & Bute Council have made a provision of £50k relating to the settlement of employment related matters. 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 2023-24

The budget for 2023/24 was approved by the IJB in March 2023. While the resources allocated to the HSCP are budgeted to increase in 2023/24, the impact of high inflation and continuing high levels of service demand meant the HSCP was unable to balance its budget for 2023/24, despite identifying £6.8m in new savings.

The Scottish Government's budget allocated additional funding to the Health & Social Care sector and this is being allocated to the HSCP by Argyll and Bute Council and NHS Highland. The budgeted resources available to the HSCP in 2023/24 total £334m. Budgeted spend for 2023/24 is £338m. To ensure that we continue to improve efficiency and deliver value for money we have a savings programme totalling £6.8m. It is anticipated that the remaining budget gap will be addressed during the year through other value for money measures, additional funding being received and the earmarking of £4m of reserves to fund any remaining funding gap.

Service transformation and the delivery of the value for Money Strategy are key to ensuring services are delivered in sustainable way. While the budgeted position for 2023/24 is extremely challenging, the HSCP has operated within budget for the past three years, it has repaid close to £5m in debt and now has significant reserves to invest in transformation and its infrastructure. Operating on a financially sustainable basis is a strategic priority.

Medium to Longer Term Outlook

Looking to 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 and in recent reports issued by the Institute for Fiscal Studies. 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 and an ageing demographic.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

The HSCP seeks to look three years ahead in respect of its financial planning. This is particularly challenging in the current context with high levels of uncertainty relating to funding and inflation. The three year plan outlined in the Scottish Government's most recent spending review has been largely superseded as budgets have been adjusted to allow for higher pay increases. It is expected that significant challenges lie ahead in respect of public funding in Scotland, although Health and Social Care expects to remain a priority as services continue to recover from the impact of covid and try to cope with increasing demand and workforce pressures. 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:

Identified Risk	Estimated Value £000	Summary of Mitigations
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 statutory services.	£750k (£0.5m-£1.5m range)	On-going dialogue, monitoring and review. Engagement with partners and Scottish Government where appropriate.
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)	Allowance made for higher inflation in the budget, on-going monitoring, continuous review of contract rates and pricing. Focus on delivery of savings programme to mitigate in a way that is mindful of pressures facing 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)	Project management process and funds held in reserve to cover potential shortfall.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

There are a 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 macroeconomic environment remains of concern and presents a significant short term and long term risk. Whilst the implications for the HSCP of higher inflation can be modelled and are understood, the impact that it will have upon some of the most vulnerable in the communities served by the HSCP is of additional concern. Increased poverty and impacts on health and well-being can be expected, this in turn may further increase service pressures. The HSCP has identified the following as the key risks it faces at present:

- Sustainability of Commissioned Service Providers;
- Workforce Recruitment and Retention;
- Long term financial sustainability; and
- Current socio-economic situation and cost of living crisis.

Covid-19 pandemic

The pandemic has continued to have a considerable impact on the HSCP, although the direct impact on services was much reduced. Relatively high levels of service demand, staff absence and availability and periodic outbreaks within care home and hospital settings continued to cause disruption. The HSCP also continued to deliver additional vaccinations in partnership with GPs. It also continued to operate its Personal Protective Equipment (PPE) hubs which have helped support our staff and partners in ensuring that appropriate PPE and covid test kits were available. Financial sustainability payments to social care providers to compensate for disruption to their business arising from covid-19 also remained an important element of the covid-19 response.

Towards the end of 2021/22 the Scottish Government allocated substantial funds for on-going costs relating to Covid. The HSCP carried forward £10.9m in covid reserve funding. During 2022/23 it spent £4.9m on covid (prior year spend was £9.4m) and £6.0 was returned to the Scottish Government.

7. CONCLUSION

The Integration Joint Board's final outturn position for 2022/23 was an underspend of £9.1m. This excess resource has been carried forward and earmarked to fund the budget gap in 2023/24, and enable investment in critical infrastructure and service transformation projects.

The operating environment going forward remains 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 continuing high inflation and tight public funding settlements will make it challenging to operate on a financially sustainable basis. The on-going identification and delivery of efficiency savings are therefore extremely important in this context. Making best use of the resources available to transform and improve services will help ensure that the HSCP is well placed to meet both the financial and service challenges ahead.

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

Councillor Amanda Hampsey
Chair
Date TBC 2023

Fiona Davies
Chief Officer
Date TBC 2023

James Gow
Head of Finance & Transformation
Date TBC 2023

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 Date TBC 2023.

Signed on behalf of the Integration Joint Board:

Councillor Amanda Hampsey
Chair
Date TBC 2023

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 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 2023, and its income and expenditure for the year then ended.



James Gow
Head of Finance and Transformation
30 June 2023

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 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 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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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 reliant on both partners for the resources to deliver health and social care services. The main features of the governance framework in place during 2022-23 were:

- The Integration Scheme which outlines the scope and functions of services that are delegated, the clinical and care governance, strategic planning, 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 and these meet quarterly, they 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 development and delivery of the Strategic Plan.
- 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. Terms of reference and the annual reporting framework were formally approved by the IJB in January 2021. These are reviewed regularly by the IJB.
- 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 report to the IJB.
- The Integrated Performance Management Framework focusses on embedding a performance management culture throughout the organisation with regular reporting to the IJB. The Integration Joint Board also publishes an Annual Performance Report, this is submitted to Scottish Government and is publicly available.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

- 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.
- 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 IJB meetings, and the recording of each 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. This delegation was not utilised, but remained in place throughout the year.

THE SYSTEM OF INTERNAL FINANCIAL CONTROL

The governance arrangements described operate 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 2022-23 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, 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

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

management of fraud risk and are considered to be compliant with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption.

UPDATE ON GOVERNANCE IMPROVEMENT ACTIONS

A number of areas for development in respect of governance have been identified, many of these are now complete as part of the governance improvement action plan, 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.	Complete - the Workforce Plan is finalised and a Strategic Workforce Planning Group has been established to oversee its implementation.
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 is being rolled out from April 2023.
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.	Complete – the groups are now meeting regularly and operating effectively. The HSCP has developed a more robust approach to community engagement and consultation, the locality planning groups are an important element of this.
To produce a schedule setting out how all the elements of the Safe Staffing Act have been implemented	Complete - the Safe Staffing legislation has not yet been fully implemented by the Scottish Government, however the HSCP has agreed and budgeted for revised staffing establishments for nursing and 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 2022/23.

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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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 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 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 2022, audit activity during the year included reviews of:

- Commissioning;
- Performance Management; and
- Use of Directions.

In addition, the Committee considered a wide range of reports including several published by Audit Scotland. It also reviews performance in implementing audit recommendations. The Committee annual report confirms that of the 23 recommendations made, 13 were considered to have been fully implemented during 2022/23 by the Internal Auditor. Of the remaining 10, 7 were on track and 3 were delayed, largely as a result of a delay with the implementation of a new ICT system.

The Chief Internal Auditor provides the Audit Committee with an annual report on 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 2022/23 The overall conclusion of the Internal Auditor is to provide a satisfactory level of assurance on the adequacy of internal controls and governance arrangements within the IJB.

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 sets out how the IJB fulfilled its obligations for best value in that year. The Annual Performance Report for 2022-23 is approved by the IJB and is publicly available. 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 Strategic Plan and Commissioning Strategy. There are strong mechanisms for contributions from the Locality Planning Groups and the Strategic

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Annual Governance Statement

Planning Group into these key documents which set the strategic priorities of the IJB. The IJB has also approved its Value for Money Strategy and Savings Plan for the 2023/24 financial year.

Governance and Accountability

The IJB has an open and transparent governance system in place. It seeks to continually develop and improve in response to emerging good practice and independent audit review. 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. Improving financial management and governance has been a priority for a number of years, steps taken have contributed to the much improved overall financial position the HSCP is now in. It continues to seek to identify ways of improving efficiency and has been able to generate funds to enable investment in longer term service transformation.

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 strategic partners and stakeholders. This has continued throughout 2022/23 and illustrates the ethos of partnership working. Further examples of effective partnership working during include the purchase of the Kintyre Care Centre, the outcomes from the Coll Collaborative Group, the establishment of the Prevention Transformation Programme, participation in several place based programmes and the re-establishment of the locality planning groups.

Community Responsiveness

The Locality Planning Groups ensure that local concerns are addressed and feed into 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

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

A commitment to fairness and equality is at the core of the IJBs purpose, strategy and vision. The HSCP 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 & Carbon Reduction

The HSCP is in the process of developing its approach to sustainability and carbon reduction. It has recently invested in increased capacity to undertake this work in partnership with Argyll & Bute Council and NHS Highland. It is recognised that carbon reduction is an important strategic objective for all public bodies. There are a number of strands to the IJB approach to this including:

- The development of opportunities for remote provision of services and remote working to reduce travel for 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;
- Piloting the use of drones for transporting items such as laboratory samples from islands and remote areas;
- The installation of electric vehicle charging points and investment in the electrification of the vehicle fleet; and
- Investing in management capacity to develop a strategic approach to the HSCP estate to facilitate the development of capital schemes to reduce carbon emissions.

The receipt of specific Scottish Government Funding to progress this agenda has been important in enabling the HSCP to progress decarbonisation plans.

Performance, Outcomes & Improvement

The HSCP continues to report performance in a holistic way and it has implemented a new Performance Management Framework. It is working to re-mobilise services, increase activity to pre-pandemic levels and address the backlog of treatment and diagnosis. Addressing the increasing backlog is a priority for NHS services in particular across the Scotland. 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 fully implemented. A key priority towards the end of the 2022/23 year was to manage down delayed discharges from the acute sector, the Argyll & Bute HSCP consistently performed well by this measure through its integrated approach to managing patient flows across NHS and Social Care services.

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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

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.

CONCLUSION AND OPINION ON ASSURANCE

Appropriate governance arrangements are in place and have operated well throughout 2022/23. Continuous 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 in the longer term. The annual report and accounts outline an improved financial position and improving governance arrangements.

The Annual Governance Statement outlines a number of key evidence sources which support the view that reasonable assurance can be placed upon the adequacy and effectiveness of the Argyll and Bute IJB's systems of governance.

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

Councillor Amanda Hampsey
Chair
Date TBC 2023

Fiona Davies
Chief Officer
Date TBC 2023

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 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 and Chair from 1 April 2023. 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 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. Fiona Davies was 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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

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.

The following table sets out the remuneration disclosures for 2022-23 for senior officers:

Total 2021-22	Senior Officer	Salary (Including Fees and Allowances)	Taxable Expenses	Total 2022-23
£		£	£	£
89,292	Chief Officer – Fiona Davies (from 4 May 2021)	102,342	2,855	105,197
89,740	George Morrison – Depute Chief Officer / Acting Chief Officer (until 31 May 2022)	16,963	75	17,038
52,360	Chief Financial Officer – James Gow (from 9 August 2021)	84,353	822	85,175
231,392	Total	203,658	3,752	207,410

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:

2021-22			2022-23	
In-year Pension Contributions £	Accrued Pension Benefits £		In-year Pension Contributions £	Accrued Pension Benefits £
18,512	Pension 24,992 Lump Sum 55,823	Chief Officer – Fiona Davies (from 4 May 2021)	21,390	Pension 35,362 Lump Sum 78,365
18,735	Pension 47,123 Lump Sum 129,427	Depute Chief Officer – George Morrison	3,156	Pension 46,126 Lump Sum 137,443
9,336	Pension 987 Lump Sum 0	Chief Financial Officer – James Gow (from 9 August 2021)	16,280	Pension 2,711 Lump Sum 0

ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

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 for senior officers agreed during the year ended 31 March 23 or during financial year 2021-22.

Cllr Amanda Hampsey
Chair
Date TBC 2023

Fiona Davies
Chief Officer
Date

TBC

2023

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.

2021-22		2022-23		
Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
156,103	Adult Care	181,322	(10,477)	170,845
2,901	Chief Officer	2,743	(365)	2,378
22,786	Children and Families	26,677	(3,149)	23,528
3,467	Community and Dental Services	3,996	(314)	3,682
3,496	Lead Nurse	1,719	(193)	1,526
2,989	Public Health	2,385	(117)	2,268
3,279	Strategic Planning and Performance	3,300	(146)	3,154
6,544	Estates	7,550	(372)	7,178
2,576	Depreciation	3,005	0	3,005
20,960	General Medical Services	21,122	(187)	20,935
68,789	Greater Glasgow & Clyde Commissioned Services	73,862	0	73,862
(1,944)	Income – Commissioning and Central	(72)	(1,952)	(2,024)
5,456	Management and Corporate Services	6,346	(329)	6,017
10,835	NCL Primary Care Services	11,766	(856)	10,910
4,128	Other Commissioned Services	4,517	0	4,517
312,365	Cost of Services	350,238	(18,457)	331,781
(326,975)	Taxation and Non-Specific Grant Income (note 4)			(327,575)
(14,610)	(Surplus) or Deficit on Provision of Services			4,206
(14,610)	Total Comprehensive (Income) and Expenditure			4,206

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 2022-23:	General Fund Balance	Total Reserves
	£000	£000
Opening Balance at 31 March 2022	(21,196)	(21,196)
(Surplus) / Deficit on Provision of Services	(4,206)	(4,206)
(Increase) / Decrease in Year 2022-23	4,206	4,206
Closing Balance at 31 March 2023	(16,991)	(16,991)

Movements in Reserves During 2021-22:	General Fund Balance	Total Reserves
	£000	£000
Opening Balance at 31 March 2021	(6,586)	(6,586)
(Surplus) / Deficit on Provision of Services	(14,610)	(14,610)
(Increase) / Decrease in Year 2021-22	(14,610)	(14,610)
Closing Balance at 31 March 2022	(21,196)	(21,196)

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 2022 £'000		Note	31 March 2023 £'000
	Current Assets:		
21,196	Short Term Debtors	5	16,991
21,196	Net Assets		16,991
21,196	Usable Reserve: General Fund	7	16,991
21,196	Total Reserves		16,991

The unaudited accounts were authorised for issue on 20 June 2023. It is anticipated that the audited accounts will be published in November 2023.



James Gow
Head of Finance and Transformation
30 June 2023

ARGYLL AND BUTE INTEGRATION JOINT BOARD Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Financial Statements summarise the transactions of the Integration Joint Board for the 2022/23 financial year and its position for the year end as at 31 March 2023.

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 2022-23, 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

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Financial Statements

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.

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

ARGYLL AND BUTE INTEGRATION JOINT BOARD Financial Statements

The Integration Joint Board has 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 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 Date TBC November 2023. 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 2022 £'000		31 March 2023 £'000
	<i>Services Commissioned from Argyll and Bute Council and NHS Highland:</i>	
101,153	Employee Costs	111,382
10,009	Premises Costs	11,260
15,183	Supplies and Services	15,253
3,201	Transport Related Costs	3,918
148,745	Third Party Payments	155,004
(19,104)	Income	-18,458
52,930	Primary Care Services	53,137
	<i>Other:</i>	
220	Other IJB Operating Expenditure	254
28	Fees payable to Audit Scotland - External Audit Fees	31
(326,975)	Partners Funding Contributions and Non-Specific Grant Income	(327,575)
(14,610)	(Surplus) or Deficit on the Provision of Services	4,206

Mazars 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 2022 £'000		31 March 2023 £'000
62,871	Funding Contribution from Argyll and Bute Council	74,391
264,104	Funding Contribution from NHS Highland	253,184
326,975	Taxation and Non-specific Grant Income	327,575

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 2022 £'000		31 March 2023 £'000
19,049	NHS Highland	11,985

ARGYLL AND BUTE INTEGRATION JOINT BOARD Financial Statements

2,147	Argyll and Bute Council	5,006
21,196	Total Debtors	16,991

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:

2021-22 £000		2022-23 £000
(264,104)	Funding Contributions received from NHS Highland	(245,665)
233,408	Expenditure on Services Provided by NHS Highland	253,184
(30,696)	Net Transactions with NHS Highland	(7,519)

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

2021-22 £000		2022-23 £000
(62,871)	Funding Contributions received from Argyll and Bute Council	(74,391)
78,957	Expenditure on Services Provided by Argyll and Bute Council	86,116
16,086	Net Transactions with Argyll and Bute Council	11,725

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

ARGYLL AND BUTE INTEGRATION JOINT BOARD Financial Statements

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

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:

2021-22 Balance at 31 March 2022 £000		2022-23		
		Transfers Out £000	Transfers In £000	Balance at 31 March 2023 £000
3,062	Primary Care Transformation Fund	2,452	0	610
290	Mental Health Action 15 Fund	290	0	0
142	Technology Enabled Care	24	0	118
185	Alcohol & Drugs Partnership	185	431	431
86	Best start maternity services	29	25	82
178	Supporting improvements to GP premises	0	0	178
21	Scotgem accommodation funding	7	0	14
10,489	Covid-19	10,481*	26	34
300	Community Living Change Fund	60	0	240
184	ACT Aros Residences Upgrade	184	0	0
232	Primary Care OOH Funding	92	0	140

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

70	Insulin Pumps	0	0	70
61	ASC Nurse Director Support IPC	0	0	61
63	Trauma Network Tranche 1 / Tranche 2	26	0	37
167	PFG School Nursing Tranche 2	0	0	167
127	District Nurse Posts	0	0	127
72	E-health Strategy Funding	72	138	138
161	Perinatal MH Funding	141	0	20
28	Mental Health Officer Training	0	36	64
32	Type 2 Diabetes Framework	32	67	67
69	Trauma Training Programme	29	50	90
85	Staff Wellbeing Funding	8	0	77
145	Oban Accommodation Funding	0	0	145
250	Primary Care Education Fund	0	0	250
87	Vehicle Fleet Decarbonisation	0	0	87
259	Additional Band 2-4 Staffing	195	572	636
151	Nursing Support for Care Homes Funding	0	62	213
90	Remobilisation of Dental Services	0	0	90
285	Mental Health Facilities Funding	0	0	285
205	Diabetic Technologies Funding	0	0	205
497	Waiting Times Funding	307	0	190
133	Interface Care Programme	0	0	133
114	Medical Assisted Treatment Standards	59	0	55
56	Psychological Therapies	0	0	56
26	Inequalities Project Funding	26	23	23
67	Dementia Post Diagnostic Support	14	49	102
18	Mental Health Pharmacology Funding	18	0	0
129	Dental Equipment	45	0	84
69	Eating Disorders Funding	10	0	59
82	Ventilation Improvement	53	0	29
39	Mental Health Recovery Services	0	0	39
39	Whole Family Wellbeing Fund	2	242	279
288	Care at Home Funding	288	418	418
214	Multi Disciplinary Teams Funding	214	84	84
447	Interim Care Funding	447	229	229
75	Primary Care Project Funding	15	49	109
645	Children's Mental Health Services (CAHMS)	0	0	645
	Children's Oral and Dental Health		11	11

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Financial Statements

	Health Checks – Learning Disability		38	38
	Social Work Workforce		104	104
	Hospital at Home Project		250	250
	Public Dental Service		279	279
20,514	Total Earmarked	15,805		
682	General Reserves – Earmarked for Service Transformation	682	2,469	2,469
	General Reserves – Earmarked for Prevention Programme		600	600
	General Reserves – Earmarked for Infrastructure Projects		1,900	1,900
	General Reserves – Earmarked for 2023/24 Budget Gap		4,130	4,130
21,196	General Fund	16,487	12,282	16,991

* covid reserve transfer out includes £6.0m of funding clawed back by the Scottish Government.

8. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

In preparing the 2022/23 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.

