

**Audrey Valente**  
Chief Finance Officer

Email: Audrey.Valete@fife.gov.uk

Date: 26 November 2021

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

Dear Brian

**Fife Integration Joint Board  
Annual Accounts 2020/21**

1. This representation letter is provided in connection with your audit of the annual accounts of Fife Integration Joint Board for the year ended 31 March 2021 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 Audit & Risk Committee, Fife Council and NHS Fife the following representations given to you in connection with your audit of Fife Integration Joint Board's annual accounts for the year ended 31 March 2021.

Rothesay House, Rothesay Place, Glenrothes, Fife, KY7 5PQ

TELEPHONE 03451 55 00 00  
TEXTPHONE 01592 583265

**NICKY CONNOR** Director of Health and Social Care



## **General**

3. Fife Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 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 Fife 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 2020/21 (2020/21 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 Fife Integration Joint Board at 31 March 2021 and the transactions for 2020/21.

## **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 2020/21 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 Fife Integration Joint Board's 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 Fife 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 Fife Integration Joint Board's ability to continue as a going concern.

## **Integration Scheme**

10. Partner body contributions and costs associated with IJB activities have been recognised in the annual accounts in accordance with the integration scheme.

## **Liabilities**

11. All liabilities at 31 March 2021 of which I am aware have been recognised in the annual accounts.
12. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.
13. There are no provisions that require to be made in the financial statements for any material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2021 and of which the Board could reasonably be expected to be aware. There are no contingent liabilities arising either under formal agreements or through informal undertakings requiring disclosure in the accounts.

## **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 2020/21 accounting code. I have made available to you the identity of all Fife 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 Fife Integration Joint Board has undertaken a review of the system of internal control during 2020/21 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 2021, which require to be reflected.

## **Balance Sheet**

21. All events subsequent to 31 March 2021 for which the 2020/21 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

*Audrey Valente*

Audrey Valente  
Chief Finance Officer

26 November 2021

[www.fifehealthandsocialcare.org](http://www.fifehealthandsocialcare.org)



**Fife Health  
& Social Care  
Partnership**

# **Fife Integration Joint Board Audited Annual Accounts**

**For the Financial Year to 31 March 2021**

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## MANAGEMENT COMMENTARY

### Introduction

This commentary outlines the key messages in relation to the financial planning and provides an overview of progress against the objectives and strategy of the Fife Integration Joint Board (IJB). It considers our Financial Performance for the year ended 31<sup>st</sup> March 2021 and looks forward to the challenges and risks faced as we continue to respond to the effects of Covid-19, and the impact upon our future finances.

### Role and Remit

Fife IJB was established as a body corporate by order of Scottish Ministers in October 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014. Fife IJB is responsible for the planning and operational oversight of a range of integrated services of Fife Council and Fife NHS, for adults and older adults, striving to fulfil the vision to enable the people of Fife to live independent and healthier lives.

The IJB is the decision-making body that meets regularly to discuss, plan, and agree how health and social care services are delivered in Fife. It is responsible for overseeing the development and preparation of the Strategic Plan for services delegated to it, allocating resources in accordance with the plan and ensuring that the national and local Health and Wellbeing Outcomes are met. Fife Health and Social Care Partnership are directed to deliver based on decisions made by the IJB. The directions govern the delivery as they outline what the partners are required to do, the budget allocated, and how the delivery will be monitored. The scope of services delegated to the IJB is outlined in the Integration Scheme.

### Purpose and Objectives

The main purpose of integration is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex. The Integration Scheme is intended to achieve the National Health and Wellbeing Outcomes established by the Scottish Ministers namely:

<b>National Health and Wellbeing Outcomes</b>	
1.	People are able to look after and improve their own health and wellbeing and live in good health for longer.
2.	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.
3.	People who use health and social care services have positive experiences of those services, and have their dignity respected.



4.	Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
5.	Health and social care services contribute to reducing health inequalities.
6.	People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
7.	People using health and social care services are safe from harm.
8.	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.
9.	Resources are used effectively and efficiently in the provision of health and social care services.

Fife Council and NHS Fife are committed to working jointly and have entered into the agreement to achieve these aims and outcomes.

Services delegated which the IJB are responsible for include:



Services are provided in a way which, so far as possible:

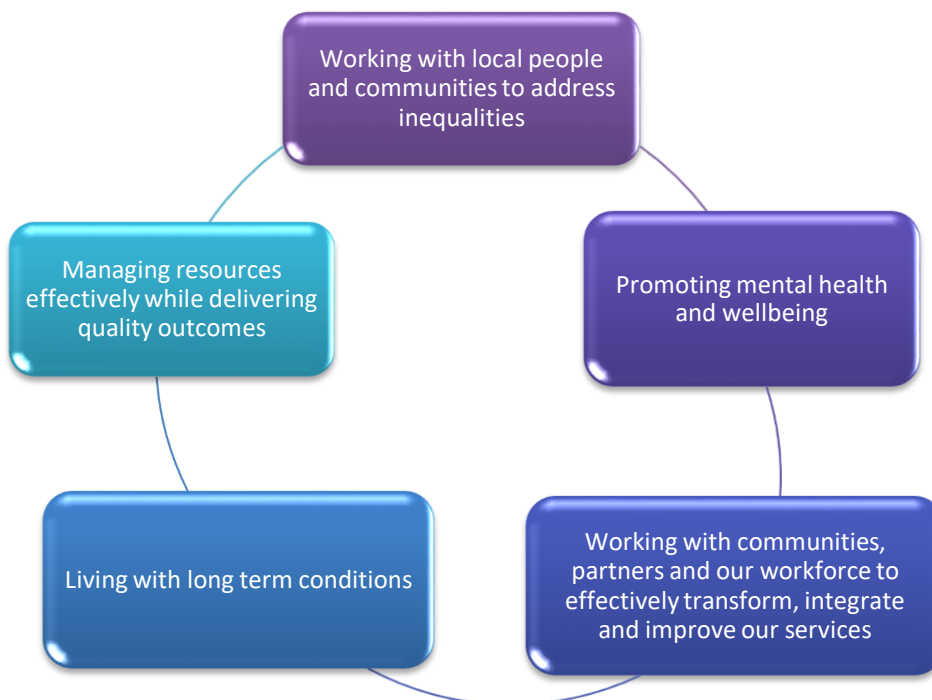
- Is integrated from the point of view of service-users.
- Takes account of the particular needs of service-users in different parts of Fife and takes account of the particular characteristics and circumstances of different service-users.
- Respects the rights of service-users.

- Takes account of the dignity of service-users.
- Takes account of the participation by service-users in the community in which service-users live.
- Protects and improves the safety of service-users.
- Improves the quality of the service.
- Is planned and led locally in a way which is engaged with the community (including, in particular, service-users; those who look after service-users, and those who are involved in the provision of health or social care).
- Best anticipates needs and prevents them arising.
- Makes the best use of the available facilities, people and other resources.

## Strategy

The Strategic Plan sets out the vision and future direction of health and social care services in Fife. Locality plans are also developed and refreshed annually for each of the seven local areas within the Partnership to ensure that services respond to local priorities, needs and issues of communities. The Partnership works with around 300 organisations across the voluntary and independent sectors and they are a vital part of the Partnership in delivering high quality services which are person-focused and inclusive.

The Strategic Plan is the blueprint for change and sets out the IJB’s priorities for 2019/22. ([https://www.fifehealthandsocialcare.org/\\_data/assets/pdf\\_file/0028/188263/HSCP\\_Strategic\\_Plan\\_2019-2022.pdf](https://www.fifehealthandsocialcare.org/_data/assets/pdf_file/0028/188263/HSCP_Strategic_Plan_2019-2022.pdf)) The Plan is driven by law, national and local policy, and aims to meet the needs of people now and in the future. It aims to make better use of new technology and working within available financial and workforce resources to tackle inequalities and offer early interventions. It has five key priorities as follows:



The plan was developed, consulted upon, and agreed with health, social care, voluntary and independent sectors along with the public prior to being approved by the IJB. The Strategic Plan is a live document and we will continue to engage with all those interested in health and social care to deliver the outcomes as described.

Covid-19 restrictions have meant significant change in the way in which health and social care services operate, which services are offered, and how they are delivered. The long-term impact of Covid-19 is an unknown. Inadvertent consequences on the local community are possible and services will be required to continue to adapt and change to meet emerging needs, for example, in mental health as a result of isolation or care for those with long-Covid symptoms. The new Mental Health Strategy for Fife (2020/24) takes full account of the recommendations of the National Mental Health Strategy, which emphasises the need to build capacity within our local communities and reduce the reliance on hospital beds. Work will continue on this Strategy in 2021/22, taking cognisance of the expected increase in demand.

The continued increasing demand on our services due to demographics and people living longer with complex needs is also a factor for consideration in developing our strategic plan. Along with the desire to bring people back to Fife and out of hospitals into a homely setting, this will require an investment in social care staff, recruitment, and a focus on continued integrated working and closer working with our Partners in the Third Sector. We are committed to continuing the pace of change and positive momentum across TeamFife.

A major restructure is underway. Three new Heads of Service are now in post and the new integrated services will be delivered within one of the following:

- Integrated Primary and Preventative Care Services
- Integrated Community Care Services
- Integrated Complex and Critical Services, or
- Professional and Business Enabling Services

The restructure will require transformation of services and development of new ways of working. The senior leadership team are working closely with the extended leadership team throughout the entire change process, listening, and acting upon the feedback from staff on the ground.

Mission 2024 is something that we are actively working towards and our aim is to be the best performing or most improved Health and Social Care partnership by 2024, focusing on empowering staff to achieve quality outcomes for users of our services whilst making the most effective use out of our collective resources.

Systems leadership is a priority for us and we want to create the conditions where all of our leaders work together towards a common vision by focussing on relationships; building trust, and putting people at the centre of everything we do.

## **Operational Performance 2020/21**

### **Coronavirus (Covid-19)**

The financial year 2020/21 has been predominantly spent dealing with the financial and operational impacts of the coronavirus pandemic (Covid-19). On 23 March 2020, the Scottish Government imposed restrictions on the movement of people. This saw the shut-down of economic activity; closed schools and colleges; suspended health and social care non-essential services, and NHS non-emergency procedures in a bid to safeguard the population as much as possible, whilst still providing critical care to the most vulnerable.

A mobilisation plan was implemented, based on Public Health modelling data, and the potential capacity which existed to scale up operations, both internally and via third and independent sector partners. The plan had a whole system focus from the beginning and this has been sustained throughout, in line with Government guidance and the key priorities for Fife. The Partnership actively participated in NHS Fife and Fife Council Executive Teams and Command/Incident Management structures. There have been regular meetings in place between the Chief Officer and Chief Executives of both NHS Fife and Fife Council. This has supported whole system working and partner engagement in all of the key decisions taken within the Health and Social Care Partnership. The actions taken throughout this pandemic have supported integrated working. Integrated and whole system working is integral to this mobilisation plan and has been key to supporting the readiness of services through this pandemic.

There have been robust governance arrangements in place to support the delivery of the mobilisation plan. This includes daily “command structure” meetings with the Chief Officer bringing together operational, clinical and professional advice. Support has been provided by experts within NHS Fife and Fife Council including Public Health, Procurement, HR, Finance, e-health/IT, staff side/Trade unions, health and safety. Staff wellbeing has been and continues to be valued.

Through professional structures, there has been close working with the Medical Director, Nurse Director and Chief Social Worker to support the clinical and care governance aspects of the key decisions taken. There were also weekly briefings to the chair and vice chair of the Integration Joint Board and fortnightly meetings with the chairs of the Integration Joint Board Committees.

The restrictions closed many services and the Partnership had to react proactively to provide services in a different way whilst adhering to the social distancing requirements. Enhanced infection prevention and control procedures and new ways of working were effective immediately, supported at pace by the increased reliance on digital technology.

Technology was embraced and the use of Near Me (a web-based video consultation service to allow people to attend a consultation from home) and telephone appointments for GPs were vital. iPads were made available in care homes to allow contact with

families. There was also the immediate mobilisation of employees and extensive use of Microsoft Teams to virtualise meetings as office space was closed.

The partnership supported early preparations to enable the rapid increase to discharge from hospitals beds and support Covid-19 related admissions, whilst responding to cases in care homes and in the community. This work has continued throughout 2021/22 and Home First has been a priority.

Business as usual ceased; clinics stopped; staff were redirected to priority areas, many being redeployed to provide help in care homes, supporting those shielding, with PPE, volunteers joining TeamFife and retired employees offering to return to assist.

Day-care support was closed under the restriction, resulting in a loss of income from waiving charges, however support was provided to people to allow them to remain at home and within their own community. Services changed as restrictions eased, to allow outdoor activities such as gardening and we worked with the Third Sector to provide different services, adapting to social distancing measures.

The second phase of the residential care homes replacement programme was delayed due to Covid-19, but construction of Methilhaven Care Home is now well underway, and building has made significant progress during 2020/21. Building costs have increased because of social distancing on construction sites, along with an increase in costs of scarce materials. The delays have impacted on both the Cupar and Anstruther care home build programme.

Going forward it is extremely clear that we must respond to changing needs and wants and accept that day care in buildings and respite in care homes, does not always meet these needs. Services must be modernised as we recover, and we must continue to provide new and innovative methods of service delivery.

Resilience will be required within our Health and Care system for the foreseeable future in response to Covid-19. We continue to be reactive to easing of lockdown and easing of rules, reacting to further lockdowns which have taken place, and extensive discussions on remobilisation and recovery continue. These are taking place within the Health and Social Care Partnership in conjunction with our partners. Due cognisance requires to be given to the impact that many services are still experiencing when considering recovery and remobilisation plans. Reflective discussions have started to consider lessons learned throughout the management of Covid-19 and this will help inform the 'new norm'.

The remobilisation of clinical services will have oversight from the NHS Board Medical and Nurse Directors and will consider priorities set by Scottish Government.

The remobilisation of social care services will be considered via the Senior Leadership Team and with engagement with the Chief Social Work Officer. Remobilisation will remain

a priority for the Senior Leadership Team during 2021/22 with the aim to build back better and provide services which are relevant, desired, and refreshed.

## Financial Performance 2020/21

The outturn position as at 31 March 2021 for the services delegated to the IJB are:

	Budget £000	Actual £000	Variance £000	Variance %
Delegated and Managed Services	623,172	593,529	(29,643)	4.8
Set Aside Acute Services	41,460	41,460	0	0.0

The IJB reported total income of £664.632m for the financial year 2020/21, which was made up of £623.172m integrated budget and £41.460m relating to set aside.

The IJB reported total expenditure for the financial year 2020/21 of £634.989m, which comprised of £593.529m spend on integrated services and £41.460m on set aside.

The Acute Set Aside services budget was delegated to the IJB and the services are managed by NHS Fife. There was an overspend on these services of £2.365m but these costs were borne by the Health Board. The cost to the IJB is the same as the budget of £41.460m and there is a break-even position. Partner discussions continue to ensure services are delegated in line with the Ministerial Steering Group (MSG) recommendations.

As income to the IJB exceeded expenditure in year, a surplus of £29.643m was reported in the Comprehensive Income and Expenditure Statement as at 31 March 2021. This is mainly the result of specific funding received late in February to be utilised to fund the continued costs of Covid-19, and other earmarked carry forwards such as Primary Care Improvement Fund and Action 15, and new funding for Community Living Change Plan to bring service users back into Fife and into a homely setting. Due to the fact that it was received late in the financial year, funding will be carried forward to 2021/22 as per Scottish Government guidance.

This has meant that there was not a requirement to implement the risk share agreement during 2020/21.

Within the favourable position of £29.643m, the core underspend is £7.083m. The main areas of underspend within the Delegated and Managed Services are Hospitals and Community Services £2.603m, Children Services £1.289m, Nursing & Residential £2.500m, Adults Supported Living £1.033m and Social Care Other £2.464m. These are

partially negated by overspends on Homecare Services £1.243m and Adult Placements £1.189m.

Underspends in core areas are mostly attributable to staffing vacancies, many of which were difficult to recruit to due to Covid-19. Some services were paused, and staff redeployed to other areas.

The overspends in homecare and adult placements were a result of an increase in the number of packages to meet demands.

The IJB commenced 2020/21 with an uncertain and challenging financial position due to the pandemic, with many services on hold, the workforce adapting to meet service needs and reacting to the pandemic. The IJB approved budget was set predicated on implementing an approved saving plan to deliver £13.759m of savings.

The savings package proved to be unachievable as many of the initiatives were put on hold due to continued restrictions and further lockdown arrangements. Mirroring the route map of the Scottish Government meant not entering other households, therefore Just Checking technology equipment could not be placed and monitored for most of the year, packages could not be reviewed due to distancing measures and other efficiency reviews were paused due to staff redirection to other priority areas.

The non-delivery of £6.467m of savings was reported via the LMP and full funding was made available by Scottish Government.

Key pressures within the 2020/21 accounts have been:

- The significant increased demand for our services associated with an increasing population, in particular an increasing ageing population and increased complexity of care needs. Adult packages increased in year, due to Community Services, Day Care and Respite being placed on hold due to the pandemic.
- The significant increased demand to ensure the flow from hospital discharges was effective and timeous in moving service users to a home or homely setting, to free hospital beds for admissions.
- The inability to recruit staff to the Partnership which in some cases required higher cost recruitment for locum and agency staff to cover services.

Funding received from Scottish Government for additional Covid-19 expenditure, as requested through the Local Mobilisation Plan totalled, £29.233m. Actual spend on Covid-19 was £26.038m. In addition, further allocations were received late in year for Winter and to fund on-going Covid-19 related pressures. The balance of funding was transferred to reserves to meet the expenditure expected to be incurred in early 2021/22.

## **Reserves**

The Fife Integration Scheme 2015, states that a planned underspend position for delegated and managed services will be held by the Integration Joint Board to be carried forward as a reserve. For the first time since inception, due to legacy pressures and increased demands, Fife IJB, is in the position to be able to carry forward funding to reserves.

The closing reserves balance has increased significantly from £0.000m to £29.643m as at 31 March 2021. This balance is mainly attributable to late funding received by Scottish Government for Covid-19 expenditure and for new commitments such as Community Living Fund. Earmarked reserves total £22.755m and it is expected that this balance will be utilised in full during 2021/22 The remainder of the reserve, £6.888m is currently uncommitted.

## **Key Performance Indicators**

Fife Health & Social Care Partnership delivers a wide range of delegated services on behalf of both NHS Fife and Fife Council as described within the Integration Scheme. The Health and Social Care Partnership is working towards delivery of the Health and Social Care Strategic Plan which is cognisant of the national outcomes of Integration, NHS Fife Clinical Strategy and the Plan for Fife.

The performance relating to Partnership service includes both national and local performance as well as management performance targets. Many of these measures are already regularly included and referenced in reports to NHS Fife and Health & Social Care Partnership Committees.

Throughout the Covid-19 Pandemic there has been significant pressure on the services – we have seen a drop in A&E attendances but these are now starting to rise. We also have continued to maintain a lower level of people delayed in hospital. Although social work staff were unable to attend hospital, remote working and support from NHS staff allowed people to move from hospital in a timeous way.

People placed in care homes on an interim basis or into a STAR unit over the period of Covid-19 remained longer which was the result of covid-19 national guidance. It was recommended that moving between Care Homes should be avoided if possible, but if absolutely necessary the guidance requirements of 14 days isolation and full PPE by care staff should be followed. This was a risk that the Partnership felt was too great so people remained in the care facilities longer than anticipated.

Overall, the Long Term Care population continues to fall, the period April 2020 – February 2021 has seen a 14% drop in new placements compared to the same period in 2019.



## **Value for Money**

Value for money is a key priority for the Partnership and all service redesign, purchasing, procurement and commissioning must comply with the best value and procurement guidance of the relevant bodies. It is extremely important that expenditure is managed within the financial resources available to ensure that they align to the 3-year financial strategy and our long-term objective to achieve financial sustainability.

## **Financial Outlook**

2020/21 has been an unprecedented year. The effects of Covid-19 are expected to continue well into 2021/22, remobilisation and recovery will be key to moving forward, re-imagining services and continuing to embrace integrated working.

It is anticipated that all additional Covid-19 related costs will be fully funded from earmarked reserves and further funding from Scottish Government will be available when required and will continue to be requested via Local Mobilisation Plans (LMP). Fife IJB are committed to progressing agreed savings. Some services may have an increase in demand and our uncommitted reserves may be required to meet demands in these areas.

It is expected that Mental Health Services will see a surge in requirements and further funding is expected in 2021/22 to meet these demands and reduce waiting lists. Risks from deferred presentation and physical wellbeing will also increase demands on our services in the coming months.

Key areas of Covid-19 expenditure within 2020/21 were PPE, Financial Sustainability for Care Homes and Care at Home providers, additional staffing to cover isolation/shielding including use of agency and bank staff. Financial support to allow GPs and Pharmacies to open on public holidays. These supports are likely to be stepped down as restrictions ease, however this expenditure will continue to be closely monitored via the LMP.

The focus is now on recovery and reform and how to change services effectively. Services have shown they can adapt, and the pandemic has allowed the Partnership to quickly shift on areas of service redesign and improve integration. Business as usual was on hold as a result of the pandemic. However, as we begin to ease out of restrictions, workstreams will proceed.

An Integrated Transformation Board was created during the 2019/20 financial year. The terms of reference of that Board include responsibility for transformation across the whole system. Due to the pandemic response and recovery taking priority, the delivery of transformation and change this year has been postponed or slowed in many projects and transformation work, although redesign of some processes has occurred as a result of the pandemic response. However, positive steps have been made in appointing a Senior

Leadership Team Lead for Transformation and discussion on refreshing both transformation projects, and the framework in which they operate, is underway.

The budget for 2021/22 has been set and balanced, with a savings plan of £8.732m in place to meet the budget gap. Project teams will be created to ensure transformational change is progressed at pace across the partnership.

It is likely to be the case that some of the costs now being incurred could continue beyond this financial year and possibly even into the longer term. There will undoubtedly be an adverse impact on the level of funding made available to HSCPs due to the economic impact of Covid-19. As the recovery phases evolve, it will become clearer what some of these impacts are likely to be.

The HSCP will continue to contain or reduce costs wherever possible and to use all funding streams available to them in order to mitigate the new financial pressures that they face. The HSCP are committed to reviewing all areas of expenditure and identify all possible corrective action that can be taken as an immediate measure to reduce costs wherever possible in order to deal with the new pressures and the challenges arising from Covid-19. It is imperative that every effort is made to control costs within the overall budget.

As a result of the continued closure of facilities and Services, costs in some areas will naturally be avoided and will result in underspends in some areas. These underspends must be used to mitigate against the increased costs identified. The scale of the financial challenge across the HSCP is one that must be managed collectively across all divisions.

A financial strategy will be developed that addresses the various new and additional pressures that will face the Health and Social Care Partnership over next financial year 2021/22 and also into future years.

The partnership must redesign services, focus on joined up working, and focus finite resources on delivering services which are sustainable over the longer term and focussed on those with greatest need, whilst meeting the aim of shifting the provision of care to a home or homely setting.

The most significant risks faced by the IJB over the medium to longer term can be summarised as follows:

- the wider financial environment, which continues to be challenging;
- Covid-19 impact on the economy;
- the impact of demographic changes leading to increased demand and increased complexity of demand for services alongside reducing resources;

- difficulties in recruitment leading to the use of higher cost locums and agency;
- the cost pressures relating to primary care prescribing;
- the Transformation Programme does not meet the desired timescales or achieve the associated benefits;
- workforce sustainability both internally in health and social care and with our external care partners.

It is therefore crucial that the IJB focus on early intervention and prevention and changing the balance of care if we are to work within the available financial resources.

During 2021/22 an action plan to improve the 6 key features within the Ministerial Strategic Group self-assessment tool will be developed further and progressed. As part of this, the review of the acute set-aside will be progressed and steps made towards transferring this to the Health and Social Care Partnership. We will see the continuation of a whole system approach to delivering services and the Fife pound being utilised to deliver services that best meets the needs of the people of Fife.

## Conclusion

2020/21 has been an exceptional year and the partnership has continued to deliver care, adapt to new ways of working, and support integration whilst dealing with challenges and complex issues. Achieving what we have has been dependent on the significant contribution of our staff and we would like to recognise this and acknowledge our employees have worked tirelessly to ensure critical services are sustained in these unprecedented times.

*Nicky Connor*  
.....

**Nicky Connor**  
**Chief Officer**

26 November 2021  
**Date**.....

*Rosemary Liewald*  
.....

**Rosemary Liewald**  
**Chair of the IJB**

26 November 2021  
**Date**.....

*Audrey Valente*  
.....

**Audrey Valente**  
**Chief Finance Officer**

26 November 2021  
**Date**.....

## STATEMENT OF RESPONSIBILITIES

This statement sets out the respective responsibilities of the IJB and the Chief Finance Officer, as the IJB's Section 95 Officer, for the Annual Accounts.

### The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that it has an officer responsible for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Integration Joint Board that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure that the Annual Accounts are prepared in accordance with legislation (The Local Authority (Scotland) Regulations 2014) 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, as amended by the Coronavirus (Scotland) Act 2020.)
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the Integration Joint Board on .

Signed on behalf of the Fife Integration Joint Board

*Rosemary Liewald*  
.....

**Rosemary Liewald**  
**Chair of the IJB**

26 November 2021

**Date** .....

## RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER

The Chief Finance Officer, as the S95 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 the Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Complied with legislation.
- Complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which are up to date.
- Taken reasonable steps to ensure the propriety and regularity of the finances of the Integration Joint Board including prevention and detection of fraud and other irregularities.

### Statement of Accounts

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

*Audrey Valente*  
.....

**Audrey Valente CPFA**  
**Chief Finance Officer**

26 November 2021

**Date** .....

## **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.

### **Remuneration: IJB Chair and Vice Chair**

The voting members of the Integration Joint Board are appointed through nomination by NHS Fife and Fife Council. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a 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. There were no taxable expenses or remuneration paid to the Chair or Vice Chair in 2020/21 or prior years.

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 the Chair or Vice Chair.

### **Remuneration: Officers of the IJB**

The IJB does not directly employ any staff. All Partnership officers are employed by either NHS Fife or Fife Council, and remuneration for senior staff is reported through the employing organisation. Specific post-holding officers are non-voting members of the Board.

The IJB approved the appointment of the current Chief Officer in 2019. The Chief Officer was appointed by the IJB in consultation with NHS Fife and Fife Council. The remuneration of the Chief Officer was set by NHS Fife and Fife Council. The Chief Officer is employed by NHS Fife and is seconded to the Integration Joint Board in accordance with section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. The Chief Finance Officer is employed by Fife Council.

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

<b>Total (£) 2019/20</b>	<b>Senior Employees Salary, Fees &amp; Allowances</b>	<b>Total (£) 2020/21</b>
55,056 FYE 83,762	<b>N Connor</b> Chief Officer From 2 August 2019	84,831 FYE 84,831
36,333 FYE 109,000	<b>M Kellet</b> Chief Officer To 31 July 2019	
62,795 FYE 77,224	<b>A Valente</b> Chief Finance Officer From 7th June 2019	79,172 FYE 79,172
<b>154,184</b>	<b>Total</b>	<b>164,003</b>

FYE = Full Year Equivalent

There were no payments to officers in 2020/21 or prior years in relation to bonus payments, taxable expenses or compensation for loss of office.

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.

However, the IJB 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.

The Local Government Pension Scheme and the NHS Pension Scheme (Scotland) 2015 are funded schemes with contributions from both the employer and the employee and as such the accrued benefits includes both of these contributions.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total service. In respect of the Local Government Pension Scheme this includes any service with a council subsidiary body, and not just their current appointment. In respect of the NHS Pension Scheme this relates to the benefits that the individual has accrued as a consequence of their NHS employment.

Senior Employee	In-Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/20 £	For Year to 31/03/21 £		Difference from 31/03/20 £	As at 31/03/21 £
N Connor Chief Officer From 2 August 2019	10,212	17,625	Pension Lump Sum	1,611 0	2,545 0
M Kellet Chief Officer From 22 August 2016 To 31 July 2019	7,594		Pension Lump Sum	0 0	0 0
A Valente Chief Finance Officer From June 2019	13,165	19,397	Pension Lump Sum	4,000 5,000	35,000 60,000
<b>Total</b>	<b>30,971</b>	<b>37,022</b>	<b>Pension</b>	<b>5,611</b>	<b>37,545</b>
			<b>Lump Sum</b>	<b>5,000</b>	<b>60,000</b>

Note: The increase for A Valente takes into account the effect of her promoted salary and is based on all her LGPS membership not just her current employment.

## Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2019/20	Remuneration Band	Number of Employees in Band 2020/21
1	£50,000 - £54,999	0
0	£55,000 - £59,999	0
1	£60,000 - £64,999	0
0	£65,000 - £99,999	2
0	£100,000 - £104,449	0
0	£105,000 - £109,999	0

## Exit Packages

There were no exit packages paid in 2020/21 (2019/20, none).

*Nicky Connor*

*Rosemary Liewald*

**Nicky Connor**  
**Chief Officer**

**Rosemary Liewald**  
**Chair of the IJB**

26 November 2021

26 November 2021

**Date** .....

**Date** .....



## **ANNUAL GOVERNANCE STATEMENT**

The Annual Governance Statement explains the Integration Joint Board (IJB) governance and internal control arrangements and how the IJB complies with the Code of Practice on Local Authority Accounting in the UK, and the CIPFA and SOLACE framework “*Delivering Good Governance in Local Government*”, which details the requirement for an Annual Governance Statement. The IJB’s governance framework places reliance on the Codes of Corporate Governance of Fife Council and NHS Fife.

### **Scope of Responsibility**

The Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards; that public money is safeguarded; properly accounted for, and used economically, efficiently and effectively.

The IJB Vision is to enable the people of Fife to live independent and healthier lives. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB’s functions and to make arrangements to secure best value. The Integration Scheme delegated Health and Social Care functions to the IJB and the IJB is responsible for operational oversight of the Integrated Services. The use of Directions is currently being reviewed to strengthen the commissioning of services from Fife Council, NHS Fife and other partner organisations.

The IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

In discharging these responsibilities, the Chief Officer places reliance on the NHS Fife and Fife Council’s 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.

These arrangements can only provide reasonable and not absolute assurance of effectiveness.

### **Changes to the Governance Arrangements due to Covid-19**

In response to the pandemic and the requirement to move quickly and decisively to manage the subsequent pressures on health and social care services, on 27 March 2020 voting members of the IJB approved delegated authority to be granted to the Chief Officer, to take decisions in respect of matters that would normally require Board approval, subject to consultation taking place with the Chair and Vice Chair of the Board.

Board meetings continue to meet virtually.

## 2020/21 Governance Framework

The Board of the IJB comprises voting members, nominated by either Fife Council or NHS Fife, as well as non-voting members including a Chief Officer appointed by the Board.

The main features of the governance framework in existence during 2020/21 were:

- Integration Scheme approved by the Scottish Government in October 2015 is currently undergoing a 5-year review and it is expected that the updated Scheme will be agreed by partners and finalised by end of September 2021.
- Regular meetings of the IJB and Development Sessions for IJB members.
- Regular meetings of the Clinical and Care Governance, Finance and Performance, and Audit and Risk sub-committees.
- Production of a new Strategic Plan for Fife 2019/2022 has been published and widely consulted on. This work was overseen by the Strategic Planning Group throughout the year. The Strategic Plan is the main document determining the direction of the IJB for period 2019/2022.
- Production of a Governance Manual to house all governance document such as the code of corporate governance, standing orders, scheme of delegation, model code of conduct etc.
- Governance is based on Delivering Good Governance in Local Government, 2016
  - Adherence to the stated principles of good governance
  - Acting in the public interest
- The 7 localities now have Locality Plans which are published on the website.
- Compliance with legislation and regulations.
- Liaison of IJB internal audit and partner internal audit functions.
- Reliance on the due diligence and financial assurance process regarding the devolved budgetary resources which was completed in March 2016.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2020/21 this included the following which aid governance:

- Finance and Performance Information regularly reported to the IJB

- Formalised budget setting process
- Financial regulations
- Governance Manual
- Standing Orders
- Code of Conduct
- Financial Directions to Partners
- Clinical and Care Governance Risk Register
- IJB Strategic Risk Register reported to Audit & Risk Committee and the IJB
- Formal Appointment of Internal Audit arrangements.
- Workforce and Organisational Development Strategy and Implementation Plan
- Public Participation and Engagement and Communication Strategies
- 2020/21 Internal Audit Plan

### **Integration Joint Board**

The Integration Scheme sets out how NHS Fife and Fife Council establish integrated partnership arrangements in line with the Public Bodies (Joint Working) Scotland Act 2014. The Integration Schemes submitted to the Scottish Government by NHS Boards and Local Authorities across Scotland (1 April 2015) have been approved and have legal status.

In Fife, the Board has legal status and is known as the Integration Joint Board (IJB).

The arrangements for appointing the voting membership of the Integration Joint Board are that Fife Council appoints 8 Councillors and NHS Fife appoints 8 Board members to be members of the Integration Joint Board in accordance with article 3 of the Integration Joint Board Order. In addition, the Nursing Director and Medical Director of NHS Fife are also members of the Board. The Board members appointed by the parties will hold office for a maximum period of 3 years. Board members appointed by the parties will cease to be members of the Board in the event that they cease to be a Board member of NHS Fife or a Fife Councillor.

The professional advisors to the IJB are non-voting members. These are identified as follows:

- Chief Officer of the IJB
- Chief Finance Officer (Section 95 officer) of the IJB
- Chief Social Work Officer
- General Medical Practitioner
- Medical Practitioner
- Registered Nurse
- Allied Health Professional Lead

The IJB is required to appoint stakeholder members who are non-voting members. These comprise at least one representative of the following groups, all of whom must be

operating within the area of the IJB:

- Independent Sector
- Service Users
- Staff side – NHS Fife and Fife Council
- Carers
- Third Sector

Nominations were sought from Partnership representatives and constituency bodies and were approved by the IJB.

NHS Fife and Fife Council maintain two separate complaints systems (Datix and Lagan) to manage complaints relating to service delivery. Since March 2018 complaints received by the Integration Joint Board have been logged and managed in Lagan. During the financial year 2020/2021 the IJB received no complaints. In addition, during the financial year 2020/21 no IJB complaints were escalated to the Scottish Public Sector Ombudsman

The Partnership continues to work together to integrate the partner's complaints processes and reporting mechanisms, particularly the bi-annual reports provided to the IJB Committees.

The Clinical and Care Governance Committee, the Finance and Performance Committee, and the Audit and Risk Committee were established in 2016/17 and have approved terms of reference. There is a clear reporting structure for these committees to the IJB. However, as part of the ongoing governance review the roles, remits and functions of these committees are being reviewed.

The IJB Internal Auditors, the Fife Council Internal Audit Team as appointed by the Audit and Risk Committee, comply with the "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (PSIAS). The Fife Council Audit and Risk Management Service Manager reports directly to the Audit and Risk Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the IJB Audit and Risk Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment and is approved by the Audit and Risk Committee.

The Audit and Risk Committee performs a scrutiny role and will regularly monitor the performance of the Internal Audit services to the IJB. The IJB's Chief Internal Auditor (currently the Fife Council Audit and Risk Management Service Manager) has responsibility to review independently and report to the Audit and Risk Committee annually, to provide assurance on the governance arrangements including internal controls within the IJB. In addition, the Internal Audit sections of Fife Council and NHS Fife are subject to an independent external assessment of compliance with the PSIAS at least once every 5 years.

## Review of Adequacy and Effectiveness

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review was informed by the IJB's risk management framework, the IJB Assurance Statement, internal and external audit reports, and provision of assurance from partner bodies through the Audit Output Sharing Protocol.

The annual internal audit assurance report offers substantial assurance in respect of Fife IJB's overall arrangements for risk management, governance, and control for the year to 31 March 2021.

A Governance Manual has been approved in August 2019 although further work will be required on the component parts once the Integration Scheme Review is completed. A review of the Risk Management Strategy was progressed, however, a number of issues arising from the review of the Integration Scheme will impact on this strategy and it will need to be revisited once the revised Integration Scheme is agreed.

## Developments in 2020/21

There are a number of areas of development recognised internally which have commenced during 2020/21 however progress has been slow due to the pandemic and as a result below are the main actions that have been rolled into 2021/22. Many of these actions are a direct consequence of the conclusion of the Integration Scheme and the need to refresh all documentation contained within the Governance Manual. The plan is to create a multi-disciplinary working group to progress this during next financial year 2021/22.

The IJB adopts a continuous improvement approach as part of our ongoing effort to enhance our governance arrangements and system of internal control. A number of areas for improvement were identified during 2020/21, including:

- Implementation of statutory guidance regarding set aside services in collaboration with NHS Fife.
- Implementation of statutory guidance regarding Directions which was approved at IJB in April 2021.
- Implementation of various internal and external audit actions and recommendations.
- Organisational structural changes and associated governance

Work on these will continue into next financial year. See below:

<b>Key Actions 2021/22</b>
<b>Actions once Review of Integration Scheme concluded:</b> <ul style="list-style-type: none"><li>• Implementation of approved Risk Strategy, risk appetite and robust Risk Management reporting. This will need to be revisited following agreement on the</li></ul>

review of the Integration Scheme. Regular risk reporting does occur. A session on risk appetite is planned for the coming year 2021/22.

- The preparation of an IJB Scheme of Delegation - to ensure robust consistency across services to support integration and ensure within boundaries of both funding partners' schemes of delegation. This will require further review once the Integration Scheme is signed off in September 2021.
- Review of Financial Regulations following conclusion of Integration Scheme – to expand on existing documentation and provide clarity and responsibility.
- Roll out of Board skills matrix and Board self-assessment framework. The Skills Matrix and Board self-assessment were undertaken but will need reviewed and refined as the Governance Review has potential to change the committee structures and memberships of any committees going forward.
- An initial skills matrix and board self-assessment was completed but will require to be refined and rerun when the Integration Scheme is approved.
- Formal adoption and implementation of self-assessment governance review to provide focus on key areas of development. Further work will be required to refine this once the review of the Integration Scheme is complete. This will include improved access via the website for performance reports through the development of a Performance Management page on the website.
- The governance review group continues to monitor and review governance documentation to provide clarity and consistency where appropriate, however work has been paused due to the Pandemic. Given the Integration Scheme will be signed off soon there is a need to re-establish the group.
- Further work is ongoing in relation to the Ministerial Steering Group report. Our Self-evaluation form on the review of progress with integration of health and social care was submitted to Scottish Government on 15 May 2019. A further self-assessment will need to be completed.

Maintain compliance with data protection legislation and best practice guidance provided by the UK Information Commissioner, including relevant Codes of Practice.

Implementation of Budgetary Management Control Guidance

Implementation of a single, centralised file structure for all IJB records.

Development of statutory guidance regarding set aside services in collaboration with NHS Fife.

Implement a new series of Senior Leadership Team meetings to reflect the new structure within the partnership including a focus on strategic and operational elements.

Embed Systems Leadership approach to management across the Partnership.

Develop an Extended Leadership Team with senior managers across the Partnership and use this to cascade information across all services.

Further develop the Directors Briefings to enhance communications and make better use of social media to enhance reputation both internally and externally.

Develop a Board Induction Programme in conjunction with NHS Education for Scotland (NES).

## Conclusion and Opinion on Assurance

Progress has been made during 2020/21. However, not all areas have been fully implemented and several actions have been carried forward into 2021/22 as detailed in the table above.

However, currently 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. Continuing work in 2021/22 will further ensure robust governance.

*Nicky Connor*  
.....

**Nicky Connor**  
**Chief Officer**

26 November 2021  
**Date** .....

*Rosemary Liewald*  
.....

**Rosemary Liewald**  
**Chair of the IJB**

26 November 2021  
**Date** .....

## Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year in accordance with the integration scheme.

2019/20				2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
57,197	-	57,197	Hospital	55,222	-	55,222
102,182	-	102,182	Community Healthcare	115,534	-	115,534
173,548	-	173,548	Family Health Services & Prescribing	175,322	-	175,322
17,077	-	17,077	Children's Services	16,591	-	16,591
214,700	-	214,700	Social Care	229,287	-	229,287
1,656	-	1,656	Housing Services	1,324	-	1,324
226	-	226	IJB Operational Costs	249	-	249
37,821	-	37,821	Acute Set Aside	41,460	-	41,460
<b>604,407</b>	-	<b>604,407</b>	<b>Cost of Services</b>	<b>634,989</b>	-	<b>634,989</b>
	(604,407)	(604,407)	Taxation and Non-Specific Grant Income		(664,632)	(664,632)
0	0	0	<b>Surplus or Deficit on Provision of Services</b>	0	0	<b>(29,643)</b>
		0	<b>Total Comprehensive Income and Expenditure</b>			<b>(29,643)</b>

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



## Movement in Reserves Statement

This statement presents the movement during the year on the reserves held by the IJB. The movements which arise due to statutory adjustments which affect the General Fund Balance will be separately identified from the movements due to accounting practices, if required.

<b>Movements in Reserves During 2020/21</b>	<b>General Fund Balance</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	£000	£000	£000
Opening Balance at 31st March 2020	-	-	-
Total Comprehensive Income and Expenditure	(29,643)	-	(29,643)
Adjustment between accounting basis and funding basis under regulations	-	-	-
Transfer to and from statutory reserves			
(Increase) or Decrease in 2020/21	(29,643)	-	(29,643)
<b>Closing Balance as at 31 March 2021</b>	<b>(29,643)</b>	<b>-</b>	<b>(29,643)</b>
<b>Movements in Reserves During 2019/20</b>	<b>General Fund Balance</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	£000	£000	£000
Opening Balance at 31st March 2019	-	-	-
Total Comprehensive Income and Expenditure	-	-	-
Adjustment between accounting basis and funding basis under regulations	-	-	-
(Increase) or Decrease in 2019/20	-	-	-
<b>Closing Balance as at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at 31 March 2021. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

<b>31 March 2020</b>		<b>Notes</b>	<b>31 March 2021</b>
£000			£000
27	Short term Debtors	6	29,662
<b>27</b>	<b>Current Assets</b>		<b>29,662</b>
27	Short-term Creditors	7	19
<b>27</b>	<b>Current Liabilities</b>		<b>19</b>
-	<b>Long-term Liabilities</b>		
<b>0</b>	<b>Net Assets</b>		<b>29,643</b>
-	Usable Reserve: General Fund	8	29,643
-	<b>Total Reserves</b>		<b>29,643</b>

The Statement of Accounts present a true and fair view of the financial position of the Fife Integration Joint Board as at 31 March 2021 and its income and expenditure for the year then ended.

The unaudited financial statements were issued on 30 June 2021 and the audited financial statements were authorised for issue by the Chief Finance Officer on 26 November 2021.

*Audrey Valente*

.....  
**Audrey Valente - CPFA**  
**Chief Finance Officer**

26 November 2021

**Date** .....

## Notes to the Financial Statements

### 1. Significant Accounting Policies

#### 1.1 General Principles

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

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

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS).

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.

#### 1.2 Accruals of Income and Expenditure

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

- Expenditure is recognised when goods or services are received, and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income and receipt of the income is probable.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

#### 1.3 Funding

The Fife IJB is primarily funded through funding contributions from the statutory funding partners, Fife Council and NHS Fife. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in the Fife IJB area.

This funding was reported on a gross expenditure basis from NHS Fife and a net basis from Fife Council, this was reviewed during 2020/21 and NHS Fife reported on a net expenditure basis, including miscellaneous income.

#### **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 on the IJB's Balance Sheet. All monies held on behalf of IJB are held by Fife Council, and there is a corresponding creditor in Fife Council Annual Accounts 2020/21.

#### **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. The Chief Finance Officer is a non-voting board member. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. The Chief Officer's and Chief Finance Officer's absence entitlement as at 31 March have not been accrued as it is not deemed to be material.

There are no further charges from funding partners for other staff and these costs have remained with the funding partners.

#### **1.6 Material Items of Income and Expenditure**

The cost to the IJB in 2020/21 relating to the Covid-19 pandemic was £26.039m. This comprised of additional expenditure, natural offsets and unachieved savings.

## **2. Critical Judgements in Applying Accounting Policies & Uncertainty about future events**

In applying the accounting policies, the IJB has had to make certain judgements about complex transactions or those involving uncertainty about future events. Critical judgements are as follows:

## **2.1 PPE**

The NSS (National Supplies Service) supplied PPE to the NHS and Social Care throughout the pandemic. The PPE was consumed by the partners and therefore should be reflected in the accounts of the partner organisations where they are acting as principal. Whilst the partner bodies may include the amounts in their accounts, the LAASAC guidance does not require the IJB to include the amounts in the IJB Accounts.

## **2.2 Thank You Payments to NHS and Social Care Staff**

The First Minister announced a thank you of £500 (pro rata) to be given to all employees of NHS and Social Care.

NHS acted as principal for these payments to NHS employees and amounts are included gross in the IJB accounts. Funding of £1.736m was provided for NHS employees and was paid in February Salaries. £1.178m funding for Family Health Service contractors was also received and paid out in 2020/21.

Funding for Social Care staff was received and paid out in 2021/22. Funding of £2.127m was requested in respect of Fife Council Employees and funding of £3.041m in respect of Third Sector. These amounts will not be included in the accounts of the IJB as the council is acting as agent.

## **2.3 Set Aside**

The funding contribution from NHS Fife includes £41.460m in respect of 'set aside' resources relating to acute hospital and other resources. The IJB has responsibility for the consumption of, and level of demand placed on, these resources, however the responsibility for managing the costs of providing the services remain with NHS Fife. Therefore, the overspend incurred by the service has not been included in these accounts and is borne by NHS Fife.

## **2.4 Public Sector Funding**

There is a high degree of uncertainty about future levels of funding for Local Government and the NHS and this will directly impact on the IJB.

There is uncertainty in terms of costs to remobilise services, and what the longer-term outlook is likely to be in terms of Covid-19 and the impact this will have on the financial strategy of the IJB.

## **3 Events After the Reporting Period**

The Chief Finance Officer issued the unaudited accounts on 30 June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions

existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### 4 Expenditure and Income Analysis by Nature

2019/20 £000		2020/21 £000
216,356	Services commissioned from Fife Council	230,611
387,825	Services commissioned from Fife NHS Board	404,129
199	Other IJB Operating Expenditure	221
27	Auditor Fee: External Audit Work	28
(604,407)	Partners Funding Contributions and Non-Specific Grant Income	(664,632)
<b>0</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(29,643)</b>

#### 5 Taxation and Non-Specific Grant Income

2019/20 £000		2020/21 £000
(448,191)	Funding Contribution from NHS Fife	(503,130)
(156,216)	Funding Contribution from Fife Council	(161,502)
<b>(604,407)</b>	<b>Taxation and Non-specific Grant Income</b>	<b>(664,632)</b>

The funding contribution from NHS Fife shown above includes £41.460m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by NHS Fife which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources. There are no other non-ringfenced grants and contributions.

## 6 Debtors

31 March 2020 £000		31 March 2021 £000
13	NHS Fife	9
14	Fife Council	29,653
-	Non-public sector	-
<b>27</b>	<b>Debtors</b>	<b>29,662</b>

## 7 Creditors

31 March 2020 £000		31 March 2021 £000
-	NHS Fife	-
-	Fife Council	-
27	External Audit Fee	19
<b>27</b>	<b>Creditors</b>	<b>19</b>

## 8 Usable Reserve: General Fund

The IJB could hold a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

2019/20					2020/21		
Balance at 1 April 2019 £000	Transfers Out 2019/20 £000	Transfers in 2019/20 £000	Balance at 31 March 2020 £000		Transfers Out 2020/21 £000	Transfers in 2020/21 £000	Balance at 31 March 2021 £000
				Primary Care Improvement Fund		(2,524)	(2,524)
				Action 15		(1,349)	(1,349)
				District Nurses		(30)	(30)
				Fluenz		(18)	(18)
				Alcohol and Drugs Partnerships		(120)	(120)
				Community Living Change Plan		(1,339)	(1,339)
				Covid-19		(15,180)	(15,180)
				Free Style Libre / Other		(2,000)	(2,000)
							-
-	-	-	-	Total Earmarked	-	(22,560)	(22,560)
			-	Contingency		(6,888)	(6,888)
				- Alcohol & Drugs Partnership		(195)	(195)
-	-	-	-	<b>General Fund</b>	-	<b>(29,643)</b>	<b>(29,643)</b>

## 9 Related Party Transactions

The IJB has related party relationships with NHS Fife and Fife 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.

### Transactions with NHS Fife

2019/20 £000		2020/21 £000
(448,191)	Funding Contributions received from NHS Fife	(503,130)
-	Service Income received from NHS Fife	
387,824	Expenditure on Services Provided by NHS Fife	404,129
100	Key Management Personnel: Non-Voting Board Members	110
14	External Audit Fee	14
<b>(60,253)</b>	<b>Net Transactions with NHS Fife</b>	<b>(98,877)</b>

Key Management Personnel: The non-voting Board members directly employed by NHS Fife and recharged to the IJB are the Chief Officer and the Chief Finance



Officer. Details of the remuneration for the specific post-holders is provided in the Remuneration Report.

Balances with NHS Fife

<b>31 March 2020 £000</b>		<b>31 March 2021 £000</b>
13	Debtor balances: Amounts due from NHS Fife	9
-	Creditor balances: Amounts due to NHS Fife	-
<b>13</b>	<b>Net Balance with NHS Fife</b>	<b>9</b>

Transactions with Fife Council

<b>2019/20 £000</b>		<b>2020/21 £000</b>
(156,216)	Funding Contributions received from Fife Council	(161,502)
-	Service Income received from the Fife Council	
216,355	Expenditure on Services Provided by the Fife Council	230,611
100	Key Management Personnel: Non-Voting Board Members	111
14	External Audit Fee	14
<b>60,253</b>	<b>Net Transactions with Fife Council</b>	<b>69,234</b>

Key Management Personnel: The Non-Voting Board members employed by Fife Council and recharged to the IJB is the Chief Finance Officer. Details of the remuneration for the specific post-holders is provided in the Remuneration Report.

Balances with Fife Council

<b>31 March 2020 £000</b>		<b>31 March 2021 £000</b>
14	Debtor balances: Amounts due from Fife Council	29,653
-	Creditor balances: Amounts due to Fife Council	-
<b>14</b>	<b>Net Balance with Fife Council</b>	<b>29,653</b>

Support services were not delegated to the IJB and are provided by NHS Fife and Fife Council free of charge. Support services provided mainly comprised: provision of financial management; human resources; legal; committee services; ICT; payroll; internal audit, and the provision of the Chief Internal Auditor.

## **10 External Audit Fee**

The IJB has incurred costs of £28,000 in respect of fees payable to Audit Scotland with regard to external audit services carried out in 2020/21 (2019/20, £27,000).

## **11 Contingent Assets and Liabilities**

The IJB is not aware of any material contingent asset or liability as at 31 March 2021.

The IJB is a member of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) established by the Scottish Government which reimburses costs to members where negligence is established.

All amounts in respect of claims or reimbursement by CNORIS, which may arise under the CNORIS scheme are reported in NHS Fife Accounts.

## **12 VAT**

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

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 Fife Council is the provider, income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. Fife 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 NHS Fife 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 IJB.

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

## Reporting on the audit of the financial statements

### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Fife Integration Joint Board for the year ended 31 March 2021 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the Fife Integration Joint Board as at 31 March 2021 and of its income and expenditure 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 2020/21 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 by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is five years. I am independent of Fife Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Fife Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern basis of accounting

I have 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 Fife Integration Joint Board'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.

### 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 judgements thereon.

### Responsibilities of the Chief Finance Officer and Fife Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance 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 Finance 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 Finance Officer is responsible for assessing Fife Integration Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Fife Integration Authority is responsible for overseeing the financial reporting process.

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

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

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 Fife Integration Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of Fife Integration Joint Board;
- 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 Fife Integration Joint Board'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 skillfulness 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.

#### **Statutory other information**

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

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

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

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

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

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

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

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

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

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26 November 2021