

Falkirk

Integration Joint Board

AUDITED ANNUAL ACCOUNTS

2021/22

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# Management Commentary

## Introduction

This publication presents the financial statements for Falkirk Integration Joint Board (“the IJB”) for the year ended 31 March 2022. The financial statements have been prepared in accordance with the [Local Authority Accounts (Scotland) Regulations 2014](http://www.legislation.gov.uk/ssi/2014/200/contents/made) and the [Code of Practice on Local Authority Accounting in the United Kingdom](https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202122-online) as per the requirements of section 106 of the Local Government Scotland Act 1973.

### The Financial Statements are comprised of:

|  |  |
| --- | --- |
|  | A management commentary which provides an overview of operational and financial performance during the course of 2021/2022. The management commentary also considers key issues and challenges for the coming financial year. |
|  | A statement of responsibilities in respect of the administration of the IJB’s financial affairs and delivery of best value. |
|  | A remuneration report summarising remuneration and associated pension benefits in respect of specified IJB members and staff. |
|  | An annual governance statement describing the IJBs corporate governance arrangements and systems of internal control. |
|  | A comprehensive income and expenditure statement which reports the overall surplus or deficit arising from the provision of delegated services. |
|  | A movement in reserves statement which outlines the position on IJB reserves during the course of the year. |
|  | A balance sheet which summarises the assets and liabilities of the IJB as at 31st March 2022. |
|  | Notes to the financial statements, including general accounting policies and other explanatory information. |

## Role and Remit of Falkirk Integration Joint Board

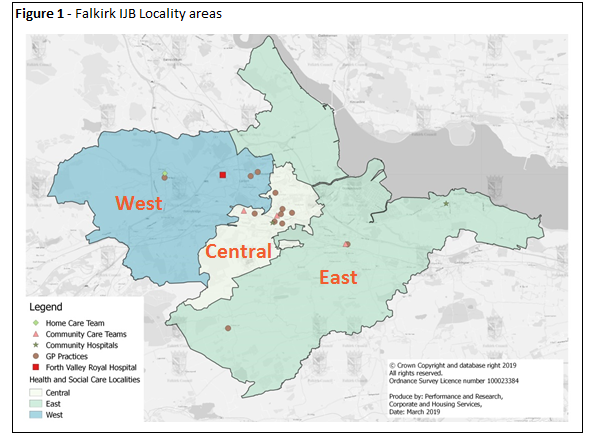
Falkirk IJB was formally established under the Public Bodies (Joint Working) (Scotland) Act 2014 to lead the integration, strategic planning and commissioning of adult health and social care services in the Falkirk area. Integration of health and social care services is a key flagship policy of the Scottish Government which aims to ensure that people receive the care and support they need at the right time, in the right setting and in a more joined up way. All of which should be underpinned by anticipatory and preventative care planning. This supports the IJB’s fundamental purpose ***to enable people in the Falkirk area to live full and positive lives within supportive and inclusive communities*.**

The IJB is a legal entity in its own right established in October 2015 following ministerial approval of the Integration Scheme developed by Falkirk Council and NHS Forth Valley. Membership of the IJB is comprised of 6 voting members (3 elected members nominated from Falkirk Council and 3 Non-Executive Directors nominated from NHS Forth Valley) together with 13 non-voting members. Non-voting members include the Chief Officer, Chief Finance Officer and a wide range of other health and social care professional advisors including third sector, carer and staff side representatives. The Chair and Vice Chair of the IJB are appointed for a 2 year term by Falkirk Council and NHS Forth Valley on a rotational basis. During 2021/22 the IJB was chaired by Michelle McClung as nominated by NHS Forth Valley with Vice Chair Councillor Fiona Collie nominated by Falkirk Council.

The scope of the health and social care services delegated to the IJB is outlined in the *integration scheme* (a legal document, subject to Ministerial approval, which sets out the specific services involved and how they will be planned, resourced and operationally delivered by the IJB). During 2021/22 this included Adult Social Work services, Integrated Learning Disability services, Integrated Mental Health services, District Nursing, Allied Health Professionals, Community Hospitals and Administrative staffing within a healthcare setting. Operational responsibility and strategic planning for other services referred to in the integration scheme, including Mental Health, Health Improvement, medical staff for relevant specialties and Primary Care, remained with NHS Forth Valley during 2021/22.

## Strategic Planning

A key statutory duty of the IJB is to develop a 3 year strategic plan which reflects the national health and wellbeing outcomes framework and delivery of agreed local priorities. As part of this work, the IJB has implemented a locality planning structure, comprised of 3 distinct geographic areas to ensure that the overall strategic plan is accessible and responsive to the needs and unique circumstances of our local communities across East, West and Central Falkirk (see figure 1 below).

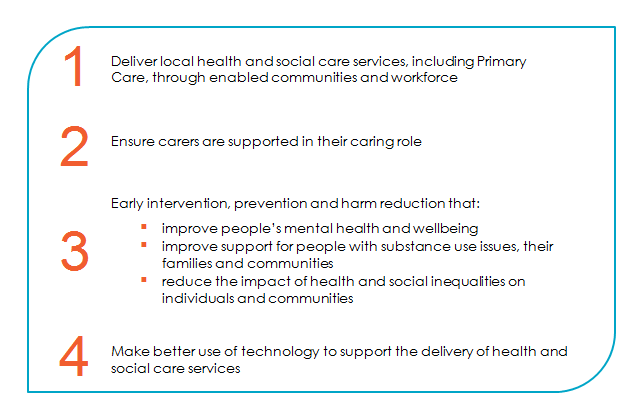
Community empowerment and engagement is key in this respect and the IJB works closely with a range of stakeholders including Falkirk Community Planning Partnership to ensure service developments are consistent with their Local Outcomes Improvement Plan (LOIP) and Falkirk Council Housing Services to determine and influence housing requirements at locality level. The IJB also consults and maintains established forums with carers and the third and independent sectors.

The current [strategic plan](https://falkirkhscp.org/publications/) covering the 3-year period 2019 to 2022 was approved by the IJB on 5 April 2019. Following review of the plan through engagement with the Strategic Planning Group and the IJB, the plan has now been extended by a further year, to 2023. This took into account the continued relevance and importance of the strategic priorities and recognised the challenges of developing a new 3-year plan during the covid pandemic and the limited scope for community engagement, which sits at the heart of strategic planning. The new plan will address the impact of Covid-19 on service requirements, as implications become clearer. This new plan will be developed between September 2022 and March 2023 with continued consultation and community participation and engagement throughout this period. The plan is expected to be published by 31 March 2023. The current plan incorporates a range of policy and legislative developments and describes the transformational change required to improve quality and outcomes for patients, carers, services users and their families whilst making best use of available resources.

The current strategic plan is set against a backdrop of the Covid pandemic which has resulted in a significant and rapid change in the configuration of health and social care services across Scotland. We continue to work with partners and organisations such as Public Health Scotland to better understand the long-term impact and unintended consequences arising from the pandemic as this evidence emerges. We recognise we will need to be responsive to current and new demand of services and redesign existing services or commission new services such as Mental Health and various local community initiatives. At the same time, demand linked to ongoing demographic change, is increasing as people are living longer into old age, often with multiple long-term conditions which require more complex multidisciplinary care and support. Similarly, the age profile of our workforce is rising (and this is more prominent in certain staff groups e.g. District Nursing) which presents a number of risks in terms of succession planning and our ability to provide sustainable services. We are also experiencing ongoing recruitment and retention difficulties across a range of posts including personal carers, Social Workers and Allied Health Professionals.

In order to respond to these challenges (combined with the impact of growth in general price inflation and advances in new technology and medical treatments), it is clear that major reform and transformation of health and social care services is essential in order to deliver better care, better health and better value. The IJB’s current, extended strategic plan supports this triple aim and sets out 4 local priority areas requiring significant change, progress or investment over the period.

## The 4 Priority Areas:

A detailed delivery plan has been developed, underpinned by an integrated whole systems approach, which identifies the specific work streams and actions required to progress the 4 strategic priorities referred to above. The Delivery Plan remains fit for purpose in a post Covid context and remains aligned with our pandemic response in terms of the current remobilisation, recovery and redesign of services. The IJB is confident that the Delivery Plan continues to reflect the appropriate direction of travel for Adult Health and Social Care Services in Falkirk and notwithstanding the operational disruption and financial risks arising from Covid-19, it is recognised that the pandemic presents a unique opportunity to accelerate key elements of our Delivery Plan.

## 

## 2021/22 Operational Performance

Financial year 2021/22 continued to be dominated by the operational and financial impact of the Covid-19 pandemic. As we emerge from the pandemic, remobilisation plans and recovery are key priorities.

## Falkirk Alcohol & Drug Partnership (ADP)

There has been significant Scottish Government investment to support the work of the ADP in 2021/22 including funding to support the Medication Assisted Treatment (MAT) Standards. The MAT standards define what is needed for the consistent delivery of safe and accessible drug treatment and support in Scotland. The standards apply to all services and organisations responsible for the delivery of care in a recovery orientated system.

## Primary Care Initial Agreement and Falkirk Community Hospital Masterplan

The Primary Care Initial Agreement and Falkirk Community Hospital Masterplan Strategic Assessment are two major workstreams that have progressed significantly during 2021/22. Both workstreams consider the primary care estate, the latter with a specific focus on the Falkirk Community Hospital and related services. Far from being a like-for-like replacement of community facilities, the projects have considered future service delivery across an integrated health and social care model and considered how the primary care estate can be configured to meet future need. A wide range of stakeholders have contributed to both projects including public / patient representatives, clinical leads, subject matter experts, management and staff. The current stage for both projects will conclude in 2022/23 with outline business case and full business case stages to follow over the next few years.

## Locality Working

Falkirk Health and Social Care Partnership (HSCP) has established three localities as part of its commitment to delivering services tailored to the needs of communities. Each locality (East, West and Central) has a Locality Manager who leads a group of managers delivering the range of services which partners have delegated to the Partnership.

Progress and test of change work across the three localities is summarised in the table below:

### 2021/22 Locality Working:

|  |  |
| --- | --- |
|  | Recruitment remains an ongoing challenge across the health and social care sector. Across all localities, staffing and demand are being reviewed and a working group has been established to support the recruitment and retention of staff, along with our partners in learning and development, the  voluntary sector and Department for Work and Pensions (DWP). |
|  | Monthly locality business meetings provide an opportunity for services to discuss current challenges and success stories. This sharing of information, knowledge and skills promotes a culture of continuous improvement and learning and promotes integration across services. Refurbishment of the former Social Work offices in Grangemouth will provide opportunity for health and social care co-location, integrated working and shared learning across locality services. |
|  | The West Locality 4 District Nursing Teams previously met virtually, once a week, to discuss any support required in respect of staffing cover and to provide support in relation to complex cases. This meeting now includes Adult Social Work and Home Care representation. GP colleagues, Allied Health Professionals (AHPs) and Strathcarron Specialist Nurses are also invited to attend and meetings now focus on multidisciplinary discussion of complex or ongoing cases which require an integrated approach. This process has seen an improvement in joined up working, benefiting those requiring care and support, and will now be developed across the East and Central localities. |
|  | The Central Locality is progressing a Home Care Remapping pilot, the aim of which is to free up care at home capacity / hours / visits by making care “runs” more efficient within geographic areas. |
|  | Homecare remodelling and Care at Home Retender are substantial projects for all localities. The homecare remodelling encompasses 3 main workstreams – reablement & training; maintenance care; and urgent / crisis response. The pilot will inform the remodelling process, as well as the ongoing process for a new care at home retender with our external providers. This remodelling will shape how care at home is provided across Falkirk, as well as specific localities to meet outcomes, but also to ensure and support greater efficiency and streamline care capacity. The Care at Home retender seeks to support a shift to an outcomes based approach for those who required care. |
|  | Falkirk has joined a cohort of six Scottish HSCPs, with project support from the national Near Me team, to roll out Near Me video appointments to Duty Social Work. Near Me enables individuals to attend appointments from the location of their choice. This can reduce travel, minimise time taken off work, school, or routine activities, and make it easier for people who need carer support. Near Me can enable an interpreter, support worker, or family member to join an appointment remotely and, in this way, will support integrated service delivery. This creates an opportunity for shared decision making, thereby enabling timely person-centric care. |

## Technology Enabled Care

During the course of the year a Technology Enabled Care (TEC) Programme was established to co-ordinate and accelerate TEC initiatives within the Partnership and strengthen transformation projects through the considered application of modern technologies. As part of this work, it was recognised that the Partnership is already a trail blazer in terms of the Analogue to Digital transition for telecare (including potential to maximise service redesign opportunities by embracing smart sensor technology and consumer devices) and our Living Well Falkirk service, built on the ADL Smartcare digital platform, which has potential to increase self-management and access to advice and equipment.

Our newly appointed TEC Development Officer, contributed to a range of other projects and activities during the year including:

### Falkirk HSCP TEC Programme Activity

|  |  |
| --- | --- |
| Getting started, planning and scoping | • Strategic Context Review  • Liaising with PMO to propose governance structure and approach to identify opportunities to embed TEC into transformation projects  • Researching existing and available TEC in Falkirk  • Engagement with Key Stakeholders and Partners |
| **Designing services to embed digital solutions** | • Following a successful bid for £30,000 funding from OSCWA and Scottish Government, the TEC Development Officer is leading a project to rollout Near Me video consultancy to Duty Social Work.  • The Near Me Duty Social Work project is working closely and integrating with Falkirk’s Community Led Support Near Me project which was first trialled earlier this year enabling individuals to talk to a link worker via a video call to the Living Well Advice Hub.  • Planning has commenced on an approach to offer individuals on waiting lists support to complete a Living Well Falkirk assessment via a Near Me appointment. |
| **Engage with individuals and build TEC awareness** | • A document setting out digital Health and Care resources, NHS-approved apps and links to community support groups available to individuals was shared with HSCP staff. This will be developed into an online resource. (Appendix 2)  • To encourage a broader understanding of Living Well Falkirk, a training session was arranged for Community Led Support workers and a course is being developed on Falkirk Council’s online learning platform (OLLE) so that the value of this resource is more widely understood.  • The TEC Development Officer has presented at the Locality Team Meetings, offering support to take forward TEC and digital health and care projects. |

## Community Led Support (CLS)

Falkirk HSCP and third sector partners have been working together to develop an effective model of community led support. Community Led Support (CLS) refers to services that are designed and delivered in conjunction with people and communities. The principles of community-led support are co-production, community focus, support, and advice to prevent crises, a culture based on trust and empowerment in which people are treated as equals, minimal bureaucracy, and a responsive and proportionate system that delivers positive outcomes.

Partners agreed that a Falkirk HSCP strategy was required to ensure that community led support remains sustainable, coordinated, and effective as our capacity increases to respond to demand on community-based services within localities. The draft strategy has been developed during 2021/2022. Our ambition is to increase the use of community led support to provide alternative models of care and to promote prevention and early intervention in the community. The CLS strategy and action plan is still in draft format and is being finalised with partners.

## Community Development & Community Link Workers

The HSCP currently supports three Community Development Workers, one within each locality area. The key role of these workers is to work with people to identify local needs, particularly relating to health and wellbeing, and then support communities and third sector organisations to develop supports to address these needs. Community capacity building is a critical area of work in creating conditions for people to maintain and improve their health and wellbeing without requiring access to formal HSCP services.

Enhanced support in communities is also critical to the expansion of the community link work model. Three Community Link Workers have been supporting GP practices in each of the three locality areas during the past two years. The workers have demonstrated excellent outcomes for people and investment from the Primary Care Investment Fund and Mental Health & Wellbeing in Primary Care will provide scope to enhance the service. This expansion is in line with Scottish Government ambition to have a Link Worker aligned to every GP practice.

The Link Workers have received over 300 referrals from GPs, Mental Health Nurses, and Advanced Nurse Practitioners during the period October 2021 – March 2022. Many of the people referred have a complex range of support needs, which

include:

* Carers support
* Financial/Debt/Welfare Benefits
* Housing/Homelessness
* Trauma/Bereavement
* Life skills/self-management/confidence
* Mental Health (including loneliness and isolation)
* Substance Use
* Weight management
* Employment/volunteering
* Learning disability

## Living Well Falkirk Concept

At present, there is a Partnership supported webpage that is a simple visual tool designed to help members of the Falkirk community to understand how to shape their progress on their ageing journey. As part of the Falkirk Community Hospital Masterplan stakeholder engagement work, the concept of a “Living Well” hub has emerged. The ongoing discussions about developing and designing Living Well “hubs” in Falkirk, describe a vision where service users, families and carers can access a range of support, advice and signposting while attending a Living Well hub. Supporting and enabling development, community participation and community led support will be crucial in order to meet the needs of residents now, and in the future.

## Using Locality Data

As locality working continues to develop, we are making better use of new and current data. An example of this is hospital presentations and admissions data. This highlights some variance across the localities as well as connections between the Scottish Index of Multiple Deprivation and presentation reasons. Further analysis on work, including frequent and moderate attender reasons, could develop locality initiatives around frailty pathways and “Living Well Falkirk” developments.

## Primary Care Improvement Plan (PCIP)

A revised timescale, delaying the final implementation of the new General Medical Services (GMS) contract was issued in a joint statement from the Scottish Government and British Medical Association, meaning that 2021/22 was no longer the final year of the PCIP. Work continues nationally to define delivery expectations for the various PCIP workstreams and funding expectations require to be reviewed. Despite the uncertainties of the last year, local progress has continued with implementation of the new contract and it is clear our advanced stage of implementation has been a key factor in our ability to maintain core GMS services during the pandemic.

## Performance

The Falkirk Health & Social Care Partnership uses a Forth Valley-wide [Performance Management Framework](https://falkirkhscp.org/wp-content/uploads/sites/9/2018/01/Performance-Management-Framework.pdf) to monitor its progress. Regular performance updates are provided throughout the year to the Integration Joint Board. The Partnership also publishes an Annual Performance Report as required by the Public Bodies (Joint Working) Regulations 2014.

Scotland’s Health and Social Care Partnerships are required to publish annual reports by 31 July each year under the Public Bodies (Joint Working) Regulations 2014. Due to the impacts of the COVID-19 pandemic upon services, the Coronavirus (Scotland) Act 2020 allowed Partnerships to postpone the publication of 2020-21 annual reports until the end of November 2021. Publication of the 2021/22 report is also postponed and will be available shortly after IJB Board approval, expected in September 2022. The latest report can be accessed on the [Partnership’s webpages](https://falkirkhscp.org/performance/).

The Partnership’s Annual Performance Report highlights the complex and challenging environment of health and social care. It includes examples of the real impacts and positive outcomes made possible by the efforts of Falkirk’s health and care services in the past year, made possible by the commitment, resilience, and professionalism of our workforce and partners, including carers and volunteers.

## 2021/22 Financial Performance

The IJB reported total income of £253.983m for financial year 2021/22 (a decrease of £3.387m compared to the previous year) comprised of £222.904m in respect of the integrated budget and £31.079m relating to set aside.

This compares to total expenditure of £234.930m incurred during the year (a decrease of £11.026m relative to 2020/21) comprised of £203.851m in respect of expenditure on integrated services and £31.079m relating to set aside.

As a result, a surplus of £19.053m was reported in the Comprehensive Income and Expenditure Statement as at 31 March 2022. The position reflects the net increase in reserve balances on account of delays in planned expenditure during the course of the year, receipt of late funding allocations and unused Covid funding which required to be carried forward to 2022/23 in line with Scottish Government guidance.

In line with previous years, NHS Forth Valley directly managed the overspend against the set aside budget totalling £0.700m. No risk sharing arrangements were required in respect of the integrated budget.

During the course of the year the following performance issues were reported:

* **Large Hospital Services/Set Aside** – ongoing service pressures within A&E and various inpatient specialties (including general medicine, rehab and mental health) due to increased demand and case mix complexity/ length of stay, together with additional nursing costs in order to maintain safe staffing levels. This is exacerbated by similar short staffing challenges in social care which is impacting on an element of the planned discharge profile from the hospital.
* **Social Care** – significant financial and operational service pressures are being reported in relation to home care. This reflects ongoing demand combined with short staffing issues across both internal and externally provided services (due to Covid self-isolation requirements and vacancies). The number of people currently waiting for packages of care remains extremely high and a number of external Providers are operating under business continuity measures. These pressures are offset by lower costs for Housing Aids & Adaptations, a community mental health underspend, vacancies within the assessment and care planning team and non-recurring savings within respite and day care services.
* **Primary Healthcare** – reflecting pressures within General Medical Services (GMS) and Primary Care Prescribing. Key areas of overspend within GMS relate to locum cover costs in respect of maternity/paternity leave claims from independent GP Practices. With respect to Primary Care Prescribing, note that due to the time taken to process prescription data nationally, only actual costs for April to January are known at this stage. Therefore, estimates have been provided for February and March based on the most recent average cost per item and forecast volumes. Volume growth in the number of items prescribed is higher than original planning assumptions. This reflects ongoing demand together with delays in achieving efficiency savings.
* **Community Healthcare** – the favourable financial position following the temporary closure of wards 1 to 4 at Falkirk Community Hospital (FCH) due to fire risk issues and redeployment of FCH ward staff to vacancies in other service areas, together with staff turnover / vacancy savings across several services both mask significant pressures within JLES, the night nursing service and complex care (due to 2 out of area placements).

A reconciliation of the overall 2021/22 financial position to the Comprehensive Income and Expenditure Statement is presented below:

|  |  |  |  |
| --- | --- | --- | --- |
| Reconciliation to Comprehensive Income & Expenditure Statement (CIES) | 2021-22 £000s |  |  |
|  | **Budget** | **Expenditure** | **(Underspend)/ Overspend** |
| Large Hospital Services | 31,079 | 31,779 | 700 |
| Community Healthcare Services | 22,284 | 20,151 | (2,133) |
| Social Care Services | 96,010 | 95,305 | (705) |
| Primary Healthcare Services | 79,798 | 81,413 | 1,615 |
| Covid | 6,528 | 6,528 | 0 |
| IJB Running Costs | 418 | 454 | 36 |
|  | **236,117** | **235,630** | **(487)** |
|  |  |  |  |
| Set Aside managed directly by NHS Forth Valley |  | (700) | (700) |
| TOTAL | 236,117 | 234,930 | (1,187) |

**Reserve adjustments included in budget figures above**

|  |  |  |  |
| --- | --- | --- | --- |
| Covid | 14,518 | 0 | (14,518) |
| Community Healthcare Services transfers to reserves | 2,436 | 0 | (2,436) |
| Primary Healthcare Services transfers to reserves | 1,238 | 0 | (1,238) |
| Social Care transfers to reserves | (326) | 0 | 326 |
|  | **17,866** | **0** | **(17,866)** |
| REVISED TOTAL AS PER CIES | 253,983 | 234,930 | (19,053) |

## Covid-19

During the course of the year the Scottish Government provided £16.338m of funding to meet all additional costs and unachieved savings associated with the pandemic. This reflected the funding originally requested through the IJB’s Local Mobilisation Plan submission (£1.820m) together with a further £14.518m confirmed by the Scottish Government in March in respect of ongoing Covid related cost pressures. In addition, the IJB brought forward Scottish Government Covid funding of £6.397m, through reserves, from 2020/21. This reserve is expected to be fully utilised in 2022/23 [and 2023/24].

Expenditure of £7.334m was incurred during the year, leaving a balance of £15.401m in reserves to meet ongoing costs during 2022/23.

### Key areas of Covid related expenditure to date include:

|  |  |
| --- | --- |
|  | Provision of Personal Protective Equipment (PPE) and enhanced infection prevention and control arrangements; |
|  | Financial sustainability support for external Social Care Providers, particularly in relation to Care Home occupancy and reimbursement of additional costs incurred by all Provider services. |
|  | Financial support for independent Primary Care Contractors including support to assist with remobilisation and recovery. |
|  | Additional temporary staffing costs, including use of agency, staff bank and overtime to meet increased demand and to cover for staff absence due to sickness, shielding or self-isolation requirements. |
|  | Funding to offset the loss of income due to the temporary pause in non-residential charges due to the suspension of day. |
|  | Provision of additional equipment to support discharge and care of patients at home (e.g. beds, hoists etc via the Joint Loan Equipment Service). |
|  | Provision of Intermediate/step down care facilities during 2021/22 to facilitate earlier discharge from Acute hospital beds and to alleviate bed pressures. New contracts were agreed with two providers in 2021/22. |

## Reserves

A commentary on the key reserve movements is presented below (detailed information is reported under note 9).

Closing reserve balances increased by £19.053m to £37.053m as at 31 March 2022. An increase of this magnitude is unprecedented and reflects a significant number of material allocations that were received late in the financial year which required to be carried forward through reserves, together with the ongoing impact of Covid on planned expenditure relating to a number of projects that are funded through earmarked reserves.

As illustrated in note 9, the vast majority of the £37.053m balance represents earmarked reserves. These balances are held to fund specific projects or earmarked future commitments as part of the IJB’s strategic plan and are expected to be fully utilised during 2022/23.

A small sum of £0.946m has been carried forward from the previous financial year and is held as a contingency reserve, as approved by the IJB in September 2021. The approved contingency reserve balance was the equivalent to 0.5% of 2020/21 IJB net expenditure (excluding non-discretionary Family Health Services and Covid) and remains relatively low in the context of the scale and magnitude of the services and functions delegated to the IJB.

In total, contingency, bad debt provision and general reserves of £2.357m are noted at 31 March 2022, an increase of £1.187m during 2021/22.

## Forward look 2022/23

It is clear that remobilisation, recovery and redesign of services will continue to be a key feature of financial year 2022/23 as we emerge from the Covid-19 pandemic.

The initial estimate of the potential cost impact of Covid in 2022/23 is in the region of £9.110m (excluding unachieved savings). The Scottish Government has advised that no additional Covid consequential funding has been agreed with the UK Treasury for 2022/23 and IJBs should plan on the basis that no further Covid funding will be issued. Any unused Covid balances carried forward from 2021/22 would therefore require to be used in the first instance to meet ongoing additional costs incurred during 2022/23.

Significant recurring investment was announced last year as part of a national funding package to address winter pressures and support longer term improvement in service capacity across the health and social care system. This funding is designed to increase multidisciplinary team working and capacity, provide a further pay award for all adult social care staff employed in direct care roles, support interim care arrangements and enhance staff wellbeing. In order to address Social Care Provider sustainability challenges, contractual rates for 2022/23 have been increased to include a pay and non-pay inflationary uplift. The rate uplift reflects full implementation of the Scottish Government’s adult social care pay policy (whereby staff employed in direct care roles must be paid a minimum of £10.50 per hour) and also provides a contribution towards increased non-pay costs such as business insurance, utilities, and fuel. Whilst this has been welcomed by local providers, there is ongoing concern in relation to the scale of the cost of living and inflationary pressures currently being experienced. The position will be kept under close review.

On-going consideration will require to be given to the recurring cost impact of the pandemic in terms of long Covid and increased demand for mental health services, supported by Scottish Government Mental Health Recovery and Renewal funds. Plans for additional, anticipated funding in respect of mental health and wellbeing in primary care will also progress during 2022/23 while an additional £15m funding is anticipated nationally in respect of the Primary Care Improvement Programme.

The Scottish Government’s medium term financial strategy and resource spending review were published in May 2022 and this will inform the revision of the IJB’s medium term financial plan, together with wider economic considerations (rising inflation, rising energy costs and labour market challenges).

During 2022/23 work will resume on the day service review for older people, delayed during the Covid pandemic.

### A number of other key workstreams and issues for 2022/23 are considered below

|  |  |
| --- | --- |
|  | Financial sustainability - significant recurring savings require to be delivered during 2022/23 (comprised of £4.282m relating to the integrated budget and £0.883m relating to set aside) in order to address the underlying deficit and reduce reliance on non-recurring measures and / or additional one off payments from partners to achieve breakeven. A full programme has been identified with key themes relating to residential care services, community hospitals, procurement and prescribing however just under half of the proposals (48%) are currently considered high risk in terms of deliverability. |
|  | Workforce planning and capacity – this is a key risk area given current recruitment difficulties which impacts on our ability to continue to deliver safe services and to conduct longer term workforce planning. An interim integrated workforce plan was developed in 2021/22 with further modelling work required to assess service changes/developments across the medium term. |
|  | Commissioning – the existing Support at Home Services (Home Support and Supported Living) framework contract was due to expire on 31 March 2022 and was subsequently extended to 31 March 2023. This is a substantial contract, valued at c.£30m. Contract strategy and associated tender documents are expected to be approved and issued by October 2022. It is recognised that changes in future market conditions and the financial viability of external Providers is a potential risk in terms of our strategic commissioning plans (particularly in a post Covid operating environment). |
|  | The National Care Service (Scotland) Bill was introduced to the Scottish Parliament on 20 June 2022, to transfer social care responsibility from local authorities to a new, national service. This could include adult and children’s services, as well as areas such as justice social work. The Scottish Government would need to consult with the public before transferring responsibilities relating to children’s services or justice social work to the new service. Scottish Ministers are also able to transfer healthcare functions from the NHS and health boards to the National Care Service. Care or health services that are transferred to the new service could be delivered nationally or locally. New bodies called “care boards” would be responsible for delivering care locally. The Bill is currently at Stage 1 and it will be some time before the implications for Falkirk Integration Joint Board are fully understood. |

## Conclusion

2021/22 was another unprecedented year. The impact of Covid 19 continued to have a profound effect across the world forcing us to quickly adapt to different ways of working, learning and connecting with each other. Our Health and Social Care staff have continued to show tremendous resilience in the face of the ongoing pandemic continuing to deliver services to our most vulnerable people, often in difficult and challenging circumstances. This has been recognised by our service users, patients, carers, communities, partners and the IJB Board members and elected members. As we emerge from Covid, recovery and remobilisation plans are a key focus.

It is clear that our local Covid response has reinforced the tangible benefits of integration and collaborative working (particularly in relation to our integrated approach to Care Homes which has been recognised nationally) and we look forward to building on this in 2022/23 and beyond.

## Where to Find More Information

If you would like more information please visit our website at: [www.falkirkhscp.org](http://www.falkirkhscp.org)

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| **Michele McClung** |  | 23 September 2022 |
| Chair |  |  |

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| **Patricia Cassidy** |  | 23 September 2022 |
| Chief Officer |  |  |

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| **Steven Kirkwood** |  | 23 September 2022 |
| Interim Chief Finance Officer |  |  |

# Statement of Responsibilities

## Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

* Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer.
* Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
* Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
* Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Integration Joint Board Audit Committee on 17 June 2022.

Signed on behalf of the Falkirk IJB

|  |  |  |
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| **Michele McClung** |  | 23 September 2022 |
| Chair |  |  |

## Responsibilities of the Chief Finance Officer

The Chief Finance 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 then applied them consistently
* made judgements and estimates that were reasonable and prudent
* complied with legislation
* complied with the accounting code (in so far as it is compatible with legislation)

The Chief Finance Officer has also:

* kept proper accounting records which were up to date
* taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the financial statements give a true and fair view of the financial position of the Falkirk Integration Joint Board as of 31 March 2022 and the transactions for the year then ended.

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| **Steven Kirkwood** |  | 23 September 2022 |
| Interim Chief Finance Officer |  |  |

# Remuneration Report

## Introduction

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

The information provided 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.

## Voting Membership of the IJB in 2021/22

Membership of the IJB is comprised of 6 voting members (3 elected members nominated from Falkirk Council and 3 Non-Executive Directors nominated from NHS Forth Valley). The Chair and Vice Chair of the IJB are appointed for a 2 year term by the voting members of Falkirk Council and NHS Forth Valley on a rotational basis.

During financial year 2021/22 the IJB voting Membership of the IJB was as follows:

## NHS Forth Valley

Gordon Johnstone, Non-Executive Member of Forth Valley NHS Board

Stephen McAllister, Non-Executive Member of Forth Valley NHS Board

Dr Michele McClung, Non-Executive Member of NHS Forth Valley Board (Chair)

## Falkirk Council

Councillor Allyson Black \* resigned 7 Sept 2021

Councillor Robert Bissett \* attended 18 March 2022 as substitute

Councillor Cecil Meiklejohn \* to May 2022

Councillor Fiona Collie (Vice Chair)

Councillor Anne Hannah \* from June 2022

Councillor Stacey Devine \* from June 2022

## Remuneration: IJB Chair and Vice Chair

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. Neither the Chair or Vice Chair of the IJB received additional remuneration or taxable expenses.

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 in its own right; however specific post-holding officers are non-voting members of the Board.

## Chief Officer

Section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 stipulates that a Chief Officer must be appointed on a formal secondment basis to the IJB through the employing partner (in this case the employing partner is Falkirk Council). The employment contract for the Chief Officer will therefore adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer’s employment are approved by the IJB.

## Other Officer

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.

## Chief Finance Officer

The tables below identify a change in Chief Finance Officer during 2020/21. While there are no further changes in 2021/22 it should be noted that the post was subject to further change in May 2022 when the Chief Finance Officer post became vacant. An interim Chief Finance Officer was appointed on 25 May 2022, pending appointment of a permanent replacement. The Management Commentary and Responsibilities of the Chief Finance Officer sections of the Annual Accounts have been certified by the interim Chief Finance Officer.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total**  **2020/21**  **£** | **Senior Employee/Full Time Equivalent (FTE)** | **Salary,**  **Fees & Allowances**  **£** | **Taxable**  **Expenses**  **£** | **Total**  **2021/22**  **£** |
| 112,745 | **Patricia Cassidy**  Chief Officer  1.0 FTE | 113,345 | - | 113,345 |
| 8,917 | **Amanda Templeman\***  Chief Finance Officer  0.8 FTE | - | - | - |
| 71,249 | **Jillian Thomson**  Chief Finance Officer  1.0 FTE | 74,597 | - | 74,597 |
| **192,911** | **Total** | **£187,942** | **-** | **£187,942** |

*\* Left 30 April 2020 \*\* Started 20 April 2020*

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 is required to fund employer contributions for the current year in respect of the officer time spent on discharging their role on the IJB. The below table presents the IJB’s funding during the year to support officers’ pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer’s own contributions.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Senior Employee | In year Pension Contribution For the year to 31 March 2021  £ | In year Pension Contribution For the year to 31 March 2022  £ |  | Accrued pension benefits as at 31 March 2022  £000s | Accrued pension benefits difference from March 2021  £000s |
| Patricia Cassidy Chief Officer   1. FT | 25,278 | 25,503 | Pension | 39,000 | 3,000 |
|  |  |  | Lump Sum | 23,000 | 0 |
| Amanda Templeman\*  Chief Finance Officer  0.8 FTE | 1,374 | N/A | Pension | N/A | N/A |
|  |  |  | Lump Sum | N/A | N/A |
| Jillian Thomson  Chief Finance Officer  1.0 FTE | 14,764 | £15,560 | Pension | 26,000 | 3,000 |
|  |  |  | Lump Sum | 0 | 0 |
| Total | **41,416** | **41,063** | **Pension** | **65,000** | **6,000** |
|  |  |  | **Lump Sum** | **23,000** | **0** |

*\* Left 30 April 2020 \*\* Started 20 April 2020*

**Disclosure by Pay Bands**

Pay information has not been separately disclosed as all relevant details are already included in the information above.

## Exit Packages

There were no exit packages in relation to the Falkirk IJB in 2021/22 or the previous financial year.

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| **Michele McClung** |  | 23 September 2022 |
| Chair |  |  |

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| --- | --- | --- |
| **Patricia Cassidy** |  | 23 September 2022 |
| Chief Officer |  |  |

# Annual Governance Statement

As specified in the Local Authority Accounts (Scotland) Regulations 2014, the IJB is required to conduct a review of the effectiveness of its internal control systems at least once in each financial year and must also include an annual governance statement as part of the annual accounts. This is consistent with Code of Practice on Local Authority Accounting in the United Kingdom and guidance developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) entitled “*Delivering Good Governance in Local Government: a framework*”.

## Scope of Responsibility

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

In discharging these responsibilities, the Chief Officer has established a system of internal control and arrangements for the governance of the IJB’s affairs and the effectiveness of its functions (including risk management). It is recognised that any system of internal control can only provide reasonable and not absolute assurance of effectiveness.

As part of the overall governance arrangements, the Chief Officer also places reliance on the systems of internal control operated by Falkirk Council and NHS Forth Valley (recognising that these systems ensure compliance with both organisations’ policies and procedures and support achievement of each organisation’s aims and objectives, as well as those of the IJB).

## The Purpose of the Governance Framework

The governance framework refers to the systems, processes, culture and values by which the IJB is directed and controlled. The governance framework enables the IJB to deliver its strategic objectives and perform effectively whilst maintaining public confidence in IJB processes and decision making. The governance framework is regularly reviewed to ensure it reflects best practice and new legislative requirements, supporting continuous improvement and better outcomes, whilst striking an appropriate balance between quality and cost.

As part of the overall governance framework, the system of internal control is designed to identify, prioritise and manage risk to an acceptable level. This includes evaluation of the risk of failure to achieve the IJB’s policies, aims and objectives, the likelihood of those risks being realised and the impact of those risks should they be realised. The system aims to help manage risks as efficiently, effectively and economically as possible.

## The Governance Framework and Internal Control System

The Board of the IJB is comprised of the Chair, Vice-Chair and 4 other voting members. Of the 6 voting members in total, 3 are nominated by NHS Forth Valley and 3 by Falkirk Council. The Board also includes 13 non-voting members, comprised of the Chief Officer, Chief Finance Officer, other Officers appointed by virtue of their professional role including the Chief Social Work Officer, Medical Director and Director of Nursing, as well as employee representatives, service users, carers and third sector representatives. The IJB is the key decision making body in respect of the planning, resourcing and operational delivery of all integrated health and social care services within its geographical boundary area.

### The main features of the governance framework in existence during 2021/22

|  |  |
| --- | --- |
|  | Strategic decision making was governed by the IJB’s key constitutional documents including the Integration Scheme, standing orders, scheme of delegation, financial regulations and reserves policy. |
|  | A code of conduct was in place for all IJB Board members, including a register of interests. |
|  | The IJB’s vision, outcomes and priorities are set out in the IJB’s Strategic Plan for 2019-2022, which contributes to the strategic priorities and outcomes contained in the Community Planning Partnership’s Local Outcomes Improvement Plan (LOIP) and the national health and well-being outcomes framework. |
|  | An Audit Committee was in place with a remit which includes risk management, corporate governance and all matters relating to internal and external audit. Terms of reference are regularly reviewed and an annual workplan agreed. |
|  | The Clinical and Care Governance Committee provided assurance to the IJB on the systems in place for delivery of safe, effective, person-centred care in line with the IJB’s statutory duty for the quality of health and care services. An annual work plan is in place to ensure all key pieces of work are covered. |

## System of Internal Control

The governance framework 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:

* Financial regulations and codes of financial practice
* Management information systems and regular monitoring reports, including performance and financial reporting
* Annual assurance statements prepared by each IJB committee to provide assurance that the committee structure supports delivery of IJB strategic priorities and ensures that operational and strategic risks are being managed effectively.
* Comprehensive budgeting systems and a formal budget setting process
* Regular reporting to the Audit Committee including internal audit progress reports
* Regular reporting to Falkirk Council’s External Scrutiny Committee and the Community Planning Partnership
* Minutes of IJB meetings are submitted to Falkirk Council and NHS Forth Valley
* Publication of the IJB annual performance report

## 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 of the effectiveness of the framework is informed by the work of the Chief Officer and Senior Management who have responsibility for development and maintenance of the governance environment together with reports by the Chief Internal Auditor and reports from External Auditors and other review bodies as appropriate.

The IJB operates in accordance with Public Sector Internal Audit Standards (PSIAS) which require the Chief Internal Auditor to deliver an annual opinion and report to inform the IJB’s governance statement.

The Chief Internal Auditor reports directly to the Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Finance Officer and Chair of the Audit Committee on any matter. The Audit Committee agrees a risk based internal audit work plan targeted to the highest risk areas in order to ensure that all proposed audit activity is focussed on key areas and is sufficient in order to provide an appropriate level of assurance.

The annual internal audit assurance report for 2021-22 has been received which confirms that sufficient internal audit activity was undertaken during the year to allow a balanced opinion to be provided. This included work in relation to the IJB’s Directions and Resilience and Business Continuity arrangements and also includes other relevant audit work undertaken within Partner organisations including

* Falkirk Council Pension Fund;
* Falkirk Council Detail Head 4999;
* Falkirk Council Payroll Transactional Testing;
* Falkirk Council Fleet Management and Monitoring Arrangements;
* Falkirk Council Continuous Auditing (focussing on Creditors Payments);
* NHS Forth Valley Internal Control Evaluation;
* NHS Forth Valley Resilience Planning;
* NHS Forth Valley Strategic Planning;
* NHS Forth Valley Recovery, Redesign, and Renewal;
* NHS Forth Valley Primary Care Improvement Plan.

The annual internal audit assurance report offers substantial assurance in respect of Falkirk IJB’s overall arrangements for risk management, governance, and control for the year to 31 March 2022.

## Areas for improvement

The IJB adopts a continuous improvement approach as part of our ongoing effort to enhance our governance arrangements and system of internal control. A number of areas for improvement were identified during 2021/22, including:

* Confirmation of arrangements to conclude the transfer of operational management of all outstanding healthcare services to IJBs (including agreement of hosting arrangements where appropriate).
* Implementation of statutory guidance regarding set aside services in collaboration with NHS Forth Valley and Clackmannanshire and Stirling IJB.
* Implementation of statutory guidance regarding Directions.
* Implementation of the CIPFA Financial Management code
* Implementation of various internal and external audit actions and recommendations.
* Review of the systems of internal control in relation to the work of the Central Matching Team and Financial Assessment Officers who transferred from Falkirk Council’s corporate services department to Adult Social Care.

A summary of actions taken during 2021/22 to progress these areas is outlined in the table below:

| Area Identified for Improvement | Current Status |
| --- | --- |
| Progress with Integration Scheme / MSG Self-Assessment | Recent progress has been made with the transfers of administrative staff based in community healthcare settings and Medical Staff for relevant specialities. Primary Care, Mental Health and Health Improvement transfers and hosting arrangement discussions are ongoing.  Baseline set aside activity metrics have been discussed and will progress during 2022/23.  Provision of corporate support arrangements from both partners will be considered as part of the review of the Integration Scheme.  Risk sharing arrangements to be agreed and clearly defined as part of the review of the Integration Scheme.  Further clarity is required in terms of the status of the MSG improvement plan. |
| Implementation of the CIPFA Financial Management code | In progress. Self-assessment of IJB financial management arrangements against CIPFA recommended standards is underway. The outcome and associated action plan will be reported and monitored, in 2022/23, via the Audit Committee. |
| Other Internal & External Audit Reviews | A Risk Management Action Plan was presented to the June Audit Committee and will be progressed during 2022/23.  Directions final report was issued by Internal Audit 23 May 2022 with recommendations to be progressed during 2022/23.  Resilience & Business Continuity draft report issued by Internal Audit on 10 May 2022 and is with IJB Senior Management Team for consideration.  The IJB Medium Term Financial Plan is currently being reviewed to reflect the post pandemic operating environment, the forthcoming refresh of the IJB strategic plan and a number of significant policy developments in relation to adult social care.  Self-assessment completed as part of External Audit’s wider Falkirk Council Best Value Assurance audit.  Work has recommenced to strengthen collaborative leadership including dedicated organisational development sessions with partners. New induction programme / Board development sessions have commenced for newly elected members of Falkirk Council. |

## 

## Emerging Governance Issues

There were no new governance issues during 2021/22. Due to the ongoing impact of the covid-19 pandemic, decision making arrangements, conduct of IJB business and implementation of new policies and procedures continued to be conducted under emergency arrangements as previously agreed.

The IJB deemed the covid-19 outbreak as an emergency under the terms of its Scheme of Delegation and, with effect from 20 March 2020.

As part of the emergency delegated powers, the Chief Officer and Chief Finance Officer were authorised to take such measures as may be required in emergency situations, subject to:

* reporting to the IJB as soon as possible on any items for which approval would normally be necessary.
* Continuing to act in accordance with any policies and procedures of the IJB when discharging emergency delegated powers.
* Consulting the Chair and Vice Chair where any decision proposed under the use of emergency delegated powers might lead to a budget being exceeded.

These temporary arrangements were reviewed and extended several times, the latest to September 2022.

During the course of 2021/22 a number of decisions were taken by the Chief Officer under the agreed delegation of powers, largely in relation to funding and tendering of the Hospital to Home Crisis Care Project, funding of Wellbeing for Primary Care Social Care staff, recruitment of 29 healthcare support workers as part of winter funding and provision of a non pay inflationary uplift to providers in light of significant inflationary pressures including energy, fuel and travel costs.

## Conclusion and Opinion on Assurance

Subject to the above, and on the basis of the assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting on achievement of the IJBs 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. These will be supported by action plans going forward.

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| **Michele McClung** |  | 23 September 2022 |
| Chair |  |  |

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| --- | --- | --- |
| **Patricia Cassidy** |  | 23 September 2022 |
| Chief Officer |  |  |

## Comprehensive Income and Expenditure Statement

This statement illustrates the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in the Movement in Reserves Statement.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Gross Expenditure  £'000 | 2020-21 Gross Income£'000 | Net Expenditure  £'000 | Comprehensive Income & Expenditure Statement | Gross Expenditure £'000 | 2021-22 Gross Income£'000 | Net Expenditure£'000 | Notes |
| 29,629 | 0 | 29,629 | Large Hospital Services | 31,079 | 0 | 31,079 |  |
| 132,194 | 0 | 132,194 | Community Health and Social Care Services | 121,923 | 0 | 121,923 |  |
| 83,664 | 0 | 83,664 | Primary Healthcare Services | 81,474 | 0 | 81,474 |  |
| 469 | 0 | 469 | IJB Running Costs | 454 | 0 | 454 |  |
| 245,956 | 0 | 245,956 | Sub-Total | 234,930 | 0 | 234,930 |  |
|  |  |  |  |  |  |  |  |
| (257,370) | 0 | (257,370) | Taxation and Non-Specific Grant Income | (253,983) | 0 | (253,983) | 5 |
|  |  |  |  |  |  |  |  |
| (11,414) | 0 | (11,414) | (Surplus) or Deficit on Provision of Services | (19,053) | 0 | (19,053) | 4 |
|  |  |  |  |  |  |  |  |
| (11,414) | **0** | **(11,414)** | **Total Comprehensive Income and Expenditure** | **(19,053)** | **0** | **(19,053)** |  |

There are no statutory adjustments which affect the IJBs application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, 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 IJB’s reserves. 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.

|  |  |  |  |
| --- | --- | --- | --- |
| Movement in Reserves During 2021/22 | General Fund Balance  £'000 | Unusable Reserves  £'000 | Total Reserves  £'000 |
| Opening Balance @ 31 March 2021 | (18,000) | 0 | (18,000) |
| Total Comprehensive Income and Expenditure | (19,053) | 0 | (19,053) |
| Increase in 2021/22 | (19,053) | 0 | (19,053) |
| Closing Balance @ 31 March 2022 | **(37,053)** | **0** | **(37,053)** |

|  |  |  |  |
| --- | --- | --- | --- |
| Movement in Reserves During 2020/21 | General Fund Balance  £'000 | Unusable Reserves  £'000 | Total Reserves  £'000 |
| Opening Balance @ 31 March 2020 | (6,586) | - | (6,586) |
| Total Comprehensive Income and Expenditure | (11,414) | - | (11,414) |
| Decrease in 2020/21 | (11,414) | - | (11,414) |
| Closing Balance @ 31 March 2021 | **(18,000)** | **-** | **(18,000)** |

There are no statutory adjustments which affect the IJBs application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement.

# Balance Sheet

The Balance Sheet shows the value of the IJB’s assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB. Usable reserves may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable Reserves include reserves relating to statutory adjustments as shown in the Movement in Reserves Statement.

|  |  |  |
| --- | --- | --- |
|  | Balance Sheet as at 31 March 2022 |  |
| 31 March 2021 |  | 31 March  2022 |
|  |  |  |
| 18,050 | Short Term Debtors | 37, 234 |
| (50) | Provision for Bad Debts | (181) |
| 18,000 | **Current Assets** | 37,053 |
|  |  |  |
| 0 | Short Term Creditors | 0 |
| 0 | **Current Liabilities** | 0 |
|  |  |  |
| 0 | Provisions | 0 |
| 0 | **Long-Term Liabilities** | 0 |
|  |  |  |
| 18,000 | **Net Assets** | **39,053** |
|  |  |  |
|  |  |  |
| (18,000) | Useable Reserves: General Fund | (37,053) |
| 0 | Unuseable Reserves | 0 |
| (18,000) | **Total Reserves** | **(37,053)** |

The unaudited accounts were issued on 17 June 2022 and the audited accounts were authorised on 23 September 2022.

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| **Steven Kirkwood** |  | 23 September 2022 |
| Interim Chief Finance Officer |  |  |

# Notes to the Financial Statements

### Significant Accounting Policies

**General Principles**

The IJB financial statements for 2021/22 have been prepared on a going concern basis. The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973. In accordance with the CIPFA Code of Local Government Accounting (2021/22), the IJB is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the IJB will continue in operational existence for the foreseeable future.

The IJB’s funding from and commissioning of services to partners has been confirmed for 2022/23 and a medium term financial plan has previously been prepared through to 2024/25, with a revised plan expected to align with the next IJB strategic plan.

It is recognised that the IJB has continued to work within the context of the Covid-19 pandemic, an unprecedented global crisis. The Scottish Government provided funding in both 2020/21 and 2021/22 to meet all additional costs and unachieved savings associated with the pandemic. Remaining funds of £6.397m were carried forward from 2020/21 through reserves and have been supplemented by additional Scottish Government Covid funding of £16.338m in 2021/22 (excluding winter planning). After 2021/22 related expenditure of £7.334m, the remaining balance of £15.401m will be carried forward to meet ongoing costs in 2022/23, with no additional Scottish Government funding anticipated in 2022/23. However, ultimately all additional costs will be met by the IJB’s partners in line with the Integration Scheme. In practice, the options available within the Integration Scheme in terms of projected budget overspends / additional costs have not been invoked in prior years as a risk sharing arrangement has been agreed on an annual basis to ensure that the relevant Partner makes good any overspends. The updated Integration Scheme will formalise these arrangements into a longer-term risk sharing agreement.

Given all of the above, the IJB considers that there are no material uncertainties in relation to its going concern status.

**Accruals of Income and Expenditure**

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

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

**Funding**

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

**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.

**Employee Benefits**

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

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

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

**Provisions, Contingent Liabilities and Contingent Assets**

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

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB’s Balance Sheet, but is disclosed in a note where it is material. The IJB has no contingent liabilities.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB’s Balance Sheet, but is disclosed in a note only if it is probable and can be reliably measured. The IJB has no contingent assets.

**Reserves**

The IJB’s reserves are classified as either Usable or Unusable Reserves.

The IJB’s only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

The IJB has no unusable reserves.

**Indemnity Insurance**

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Forth Valley and Falkirk Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any ‘shared risk’ exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore similar to normal insurance arrangements.

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

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

There were no claims or costs incurred during 2021/22 or the previous financial year 2020/21.

**VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue and Customs. VAT receivable is excluded from income.

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

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

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

### Events After the Reporting Period

In accordance with the requirements of International Accounting Standards 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date that the accounts were certified by the Chief Finance Officer following approval by the Audit Committee.

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

* Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts is adjusted to reflect such events.

* Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Whilst the Covid-19 pandemic is not a post balance sheet event, the potential impact from ongoing developments after the 31 March 2022 year end have been considered accordingly for disclosure in the financial statements.

These developments include:

* Ongoing changes to the configuration and delivery of a wide range of health and social care services including alternative modes of service delivery and the temporary suspension of certain services in line with national guidance.
* Additional covid related expenditure of £7.334m incurred during 2021/22 is included in the accounts for the year. This was fully funded by the Scottish Government. As highlighted above, unused Covid funding was transferred to reserves to be carried forward to 2022/23.
* There will continue to be material financial implications during 2022/23, which will apply to next year’s financial statements. This will reflect national guidance and the financial impact of all actions currently being taken forward by the IJB as part of the local mobilisation plan to respond and support resilience and recovery during the course of the pandemic.

From our assessment we have not identified any material financial impact on the 31 March 2022 financial position.

### Critical Judgements and Estimation Uncertainty

The critical judgements made in the Financial Statements relating to complex transactions are outlined below:-

* Both partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations’ opinion that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none).
* The Annual Accounts contain estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
* There are no items in the IJB’s Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year.

### Expenditure and Income Analysis by Nature

|  |  |  |
| --- | --- | --- |
| **2020/21** |  | **21/22** |
| **£000** |  |  |
|  |  |  |
| 82,154 | Services commissioned from Falkirk Council | 87,860 |
| 163,333 | Services commissioned from NHS Forth Valley | 146,485 |
| - | Provision for Bad Debt | 131 |
| 443 | Other IJB Operating Expenditure | 423 |
| 3 | Insurance and Related Expenditure | 3 |
| 23 | Auditor Fee: External Audit Work | 28 |
| (257,370) | Partners Funding Contributions and Non-Specific Grant Income | (253,983) |
| **(11,414)** | **(Surplus) on the Provision of Services** | **(19,053)** |
|  |  |  |

Other IJB Operating Expenditure relates to shared costs for the Chief Officer, Chief Finance Officer, Senior Service Manager and supporting administration posts plus associated non-pay costs. Equal contributions to these costs are made by the constituent authorities to reflect the costs of running the Integration Authority.

### Taxation and Non-Specific Grant Income

|  |  |  |
| --- | --- | --- |
| **2020/21** |  | **2021/22** |
| **£000** |  | **£000** |
|  |  |  |
| 68,965 | Funding Contribution from Falkirk Council | 77,703 |
| 188,405 | Funding Contribution from NHS Forth Valley | 176,280 |
|  |  |  |
| **257,370** | **Taxation and Non-Specific Grant Income** | **253,983** |
|  |  |  |

The funding contribution from the NHS Board shown above includes £31.079m in respect of ‘set aside’ resources relating to acute hospital and other resources (£29.629m 2020/21). These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

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

### Debtors

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
|  |  |  |
| 10,771 | Falkirk Council | 11,113 |
| 7,229 | NHS Forth Valley | 25,940 |
|  |  |  |
| **18,000** | **Debtors** | **37,053** |
|  |  |  |

### Creditors

There are no current year or prior year creditor balances.

### Provisions

A provision for bad debts in relation to Adult Social Care of £0.181m is included in the 2021/22 accounts and compares with the 2020/21 bad debt provision of £0.050m.

### Useable Reserve: General Fund

The IJB holds 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 element of the IJB’s financial risk management framework.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Balance at 31 March 2021 £000s | Reserves | TRANSFERS OUT £000s | TRANSFERS IN £000s | Balance at 31 March 2022 £000s |
| -85 | Services for Survivors | 10 | 0 | -75 |
| -40 | Sensory Strategy | 3 | 0 | -37 |
| -361 | Dementia Innovation Fund | 0 | -60 | -421 |
| -17 | British Sign Language Plan | 0 | 0 | -17 |
| -71 | Choose Life | 0 | -22 | -93 |
| -494 | Capital Grant | 18 | 0 | -476 |
| -920 | Housing Revenue Account | 0 | -586 | -1,506 |
| -770 | Carers Strategy | 0 | -1,359 | -2,129 |
| -63 | Self Directed Support | 0 | -111 | -174 |
| -5,610 | Covid - adult social care | 5,529 | -656 | -737 |
| -1,799 | Winter planning - adult social care | 742 | -100 | -1,157 |
|  | NEW leadership funds | 0 | -103 | -103 |
|  | NEW MHO training | 0 | -34 | -34 |
|  | NEW digital exclusion | 0 | -10 | -10 |
|  | NEW appropriate adults | 0 | -14 | -14 |
|  | NEW MECS fire safety | 0 | -28 | -28 |
|  | NEW winter pressures - pay award 1 Dec | 1,243 | -1,243 | 0 |
|  | NEW winter pressures - interim care placements | 0 | -1,134 | -1,134 |
|  | NEW winter pressures - care at home | 0 | -1,758 | -1,758 |
| -2,550 | Partnership Funding | 4,344 | -3,744 | -1,950 |
| -500 | Innovation/Invest to Save | 250 | 0 | -250 |
|  | NEW Technology Enabled Care | 0 | -250 | -250 |
| -60 | Locality development | 0 | 0 | -60 |
| -415 | Health & Wellbeing | 415 | 0 | 0 |
| -415 | Reducing Health & Socal inequalities | 415 | 0 | 0 |
|  | NEW Health Inequalities & Wellbeing Fund | 0 | -772 | -772 |
|  | NEW Staff Health & Wellbeing | 0 | -174 | -174 |
| -92 | PC Transformation Funds | 0 | 0 | -92 |
| -105 | Mental Health Innovation Fund | 128 | -128 | -105 |
| -30 | Alcohol & Drugs Partnership/National Mission | 667 | -1,065 | -428 |
| -160 | GP Out of Hours Fund | 49 | -215 | -326 |
| -47 | GP Sub Committees | 0 | -6 | -53 |
| -6 | Action 15 Mental Health Strategy | 829 | -925 | -102 |
| -461 | Primary Care Improvement Fund | 4,797 | -5,290 | -954 |
| -120 | GMS premises | 54 | -202 | -268 |
| -787 | Covid - health | 1,805 | -1,164 | -146 |
| -569 | Community Living Change Fund | 0 | 0 | -569 |
| -174 | Drugs Death Task Force funding | 155 | -237 | -256 |
| -44 | Perinatal Mental Health | 44 | -65 | -65 |
| -65 | District Nursing | 197 | -190 | -58 |
|  | NEW GP Practice Exclusion Incident Audit | 0 | -12 | -12 |
|  | NEW GDS Electric Speed Adjusting Hand Pieces | 22 | -204 | -182 |
|  | NEW Winter 300 - Gp Practices Sustainability Payment | 0 | -3 | -3 |
|  | NEW GDS Ventilation Improvement Allowance | 36 | -136 | -100 |
|  | NEW Public Dental Service remobilisation | 0 | -121 | -121 |
|  | NEW Emergency Covid Funding For Eating Disorders | 29 | -128 | -99 |
|  | NEW winter pressures MDT | 0 | -567 | -567 |
|  | NEW winter pressures HCSWs | 0 | -433 | -433 |
|  | NEW Mental Health Recovery & Renewal phase 2 PDS | 0 | -101 | -101 |
|  | NEW Mental Health Recovery & Renewal Primary Care | 0 | -49 | -49 |
|  | NEW FCH underspend to test new community models of care | 0 | -829 | -829 |
|  | NEW Mental Health Recovery & Renewal Psych Therapies | 0 | -256 | -256 |
|  | NEW Primary care digital improvement | 0 | -54 | -54 |
|  | NEW MH support for those hosptialised with covid | 16 | -40 | -24 |
|  | NEW additional covid funding | 0 | -14,518 | -14,518 |
|  | NEW Mental Health Premises improvement | 0 | -432 | -432 |
|  | NEW GP Practice Telephony System Funding | 13 | -39 | -26 |
|  | NEW Expansion of Buvidal - National Drug Mission | 0 | -109 | -109 |
| -16,830 | Total Earmarked | 21,810 | -39,676 | -34,696 |
|  |  |  |  |  |
| -946 | Contingency Reserve |  |  | -946 |
| -224 | General Reserve |  | -1,187 | -1,411 |
| -1,170 | Total general | 0 | -1,187 | -2,357 |
|  |  |  |  |  |
| -18,000 | **GRAND TOTAL** | **21,810** | **-40,863** | **-37,053** |

### Further information on some of the reserves is provided below:

|  |  |
| --- | --- |
| Partnership Funding & Leadership Funding | This is funding provided by the Scottish Government previously referred to as Delayed Discharge and/or the Integrated Care Fund. |
| Capital Grant Council | This is funding received as part of the Falkirk Council financial settlement and is tied to private sector housing grants. It is used to fund aids and adaptions to privately owned houses. |
| Housing Revenue Account Council | This is funding received as part of the Falkirk Council financial settlement and is derived from council house rents. As such it is ringfenced for aids and adaptations within council house properties. |

### Related Party Transactions

The IJB has related party relationships with NHS Forth Valley and Falkirk Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB’s accounts are presented to provide additional information on the relationships.

**Transactions with NHS Forth Valley**

|  |  |  |
| --- | --- | --- |
| **2020/21** |  | **2021/22** |
| **£000** |  | **£000** |
|  |  |  |
| (188,405) | Funding Contributions received from NHS Forth Valley | (176,280) |
| 163,333 | Expenditure on Services Provided by the NHS Board | 146,485 |
| 23,112 | Integration Funding passed through Falkirk Council | 10,862 |
| 222 | Key Management Personnel: Non-Voting Board Members | 222 |
|  |  |  |
| **(1,738)** | **Net (surplus) on transactions with NHS Forth Valley** | **(18,711)** |
|  |  |  |

**Balances with NHS Forth Valley**

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
|  |  |  |
| 7,229 | Debtor balances: Amounts due from the NHS Board | 25,940 |
| 0 | Creditor Balances: Amounts due to the NHS Board | 0 |
|  |  |  |
| **7,229** | **Net Balance with NHS Forth Valley** | **25,940** |
|  |  |  |

Key Management Personnel: The Chief Officer is employed by Falkirk Council and the Chief Finance Officer by NHS Forth Valley. The cost of the posts are recharged to the IJB and funded via equal contributions from the constituent authorities based on voting shares. Details of the remuneration for the Chief Officer and the Chief Finance Officer are provided in the Remuneration Report.

Support services were not delegated to the IJB through the Integration Scheme and are instead provided free of charge as a ‘service in kind’. The support services provided by NHS Forth Valley mainly consist of performance management, human resources, financial management, risk management, information services, information technology and payroll.

**Transactions with Falkirk Council**

|  |  |  |
| --- | --- | --- |
| **2020/21** |  | **2021/22** |
| **£000** |  | **£000** |
|  |  |  |
| (68,956) | Funding Contributions received from Falkirk Council | (77,703) |
| 82,154 | Expenditure on Services Provided by Falkirk Council | 87,991 |
| (23,112) | Integration Funding passed through Falkirk Council | (10,862) |
| 247 | Key Management Personnel: Non-Voting Board Members | 232 |
|  |  |  |
| **(9,676)** | **Net (surplus) on transactions with Falkirk Council** | **(342)** |
|  |  |  |

**Balances with Falkirk Council**

|  |  |  |
| --- | --- | --- |
| **31 March 2021** |  | **31 March 2022** |
| **£000** |  | **£000** |
|  |  |  |
| 10,821 | Debtor balances: Amounts due from Falkirk Council | 11,294 |
|  |  |  |
| **10,821** | **Net Balance with Falkirk Council** | **11,294** |
|  |  |  |

Support services were not delegated to the IJB through the Integration Scheme and are instead provided free of charge as a ‘service in kind’. The support services provided by Falkirk Council mainly consist of governance services, human resources, financial management, information services, risk management, information technology and payroll.

# Independent Auditor’s report to the members of Falkirk Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

**Opinion on financial statements**

We certify that we have audited the financial statements in the annual accounts of Falkirk Integration Joint Board (‘the 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 our 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 Integration Join Board 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**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/code_audit_practice_16.pdf) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is six years. We are independent of the Integration Joint Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Integration Joint Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

These conclusions are not intended to, nor do they, provide assurance on the Integration Joint Board’s current or future financial sustainability. However, we report on the Integration Joint Board’s arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](http://www.audit-scotland.gov.uk/our-work/annual-audits).

**Risks of material misstatement**

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

**Responsibilities of the Chief Finance Officer and Falkirk Integration Joint Board Audit Committee 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 Integration Joint Board’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 Integration Joint Board’s operations.

The Integration Joint Board Audit Committee is responsible for overseeing the financial reporting process.

**Auditor’s responsibilities for the audit of the financial statements**

Our 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 our 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. We design procedures in line with our 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 Integration Joint Board is complying with that framework;

• identifying which laws and regulations are significant in the context of the Integration Joint Board;

• assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

• considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Integration Joint Board’s controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the 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 our auditor’s report.

Reporting on other requirements

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

We have audited the part of the Remuneration Report described as audited. In our 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.

Our 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 our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we 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 our 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 we are required to report by exception**

We are required by the Accounts Commission to report to you if, in our 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

• we have not received all the information and explanations we require for our audit;

• there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

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

Use of our 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, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Stephen Reid, for and on behalf of Ernst & Young LLP,

Ernst & Young LLP

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

23 September 2022

# Glossary

While much of the terminology used in this document is intended to be self explanatory, the following additional definitions and interpretation of terms may be of assistance.

| Accounting Period | The period of time covered by the accounts, which is normally a period of 12 months commencing on 1 April. |
| --- | --- |
| Assets | An asset is categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non current asset will provide benefit for a period of more than one year. The Falkirk Integration Joint Board is not allowed to hold non current assets. |
| Balance Sheet | This represents the overall financial position of the Falkirk Integration Joint Board at the end of the year. All inter-company balances between the Board and its constituent bodies have been eliminated in preparation of the balance sheet. |
| Comprehensive Income & Expenditure Statement (CIES) | This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (IFRS). |
| Constituent Authorities | The Falkirk Integration Joint Board has two constituent authorities which both fund the Board's activities and provide services to the Board. These are NHS Forth Valley and Falkirk Council. |
| Creditor | Amounts owed by the Falkirk Integration Joint Board for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period. |
| Debtor | Amount owed to the Falkirk Integration Joint Board for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period. |
| Events after the Reporting Period | Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Should such events occur it may or may not be necessary to adjust the accounts. Guidelines are in place to determine whether an adjustment should be made to the accounts.  Events taking place after the accounts have been authorised are not reflected in the financial statements or notes. |
| General Fund | The General Fund encompasses all services areas and is funded mainly by the constituent bodies or the Scottish Government. |
| Government Grants | Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Falkirk Integration Joint Board. These grants may be specific to a particular scheme or may support the revenue spend of the Falkirk Integration Joint Board. |
| Gross Expenditure | This includes all expenditure attributable to the service and activity including employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. |
| Gross Income | This includes grant income and all charges to individuals and organisations for the direct use of the Board's services. |
| Liability | A liability is where the Falkirk Integration Joint Board owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors. A long term liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time. |
| Movement in Reserves Statement | This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves. |
| Net Expenditure | This relates to gross expenditure less gross income and is the amount that needs to be funded by the constituent bodies and the Scottish Government. |
| Notes to the Core Financial Statements | These are intended to give the reader further information which is not separately detailed in the financial statements. |
| Provision | An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates or when they will arise are uncertain. |
| Related Parties | These are entities or individuals that have the potential to control or influence the Falkirk Integration Joint Board, or to be controlled or influenced by the Board. |
| Remuneration | All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. |
| Reserves | The accumulation of surpluses, deficits and appropriations over past years. Reserves can be either usable or unusable. Usable reserves can be used to fund expenditure. Unusable reserves are accounting adjustments which enable a true and fair view to be determined. Unusable reserves cannot be used to fund expenditure. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Board. |
| Revenue Expenditure | The day-to-day running costs associated with the provision of services. |

