

---

<b>Report To:</b>	<b>Inverclyde Integration Joint Board</b>	<b>Date:</b> 28 November 2022
<b>Report By:</b>	<b>Kate Rocks Chief Officer Inverclyde Health &amp; Social Care Partnership</b>	<b>Report No:</b> IJB/53/2022/CG
<b>Contact Officer:</b>	<b>Craig Given</b>	<b>Contact No:</b> 01475 715381
<b>Subject:</b>	<b>ANNUAL REPORT TO THE IJB AND THE CONTROLLER OF AUDIT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022</b>	

---

## **1.0 PURPOSE**

- 1.1 The purpose of this report is to present the Annual Report and Auditors' letter to Integration Joint Board (IJB) Members for the financial year ended 31 March 2022 which has been prepared by the IJB's external auditors, Audit Scotland. A representative from Audit Scotland will be at the meeting to present the report.

## **2.0 SUMMARY**

- 2.1 It is a statutory requirement of the accounts closure process that the IJB receives a letter (ISA260) from the appointed External Auditors highlighting the main matters arising in respect of prior years accounts.
- 2.2 There are a number of key appendices to the report:
- The Annual Report to the IJB from External Audit is attached at Appendix 1.
  - The letter of representation from the Chief Financial Officer enclosed at Appendix 2.
  - A copy of the final 2021/22 Annual Accounts is also attached at Appendix 3.

## **3.0 RECOMMENDATION**

- 3.1 The Integration Joint Board is asked to:
1. Consider the contents of the Annual Report to the IJB and Controller of Audit for the Financial Year ending 31 March 2022.
  2. Authorise the Chair, Chief Officer and Chief Financial Officer to accept and sign the final 2021/22 Accounts on behalf of the IJB.
  3. Consider the Letter of Representation contained within Appendix 2 and approve the signing of this by the Chief Financial Officer.

**Kate Rocks**  
**Chief Officer**

**Craig Given**  
**Chief Finance Officer**

## 4.0 BACKGROUND

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

## 5.0 MAIN AREAS TO HIGHLIGHT

- 5.1 There are a number of key appendices to this report:
- The Annual Report to the IJB from External Audit is attached at Appendix 1.
  - The letter to the Audit Committee, draft Audit Certificate and draft letter of representation from the Chief Financial Officer is enclosed at Appendix 2. The letter of representation provides External Auditors with assurance regarding some of the key accounting requirements and assumptions utilised when closing the 2021/22 Accounts. From this letter, the IJB's External Auditors can arrive at a view when expressing an opinion as to whether the financial statement presented a true and fair view of the financial position of the Inverclyde IJB at 31 March 2022.
  - A copy of the final 2021/22 Annual Accounts is also attached at Appendix 3.
- 5.2 In respect of the Annual Accounts, it has been confirmed that the IJB has received an unqualified opinion on the financial statements for the financial year ended 31 March 2022 and that there are no unadjusted differences to report. Both these are very welcome and significant achievements.
- 5.3 Some minor presentational changes from the draft accounts were identified during the course of the audit and have been actioned.

## 6.0 DIRECTIONS

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

## 7.0 IMPLICATIONS

### FINANCE

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

One off Costs – additional costs as outlined in this report

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

Annually Recurring Costs / (Savings)

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

## LEGAL

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

## HUMAN RESOURCES

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

## EQUALITIES

7.4 There are no equality issues within this report.

7.4.1 Has an Equality Impact Assessment been carried out?

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

7.4.2 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

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

## 7.5 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

## 7.6 NATIONAL WELLBEING OUTCOMES

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

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

## 8.0 CONSULTATION

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

# Inverclyde Integration Joint Board

2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Inverclyde Integration Joint Board and the Controller of Audit  
November 2022

---

# Contents

---

Key messages	3
Introduction	4
1. Audit of 2021/22 annual accounts	7
2. Financial management and sustainability	11
3. Governance, transparency and Best Value	15
Appendix 1. Action plan 2021/22	19
Appendix 2. 2021/22 national reports and briefing papers	21

---

# Key messages

---

## 2021/22 annual accounts

- 1 Our audit opinions on the annual accounts of the Inverclyde Integration Joint Board are unmodified.
- 2 Limited progress was made on prior year recommendations.

## Financial management and sustainability

- 3 The IJB had an underspend of £13.3 million in 2021/22 due to late funding and vacancies across services.
- 4 The IJB has a medium-term financial plan but is yet to develop a longer-term plan. Medium term financial plans indicate a deficit of £2 million for 2023/24 and £3.6 million for 2024/25. Savings or other proposals to close this gap are yet to be fully developed.
- 5 Total reserves are £28.3 million, with the majority of this either earmarked or ring-fenced for specific purposes.

## Governance, Transparency and Best Value

- 6 There are appropriate arrangements in place to secure Best Value.
- 7 Revisions to the integration scheme are to be concluded.
- 8 Performance management arrangements are effective.

---

# Introduction

---

1. This report summarises the findings arising from the 2021/22 audit of Inverclyde Integration Joint Board (the IJB).
2. The scope of the audit was set out in our 2021/22 Annual Audit Plan and was issued to the IJB on 31 March 2022.
3. This report comprises the findings from:
  - the audit of the Inverclyde IJB's annual accounts
  - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#)
  - a review of the arrangements put in place by the IJB to secure Best Value.
4. The global coronavirus pandemic has had a considerable impact on the IJB during 2021/22. This had implications for the services it delivers and its ability to achieve strategic priorities. We considered the risks relating to the pandemic as part of our audit planning and did not consider there to be any significant audit risks for 2021/22.

## Adding value through the audit

5. We add value to the IJB, through the audit by:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations
  - sharing intelligence and good practice through our national reports ([Appendix 2](#)) and good practice guides
  - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

## Responsibilities and reporting

6. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.
7. Also, the IJB is responsible for compliance with legislation, and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.



**8.** Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

**9.** As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the IJB's performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability, and
- Best Value arrangements.

**10.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

**11.** This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

**12.** Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

## Auditor Independence

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

**14.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £27,960 as set out in our 2021/22 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

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

## Audit appointment from 2022/23

**16.** The Accounts Commission is responsible for the appointment of external auditors to local government bodies. External auditors are usually appointed for a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year so that 2021/22 is the last year of the current appointment round.

**17.** The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23, KMPG will be the appointed auditor for Inverclyde Integration Joint Board. We are working closely with the new auditors to ensure a well-managed transition.

**18.** A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

**19.** We would like to thank Board members, Audit Committee members, and other staff, particularly those in finance for their co-operation and assistance over the last six years.

---

# 1. Audit of 2021/22 annual accounts

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

---

---

## Main judgements

Our audit opinions on the annual accounts of the Inverclyde IJB are unmodified and there were no significant issues.

Limited progress was made on prior year recommendations.

---

## Our audit opinions on the annual accounts are unmodified

**20.** The IJB's annual accounts for the year ended 31 March 2022 were approved for audit by the Audit Committee on 27 June 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the Remuneration Report, Management Commentary and the Annual Governance Statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

## The annual accounts were submitted for audit by the statutory date

**21.** The unaudited annual accounts were received in line with our agreed audit timetable on 27 June 2022. The working papers provided with the unaudited accounts were of a good standard and finance staff provided support to the audit team during the audit.

## There were no objections raised to the annual accounts

**22.** The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. There were no objections to the 2021/22 annual accounts.

## Overall materiality is £2.2 million

**23.** We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values.

**24.** The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

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

---

### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£2.2 million
Performance materiality	£1.6 million
Reporting threshold	£110 thousand

Source: Audit Scotland

---

## We have no significant findings to report on the audited annual accounts

**26.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have no issues to report from the audit.

## We have obtained assurance over the significant risks identified in our Annual Audit Plan

**27.** [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

## Exhibit 2

### Significant risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> <li>• Agreement of balances and transactions to Inverclyde Council and NHS Greater Glasgow &amp; Clyde financial reports / ledger / correspondence.</li> <li>• Auditor assurances will be obtained from the auditors of Inverclyde Council and NHS Greater Glasgow &amp; Clyde over the completeness, accuracy and allocation of income and expenditure.</li> <li>• Review of year-end adjustments.</li> <li>• Review of financial monitoring reports during the year.</li> </ul>	<p><b>Results &amp; Significant Judgements:</b></p> <p>Balances and transactions in the parent body ledgers were consistent with IJB audited accounts.</p> <p>Assurances were obtained from the auditors of Inverclyde Council and NHS Greater Glasgow &amp; Clyde and agreed to the year-end position reported in the audited accounts.</p> <p>Year-end adjustments and journals were reviewed in each partner audit and no errors identified.</p> <p>We reviewed financial reports prepared during 2021/22.</p> <p><b>Conclusion:</b> Audit work found no errors or other accounting treatment that would indicate management override of controls.</p>

### There were no identified misstatements in the audited annual accounts

**28.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. However, the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. There were no misstatements identified that exceeded our reporting threshold.

### Limited progress was made on prior year recommendations

**29.** The IJB has made limited progress on outstanding recommendations from previous annual reports. The three recommendations brought forward remain in

progress. For actions not yet completed, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

---

## 2. Financial management and sustainability

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

Financial sustainability looks forward to the medium and long term to consider whether the council is planning effectively to continue to deliver its services or the way in which they should be delivered.

---

---

### Main judgements

The IJB had an underspend of £13.3 million in 2021/22 due to late funding and vacancies across services.

The IJB has a medium-term financial plan but is yet to develop a longer-term plan. Medium term financial plans indicate a deficit of £2 million for 2023/24 and £3.6 million for 2024/25. Savings or other proposals to close this gap are yet to be fully developed.

Total reserves are £28.3 million, with the majority of this either earmarked or ring-fenced for specific purposes

---

### Financial management and reporting arrangements are effective and allow members and officers to scrutinise the budget effectively

**30.** Comprehensive financial budget monitoring reports are reported to the Board every quarter. These contain information on the year-to-date financial position, forecast outturn for the year, impact on the reserves position, and significant budget pressures. The reports contain enough detailed information to enable members to carry out effective scrutiny and challenge of the IJB's finances.

**31.** The content of the budget monitoring reports was regularly updated to reflect the financial impact of Covid-19. Additional income received and expenditure incurred on Covid-19 were clearly detailed in the budget monitoring reports. This ensured the board were aware of how Covid-19 impacted on the overall financial position and outturn.

**32.** Senior management and members receive regular and accurate financial information on the IJB's financial position, and we have concluded the IJB has appropriate budget monitoring arrangements in place.

### **The IJB set a balanced budget for 2021/22 budget including planned savings to address the identified funding gap**

**33.** The IJB approved its 2021/22 budget in March 2021. The budget was set with projected expenditure of £175.1 million. The budget proposed £0.6 million of efficiency related savings to balance the budget for the year.

**34.** During the year, funding adjustments, reductions in spend and an increase in the Set Aside resulted in actual spend of £193.8 million, including Set Aside of £36 million.

**35.** Funding increased during the year from a budgeted £188.5 million at period 9 to an actual £207.2 million. This movement related mainly to an increase in Covid funding of £10.4 million, the Scottish Government increased funding for the implications of Scottish Living Wage, Winter Planning, Primary Care Improvement Plan, Action 15, Mental Health Recovery and Renewal, and the set aside budget of £7.8 million was also increased.

### **The IJB returned an underspend of £13.3 million in 2021/22 due to late funding and ongoing vacancies**

**36.** All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records.

**37.** The IJB returned an underspend of £13.3 million against a budgeted breakeven position ([Exhibit 3](#)). The outturn was a result of significant year-end additional allocations from the Scottish Government, including Covid-19 funding and because of underspends, caused by ongoing vacancies across many services.

---

#### **Exhibit 3**

##### **Performance against budget**

<b>IJB budget summary</b>	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
<b>Total Net Expenditure</b>	<b>207.1</b>	<b>193.8</b>	<b>(13.3)</b>
NHS Greater Glasgow & Clyde	147.5	129.2	(18.3)
Inverclyde Council	59.6	64.6	5

Source: Inverclyde IJB Annual Accounts 2021/22

---



## The IJB has a medium-term financial plan but is yet to develop a longer-term plan

**38.** The IJB has developed a medium-term financial plan covering a three-year period (2022/23 to 2024/25). The plan was presented to the IJB at its meeting in March 2022.

**39.** The IJB has not developed any longer-term plans which go beyond 2024/25. Management have acknowledged that consideration should be given to the longer-term and have plans to refresh the financial plan. The IJB is conscious that the National Care Service will be coming in this timeframe and want to incorporate the impact of this into the plan. Management have highlighted that sufficient detail has not been provided to do this yet.

---

### Recommendation 1

The IJB should develop a longer-term financial plan.

---

## Medium term financial plans indicate a deficit of £2 million for 2023/24 and £3.6 million for 2024/25

**40.** The IJB identified a £2 million deficit in 2023/24 and a £3.6 million deficit in 2024/25 in the latest medium term financial plan. It is not clear how these gaps will be met once general and earmarked reserves are fully utilised in the absence of new savings.

## Savings or other proposals to close medium term financial gaps are yet to be developed

**41.** The IJB is required to make efficiency savings to maintain financial balance. Our prior year audit recommendations include one to further develop saving proposals to ensure these gaps are addressed in the medium and long term. Savings options have been developed by management and will be considered by the Board in early 2023.

## Total reserves are £28.3 million, with the majority of this either earmarked or ring-fenced for specific purposes

**42.** With the £13.3 million surplus achieved in 2021/22, the balance on the General Fund increase to £28.3 million as at 31 March 2022.

**43.** Ring-fenced reserves are those where funding has been provided by the Scottish Government for specific purposes, such as funding to address Covid-19 costs. Earmarked reserves are those where the IJB has approved the use of reserve balances for specific purposes. The IJB had a balance of £1 million of un-earmarked reserves as at 31 March 2022.

## **Financial systems of internal control operated effectively**

**44.** The IJB does not have its own financial systems and instead relies upon the financial systems of the host bodies to record all transactions.

**45.** As part of our audit approach, we sought assurances from the external auditor of NHS Greater Glasgow & Clyde and Inverclyde Council and confirmed there were no weaknesses in the systems of internal controls for either body.

## **Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate**

**46.** The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We reviewed the arrangements in place at Inverclyde Council and NHS Greater Glasgow & Clyde and found them to be adequate. The IJB has a Code of Conduct in place to which members subscribe and the Members' Registers of Interest are publicly available on the IJB's website.

**47.** Appropriate arrangements are in place for the prevention and detection of fraud and error. We are not aware of any specific issues we require to bring to your attention.

---

## 3. Governance, transparency and Best Value

The effectiveness of scrutiny and oversight and transparent reporting of information.

Using resources effectively and continually improving services.

---

---

### Main Judgements

The governance arrangements remain appropriate and are operating effectively

There are appropriate arrangements in place to secure Best Value

Revisions to the integration scheme are to be concluded

Performance management arrangements are effective

---

### Governance arrangements are appropriate and operate effectively

**48.** The IJB met virtually eight times during 2021/22, and the IJB Audit committee has also met five times in 2022. The publications presented to the board and the Audit Committee have been published timeously and kept up to date on the IJB section of Inverclyde Council's website.

**49.** Our observations at committee meetings throughout the year has found that these are conducted in a professional manner and there is a good degree of scrutiny and challenge by members. We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making.

### Performance reporting in the management commentary of the Annual Accounts was of a good standard

**50.** Management Commentaries included in the annual accounts should provide information on a body, its main objectives and the principal risks faced. It should provide a fair, balanced and understandable analysis of a body's performance as well as helping stakeholders understand the financial statements.

**51.** The management commentary is of a good standard and clearly explains the IJB's strategy, finances and links to the financial statements. The statutory requirements relating to non-financial performance have been met. The management commentary also details the impact of Covid-19 on the IJB's business and financial position.

### **Staff changes in IJB Chief Officer role**

**52.** The IJB's previous Chief Officer took up the post of Chief Executive of Inverclyde Council in September 2021. An interim Chief Officer was appointed from August 2021 until August 2022. With a new Chief Officer permanently appointed to the role in August 2022.

### **Appropriate arrangements are in place to secure Best Value**

**53.** Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

**54.** The IJB have continued to annually review and update their Best Value Statement, and to report this to the Audit Committee to ensure full oversight and governance.

**55.** The 2021/22 Best Value Statement was reviewed and agreed at the IJB Audit Committee meeting on 21 March 2021. The statement considers Inverclyde's position in relation to 10 key Audit Scotland Best Value prompts and appropriate reliance on the Best Value arrangements in the Council and Health Board. No additional action was required by the IJB at this time over and above the actions already taking place as detailed in the statement.

### **Revisions to the integration scheme are to be concluded**

**56.** The IJB's Scheme of Integration was approved in 2015 and was due to be reviewed every five years. We reported in 2019/20 and 2020/21 that the Covid-19 pandemic led to approval of the updated Integration Scheme being delayed and the existing scheme being rolled forward. This review has still not been completed; therefore, this remains as a recommendation brought forward from last year in [Appendix 1](#).

**57.** The IJB is currently working on updating its integration scheme with all other IJBs and partner bodies across the Greater Glasgow and Clyde area, with the intention to present this to the IJB Board by the end of March 2023. This matter has been disclosed in the Governance Statement in the IJB's annual accounts.

### **Performance management arrangements are effective**

**58.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial

performance and best value, reporting on localities, and the inspection of services.

**59.** The Board has continued to monitor key performance targets throughout the year. The 2021/22 annual performance report was presented and approved by the board at the IJB meeting on 26 September 2022.

**60.** Performance levels are measured against a suite of 19 key performance indicators covering areas such as emergency admissions rates and patient satisfaction with GP services. The report acknowledges that there is a data gap nationally for a number of performance indicators and calendar year data for 2021 has been used in some instances.

**61.** Of the 19 currently reported measures, the IJB are at or better than the Scottish average in 10 indicators, just below in 5 and behind in 4. The IJB's performance on delayed discharges continues to be significantly better than the Scottish average.

**62.** The IJB had declining performance in 3 indicators:

- Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided (green to amber).
- Percentage of people with positive experience of the care provided by their GP practice (amber to red).
- Total combined percentage of carers who feel supported to continue in their caring role (green to amber).

**63.** The IJB recognised that there has been an increase in support needs which has impacted on service capacity to meet demand. This has been exacerbated by the impact of Covid-19. The IJB have recognised the importance of unpaid carers and have committed to continuing to support them.

**64.** The IJB has ensured effective arrangements are in place for managing and reviewing performance. The IJB is looking to strengthen these arrangements by developing a performance scorecard which will aim to embed a range of both national and local targets into their reporting, with a plan to report on this biannually to the IJB. This performance scorecard will link with the Outcomes Framework currently in development for the refreshed Strategic Plan.

### **Locality Planning Groups to support the Locality Actions Plans are still to be developed**

**65.** Locality planning has been adopted by Inverclyde Alliance, the area's Community Planning Partnership and Inverclyde Health and Social Care Partnership. It aims to empower communities by strengthening their voices in decisions about public services. The Alliance set up Communication and Engagement Groups in each of the six localities. A Locality Action Plan was developed for each of the six localities.

**66.** A prior year audit recommendation was made to implement Locality Planning Groups to oversee the development of the Locality Action Plans. To

date, two Locality Planning Groups have been established since the last reporting period (Port Glasgow and Inverkip & Wemyss Bay). This remains as a recommendation brought forward from last year in [Appendix 1](#).

### **National performance audit reports**

**67.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2021/22 we published some reports which may be of direct interest to the IJB as outlined in [Appendix 2](#).

**68.** The IJB has established arrangements for considering and reviewing national reports including any locally agreed actions.

# Appendix 1. Action plan 2021/22

## 2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Medium to Long Term Financial Plan</b></p> <p>The medium-term financial plan was agreed in March 2022 which covers a 3-year period.</p> <p>The IJB has not developed any longer-term plans which go beyond 2024/25.</p> <p><b>Risk</b> – the IJB are not able to fully anticipate and make saving proposals for future budget deficits in the long term.</p>	<p>The IJB should develop a longer-term financial plan which extend a 3-year period.</p> <p><a href="#">Paragraph 39</a></p>	<p>A new 5 year financial plan will be produced by March 2023</p> <p>Chief Financial Officer</p> <p>June 2023</p>
<p><b>b/f 2. Savings Proposals</b></p>	<p>Efficiency savings plans and proposals should continue to be developed to meet anticipated savings target.</p>	<p>In Progress</p> <p>Savings options have been developed by management and will be considered by the Board in early 2023.</p> <p>Chief Financial Officer</p> <p>March 2023</p>
<p><b>b/f 3. Integration Scheme Review</b></p>	<p>The updated Integration Scheme should be approved and submitted to the Scottish Government as soon as practicable.</p>	<p>Outstanding</p> <p>The Integration Scheme is currently being reviewed. The IJB are working closely with Legal Services within Inverclyde Council and NHS Greater Glasgow and Clyde to review their current Integration Scheme. This matter has been disclosed in</p>

the Governance Statement in  
the IJB's annual accounts

Chief Financial Officer

May 2023

---

**b/f 4. Implementation of  
Locality Planning Groups**

Locality Planning Groups  
should be implemented to  
oversee the development of  
Locality Action Plans.

In Progress

As part of the requirements  
laid down in the Public  
Bodies (Joint Working)  
(Scotland) Act 2014. The  
HSCP will develop Two  
Locality Groups – an East  
Locality and a West Locality,  
they will work alongside the  
six communication and  
engagement groups of  
Inverclyde Council and  
Inverclyde Community  
Planning. We endeavour to  
have the Localities set up by  
end of March 2023.

Chief Financial Officer

June 2023

---



---

# Appendix 2. 2021/22 national reports and briefing papers

---

## May

[Local government in Scotland Overview 2021](#)

## June

[Covid 19: Personal protective equipment](#)

## July

[Community justice: Sustainable alternatives to custody](#)

## September

[Covid 19: Vaccination programme](#)

## January

[Planning for skills](#)

[Social care briefing](#)

## February

[NHS in Scotland 2021](#)

## March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

# Inverclyde Integration Joint Board

## 2021/22 Annual Audit Report

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

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

For the latest news follow us on social media or

**[subscribe to our email alerts.](#)**



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
Phone: 0131 625 1500 Email: **[info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)**  
**[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)**

T: 0131 625 1500

E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

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



## Inverclyde IJB Audit Committee

28 November 2022

### Inverclyde IJB Audit of 2021/22 annual accounts

#### Independent auditor's report

1. Our audit work on the 2021/22 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 28 November 2022 (the proposed report is attached at [Appendix A](#)).

#### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit Committee's consideration our draft annual report on the 2021/22 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.

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

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

#### Unadjusted misstatements

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

6. We have no unadjusted misstatements to be corrected.

#### Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Audit Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

#### Representations from Section 95 Officer

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

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

## Appendix A: Proposed Independent Auditor's Report

### Independent auditor's report to the members of Inverclyde Integration 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 Inverclyde IJB 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 a summary of 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 Inverclyde IJB as at 31 March 2022 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2021/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is six years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

##### Responsibilities of the Chief Financial Officer and Inverclyde Integration Joint Board audit committee for the financial statements

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

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

The bodies' audit committee is responsible for overseeing the financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the 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 Chief Financial Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement of Assurance, Statement of Responsibilities for the Statement of Accounts and the unaudited part of the Remuneration Report.

My responsibility is to read all the 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 of Assurance 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 of Assurance**

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

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

### **Matter 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.

Brian Howarth ACMA CGMA, Audit Director

Audit Scotland

4<sup>th</sup> Floor

8 Nelson Place

Glasgow

G2 1BT

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

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

Dear Brian

### **Inverclyde Integration Joint Board Annual Accounts 2021/22**

1. This representation letter is provided in connection with your audit of the annual accounts of Inverclyde Integration Joint Board for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the IJB Audit Committee, the following representations given to you in connection with your audit of Inverclyde Integration Joint Board annual accounts for the year ended 31 March 2022.

#### **General**

3. Inverclyde Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2021/22 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Inverclyde Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

#### **Financial Reporting Framework**

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (2021/22 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Inverclyde Integration Joint Board at 31 March 2022 and the transactions for 2021/22.

#### **Accounting Policies & Estimates**

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2021/22 accounting code, where



applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Inverclyde Integration Joint Board circumstances and have been consistently applied.

**8.** The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

## **Going Concern Basis of Accounting**

**9.** I have assessed Inverclyde Integration Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Inverclyde Integration Joint Board's ability to continue as a going concern.

## **Liabilities**

**10.** All liabilities at 31 March 2022 of which I am aware have been recognised in the annual accounts.

**11.** Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2022 of which I am aware where the conditions specified in the 2021/22 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2022. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

**12.** Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2022 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

**13.** There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

## **Fraud**

**14.** I have provided you with all information in relation to

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

## **Laws and Regulations**

**15.** I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

## **Related Party Transactions**

**16.** All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2021/22 accounting code. I have made available to you the identity of all the Inverclyde Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

## **Remuneration Report**

**17.** The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

## **Management commentary**

**18.** I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

## **Corporate Governance**

**19.** I confirm that the Inverclyde Integration Joint Board has undertaken a review of the system of internal control during 2021/22 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

**20.** I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2022, which require to be reflected.

## **Balance Sheet**

**21.** All events subsequent to 31 March 2022 for which the 2021/22 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Chief Finance Officer

# **Inverclyde Integration Joint Board**

## **Audited Annual Accounts 2021/22**





## Table of Contents

Management Commentary	1
Statement of Responsibilities	14
Remuneration Report	15
Annual Governance Statement	18
The Financial Statements	22
Notes to the Financial Statements	25
Independent Auditor's Report	36



# Management Commentary

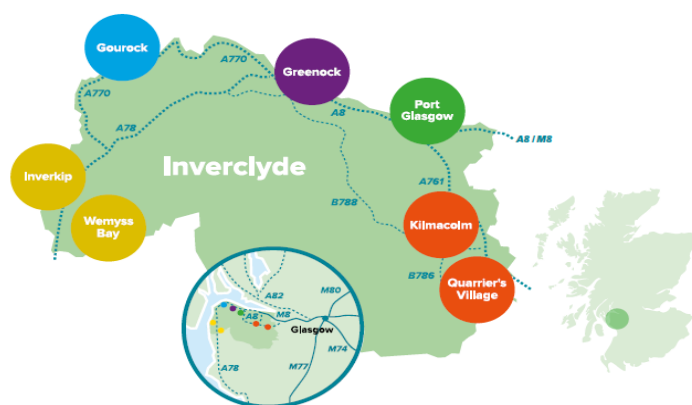
## Introduction

This publication contains the financial statements for the Inverclyde Integration Joint Board (IJB) for the year ended 31 March 2022.

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the year 2021/22 and how this has supported delivery of the IJB's core objectives. This commentary also looks forward, outlining the future financial plans for the organisation and the challenges and risks which we will face as we strive to meet the needs of the people of Inverclyde.

## Inverclyde IJB

Inverclyde is located in West Central Scotland along the south bank of the River Clyde. It is one of the smallest local authority areas in Scotland, home to 77,060 people and covering an area of 61 square miles. Our communities are unique and varied.



### POPULATION

**77,060** (1.4% of total Scottish population)

- 16.1% aged under 16
- 15.6% aged 16 to 29 years (**Scotland = 17.3%**)
- 39.5% aged 30 to 59 year
- 28.8% aged 60 and over (**Scotland = 25.8%**)

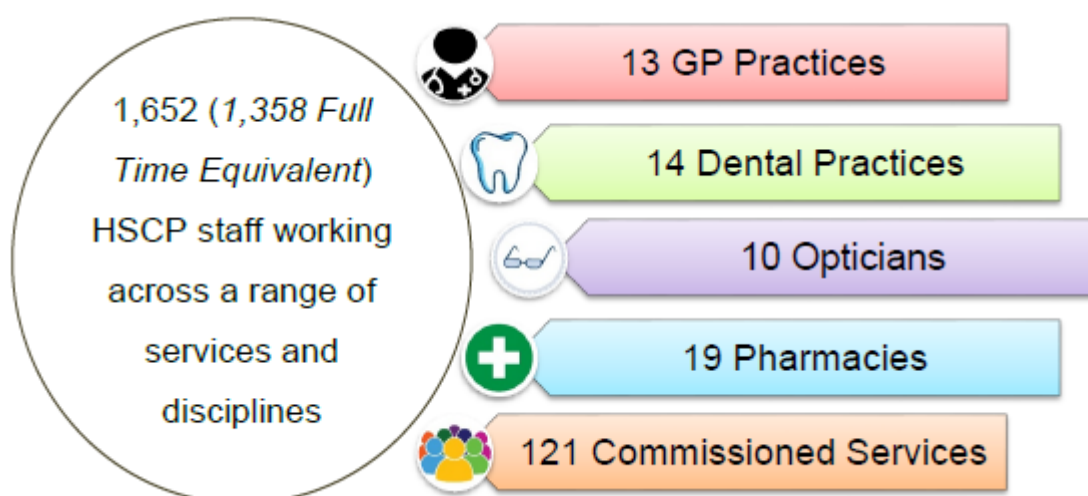
Source: NRS population projections for Scottish Areas June 2021

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

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

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

The HSCP has responsibility for, and delivers, an extensive range of services across primary care; health and social care and through a number of commissioned services.



Throughout 2021/22, as a result of the Covid 19 pandemic, service provision has continued to be, by necessity, subject to change and reactive to Government guidance and restrictions. At the start of the first national lockdown, action was taken to ensure that essential services continued to be delivered, where possible and the core business of the HSCP was maintained while at the same time ensuring the ongoing safety of both the workforce and the public. Investment in technology has enabled many services to adapt and continue to support Inverclyde's communities, albeit in a 'virtual' capacity. Additional support mechanisms were put in place around all internal and external services during this time. This has included the introduction of a number of new groups and regular safety meetings within the HSCP including: a weekly Local Resilience Management Team meeting (LRMT), fortnightly Covid Recovery Group meetings, Humanitarian Aid Groups, regular care home safety huddle meetings and weekly multidisciplinary meetings.

Staff within the HSCP and those working for our external providers, as well as a number of local community groups have worked tirelessly throughout the pandemic to ensure that services can continue to be delivered safely and to support the physical and mental health and wellbeing of people across Inverclyde. To ensure we support our staff, the HSCP has created a Wellbeing at Work Plan and a series of support measures to help staff cope with the stresses and strains brought on by the pandemic. A Wellbeing at Work week was recently held in March 2022 promoting, implementing and highlighting these support measures.

Interim governance structures developed in 20/21 were continued into 2021/22 and a recovery plan was drafted to map out the pathway for services and the IJB as the country moved through this pandemic. Throughout this time the HSCP continued to work to put people at the centre of all that we do and ensure that essential services are delivered safely and effectively and in line with our Strategic Plan. The Strategic Plan was reprioritised to focus on Covid recovery with 28 priorities linked to the IJB 6 Big Actions and included the newly emerging priorities such as Covid recovery, Test and Trace and vaccinations and to also reflect the unavoidable delay in some priorities such as the roll out of locality groups. The revised plan was approved by the Strategic Planning Group in August 2020 and officers have worked hard during 2021/22 to deliver against the revised plan.

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

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

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

The operational HSCP Structure responsible for delivering services in 2021/22 is illustrated below.

### HSCP Operational Structure



### The Annual Accounts 2021/22

The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the IJB's vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2021/22 Accounts have been prepared in accordance with this Code.

### The Financial Plan

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

For 2021/22 Covid-19 had a significant impact on IJB expenditure and income. Covid costs of £7.288m were funded in full by Scottish Government (£6.235m Social Care and £1.053m Health). Unspent Covid funding of £8.484m received but not spent by the year end has been carried forward in Earmarked Reserves. As per the Revised Budget reported at period 9, the IJB budgeted to deliver Partnership Services at a cost of £188.485m, including £28.177m of notional budget for Set Aside and £6.630m of spend was anticipated through Earmarked Reserves. During the year, funding adjustments, reductions in spend and an increase in the Set Aside resulted in actual spend of £193.765m, including Set Aside of £35.960m. Funding rose during the year from a budgeted £188.485m at Period 9 to an actual £207.158m. This movement related mainly to an increase in Covid funding after Period 9 of £10.370m offset by in year spend, Scottish Government increased funding in relation to the implications of Scottish Living Wage, Winter Planning, Primary Care Improvement Plan, Action 15, Mental Health Recovery and Renewal, and an increase in the set aside budget of £7.783m. These were offset by a reduction in GMS funding from NHS Greater Glasgow and Clyde. The final position generated a surplus for the year of £13.393m, which has been added to IJB reserves in line with its reserves policy. The movement in projection vs actual and analysis of the surplus are shown in the tables on pages 9-11.

The IJB agreed the 2022/23 financial year balanced budget on 21 March 2022. This assumes that all Covid spend will continue to be funded via reserves held at the year end. The budget also included indicative budgets for the period to 2025/26, taking account of forecast demand for services, inflationary pressures, pay awards and assumptions on funding from partners.



## Performance

The IJB and HSCP tracks change in need and demand, and delivery of the National Wellbeing Outcomes through its performance management arrangements. Every service usually undergoes a quarterly service review, chaired by the relevant Head of Service. Service use, waiting times and any other pressures are closely reviewed alongside progress against the service's key objectives and delivery of outcomes. Any divergence from the agreed strategic direction is quickly identified and steps are put in place to get the service back on track. In 2021/22 this process has not been possible due to the pandemic. Performance is still reviewed regularly within each service and where there are notable differences between the service's performance and what has been planned for, then these differences are reported to the Senior Management Team along with an outline of the planned remedial action in cases where the divergence is negative. The legislation requires that IJBs follow a prescribed format of annual performance reporting against the nine outcomes, based on 23 national indicators and a requirement to publish an annual performance report by November 2022. The 23 National Integration Indicators against which the performance of all HSCTs in Scotland is measured, the data for these is provided by Public Health Scotland (PHS) on behalf of the Scottish Government. These indicators are grouped into two types of complementary measures: outcome indicators based on survey feedback, and indicators derived from organisational or system data.

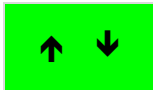


Inverclyde's summary 2021/22 will be published in line with agreed national revised timelines and approved at the September 2022 IJB meeting.

The IJB's 2021/22 Performance against the 23 National Indicators is shown below where it is available. As much of the data is provided by Public Health Scotland (PHS), the most up to date data available is utilised. For some indicators this may be 2019/20 or 2020/21 and for some the calendar year is used as a proxy on the advice of PHS.

Of the 19 currently reported measures we are at or better than the Scottish average in 10 (green), just below in 5 (amber) and behind in 4 (red).

In 6 measures we have seen an improving trend (green arrow), maintaining our performance in 5 (amber arrows) and reducing performance in 8 (red arrow).

Inverclyde is an area of social-economic deprivation which directly correlates to long term chronic disease and risk factors e.g. diet, tobacco, alcohol and drug use, obesity. This results in higher premature mortality rates, higher emergency admissions and longer term bed use in the acute system which is indicated at measures 11, 12 and 13.

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

## Outcome Indicators

National Integration Indicator	Time Period	Inverclyde HSCP	Scottish Average	Change from previous period	Inverclyde Long-term Trend	Scottish Long-term Trend
1 Percentage of adults able to look after their health very well or quite well	2021/22	90.1%	90.9%	→←	→←	↓

2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	2021/22	82.9%	78.8%	↓	→←	↓
3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	2021/22	66.7%	70.6%	↓	↓	↓
4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	2021/22	68.6%	66.4%	↓	↓	↓
5	Total % of adults receiving any care or support who rated it as excellent or good	2021/22	81.3%	75.3%	↓	↓	↓
6	Percentage of people with positive experience of the care provided by their GP practice	2021/22	58.7%	66.5%	↓	↓	↓
7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	2021/22	79.6%	78.1%	↓	↓	↓
8	Total combined percentage of carers who feel supported to continue in their caring role	2021/22	28.7%	29.7%	↓	↓	↓
9	Percentage of adults supported at home who agreed they felt safe	2021/22	81.9%	79.7%	↓	→←	↓

## Data indicators

National Integration Indicator		Time Period	Inverclyde HSCP	Scottish Average	Change from previous period	Inverclyde Long-term Trend	Scottish Long-term Trend
11	Premature mortality rate per 100,000 persons	2021	508.7	465.9	↓	↑	→←
12	Emergency admission rate (per 100,000 population)	2021/22	12887	11474.9	→←	↓	→←
13	Emergency bed day rate (per 100,000 population)	2021/22	136305.9	105956.6	→←	↓	↓
14	Readmission to hospital within 28 days (per 1,000 population)	2021/22	87	102.8	↓	↓	→←
15	Proportion of last 6 months of life spent at home or in a community setting	2021/22	88.7%	90%	→←	↑	↑
16	Falls rate per 1,000 population aged 65+	2021/22	21	22.4	→←	↓	→←
17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	2019/20	85.1%	75.8%	→←	→←	↓
18	Percentage of adults with intensive care needs receiving care at home	2021	68.1%	64.9%	↑	↑	↑
19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (age 75+)	2021/22	296.4	761.4	↑	→←	↓
20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	2019/20	21.9%	21.0%	↓	↑	→←

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

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

The Covid pandemic has meant that 2021/22 has continued to be a challenging year, especially for Health and Social Care providers. Despite this the HSCP achieved a number of successes in year, including:

- We have fully supported the delivery of the flu and Covid 19 vaccine programmes across all the Inverclyde communities. We have continued our focus on ensuring our most vulnerable in care homes and those who are housebound received their vaccines as early as possible.
- The introduction of Access 1<sup>st</sup>, our single point of access for adult services within the HSCP. This enables our community to seek the right advice and support at the right time from the right place.
- We have completed the review of the HSCP alcohol and drug service which ensures a streamlined integrated approach to accessing and receiving treatment for alcohol and drug related harm. In addition we have extended our focus to recovery and ensuring appropriate family support is in place through commissioning a range of 3<sup>rd</sup> sector partners to work with us in 'a recovery orientated system of care'
- We have continued the roll out of our Distress Brief Intervention Programme in conjunction with SAMH to train a range of HSCP and partner staff. In turn they are now able to refer on to SAMH DBI programme which provides rapid support for up to 14 days for anyone in distress.
- We have recently completed our involvement as a national pilot area for the Advanced Dementia Practice Model Programme which has provided learning for across Scotland on best practice. A Dementia friendly training programme is planned alongside the development of dementia friendly communities.
- Through Covid 19 Recovery funding, we extended our Social prescribing opportunities through community link workers and community connectors. These 3<sup>rd</sup> sector staff have been crucial in supporting members of the local community through, and out of Covid measures, with a real focus on reducing social isolation.
- We have built and opened our new Greenock Health and Care Centre which is a modernised site providing services which are more integrated, accessible and efficient for patients and service users.
- We have identified the site for the new Learning Disability Hub within Inverclyde and ground works have commenced to build a new state of the art activity hub for people with learning disabilities and autism.
- We concluded the recent Adult Support and Protection Inspection which had been halted due to Covid 19. The outcome from this inspection was extremely positive with any key learning and recommendations taken forward into our refreshed Strategic Plan.
- We have continued to commission the Children's Wellbeing Service delivered in partnership with Action for Children and provides vital support to children and young people in relation to their mental health.
- We fully understand the need to support our staff and all those working across health and social care therefore our staff wellbeing action plan is being delivered. In March 2022, a Wellbeing week was held for all HSCP and commissioned services staff and positively received with plans for a summer event.

## Financial Performance

Financial information is part of our performance management framework with regular reporting of financial performance to the IJB. This section summarises the main elements of our financial performance for 2021/22.

### (a) Partnership Revenue Expenditure 2021/22

Covid again had a significant impact on spend across the Partnership in the year. In total £7.288m was spent in year on a variety of areas. The costs were met in full by Scottish Government through a combination of reserves already held and additional funding allocated via local mobilisation plans. As a result of the Scottish Government paying grants in 2021/22 for 2022/23 spend, Earmarked Reserves of £8.484m are held to fund further spend in the next financial year. Local mobilisation plans are currently being developed to identify anticipated costs for 2022/23.

The table below sets out the Covid position for the year including earmarked reserves held as at 31 March 2022.

Category of spend	Social Care £000	Health £000	Total £000
Provider Sustainability Payments	3,014	0	3,014
Additional Staffing	875	566	1,441
Homelessness Services	252	0	252
Assessment & Testing Centres	4	236	240
Other	2,090	251	2,341
<b>Total Covid related spend 2021/22</b>	<b>6,235</b>	<b>1,053</b>	<b>7,288</b>
<b>Covid reserves position</b>			<b>£000s</b>
carried forward from 20/21	1,984	1,266	3,250
Funding Received from Scottish Government	12,522	0	12,522
Actual Spend at 31/03/2022	6,235	1,053	7,288
<b>CARRY FORWARD IN EMR</b>	<b>8,271</b>	<b>213</b>	<b>8,484</b>

During the year the Partnership have successfully managed budgets through a combination of measures, including: good cost control and absence management arrangements, along with good planning via the use of their smoothing reserves set up to mitigate the effects often found within areas of volatility such as Children and Families placements, adult care packages and older people residential placements.

A total of £1.521m has been added to smoothing reserves during the year to facilitate managing services as the Partnership emerges from the Covid pandemic. In addition, a specific smoothing reserve of £0.891m has been set up to manage the pay award implications of the 2022/23 budget process. Inverclyde Council agreed, as part of their 2022/23 budget process, to a one off contribution of £0.550m for this purpose and this contribution, along with £0.341m from in year underspends is reflected in the Pay Contingency smoothing reserve as at 31 March 2022.

As well as Covid funding, additional monies were received in year from Scottish Government for Mental Health Recovery and Renewal, care home oversight, ADP developments, Primary Care Improvement Plan, Winter Planning activities and the impact of inflationary and Living Wage increases. Funds received but not utilised during the financial year have been earmarked for use in future years.

The IJB continues to hold a Transformation Fund for the purposes of funding projects and activities which will realise future efficiencies for the Partnership. In 2021/22 an opening balance of £1.085m was held, £0.308m of expenditure was incurred in year and additional funds of £1.198m were added to the fund to recognise the impact of the SWIFT replacement system resource requirements and to allow further applications for projects during 2022/23.

A new reserve has been created for the Partnership's Digital Strategy during 2021/22. A total contribution of £0.676m has been added during the year to provide for the financial impact of the analogue to digital project on the community alarms service over the next few years.

Reserves have been created in relation to funding for Winter Pressures/Planning which was received but not utilised in year from Scottish Government amounting to £1.135m. Plans have been agreed for use of these funds in 2022/23 financial year.

£0.877m has been earmarked for use next financial year in relation to Mental Health Recovery and Renewal work streams including CAMHS services, facilities improvement, dementia work and Mental Health and Workforce Wellbeing. Spending plans were delayed due to difficulties with recruitment, but are now under way for utilisation of this additional Scottish Government Funding.

Overall opening reserves of £14.932m were held at 1 April 2021. During the year £6.471m of Earmarked Reserves were used to fund specific spend and projects including Covid, an additional £19.643m was added to Earmarked Reserves, with no funds being drawn down from the General Reserve. The final year end underspend on Social care services of £0.221m was added to the General Reserve, leading to a final net increase of £13.393m over the year. Year-end reserves held total £28.325m.

An analysis of all earmarked reserves is set out in Note 8 to the Financial Statements on Page 33.

Total net expenditure for the year was £193.765m against the overall funding received of £207.158m, generating a revenue surplus of £13.393m. This was made up as follows:

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

At year end the actual surplus was comprised of:

- an underspend on Health services of £0.813m, added to earmarked reserves
- an underspend of £0.221m on Social Care Services, added to general reserves
- A carry forward of £8.130m of ring fenced Covid reserves received during 2021/22 from the Scottish Government, excluding those held for specific items at the start of the year
- New reserves created of £3.907m
- Further movement in reserves of £0.322m being planned spend during the year, and additional items added/transferred to existing reserves during the year as agreed by the IJB

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

Detail of in year movement	£000
Funding received for Covid costs but not utilised during 2021/22, being earmarked for future years spend	8,130
Winter pressures funding reserves created in year	1,135
Pay contingency reserve created in year from underspends in employee costs and funding of £0.5m from Inverclyde Council to assist with pay award burden in 22/23	891
Mental Health recovery and wellbeing additional funding - reserve created in year	877
Digital strategy reserve created in year	676
Other reserves created - various	328
Other movements in existing reserves approved during 2021/22	322
Employee costs underspends - slippage in vacancies - Social Care/offset by agency staff costs	839
Employee costs underspends - slippage in vacancies - Health	321
Children and Families - external residential and kinship placements overspend	(776)
Residential and nursing placements underspend	454
External homecare under spend	523
Learning Disability care packages overspend	(331)
Learning Disability Legal expenses over spend	(75)
Learning Disability support service income under recovery	(77)
Criminal Justice services overspend - Section 27/care package funding	(114)
Day services transport underspend	187
Physical Disability care packages overspend	(190)
Short breaks and respite underspends	73
Alcohol and Drugs Recovery Service underspend	78
Adjustment to bad debt provision for Social Care services	(82)
Prescribing - final underspend position as notified by NHS GGC	435
Various smaller under/overspends throughout Social Care	(288)
Various smaller under/overspends throughout Health	57
<b>Surplus on Provision of Services</b>	<b>13,393</b>

The surplus has been transferred to IJB reserves as detailed in note 8 to the Financial Statements.

The period 9 budget monitoring report projected an underspend of £0.044m in Social Care core budgets. The main projected variances were linked to overspends in Children's residential placements, Justice care packages and Learning and Physical Disability care packages, which remained at the year end. These were offset by projected under spends against external homecare, residential and nursing placements, short breaks and slippage in filling vacancies. As shown in the table above, a significant portion of the £13.393m surplus was as a result of additional streams of Scottish Government Covid and other specific funding

received, employee costs slippage and movement in client commitment spend due to slippage and ended client commitment packages.

The year-end position for Social care assumes final contributions to earmarked reserves which have been requested as part of the annual accounts covering report as follows:-

<b>Transfer to earmarked reserves requested</b>	<b>£000s</b>
Children and Young People Wellbeing	64
Winter Planning Care at Home	712
Pay Contingency smoothing reserve	341
National Trauma Training/Learning and Development	50
Residential/Nursing placements smoothing reserve	200
Contributions to Capital	500
Learning Disability Client Commitments smoothing reserve	250
Children and Families placements smoothing reserve	200
Digital Strategy	400
Transformation Fund	400
<b>Total requested</b>	<b>3,117</b>

The projected outturn for Health services at period 9 was reported as an underspend of £0.811m due to payroll turnover with an agreed plan to transfer this underspend at year end to the Transformation Fund (£0.611m) and the Digital Strategy EMR (£0.200m). This position remained at the year end with the final contributions being £0.613m and £0.200m respectively. The projected year end slippage on vacancies reduced, however a corresponding underspend on Prescribing arose to arrive at the final underspend of £0.813m. In addition to these year-end items, transfers to Earmarked Reserves for Health services during the year due to additional in year funding for specific purposes, including Alcohol & Drug Partnership, Primary Care Improvement Plan, Winter planning, Mental Health and a few smaller funds equated to £4.790m. These funds were passed to Inverclyde Council for earmarking on behalf of the IJB.

#### Period 9 vs Final Outturn

<b>Revised Budget</b>	<b>IJB</b>	<b>Projected Outturn @ P9</b>	<b>Outturn</b>	<b>P9 vs Actual Outturn</b>
<b>£000s</b>		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
93,219	Health Funding	84,461	93,219	8,758
93,219	Health Spend	83,650	93,219	9,569
<b>0</b>	<b>Contribution</b>	<b>811</b>	<b>0</b>	<b>(811)</b>
58,735	Social Care Funding	57,553	59,629	2,076
58,735	Social Care Spend	57,509	59,408	1,899
<b>0</b>	<b>Contribution</b>	<b>44</b>	<b>221</b>	<b>177</b>
18,350	Resource Transfer Funding	18,294	18,350	56
18,350	Resource Transfer Spend	18,294	18,350	56
<b>0</b>	<b>Contribution</b>	<b>0</b>	<b>0</b>	<b>0</b>
35,960	Set Aside Funding	28,177	35,960	7,783
35,960	Set Aside Spend	28,177	35,960	7,783
<b>0</b>	<b>Contribution</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	Movement in Earmarked Reserves (Decrease)/Increase	(6,630)	13,172	19,802
<b>0</b>	<b>Surplus/(Deficit) on Provision of Operating Services</b>	<b>(5,775)</b>	<b>13,393</b>	<b>19,168</b>



Revised Budget		Projected Outturn @ P9	Outturn	P9 vs Actual Outturn
£000s		£000s	£000s	£000s
206,264	IJB Funding	188,485	207,158	18,673
206,264	IJB Expenditure	187,630	206,937	19,307
0	Movement on Earmarked Reserves (Decrease)/Increase	(6,630)	13,172	19,802
0	<b>Surplus/(Deficit) on Provision of Operating Services</b>	<b>(5,775)</b>	<b>13,393</b>	<b>19,168</b>

## **(b) The Balance Sheet**

The Balance Sheet summarises the IJB's assets and liabilities as at 31 March 2022, with explanatory notes provided in the financial statements.

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

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

Further reductions to public sector funding at a UK and Scottish level are predicted. This in turn is likely to have a direct effect on the funding available to HSCP's from the partner organisations for integrated services. In addition to economic performance, other factors influence the availability of funding for the public sector including demographic challenges that Inverclyde is facing.

The UK economy is volatile at present with inflation rising and the cost of living increasing at an unusually high rate, which will result in a significant economic impact on the local population. This is partly due to the effect of the UK's exit from the European Union, the ongoing implications of the Covid 19 pandemic and recovery and the current conflict in Ukraine. The cost of living crisis will have an impact on partner staff in relation to rising fuel costs and heating costs.

The HSCP workforce plan is currently being updated and will be finalised for approval by the IJB at its September meeting.

Inverclyde IJB's current reserves position including various smoothing reserves puts the IJB in a strong position to be able to address the effect of these global and local risks. Robust budget monitoring and financial planning will ensure that we are able to continue to take decisions as required to address any emerging issues.

The Scottish Government have funded all Covid spend to date and have passed funding to HSCPs to continue to fund any anticipated spend in 2022/23. Regular mobilisation plans will continue to be submitted via NHS Greater Glasgow and Clyde during the 2022/23 financial period.

The HSCP is still adapting to and learning from the changes to services which occurred during the pandemic. A series of reviews including but not restricted to Care at Home, Day Services and Learning Disability have been and continue to be carried out to adapt to service user needs whilst emerging from the effects of social distancing, isolation requirements and the potential implications of long Covid.

In March 2022 the IJB agreed a balanced budget for 2022/23, which included spend to save proposals for the Learning Disability and Children & Families services, and the full year effect of prior year savings. A medium term financial plan to the period 2025/26 was also included, taking account of forecast demand for services, inflationary pressures, pay awards and assumptions on funding from partners.



We have well established plans for the future, and the IJB Strategic Plan 2020/21 to 2023/24 and 5 year Financial Plan were approved by the IJB in March 2019. These plans outlined the overarching vision and financial landscape for the coming years. An updated strategic plan and associated financial plan will be agreed by a future IJB.



We are still committed to “Improving Lives”, and our vision is underpinned by the “Big Actions” and the following values based on the human rights and wellbeing of:

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

## **6 Big Actions**

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

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

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

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

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

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

## **Conclusion**

2021/22 continued to be a challenging financial and operating environment, in which the IJB successfully oversaw the delivery of its Strategic Plan objectives and the delivery of all core services. During this time period, the IJB continued to review its change programme designed to provide a more person centred model of care, deliver on early intervention and prevention ambitions. Following the emergence of Covid-19 during last financial year, services have continued to adapt to address ongoing implications of changing legislation in relation to Covid and the recovery from the pandemic. The IJB has moved into the recovery phase, and additional funding from the Scottish Government has been received on a recurring basis to allow our recovery to continue.

Additional funding and in year under spends have allowed us to create a number of reserves to target key areas of pressure, development and to allow further transformation within our services.

Once agreed, the revised Strategic Plan and associated Implementation Plan and Medium Term Financial Plan will lead the IJB forward over the next 2 years and improve the lives of the people of Inverclyde.

## **Where to Find More Information**

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

### **Kate Rocks**

Chief Officer

\_\_\_\_\_  
**Date:** 28 November 2022

### **Craig Given**

Chief Financial Officer

\_\_\_\_\_  
**Date:** 28 November 2022

### **Alan Cowan**

IJB Chair

\_\_\_\_\_  
**Date:** 28 November 2022

# Statement of Responsibilities

## Responsibilities of the IJB

The IJB is required to:

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

I confirm that the audited Annual Accounts were approved for signature at a meeting of the IJB on 28 November 2022.

Signed on behalf of the Inverclyde IJB

**Alan Cowan**

IJB Chair

**Date:** 28 November 2022

## Responsibilities of the Chief Financial Officer

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

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

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

The Chief Financial Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of Inverclyde IJB as at 31 March 2022 and the transactions for the year then ended.

**Craig Given**

Chief Financial Officer

**Date:** 28 November 2022

# Remuneration Report

## Introduction

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

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

### 1 Integration Joint Board

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

### 2 Senior officers

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

#### Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. During 2021/22 the Chief Officer, Louise Long left the post on 17<sup>th</sup> September 2021 to take up the role of Chief Executive for Inverclyde Council. Allen Stevenson was appointed Interim Chief Officer on 30 August 2021, and is employed by Inverclyde Council and seconded to the IJB. The statutory responsibility for employer pension liabilities sits with Inverclyde Council as the employing partner organisation. There is therefore no pension liability reflected on the Inverclyde IJB balance sheet for the IJB's Chief Officer. The remuneration terms of the Chief Officer's employment are approved by the IJB.

#### Chief Financial Officer

Lesley Aird, the previous Chief Finance Officer left the HSCP on 31 March 2021 to take up a new role. An Interim Chief Finance Officer, Lisa Branter was appointed from the period 8 April 2021 until 28 July 2021, and was paid on an agency basis via Owl Consulting. These costs have been noted in the remuneration tables. Following a subsequent recruitment process, Craig Given was appointed as the new permanent Chief Finance Officer on 12 July 2021. Craig is employed by NHS and the Council and Health Board share his salary cost and all other senior officer remunerations.

#### Other officers

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

Salary, Fees & Allowances 2020/21 £	Name and Post Title	Salary, Fees & Allowances 2021/22 £
117,770	Louise Long Chief Officer (until 17/09/21)	55,113 (FYE £116,030)
0	Allen Stevenson Chief Officer (w.e.f. 30 Aug 2021)	69,409 (FYE £116,030)
91,510	Lesley Aird (part time 0.5 WTE in 2019/20, FT in 2020/21) Chief Financial Officer (until 31/03/21)	0
0	Lisa Branter/Owl Consulting (from 8 Apr 2021 until 28 Jul 2021) Chief Financial Officer (self employed)	27,887
0	Craig Given Chief Financial Officer (w.e.f. 12/07/21)	63,675 (FYE £88,385)

There were no exit packages paid in either financial year.

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

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

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

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

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

Name	Post(s) Held	Nominated By
Councillor Jim Clocherty	IJB Member, IJB Chair (until 21/06/21), IJB Vice-Chair (from 21/06/21)	Inverclyde Council
Alan Cowan	IJB Member, IJB Chair (from 21/06/21), IJB Vice-Chair (until 21/06/21), Audit Committee Member (until 21/06/21)	NHS GG&C
Simon Carr	IJB Member, Audit Committee Member (from 21/06/21), Audit Committee Vice-Chair (from 21/03/22)	NHS GG&C
Paula Speirs	IJB Member (from 30/06/2020 until 21/03/22) Audit Committee Member (from 24/08/2020 until 21/03/22), Audit Committee Vice-Chair (from 21/06/21 to 21/03/22)	NHS GG&C
Dorothy McErlean	IJB Member (until 24/01/22)	NHS GG&C
Councillor Lynne Quinn	IJB Member	Inverclyde Council
Councillor Ciano Rebecchi	IJB Member Audit Committee Member	Inverclyde Council
Councillor Elizabeth Robertson	IJB Member, Audit Committee Member, Audit Committee Vice-Chair (until 21/06/21), Audit Committee Chair (from 21/06/21)	Inverclyde Council
Ann Cameron-Burns	IJB Member (from 24/01/22)	NHS GG&C
David Gould	IJB Member (from 21/03/22), Audit Committee Member (from 21/03/22)	NHS GG&C

There were no Inverclyde IJB specific expenses recorded for voting members of the IJB during 2021/22. Any expenses claimed by voting members are paid through the relevant IJB partner organisation.

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

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

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/21 £	For Year to 31/03/22 £		Difference from 31/03/21 £000s	As at 31/03/22 £000s
Louise Long Chief Officer	22,732	10,637	Pension	3	22
			Lump Sum	0	0
Allen Stevenson Interim Chief Officer	0	13,396	Pension	41	41
			Lump Sum	51	51
Lesley Aird Chief Financial Officer	19,021	0	Pension	2	7
			Lump Sum	0	0
Craig Given Chief Financial Officer	0	13,308	Pension	1	1
			Lump Sum	0	0

## Disclosure by Pay Bands

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

**Kate Rocks**

Chief Officer

**Date:** 28 November 2022

**Alan Cowan**

IJB Chair

**Date:** 28 November 2022

# Annual Governance Statement

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

## Scope of Responsibility

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. The integration scheme is currently being reviewed by all the Greater Glasgow IJB's and aims to be approved by the IJB in May 2023. The timeline for the completion of this task has slipped Greater Glasgow wide due to the scale of work required in its completion and the requirement for consultation with the Health Board and each Local Authority. Inverclyde IJB is a body corporate, a legal entity in its own right but it relies on support from officers employed by Inverclyde Council and Greater Glasgow & Clyde NHS Board in relation to the conduct of its business. It is subject to the Public Bodies (Joint Working) (Scotland) Act 2014 and secondary legislation directly relating to the integration of health and social care services, and indirectly in relation to regulatory regimes affecting devolved public bodies in Scotland. The main features of the IJB's governance arrangements are described in the Local Code but are summarised below.

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

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

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

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

The Chief Finance Officer has taken reasonable steps for the prevention of fraud and other irregularities.

## The Governance Framework and Internal Control System

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

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

- The IJB is the key decision making body. The IJB's membership (voting and non-voting), as set by statutory instrument, is fully established. An Audit Committee with detailed remit and powers and clearly defined membership considers all matters in relation to Internal and External Audit and Risk Management;
- Strategic decision-making is governed by the IJB's key constitutional documents including the Integration Scheme, Standing Orders, and Financial Regulations.
- The IJB's purpose and vision are outlined in the IJB Strategic Plan which was approved and published on 19 March 2019 and which links closely to the vision of the Inverclyde Community Planning Partnership and the Single Outcome Agreement and is underpinned by an annual action plan and national statutory performance indicators; an updated strategic plan has been prepared, and will be approved by the IJB at a future meeting.

- The HSCP has recently commissioned a new performance management system which will be utilised for all planning actions, key performance indicators and risk management. This will support the culture of performance management and delivery of improved outcomes. The Annual performance Report is submitted to the IJB annually and from 2022/23, formal six monthly reporting will also be implemented.
- The IJB has a Code of Conduct based on the Model Code of Conduct for Integration Joint Boards. The code of conduct was revised and updated during 2021/22. A register of members' interests is published and made available for inspection.
- The IJB has in place a development programme for all Board Members. The IJB places reliance on the organisational development activity undertaken through partnership organisations for senior managers and employees;
- A joint approach to locality planning had been adopted by Inverclyde Alliance, the area's Community Planning Partnership and Inverclyde Health and Social Care Partnership with the development of six localities across Inverclyde. Six Communication and Engagement groups involving communities have been developed and are meeting regularly, with two of the six Locality Planning Groups, having met on an ad hoc basis through 2021/22. Following evaluation, this model of locality planning has proved difficult to implement and sustain, therefore the intention is now to develop two Health and Social Care Locality Groups (East /West Inverclyde) to meet the needs of the HSCP. These Locality Planning groups will involve a range of key partners and community representatives from the Communication and Engagement Groups and will be central to future planning and delivery of services.
- As a separate Public Body, the IJB is required to publish Equalities Outcomes. The Equality Outcomes are due to be refreshed for 2022/23 and will be published on the HSCP website once completed.

The governance framework was in place throughout 2021/22.

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

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of the Health and Social Care Partnership. During 2021/22 this included the following:

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

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

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



## **Review of Effectiveness**

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

The Internal Audit functions of the Council and Health Board have independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2021/22, these services operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards. The Chief Internal Auditors prepared annual reports to the relevant Audit Committees, including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

## **Significant Governance Issues during 2021/22**

The Internal Audit Annual Reports 2021/22 for the Council and Health Board identify no significant control issues. Some actions have been agreed within the Council and Health Board Annual Governance statements to further enhance those internal control environments. None of these are considered material enough to have a significant impact on the overall control environment.

The Internal Audit Annual Report and Assurance Statement for 2021/22 concludes: "that the majority of the IJB's established internal control procedures operated as intended to meet management's control requirements for each area reviewed by Internal Audit. The overall audit opinion is Satisfactory".

Summaries of the issues arising in relation to each system or activity covered by Internal Audit work in 2021/2022 are reported separately to the Audit Committee. Appropriate responses to the recommendations made in internal audit reports have been obtained. When actioned, the recommendations made in the Internal Audit reports should provide management with additional comfort that the system of control operates as intended. It is therefore imperative that the agreed actions are implemented by management.

A follow up process is in place which ensures that all actions arising from internal audit reviews are captured within a follow up database, and are subject to follow up and validation by the Internal Audit on a regular basis, with reporting on progress to the Audit Committee.

## **Covid-19**

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

In the continued response to the pandemic, the requirement to move quickly and decisively to manage the subsequent pressures on health and social care services has remained. All emergency Covid related issues have been discussed and managed as and when required and reported to the Senior Management Team, being highlighted to the Chair of the IJB and subsequently reported to the IJB. IJB meetings have continued to be conducted virtually throughout the year.

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

During 2021/22 we have continued to support assessment and test centres, mass vaccination centres and the hub to support the distribution of PPE to our social care services and those delivered by the third and independent sector and personal assistants and carers where required.

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

A vital element of the recovery planning activity being undertaken is learning from the interim changes put in place. The IJB will continue to consider the learning from the pandemic, including the innovative approaches and service alterations put in place. In doing so the IJB will continue to follow appropriate governance structures and consider equalities and human rights requirements to ensure a more efficient and effective health and social care system that delivers on the priorities set out in the Strategic Plan.

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

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

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

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

**Kate Rocks**

Chief Officer

\_\_\_\_\_  
**Date:** 28 November 2022

**Alan Cowan**

IJB Chair

\_\_\_\_\_  
**Date:** 28 November 2022

# The Financial Statements

## Comprehensive Income and Expenditure Statement

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

2020/21			2021/22		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,638	(1,505)	2,133	2,885	(1,004)	1,881
31,322	(939)	30,383	32,295	(1,281)	31,014
12,639	(340)	12,299	13,567	(281)	13,286
7,639	(154)	7,485	8,293	(486)	7,807
11,029	(422)	10,607	11,032	(343)	10,689
16,277	(1,566)	14,711	18,203	(1,632)	16,571
3,059	(120)	2,939	3,334	(168)	3,166
3,975	(149)	3,826	4,392	(585)	3,807
11,217	(428)	10,789	13,676	(621)	13,055
6,513	(6,405)	108	7,805	(5,314)	2,491
2,345	(2,197)	148	2,087	(2,002)	85
1,905	(732)	1,173	1,782	(542)	1,240
29,725	(107)	29,618	26,370	(459)	25,911
18,242	0	18,242	19,167	(1)	19,166
16,022	(5,622)	10,400	20,931	(13,643)	7,288
342	0	342	348	0	348
<b>175,887</b>	<b>(20,686)</b>	<b>155,201</b>	<b>186,167</b>	<b>(28,362)</b>	<b>157,805</b>
32,276	0	32,276	35,960	0	35,960
<b>208,163</b>	<b>(20,686)</b>	<b>187,477</b>	<b>222,127</b>	<b>(28,362)</b>	<b>193,765</b>
0	(193,959)	(193,959)	0	(207,158)	(207,158)
<b>208,163</b>	<b>(214,645)</b>	<b>(6,482)</b>	<b>222,127</b>	<b>(235,520)</b>	<b>(13,393)</b>
		<b>(6,482)</b>			<b>(13,393)</b>
		<b>Total Comprehensive Income and Expenditure</b>			

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

## Movement in Reserves Statement

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

Movements in Reserves During 2021/22	General Reserves £000	Earmarked Reserves £000	TOTAL Reserves £000
Opening Balance at 31 March 2021	(741)	(14,191)	(14,932)
Total Comprehensive Income and Expenditure	(221)	(13,172)	(13,393)
Closing Balance at 31 March 2022	(962)	(27,363)	(28,325)

## 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 2021 £000		Notes	31 March 2022 £000
<b>Current Assets</b>			
14,950	Short term debtors	5	28,344
<b>Current Liabilities</b>			
(18)	Short term creditors	6	(19)
<b>14,932</b>	<b>Net Assets</b>		<b>28,325</b>
14,932	Reserves	8	28,325
<b>14,932</b>	<b>Total Reserves</b>		<b>28,325</b>

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2022 and its income and expenditure for the year then ended.

The unaudited financial statements were issued on 27 June 2022 and the audited financial statements were authorised for issue by Craig Given on 28 November 2022.

### **Craig Given**

Chief Financial Officer \_\_\_\_\_ **Date:** 28 November 2022

# Notes to the Financial Statements

## 1. Significant Accounting Policies

### 1.1 General principles

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

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

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

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

The Annual Accounts summarise the IJB's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022.

### 1.2 Accruals of expenditure and income

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

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

### 1.3 Funding

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

### 1.4 Cash and Cash Equivalents

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

## **1.5 Employee Benefits**

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

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

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

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

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

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

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

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

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

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

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

## **1.8 Exceptional items**

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

## **1.9 Related Party Transactions**

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

## **1.10 Support services**

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

## **1.11 Indemnity Insurance**

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

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

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

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

## **1.12 Clinical and Medical Negligence**

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

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

## **1.13 Reserves**

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

## **1.14 VAT**

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

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



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

## 2 Taxation and Non-Specific Grant Income

31 March 2021 £000	Taxation and Non-Specific Grant Income	31 March 2022 £000
140,986	NHS Greater Glasgow and Clyde Health Board	147,529
52,973	Inverclyde Council	59,629
<b>193,959</b>	<b>TOTAL</b>	<b>207,158</b>

### Greater Glasgow and Clyde Health Board Contribution

The funding contribution from the Health Board above includes £35.960m in respect of 'Set Aside' resources relating to hospital services. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however, has responsibility for the consumption of, and the level of demand placed on, these resources.

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

### 3 Related Party Transactions

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

31 March 2021 £000		31 March 2022 £000
	<b>Transactions with NHS Greater Glasgow &amp; Clyde</b>	
(140,986)	Funding Contributions received	(147,530)
(1,622)	Service Income received	(4,200)
124,296	Expenditure on Services Provided	133,380
<b>(18,312)</b>	<b>TOTAL</b>	<b>(18,350)</b>
	<b>Transactions with Inverclyde Council</b>	
(52,973)	Funding Contributions received	(59,629)
(19,065)	Service Income received	(24,162)
83,869	Expenditure on Services Provided	88,748
<b>11,831</b>	<b>TOTAL</b>	<b>4,957</b>

31 March 2021 £000		31 March 2022 £000
	<b>Balances with NHS Greater Glasgow &amp; Clyde</b>	
0	Debtor balances: Amounts due to the NHS	0
0	Creditor balances: Amounts due from the NHS	0
<b>0</b>	<b>Net Balance with the NHS Board</b>	<b>0</b>
	<b>Balances with Inverclyde Council</b>	
(18)	Debtor balances: Amounts due to the Council	(19)
14,950	Creditor balances: Amounts due from the Council	28,344
<b>(14,932)</b>	<b>Net Balance with the Council</b>	<b>(28,325)</b>

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

#### 4 IJB Operational Costs

31 March 2021 £000	Core and Democratic Core Services	31 March 2022 £000
278	Staff costs	277
37	Administrative costs	43
27	Audit fees	28
<b>342</b>	<b>TOTAL</b>	<b>348</b>

The cost associated with running the IJB has been met in full by NHS Greater Glasgow and Clyde and Inverclyde Council. For the 2021/22 Accounts this is combined within the gross expenditure for both partners.

#### 5 Short Term Debtors

31 March 2021 £000	Short Term Debtors	31 March 2022 £000
14,950	Other local authorities	28,344
<b>14,950</b>	<b>TOTAL</b>	<b>28,344</b>

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

#### 6 Short Term Creditors

31 March 2021 £000	Short Term Creditors	31 March 2022 £000
(18)	Other local authorities	(19)
<b>(18)</b>	<b>TOTAL</b>	<b>(19)</b>

## 7. Critical Judgements and Estimation Uncertainty

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

- A range of COVID-19 related costs have been excluded from the IJB's accounts in accordance with national accounting guidance:
  - An additional £500 payment to social care staff. This will be treated as agency costs in Inverclyde Council and therefore there is no impact for Inverclyde IJB
  - Costs associated with the provision of PPE and testing kits by NHS National Services Scotland to Inverclyde for social care services. Inverclyde Council is acting as principal and therefore Inverclyde IJB has not recognised the £0.044m expenditure and associated funding within the financial statements as they are acting as agents.

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

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

- Within Greater Glasgow and Clyde, each IJB has responsibility for services which it hosts on behalf of the other IJB's. In delivering these services the IJB has primary responsibility for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required. As such the IJB is considered to be acting as 'principal', and the full costs should be reflected within the financial statements for the services which it hosts. This is the basis on which Inverclyde IJB accounts have been prepared. The services which are hosted by Inverclyde are identified in the table below. This also shows expenditure in 2021/22 and the value consumed by other IJB's within Greater Glasgow and Clyde.

Host	Service	Actual Net Expenditure 2021/22	Consumed by Other IJBs
Inverclyde	General Psychiatry	£6,954,557	£1,522,069
Inverclyde	Old Age Psychiatry	£3,734,055	£26,054
	Total	£10,688,612	£1,548,123

The services which are hosted by other IJB's on behalf of the other IJB's including Inverclyde are identified in the following table. This also shows expenditure in 2021/22 and the value consumed by Inverclyde IJB.

Host	Service	Actual Net Expenditure 2021/22	Consumed by Inverclyde IJB
East Dunbartonshire	Oral Health	£10,382,495	£685,245
	Total	£10,382,495	£685,245
East Renfrewshire	Learning Disability	£8,821,912	£551,231
East Renfrewshire	SCTI – Scottish centre for technology for communication impaired	£211,442	£25,519
	Total	£9,033,354	£576,750
Glasgow	Continence	£4,260,985	£308,077
Glasgow	Sexual Health	£10,841,593	£392,027
Glasgow	MH Central Services	£9,729,681	£869,021
Glasgow	MH Specialist Services	£13,264,418	£961,862
Glasgow	Alcohol & Drugs Hosted	£16,042,599	£507,038
Glasgow	Prison Healthcare	£7,874,958	£601,741
Glasgow	HC in Police Custody	£2,384,086	£174,992
Glasgow	Old Age Psychiatry	£15,344,054	£11,264
Glasgow	General Psychiatry	£46,570,587	£164,771
	Total	£126,312,961	£3,990,793
Renfrewshire	Podiatry	£6,774,829	£962,026
Renfrewshire	Primary Care Support	£3,925,025	£235,031
Renfrewshire	General Psychiatry	£9,756,423	£33,558
Renfrewshire	Old Age Psychiatry	£8,153,793	£0
	Total	£28,610,070	£1,230,615
West Dunbartonshire	MSK Physio	£6,527,467	£443,764
West Dunbartonshire	Retinal Screening	£720,096	£48,339
West Dunbartonshire	Old Age Psychiatry	£1,101,965	£0
	Total	£8,349,528	£492,103
<b>Grand Total</b>		<b>£182,688,408</b>	<b>£6,975,506</b>

## 8. Movement in reserves

The table on Page 33 shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

2020/21			2021/22	
Balance at 31 March 2021 £000		Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31 March 2022 £0002
<b>SCOTTISH GOVERNMENT FUNDING</b>				
343	Mental Health Action 15	343	236	236
423	Alcohol & Drug Partnerships	424	844	843
2,896	Covid - 19	2,896	8,130	8,130
560	Primary Care Improvement Programme	560	1,527	1,527
320	Covid Community Living Change	0	0	320
34	Covid Shielding SC Fund	0	0	34
86	DN Redesign	86	88	88
-	Winter planning - MDT	0	217	217
-	Winter planning - Health Care Support Worker	0	206	206
-	Winter pressures - Care at Home	0	712	712
-	Care home oversight	0	115	115
-	MH Recovery & Renenal	0	877	877
-	Covid projects - funding from Inverclyde Council	131	180	49
<b>EXISTING PROJECTS/COMMITMENTS</b>				
43	Self Directed Support/SWIFT Finance Module	43	0	0
24	Growth Fund - Loan Default Write Off	24	0	0
109	Integrated Care Fund	0	0	109
88	Delayed Discharge	320	334	102
88	CJA Preparatory Work	88	0	0
297	Welfare	0	53	350
274	Primary Care Support	68	132	338
374	SWIFT Replacement Project	104	234	504
136	Rapid Rehousing Transition Plan (RRTP)	0	0	136
7	Older People Wifi	7	0	0
383	LD Estates	9	63	437
737	Refugee Scheme	120	460	1,077
375	Tier 2 Counselling	63	0	312
202	C&YP Mental Health & Wellbeing	139	85	148
187	C&YP Winter Planning	187	0	0
68	CAMHS Post	0	0	68
127	CAMHS Tier 2	27	0	100
100	Dementia Friendly Inverclyde	11	0	89
610	Contribution to Partner Capital Projects	7	500	1,103
204	Staff Learning & Development Fund	0	50	254
400	Fixed Term Staffing	200	0	200
425	Continuous Care	0	0	425
200	Homelessness	0	150	350
250	C&F Residential Services	250	0	0
-	Autism Friendly	0	164	164
<b>TRANSFORMATION PROJECTS</b>				
1,085	Transformation Fund	308	1,198	1,975
250	Addictions Review	0	0	250
788	Mental Health Transformation	38	0	750
-	IJB Digital Strategy	0	676	676
<b>BUDGET SMOOTHING</b>				
350	Adoption/Fostering/Residential Childcare	0	450	800
18	Advice Service Smoothing Reserve	18	0	0
363	Prescribing	0	435	798
617	Residential & Nursing Placements	0	386	1,003
350	LD Client Commitments	0	250	600
-	Pay contingency	0	891	891
<b>14,191</b>	<b>Total Earmarked</b>	<b>6,471</b>	<b>19,643</b>	<b>27,363</b>
<b>UN-EARMARKED RESERVES</b>				
741	General	0	221	962
<b>741</b>	<b>Un-Earmarked Reserves</b>	<b>0</b>	<b>221</b>	<b>962</b>
<b>14,932</b>	<b>TOTAL Reserves</b>	<b>6,471</b>	<b>19,864</b>	<b>28,325</b>

## 9. Expenditure and Funding Analysis

31 March 2021 £000	Inverclyde Integration Joint Board	31 March 2022 £000
<b>HEALTH SERVICES</b>		
27,495	Employee Costs	28,455
113	Property Costs	99
16,159	Supplies & Services	23,383
30,063	Family Health Service	25,944
18,069	Prescribing	18,989
32,276	Set Aside	35,960
(1,622)	Income	(3,740)
<b>SOCIAL CARE SERVICES</b>		
31,869	Employee Costs	33,814
1,437	Property Costs	1,612
1,690	Supplies & Services	1,343
254	Transport	207
776	Administration	830
47,622	Payments to Other Bodies	50,897
(19,065)	Income	(24,376)
<b>CORPORATE &amp; DEMOCRATIC CORE/IJB COSTS</b>		
278	Employee Costs	277
37	Administration	43
27	Audit Fee	28
<b>187,477</b>	<b>TOTAL NET EXPENDITURE</b>	<b>193,765</b>
(193,959)	Grant Income	(207,158)
<b>(6,482)</b>	<b>(SURPLUS) ON PROVISION OF SERVICES</b>	<b>(13,393)</b>

## 10. External Audit Costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's Code of Audit Practice in 2021/22 are £27,960 (2020/21 27,330). There were no fees paid to Audit Scotland in respect of any other services.

## 11. Post balance sheet events

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

The Chief Financial Officer issued the Unaudited Statement of Accounts on 27 June 2022. There have been no material events after the balance sheet date which necessitate revision of figures in the financial statements or notes thereto including contingent assets or liabilities.

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

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

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

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



# Independent Auditor's Report

## Independent auditor's report to the members of Inverclyde Integration 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 Inverclyde IJB 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 a summary of 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 Inverclyde IJB as at 31 March 2022 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2021/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is six years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

#### Responsibilities of the Chief Financial Officer and Inverclyde Integration Joint Board audit committee for the financial statements

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

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

The bodies' audit committee is responsible for overseeing the financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the 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 Chief Financial Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement of Assurance, Statement of Responsibilities for the Statement of Accounts and the unaudited part of the Remuneration Report.

My responsibility is to read all the 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 of Assurance 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 of Assurance**

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

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

### **Matter 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.

Brian Howarth ACMA CGMA, Audit Director  
Audit Scotland  
4<sup>th</sup> Floor  
8 Nelson Place  
Glasgow  
G2 1BT



