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**Fife Health  
& Social Care  
Partnership**

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

**For the Financial Year to 31 March 2022**

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## **MANAGEMENT COMMENTARY**

### **Introduction**

This commentary 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 2022 and provides an indication of risks and issues which may impact upon finances in the future.

The Coronavirus (Covid-19) pandemic continued to have a significant impact on service delivery. The financial position was monitored via the Local Mobilisation Plan and the Scottish Government funded the additional costs of Covid-19 in 2021/22. There will be challenges ahead as Covid-19 specific funding ceases and expenditure incurred becomes business as usual. Work is on-going to determine the recurring financial impact of Covid-19. Adherence to governance and strong financial management will be key.

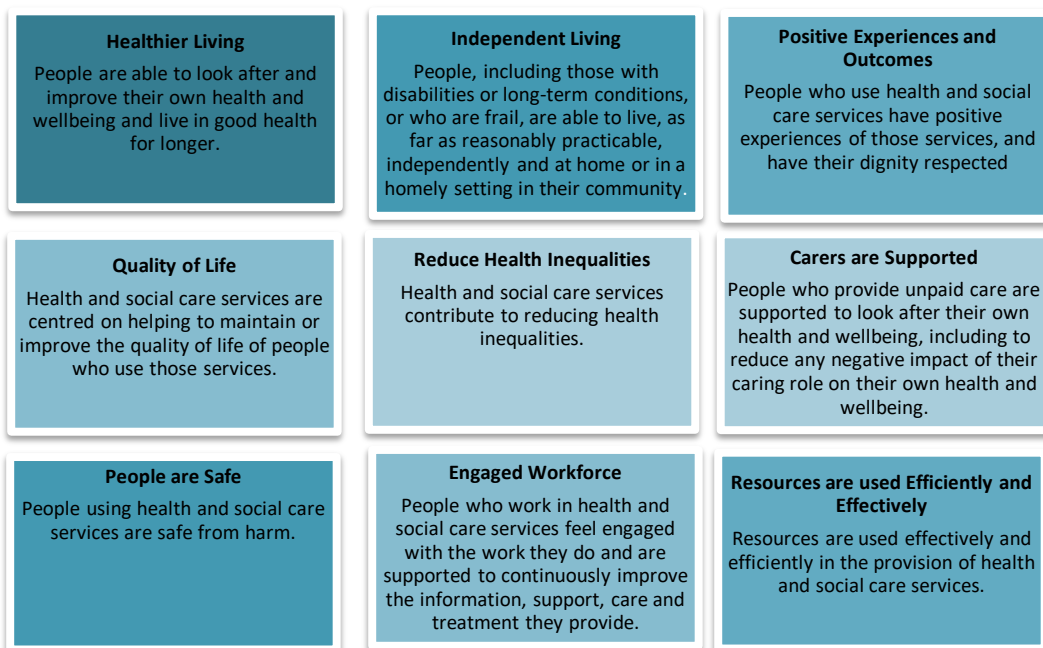
### **Role and Remit**

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, 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 (HSCP) is 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, and Fife Council and NHS Fife are committed to working jointly and have entered into the agreement to achieve these aims and outcomes. The 9 National Outcomes are:



We are responsible for planning the future direction of, and overseeing the operational delivery of, integrated health and social care services for the people of Fife. These services are delegated to Fife IJB by NHS Fife and Fife Council and are mostly delivered by Fife HSCP, in conjunction with our partners in the Third and Independent Sector. The services are



Fife HSCP has undergone a period of significant change which became effective as of June 2021. The diagram above reflects the new structure of service provision, these 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 needs of service-users in different parts of Fife and takes account of the 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 and is planned and led locally in a way which is engaged with the community (including, 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 HSCP to ensure that services respond to local priorities, needs and issues of communities. The HSCP 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. The Strategic Plan 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 will be refreshed in 2022/23 for 2022 to 2025. The 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.

Despite the challenges on services of the ongoing pandemic, we have adapted the way we work internally, as well as with partner organisations. We have shown how important integration is and what can be achieved by working together with a common goal of providing the best person-centred care and support we can for our communities ensuring that we continue to strive to meet our five key priorities.

During 2021/22 the number of completed adaptations reduced due to covid restrictions, however, the One Stop Shop has opened within the year, aiming to provide advice and assessment on adaptations to service users. Also, the Smart Life in Fife system is being promoted to encourage people to access independent living at an early stage.

Innovative ways of working were implemented within 2021/22, via a test of change within the Child Development Centres, these are centres which support children with complex needs and life limiting conditions. Demand for the service is extremely high and new flexible ways of working, increased outreach, improving teamwork and learning, and creating hubs has improved the joined up working for the children and expanded the provision of a more consistent service.

The 7 locality core groups were paused due to the pandemic, Link Life Fife aims to reduce pressure on GP practices for those individuals over 18 years who require support for stress and anxiety, a team of 9.5 FTE were recruited in 2021 and are now receiving referrals. The Well is another Community Led Support Service, the service adapted during the pandemic and provided Near-me or telephone consultations to give continued support on health and wellbeing, including isolation and bereavement support.

Staff were trained in 2021/22 in Interpersonal Psychotherapy (IPT) as an alternative to Cognitive Behavioural Therapy (CBT), IPT is suitable for those with eating disorders or depression. Cases have increased during the pandemic and this new method increases the chance of successful intervention and reduces the need for onward referral to mental health services.

Morse was introduced in August 2021, Morse is a 'real time' clinical and administrative record, accessible by partners in primary and secondary care, has brought many benefits, including clinical assessments for patients in the community being accessible on the same day and all calls being received on a single point of access meaning that further advice can be given with knowledge of previous calls, this is positive for patient safety, efficiency, and continuity of care.

During 2021/22 Interim care home beds are being used to allow individuals to leave hospital, and receive enablement support in a homely setting, allowing them to build confidence and maintain daily living skills to support a return home and a suitable care package being available.

Despite the pandemic increasing the costs of construction and limitations on site, the Methil Care Village replacement project has continued and is planned to be ready for

residents to move in during 2022/23. The care village has an older people care home, individual houses for adults with disabilities and a nursery on the same site.

The Fife Council Plan for Fife 2021-24 Update (Recovery and Renewal) has a vision to have a Fairer Fife, and will put a community wealth building approach at the heart of everything; to

- Recover from the pandemic: taking immediate action to support our children and young people, those people who have been most affected, and our business community
- Renew our public services through a new commitment to work in partnership with our communities, with a focus on place
- Re-align our strategies, plans and ways of working to make this happen and deliver our ambitions

The Plan commits to tackling poverty and preventing crisis, leading economic recovery, and addressing the climate emergency.

The NHS Fife Director of Public Health Annual Report has adopted the priorities of Scottish Government and wants to see:

- A Fife where we live in vibrant, healthy, and safe places and communities
- A Fife where we flourish in our early years
- A Fife where we have good mental wellbeing
- A Fife where we reduce the use of, and harm from, alcohol, tobacco, and other drugs
- A Fife where we have a sustainable, inclusive economy with equality outcomes for all
- A Fife where we eat well, have a healthy weight and are physically active

The ambitions directly impact our health and wellbeing and the services we require to provide. Achieving these priorities would ensure that our community has the access to the services they require and prevent crisis from occurring.

During the pandemic, people came together to work on shared goals, to overcome obstacles and 'get things done' which was a positive. The implications of the coronavirus pandemic are likely to affect life outcomes for people for some time after it ends. This will be seen through increased or changed demand for services and is expected to impact on health and poverty levels in Fife, and a move from crisis support to prevention.

Mission 2025 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 2025, 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 continues to be 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.

There is also a need to understand what impact the National Care Service will have on future models of care and the associated cost implications. The National Care Service Bill was published in June 2022, the Bill will make Scottish Ministers accountable for adult social care in Scotland, with services designed and delivered locally.

## **Operational Performance 2021/22**

During 2021/22 Services continued to work within government guidelines and restrictions, adapting and reacting to new variants and the continued effects of the coronavirus pandemic (Covid-19). Demand on services continues and we have had to respond to these challenges by looking at new ways of working and increased use of technology to ensure the health and social care needs of the most vulnerable people in our communities are met, whilst some services remain on pause.

We have learned a lot since March 2020 and the start of the pandemic, we have a strong, resilient workforce and their commitment to TeamFife has been admirable. Ways of working changed; mobile and home working have proven to be very efficient and will continue. A hybrid of home, office and mobile working affords our workforce a better work life balance, whilst still maintaining social care services to the people of Fife.

During 2021/22, as new variants of Covid-19 meant that some restrictions continued, the Partnership actively participated in NHS Fife and Fife Council Executive Teams and Command/Incident Management structures when required. Regular meetings continued 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 the key decisions taken within the Health and Social Care Partnership. 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. The actions taken throughout this pandemic have supported integrated working. Integrated and whole system working remain key as we move out of the pandemic.

As we learn to live with Covid-19 and government restrictions are lifted, focus is now on recovery and reform and the Partnership has a critical role in supporting the health and wellbeing of the people of Fife as we move forward.

The continued increasing demand on our services due to the pandemic are coupled with rising demographics and people with complex needs living longer. Mental Health related illness is also expected to increase.





374,130 People living in Fife (growth rate 0.2%)  
62% aged 16-64 years, 12% aged 65-74 and  
21% aged over 75 years (Under 65's expected to fall  
by 2028, whereas 65-74's are expected to increase by  
10% and over 75's by 31% by 2028)



Life expectancy is 81.4 years for females and 77.2  
years for males in Fife  
Healthy life expectancy is 59.0 years for females and  
57.4 years for males in Fife



Depression is the 2nd largest cause of ill health,  
anxiety disorders is 4th  
The pandemic has been associated with increased  
loneliness, anxiety, depression and stress

Going forward it is extremely clear that we must respond to changing needs and wants and services must be modernised as we recover. We must continue to provide new and innovative methods of service delivery as we have proven we can 'get things done' and we must keep up this momentum.

## Key Performance Indicators

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.

The Ministerial Strategic Group for Health and Community Care (MSG) have identified indicators which require to be tracked by Integration Joint Boards, there are 14 indicators within the following categories:

- 1) Emergency admissions
- 2) Unscheduled hospital bed days
- 3) Emergency department activity
- 4) Delayed discharges
- 5) End of life care
- 6) Balance of care

The indicators are reviewed on a rolling annual basis.

Due to the Covid-19 Pandemic there has been significant challenges with admissions to hospital towards the end of the financial year. Work is underway to utilise interim care home beds to allow people to leave hospital and be admitted to a care home whilst they await a care at home provision, early indications show that this has been successful with 2/3rds of individuals returning home.

The significant increase in admissions has led to indicators for the average length of stay on discharge being greater than target, this is mainly due to the individuals first choice of care home not having capacity, and the length of time in a STAR bed (a bed where the service user receives re-enablement care) exceeding the target as they await support to return home. This is also a result of not moving residents between care homes as per public health advice.

There has been a increase in demand for the number of weekly hours of care at home required for Older People during the pandemic, this has been difficult to manage due to capacity and recruitment issues in both external and internal services. Partnership working with the external care providers continues to improve and work has been on-going to increase the rate of pay at weekends to help retain and motivate employees. The Care at Home service continues its redesign, and will see an enhancement to the START service which assists with reenablement. The Care at Home Collaborative, supported by Scottish Care, started in November 2021, bringing together 15 care at home providers to work better together, to maximise resources and capacity to help service users return to their own home, following a period in an interim care home placement.

A new Home First Strategy for Fife is currently in development, with many advances having been made in this area across a range of areas. A new project 'Front Door' is being developed. This will seek to have Patient Flow Co-ordinators involved in the planning of discharge as the patient presents at the 'front door', to try and get work started earlier in the process on identifying suitable pathways. A Rapid Assessment Discharge Unit is being developed, eleven beds have been created to enable bedside support, such as rehabilitation services. Work is ongoing with Fife Council Housing Service to Support Independent Living using TEC (Technology Enabled Care) which can assist with daily activities - switching on lights using a tablet for example. These initiatives aim to ensure the right care is available at the right time to the right people using the resources available in the most effective way.

Other key challenges include the additional demand for mental health services, a CAMHS (Child and Adolescent Mental Health Service) Urgent Response Team is in place to ensure same day assessments can be made available as presentations to Hospital A&E remain high. Recruitment is ongoing to address capacity issues and wait times, and a training needs analysis will be completed to ensure the right competencies exist across the range of teams in CAMHS. Psychological Therapies is also an area where recruitment is difficult, this is a national issue, therefore the service is progressing recruitment with lower grades of staff who can work with people with less complex problems and free capacity amongst experienced staff to take the more complex presentations, with a view to clearing the wait list.

The HSCP intend to review Benchmarking across Scotland, particularly the Ministerial Steering Group indicators and consider Best Value linked to outcomes for people and this will be progressed during 2022/23.

## Financial Performance 2021/22

The outturn position as at 31 March 2022 for the services delegated to the IJB are:

|                                | Budget<br>£000 | Actual<br>£000 | Variance<br>£000 | Variance<br>% |
|--------------------------------|----------------|----------------|------------------|---------------|
| Delegated and Managed Services | 664,203        | 614,134        | (50,069)         | 7.5           |
| Set Aside Acute Services       | 40,227         | 40,227         | 0                | 0.0           |

The IJB reported total income of £704.430m for the financial year 2021/22, which was made up of £664.203m integrated budget and £40.227m relating to set aside.

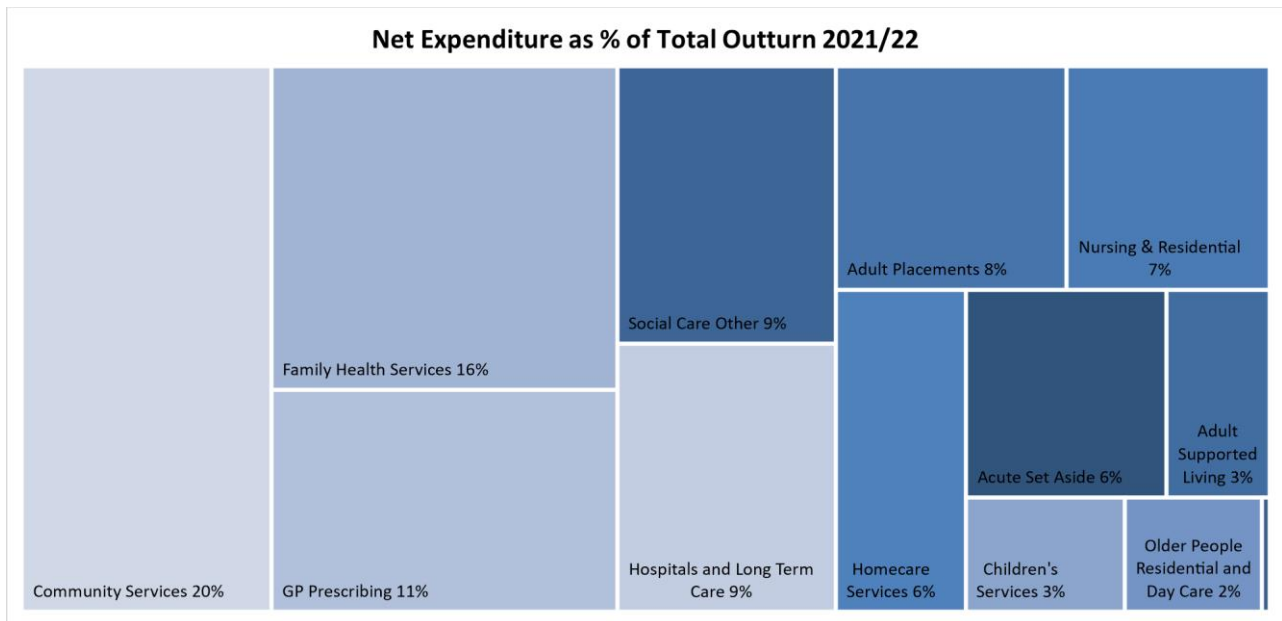
The IJB reported total expenditure for the financial year 2021/22 of £654.361m, which comprised of £614.134m spend on integrated services and £40.227m on set aside.

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 £6.099m but these costs were borne by the Health Board. The cost to the IJB is the same as the budget of £40.227m and there is a break-even position. Partner discussions continue to ensure services are delegated in line with the Ministerial Steering Group (MSG) recommendations.

Pharmacy (budget of £10.258m) transferred back to NHS Fife Corporate Department during April 2021, as agreed at the F&P Committee. The Director of Pharmacy and Medicines reports to the Chief Executive of NHS Fife, it was therefore deemed appropriate to transfer the budget into Corporate Directorates within NHS Fife.

As income to the IJB exceeded expenditure in year, a surplus of £50.069m was reported in the Comprehensive Income and Expenditure Statement as at 31 March 2022. This is mainly the result of specific funding received late in the year to be utilised to fund the continued costs of Covid-19, and other earmarked carry forwards such as Primary Care Improvement Fund, Action 15 (of the Mental Health Strategy), and Mental Health Recovery & Renewal. Because these funds were received late in the financial year, funding will be carried forward to 2022/23 as per Scottish Government guidance. Funding was also received in year to help provide additional interim care beds and care at home services; and any unspent balances have been carried forward to be utilised in 2022/23.

The surplus at year end means that there was no requirement to implement the risk share agreement during 2021/22.



Within the favourable position of £50.069m, the core underspend is £5.847m. The main areas of underspend within the Delegated and Managed Services are Community Services £2.586m, GP Prescribing £0.805m, Children Services £1.118m, Older People Nursing & Residential £0.859m, Adults Fife Wide £0.279m, Adults Supported Living £1.158m, Social Care Fieldwork Teams £1.906m and Housing £0.644m. These are partially negated by overspends on Hospital and Long-Term Care £0.660m, Family Health Services £0.374m, Older People Nursing and Residential £0.361m, Social Care Other £0.686m and Adult Placements £1.335m.

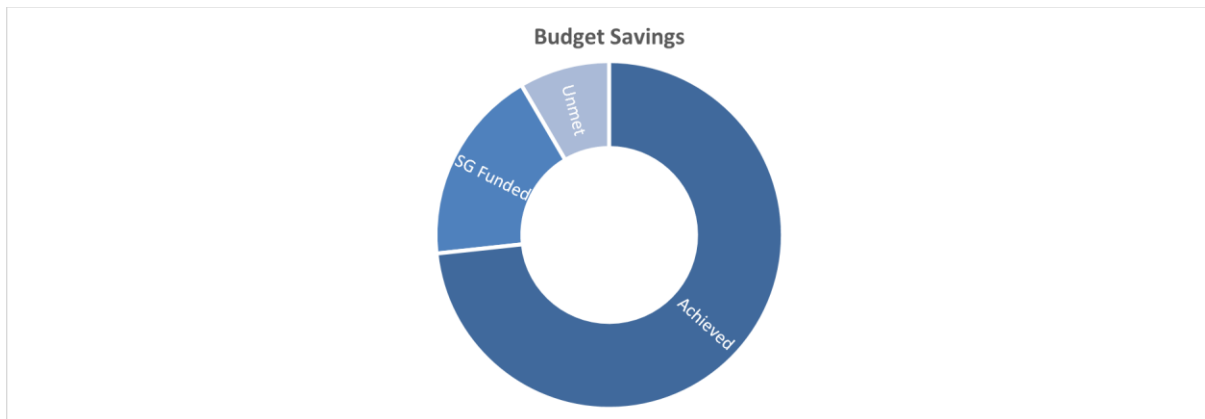
Underspends in core areas are mostly attributable to staffing vacancies, many of which continue to be difficult to recruit to, especially for specialist roles. Work is ongoing to review the skill mix in a bid to successfully recruit to vacant posts.

The overspends in hospital and long-term care are mainly due to the use of agency staff to cover vacancies and Family Health Services overspend is due to GP practices being handed back to be managed by the NHS. An increase in bad debt within Older People Nursing and Residential, a backdated pay award in Social Care Other and an increase in the number of packages to meet demands results in an overspend in Adult Placements.

The IJB commenced 2021/22 with an uncertain and challenging financial position as the pandemic continued. Hospitals were under immense pressure, discharges were delayed, and the workforce continued to adapt to meet service needs and react to the pandemic.

The IJB approved budget was set predicated on implementing an approved saving plan to deliver £5.484m of savings which were funded by Scottish Government in 2020/21 and

brought forward to 2021/22, and a further £8.723m agreed for 2021/22, totalling an overall savings target of £14.207m. A report to IJB in March, sought and gained approval for reserves to be utilised to fund two savings initiatives (£1.150m) for one year temporary, if required, these are due to delays in the benefits from new systems being implemented.



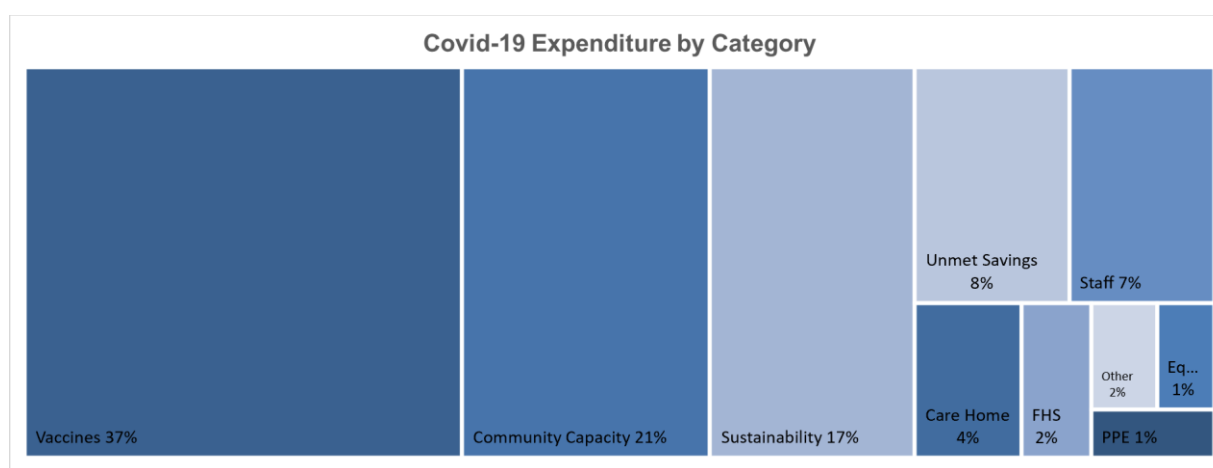
Savings of £10.413m were met in 2021/22 by services. £3.794m of agreed unmet savings from prior years have been carried forward to 2022/23 and work is ongoing to ensure that plans are in place to progress the delivery of these savings on a recurring basis.

Key pressures within the 2021/22 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 remaining 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. Care home beds were used as an interim measure to allow service users to free up hospital beds whilst waiting on care package availability.
- The inability to recruit staff to the Partnership which in some cases required higher cost recruitment for locum and agency staff to cover services.
- A number of GP Practices were handed back to the Board therefore the partnership incurred the associated costs of staffing these and providing cover.
- Bad Debt for care invoices increased from previous years.

## Covid-19 Expenditure

Actual spend on Covid-19 in 2021/22 was £33.052m. This was partially funded by reserves of £13.719m with further funding received in year. The balance of the funding received in year, £35.993m, has been carried forward as an earmarked reserve for Covid-19 expenditure in 2022/23. This reserve is the only funding available to support the additional costs of Covid-19 expenditure, Scottish Government have confirmed that no further funding will be received to support all delegated services. Scottish Government have indicated that any reserve not required to meet costs reported in the Local Mobilisation Plan in 2022/23 may not be available to carry forward to reserves. Work is ongoing to determine the recurring costs of Covid-19 and include this pressure in future years budget modelling.



## 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.

The opening reserves balance at April 2021 was £29.643m. In year allocations of £16.473m were passed to services, mainly for Covid-19 related expenditure, with the balance of £13.170m remaining in reserve. Further to this, late funding received from Scottish Government for Covid-19 expenditure and for new commitments such as Mental Health Recovery and Renewal totalling £66.542m was received and carried forward to reserves, giving a total reserve of £79.712 at March 2022.

|                                      | Balance B/fwd | Transfers out  | Transfers in  | Balance to C/fwd |
|--------------------------------------|---------------|----------------|---------------|------------------|
|                                      | £M            | £M             | £M            | £M               |
| <b>Total Earmarked incl Covid-19</b> | <b>22.755</b> | <b>-16.436</b> | <b>59.956</b> | <b>66.276</b>    |
| <b>Uncommitted</b>                   | <b>6.888</b>  | <b>-0.037</b>  | <b>6.585</b>  | <b>13.436</b>    |
| <b>Total Reserves</b>                | <b>29.643</b> | <b>-16.473</b> | <b>66.541</b> | <b>79.712</b>    |

At March 2022, earmarked reserves (including Covid-19) total £66.275m and it is expected that this balance will be utilised in full during 2022/23. The remainder of the reserve, £13.436m as at March 2022 is currently uncommitted. This amount differs slightly from the Provisional Final Outturn Report presented to the IJB, due to further information on late funding being available to carry forward to reserves. Use of the £13.436m requires approval at Committee as per the Reserve Policy Governance.

## **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**

2021/22 has been another difficult year with the effects of Covid-19 continuing throughout the year, as we worked towards recovery from the pandemic as well as demand on services as restrictions were lifted. Moving forward there is significant financial uncertainty due to the global economic crisis and there is predicted to be a reduction in future contributions from Fife Council and NHS Fife along with an increase in costs across the economy on inflation, energy, supplies, pressure on pay costs and an ageing demographic. This uncertainty will be a significant challenge and will need to be dealt with in the immediate and longer term. Reserves held total £79.712m, however only £13.436m of this remains uncommitted as at March 2022. Use of reserves is not a sustainable solution, as it only provides a short-term one-off funding, any use of uncommitted reserves is agreed at Committee in line with the reserves policy.

Included within the total reserves figure of £79.712m, £35.993m has been carried forward into 2022/23 to fund Covid-19 related expenditure. No further funding is anticipated from Scottish Government during 2022/23 as we begin to move out of the pandemic. Work is ongoing to identify any recurring costs of the pandemic, such as increased care packages and ongoing use of PPE (personal protective equipment). Some services may have an increase in demand and our uncommitted reserves may be required to meet demands. We will continue to work with services to ensure costs are minimised, but where this is not possible, we will need to reflect any future cost pressures as part of our forward planning.

Services have shown they can adapt, work together, and get things done and the Transformation Team/Project Management Office will be integral to progressing whole system change going forward. Finance will work closely with the Transformation Team to ensure savings, benefits and investments are captured and monitored. A robust governance model has been created that will inform future financial modelling.

It is expected that Mental Health Services will see a continued surge in requirements and a Public Health Scotland announced funding from the Mental Health Recovery and Renewal Fund. Our share of the funding, £4.118m, was received late in 2021/22 and has been earmarked and carried forward in reserves. The Mental Health Recovery and Renewal Funding is aimed at improving how people can manage their mental health with appropriate early support and be referred to additional support when required. The funding reflects the unprecedented changes we have all faced during the pandemic and demonstrates that mental wellbeing is a priority to ensure everyone thrives.

Older people requiring Care at Home and the use of interim beds to move people out of hospitals are also recognised as a priority area for 2022/23 with funding on a recurring basis. The unspent balances at March 2022 have also been earmarked and carried forward into reserves. Home First is a Scottish Government directive to transform discharge from hospital, Fife's vision is to 'enable people in Fife to live longer healthier lives at home or in a homely setting'. A group has been set up and aims to use this funding to develop the future model of community care in an integrated manner, with a focus on prevention, anticipation and supported self-management to realise this vision, ensuring that people get back into their home or community environment as soon as appropriate, with minimal risk of re-admission to hospital.

The budget for 2022/23 has been set and balanced. Previously agreed savings of £3.794m which have not been met have been brought forward. No new savings initiatives were required to balance the budget. Senior Leadership Team will provide updates during 2022/23 to provide assurance that these savings targets are on course to be met on a recurring basis.

It has become clear that the impact of the pandemic will remain for years to come and there will be pressure on services and core budgets. Work will progress at pace to assess future budget gaps, and finance will work with services and the Senior Leadership Team to progress change rather than cuts. We need to adapt the way we work to allow us to provide essential services to the most vulnerable people.

The Senior Leadership Team will need to consider all options, such as reconfiguring services, alternative operating models, opportunities to work with partners, and adapting current services to meet needs effectively to ensure we stay focused on key priorities and are providing the right services.

Strong financial management will be key and close monitoring will be a priority. 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. It is imperative that every effort is made to control costs within the overall budget.



The medium-term financial strategy will be refreshed in 2022/23 and it will address the various new and additional pressures that will face the Health and Social Care Partnership over next financial year and also into future years.

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

- the economic crisis – the cost of inflation, energy and pay costs;
- the ageing population leading to increased demand and increased complexity of demand for services alongside reducing resources;
- Covid-19 lasting impact on the economy;
- continuing difficulties in recruitment leading to the use of higher cost locums and agency;
- 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.

During 2022/23 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

2021/22 has been another 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**

25 November 2022  
**Date**.....

*Christina Cooper*  
.....

**Christina Cooper**  
**Chair of the IJB**

25 November 2022  
**Date**.....

*Audrey Valente*  
.....

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

25 November 2022  
**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 25 November 2022.

Signed on behalf of the Fife Integration Joint Board

*Christina Cooper*

.....  
**Christina Cooper**  
**Chair of the IJB**

**Date** 25 November 2022  
.....

## **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 2022, and the transactions for the year then ended.

*Audrey Valente*  
.....

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

**Date** 25 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.

### 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 2021/22 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 (£)<br/>2020/21</b> | <b>Senior Employees<br/>Salary, Fees &amp; Allowances</b> | <b>Total (£)<br/>2021/22</b> |
|------------------------------|---|------------------------------|
| 84,831                       | <b>N Connor</b><br>Chief Officer                          | 88,898                       |
| 79,172                       | <b>A Valente</b><br>Chief Finance Officer                 | 81,119                       |
| <b>164,003</b>               | <b>Total</b>  | <b>170,017</b>               |

There were no payments to officers in 2021/22 or prior years in relation to bonus payments, taxable expenses, or compensation for loss of office. The amounts in the above table do include Thank You Payments from SG offered, if accepted.

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<br>31/03/21<br>£  | For Year to<br>31/03/22<br>£ |                          | Difference from<br>31/03/21<br>£ | As at<br>31/03/22<br>£ |
| N Connor<br>Chief Officer          | 17,625                        | 18,580                       | Pension<br>Lump Sum      | 1,839<br>0                       | 4,384<br>0             |
| A Valente<br>Chief Finance Officer | 19,397                        | 19,752                       | Pension<br>Lump Sum      | 2,000<br>0                       | 37,000<br>60,000       |
| <b>Total</b>                       | <b>37,022</b>                 | <b>38,332</b>                | <b>Pension</b>           | <b>3,839</b>                     | <b>41,384</b>          |
|                                    |                               |                              | <b>Lump Sum</b>          | <b>0</b>                         | <b>60,000</b>          |

Note: A Valente amounts based on all LGPS membership not just current employment.

## Exit Packages

There were no exit packages paid in 2021/22 (2020/21, none).

*Nicky Connor*

*Christina Cooper*

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

**Cristina Cooper**  
**Chair of the IJB**

Date 25 November 2022 .....

Date 25 November 2022 .....

## **ANNUAL GOVERNANCE STATEMENT**

The Annual Governance Statement explains the Integration Joint Board's (IJB) governance and internal control arrangements and how the IJB complies with 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 in addition to having its own Code of Corporate Governance.

### **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 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 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 strategic direction and operational oversight of the Integrated Services. A Directions Policy sets out the process for formulating, approving, issuing and reviewing Directions from the IJB to the partner organisations, NHS Fife and Fife Council.

In discharging operational delivery responsibilities, the Chief Officer places reliance on the NHS Fife and Fife Council's Codes of Corporate Governance and 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. Any issues arising from operations are brought to the attention of the IJB by the Chief Officer.

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

### **2021/22 Governance Framework**

The Board of the IJB comprises 16 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 2021/22 were:

- Integration Scheme has been reviewed by the partner bodies and approved by Scottish Government in March 2022. This has allowed for the creation and adoption of a new Committee Structure.
- Regular meetings of the IJB and Governance Committees together with Development Sessions for IJB members.
- The Strategic Plan is the main document determining the direction of the IJB for period 2019/2022.

- Governance Manual in place to house all governance documents such as the code of corporate governance, standing orders, scheme of delegation, model code of conduct etc.
- Creation of the Transformation Board and the implementation of a Project Management Office.
- The 7 localities now have Locality Plans which are published on the website.
- Liaison between IJB internal audit and Fife Council and NHS Fife internal audit functions.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2021/22 this included the following which aid governance:

- Finance and Performance Information regularly reported to the IJB
- Formalised budget setting process
- Financial regulations
- Scheme of Delegation
- Governance Manual
- Standing Orders
- Code of Conduct
- Financial Directions to Partners
- IJB Strategic Risk Register reported to Committees and the IJB
- Formal appointment of Internal Audit arrangements.
- Workforce and Organisational Development Strategy and Implementation Plan
- Public Participation and Engagement and Communication Strategies
- 2021/22 Internal Audit Plan

## Developments in 2021/22

The pandemic continues to have an impact on developments in 2021/22. Many actions have been awaiting the conclusion of the Integration Scheme review. This work is being undertaken by a multi-disciplinary working group.

The IJB adopts a continuous improvement approach as part of our ongoing effort to enhance our governance arrangements and system of internal control. The updates to the main areas for improvement identified during 2020/21 are as follows:

| <b>Improvement Area identified in 2020/21</b>   | <b>Update in 2021/22</b>  |
|---|---|
| Implementation of statutory guidance regarding set aside services in collaboration with NHS Fife  | This work has been heavily impacted by Covid and will roll forward to 2022/2023 – See key actions below                           |
| Implementation of statutory guidance regarding Directions which was approved at IJB in April 2021 | Directions Policy and guidance have been produced and implemented   |
| Implementation of various internal and external audit actions and recommendations                 | Work has been undertaken with the internal auditors and Audit and Risk Committee to update, refresh and consolidate audit actions |



|  |  |
|--|--|
| Organisational restructure changes and associated governance | A new Senior Leadership Team is in place and working towards further organisational restructure and associated governance to support the Strategic Plan Objectives |
|--|--|

Other key actions highlighted in 2020/21 have been completed with the exception of the following actions. Work on these will continue into next financial year, 2022/23, however, none of these arise from any significant governance issues or weaknesses. See below:

| Key Actions 2022/23  |
|--|
| <ul style="list-style-type: none"> <li>• <b>Actions once Review of Integration Scheme concluded:</b></li> <li>• Development and implementation of approved Risk Strategy, risk appetite and robust Risk Management reporting. Regular risk reporting does occur. A session on risk appetite is planned for the coming year 2022/23.</li> <li>• Further refinement of the Board skills matrix and Board self-assessment framework.</li> <li>• 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 now the review of the Integration Scheme is complete.</li> <li>• Further work continues in relation to the Ministerial Steering Group report.</li> </ul> |
| <ul style="list-style-type: none"> <li>• Development of statutory guidance regarding set aside services in collaboration with NHS Fife.</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Develop a Board Induction Programme in conjunction with NHS Education for Scotland (NES).</li> </ul>  |

### Significant Changes to the Governance Framework Since 1 April 2022

Since the year end, the IJB has agreed its new Governance Committee Structure. The Governance Committees are:

- Audit and Assurance
- Finance, Performance and Scrutiny
- Quality and Communities

Terms of Reference were agreed on 22 April 2022

### Compliance with Best Practice

The IJB complies with the CIPFA Statement on “The Role of the Chief Financial Officer in Local Government 2016”. The IJB’s Chief Finance Officer has overall responsibility for the IJB’s financial arrangements and is professionally qualified and suitably experienced to lead the IJB’s finance function and to direct finance staff.

Reliance is placed on the existing counter fraud and anti-corruption arrangements in place within each partner which have been developed and are maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

The IJB Internal Auditors, the NHS Fife 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 operate in accordance with “Public Sector Internal Audit Standards” (PSIAS). The NHS Fife Chief Internal Auditor 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 monitors the performance of the Internal Audit services to the IJB. The functions of the Audit and Risk Committee are undertaken as identified in Audit Committees: Practical Guidance for Local Authorities. The IJB’s Chief Internal Auditor 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, and internal and external audit reports. Any significant issues relating to the partner bodies are brought to the attention of the IJB. In the current year, the Annual Governance Statements of NHS Fife and Fife Council show that no such issues have been identified.

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 2022.

The IJB has confirmed that there are no significant governance issues that require to be reported for 2021/22.

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

Considerable progress has been made in improving governance structures and processes throughout 2021/22.

On the basis of assurances provided, 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.

*Nicky Connor*

*Christina Cooper*

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

**Christina Cooper**  
**Chair of the IJB**

**Date** 25 November 2022

**Date** 25 November 2022

## Financial Statements

### Comprehensive Income and Expenditure Statement

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

| 2020/21                   |                      |                         |   | 2021/22                   |                      |                         |
|---------------------------|----------------------|-------------------------|---|---------------------------|----------------------|-------------------------|
| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |   | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
| 55,222                    | -                    | 55,222                  | Hospital & Long Term Care                         | 56,500                    | -                    | 56,500                  |
| 115,534                   | -                    | 115,534                 | Community Healthcare                              | 111,296                   | -                    | 111,296                 |
| 175,322                   | -                    | 175,322                 | Family Health Services & Prescribing              | 181,978                   | -                    | 181,978                 |
| 16,591                    | -                    | 16,591                  | Children's Services                               | 17,496                    | -                    | 17,496                  |
| 229,287                   | -                    | 229,287                 | Social Care                                       | 245,721                   | -                    | 245,721                 |
| 1,324                     | -                    | 1,324                   | Housing Services                                  | 885                       | -                    | 885                     |
| 249                       | -                    | 249                     | IJB Operational Costs                             | 258                       | -                    | 258                     |
| 41,460                    | -                    | 41,460                  | Acute Set Aside                                   | 40,227                    | -                    | 40,227                  |
| <b>634,989</b>            | -                    | <b>634,989</b>          | <b>Cost of Services</b>                           | <b>654,361</b>            | -                    | <b>654,361</b>          |
|                           | (664,632)            | (664,632)               | Taxation and Non-Specific Grant Income            |                           | (704,430)            | (704,430)               |
| 0                         | 0                    | <b>(29,643)</b>         | <b>(Surplus) or Deficit</b>                       | 0                         | 0                    | <b>(50,069)</b>         |
|                           |                      | <b>(29,643)</b>         | <b>Total Comprehensive Income and Expenditure</b> |                           |                      | <b>(50,069)</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 2021/22</b> | <b>General Fund Balance</b> | <b>Total Reserves</b> |
|---|-----------------------------|-----------------------|
| Opening Balance at 31st March 2021          | £000<br>(29,643)            | £000<br>(29,643)      |
| (Surplus)/ Deficit                          | (50,069)                    | (50,069)              |
| (Increase) or Decrease in 2021/22           | (50,069)                    | (50,069)              |
| <b>Closing Balance as at 31 March 2022</b>  | <b>(79,712)</b>             | <b>(79,712)</b>       |
|   |                             |                       |
| <b>Movements in Reserves During 2020/21</b> | <b>General Fund Balance</b> | <b>Total Reserves</b> |
| Opening Balance at 31st March 2020          | £000<br>-                   | £000<br>-             |
| (Surplus)/ Deficit                          | (29,643)                    | (29,643)              |
| (Increase) or Decrease in 2020/21           | (29,643)                    | (29,643)              |
| <b>Closing Balance as at 31 March 2021</b>  | <b>(29,643)</b>             | <b>(29,643)</b>       |

## Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at 31 March 2022. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

| 31 March<br>2021 |                                 | Notes | 31 March<br>2022 |
|------------------|---------------------------------|-------|------------------|
| £000             |                                 |       | £000             |
| 29,662           | Short term Debtors              | 6     | 79,721           |
| <b>29,662</b>    | <b>Current Assets</b>           |       | <b>79,721</b>    |
| 19               | Short-term Creditors            | 7     | 9                |
| <b>19</b>        | <b>Current Liabilities</b>      |       | <b>9</b>         |
| <b>29,643</b>    | <b>Net Assets</b>               |       | <b>79,712</b>    |
| 29,643           | Usable Reserve:<br>General Fund | 8     | 79,712           |
| <b>29,643</b>    | <b>Total Reserves</b>           |       | <b>79,712</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 2022 and its income and expenditure for the year then ended.

The unaudited accounts were issued on 30 June 2022 and the audited accounts were authorised for issue on 25 November 2022.

*Audrey Valente*

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

**Date** 25 November 2022  
.....

## 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 2021/22 financial year and its position at the year-end of 31 March 2022.

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 2021/22, 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 net expenditure basis from NHS Fife and Fife Council.

## **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 were held by partners, the reserves balance is held by Fife Council on behalf of the IJB.

## **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 2021/22 relating to the Covid-19 pandemic was £33.052m. This comprised of additional expenditure for vaccinations, staff cover, additional capacity in the community, sustainability payments to care homes and to fund agreed budget savings which were not achieved due to the impact of the pandemic.

## **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**

In 2020/21 The First Minister announced a thank you of £500 (pro rata) to be given to all employees of NHS and Social Care.

Funding for NHS and Family Health Service Contractors was received and paid in 2020/21 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 were received and paid out in 2021/22. The amounts are not to 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 £40.227m 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.

## **2.3 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.

It is anticipated that funding from partners will reduce, and therefore significant efficiencies will be required. Work is ongoing to determine the impact of this and the medium-term financial strategy will be updated accordingly.

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

The Chief Finance Officer issued the accounts on 25th November 2022. 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 2022, 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

| 2020/21<br>£000 |  | 2021/22<br>£000 |
|-----------------|--|-----------------|
| 230,611         | Services commissioned from Fife Council                    | 246,606         |
| 404,129         | Services commissioned from Fife NHS Board                  | 407,497         |
| 221             | Other IJB Operating Expenditure                            | 230             |
| 28              | Auditor Fee: External Audit Work                           | 28              |
| (664,632)       | Partners Funding Contributions & Non-Specific Grant Income | (704,430)       |
| <b>(29,643)</b> | <b>(Surplus) or Deficit</b>                                | <b>(50,069)</b> |

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

| 2020/21<br>£000  |   | 2021/22<br>£000  |
|------------------|---|------------------|
| (503,130)        | Funding Contribution from NHS Fife            | (521,950)        |
| (161,502)        | Funding Contribution from Fife Council        | (182,480)        |
| <b>(664,632)</b> | <b>Taxation and Non-specific Grant Income</b> | <b>(704,430)</b> |

The funding contribution from NHS Fife shown above includes £40.227m 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 2021<br>£000 |                | 31 March 2022<br>£000 |
|-----------------------|----------------|-----------------------|
| 9                     | NHS Fife       | 43,477                |
| 29,653                | Fife Council   | 36,244                |
| <b>29,662</b>         | <b>Debtors</b> | <b>79,721</b>         |

## 7 Creditors

| 31 March 2021<br>£000 |                    | 31 March 2022<br>£000 |
|-----------------------|--------------------|-----------------------|
| -                     | NHS Fife           | -                     |
| -                     | Fife Council       | -                     |
| 19                    | External Audit Fee | 9                     |
| <b>19</b>             | <b>Creditors</b>   | <b>9</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.
- The balance at March 2021 for Covid-19 was £15.180m in the 2020/21 Annual Accounts. Changes made by SG to Covid-19 classification in the Local Mobilisation Plan has required the £15.180m to be further analysed as Covid-19, Urgent Care and Care Homes, 2020/21 figures have therefore been re-stated.

| 2020/21                 |                      |                                      |                                       | 2021/22               |                      |                             |                          |
|-------------------------|----------------------|--------------------------------------|---------------------------------------|-----------------------|----------------------|-----------------------------|--------------------------|
| Balance at 1 April 2020 | Transfers in 2020/21 | Balance at 31 March 2021 (re-stated) |                                       | Transfers Out 2021/22 | Transfers in 2021/22 | Movement in Reserves (MIRS) | Balance at 31 March 2022 |
| £000                    | £000                 | £000                                 |                                       | £000                  | £000                 |                             | £000                     |
| (2,524)                 | (2,524)              |                                      | Primary Care Improvement Fund         | 1,011                 | (5,072)              |                             | (6,585)                  |
| (1,349)                 | (1,349)              |                                      | Action 15                             | 716                   | (1,588)              |                             | (2,221)                  |
| (30)                    | (30)                 |                                      | District Nurses                       |                       | (183)                |                             | (213)                    |
| (18)                    | (18)                 |                                      | Fluenz                                |                       |                      |                             | (18)                     |
| (315)                   | (315)                |                                      | Alcohol and Drugs Partnerships        |                       | (1,385)              |                             | (1,700)                  |
| (1,339)                 | (1,339)              |                                      | Community Living Change Plan          |                       |                      |                             | (1,339)                  |
| (13,719)                | (13,719)             |                                      | Covid-19                              | 13,719                | (35,993)             |                             | (35,993)                 |
| (2,000)                 | (2,000)              |                                      | Free Style Libre / Other              | 500                   |                      |                             | (1,500)                  |
| (935)                   | (935)                |                                      | Urgent Care                           | 408                   | (423)                |                             | (950)                    |
| (526)                   | (526)                |                                      | Care Homes                            | 82                    | (373)                |                             | (817)                    |
|                         |                      |                                      | Mental Health Recovery & Renewal      |                       | (4,118)              |                             | (4,118)                  |
|                         |                      |                                      | Budival                               |                       | (213)                |                             | (213)                    |
|                         |                      |                                      | Child Healthy Weight                  |                       | (23)                 |                             | (23)                     |
|                         |                      |                                      | Acceleration of 22/23 MDT recruitment |                       | (300)                |                             | (300)                    |
|                         |                      |                                      | Multi Disciplinary Teams              |                       | (1,384)              |                             | (1,384)                  |
|                         |                      |                                      | GP Premises                           |                       | (430)                |                             | (430)                    |
|                         |                      |                                      | Afghan Refugees                       |                       | (47)                 |                             | (47)                     |
|                         |                      |                                      | Dental Ventilation                    |                       | (669)                |                             | (669)                    |
|                         |                      |                                      | Interface Care                        |                       | (170)                |                             | (170)                    |
|                         |                      |                                      | Care at Home                          |                       | (3,345)              |                             | (3,345)                  |
|                         |                      |                                      | Interim beds                          |                       | (2,320)              |                             | (2,320)                  |
|                         |                      |                                      | Telecare Fire Safety                  |                       | (69)                 |                             | (69)                     |
|                         |                      |                                      | Social Care RLW Workforce Uplift      |                       | (516)                |                             | (516)                    |
|                         |                      |                                      | Self Directed Support (SDS)           |                       | (417)                |                             | (417)                    |
|                         |                      |                                      | Workforce Wellbeing Funding           |                       | (196)                |                             | (196)                    |
|                         |                      |                                      | School Nurse                          |                       | (146)                |                             | (146)                    |
|                         |                      |                                      | Remobilisation of Dental Services     |                       | (313)                |                             | (313)                    |
|                         |                      |                                      | Psychological Therapies               |                       | (264)                |                             | (264)                    |
| (22,755)                | (22,755)             |                                      | <b>Total Earmarked &amp; Covid-19</b> | <b>16,436</b>         | <b>(59,957)</b>      | <b>(43,520)</b>             | <b>(66,276)</b>          |
| -                       | (6,888)              | (6,888)                              | <b>Contingency/ Uncommitted</b>       | <b>37</b>             | <b>(6,585)</b>       | <b>(6,548)</b>              | <b>(13,436)</b>          |
| -                       | (29,643)             | (29,643)                             | <b>General Fund Reserve Total</b>     | <b>16,473</b>         | <b>(66,542)</b>      | <b>(50,068)</b>             | <b>(79,712)</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 and directions to partners.

### Transactions with NHS Fife

| <b>2021/21</b><br>£000 |  | <b>2021/22</b><br>£000 |
|------------------------|--|------------------------|
| (503,130)              | Funding Contributions received from NHS Fife       | (521,950)              |
| 404,129                | Expenditure on Services Provided by NHS Fife       | 407,498                |
| 110                    | Key Management Personnel: Non-Voting Board Members | 114                    |
| 14                     | External Audit Fee                                 | 14                     |
| <b>(98,877)</b>        | <b>Net Transactions with NHS Fife</b>              | <b>(114,324)</b>       |

Key Management Personnel: The non-voting Board members directly employed by NHS Fife and recharged to the IJB are the Chief Officer. Details of the remuneration for the specific post-holders is provided in the Remuneration Report.

### Balances with NHS Fife

| <b>31 March</b><br><b>2021</b><br>£000 |  | <b>31 March</b><br><b>2022</b><br>£000 |
|--|--|--|
| 9                                      | Debtor balances: Amounts due from NHS Fife | 43,472                                 |
| -                                      | Creditor balances: Amounts due to NHS Fife | -                                      |
| <b>9</b>                               | <b>Net Balance with NHS Fife</b>           | <b>43,472</b>                          |

## Transactions with Fife Council

| <b>2020/21</b><br>£000 |  | <b>2021/22</b><br>£000 |
|------------------------|--|------------------------|
| (161,502)              | Funding Contributions received from Fife Council     | (182,480)              |
| 230,611                | Expenditure on Services Provided by the Fife Council | 246,606                |
| 111                    | Key Management Personnel: Non-Voting Board Members   | 115                    |
| 14                     | External Audit Fee                                   | 14                     |
| <b>69,234</b>          | <b>Net Transactions with Fife Council</b>            | <b>64,255</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</b><br><b>2021</b><br>£000 |  | <b>31 March</b><br><b>2022</b><br>£000 |
|--|--|--|
| 29,653                                 | Debtor balances: Amounts due from Fife Council | 36,240                                 |
| -                                      | Creditor balances: Amounts due to Fife Council | -                                      |
| <b>29,653</b>                          | <b>Net Balance with Fife Council</b>           | <b>36,240</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 2021/22 (2020/21, £28,000).

### **11 Contingent Assets and Liabilities**

The IJB is not aware of any material contingent asset or liability as at 31 March 2022.

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

## Report on the audit of the financial statements

### Opinion on financial statements

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

In my opinion the accompanying financial statements:

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

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is six years. I am independent of the 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 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 the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

## **Risks of material misstatement**

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

## **Responsibilities of the 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 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 Integration Joint Board 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 Finance Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

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

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

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

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

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

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

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

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

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.



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25 November 2022