MINUTES OF THE MEETING OF THE
EAST LOTHIAN INTEGRATION JOINT BOARD
AUDIT & RISK COMMITTEE

TUESDAY 8 MARCH 2023
VIA DIGITAL MEETINGS SYSTEM

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Committee Members Present:
Councillor L Bruce
Ms E Gordon
Ms F Ireland (Chair)
Councillor L Jardine
Mr D Binnie (NV)

Officers Present:
Ms C Flanagan
Mr I Gorman
Mr D Stainbank

Other Attendees:
Mr J Boyd, Audit Scotland
Ms K Graham, Audit Scotland

Clerk:
Ms F Currie

Apologies:
None

Declarations of Interest:
None

1. MINUTES OF THE EAST LOTHIAN IJB AUDIT AND RISK COMMITTEE MEETING OF 6 DECEMBER 2022 AND MATTERS ARISING

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 6th December 2022 were approved.

The following matters arising from the minutes were discussed:

Item 1 (Matters Arising) – the Chair asked when the self-evaluation questionnaire would be circulated to members of the Committee.

Duncan Stainbank said he would take direction from members but his intention had been to send this out in April/May. Members agreed with this timescale.

Item 2 (IAR – CIPFA Financial Management Code) – the Chair queried whether the timescale of April 2023 for completion of a multi-year financial plan was still achievable given the recent correspondence from East Lothian Council.

Claire Flanagan indicated that she intended to bring a revised version of the medium term financial plan, presented to the IJB in December 2022, to the IJB's meeting in March 2023 and that this would take account of the 2023/24 budget offers from the partners. However, she cautioned that position set out in the plan would probably not be balanced.

2. RISK REGISTER UPDATE

A report was submitted by the Chief Finance Officer laying out the IJB's risk register.

Ms Flanagan presented the quarterly update report highlighting changes to individual risks and seeking members' approval to remove risk 5045 (COVID) from the register. She advised that this risk had been subsumed into other risks as services moved on from responding to the pandemic. Ms Flanagan also asked members to consider whether to include 'homelessness' as a specific risk in the IJB's register; to reflect the role of housing in supporting the transformation programme, or whether homelessness should be included within one of the IJB's other risks, such as 'financial resources'.

The members discussed this proposal and agreed that they needed further detail and understanding of the impacts of potential housing challenges on the delivery of the strategic plan, where the IJB's responsibilities lay in relation to housing and how its inclusion in the IJB's risk register would sit in relation to the partners' registers and that of the HSCP.

Iain Gorman proposed inviting Scott Kennedy and Ian Orr, who were responsible for the administration of the Council and NHS Lothian's risk registers, to forthcoming meetings of the Committee to discuss the complex relationships between the registers in more detail. Members agreed to this proposal.

Ms Flanagan and Mr Gorman also responded to further questions from members on risks 5045 and 3924. They confirmed that further details on mitigation measures would be included for risk 3924 and that a broader risk related to communicable diseases was now included in the HSCP's risk register but, as the rating was currently under 12, it was not reported to the Committee.

A vote was taken by roll call and the recommendations were approved unanimously.

Decision

The Committee agreed to:

    i.   Note the risks on the current risk register;
    ii.   Consider if any further risks should be added; and that risk 5045 (COVID) should be removed from the register.

3. INTERNAL AUDIT PLAN 2023/24

A report was submitted by the Chief Internal Auditor informing the Committee of Internal Audit's operational plan for 2023/24.

Mr Stainbank presented the report. He outlined the background to the plan and the factors taken into account when identifying audit assignments. He drew members' attention to the proposed audit work, the assessed risk and the timeframe for completion of each audit.

Mr Stainbank responded to questions from members providing further detail on the scope of the audit work on Change Boards and Performance Management, and an explanation of the Publication Scheme. He agreed to circulate a copy of the Publication Scheme to members.

A vote was taken by roll call and the recommendation was unanimously approved.

Decision

The Committee agreed to approve the audit plan for 2023/24.

4. EAST LOTHIAN IJB DRAFT ANNUAL AUDIT PLAN 2022/23

A report was submitted by Audit Scotland outlining the draft Annual Audit Plan for 2022/23.

The Chair welcomed John Boyd, Audit Director, and Karla Graham, Senior Auditor, to the meeting.

Mr Boyd confirmed that he and his team would be responsible for auditing the East Lothian IJB over the next 5 years. He presented the draft audit plan for 2022/23 which he said covered the key responsibilities and planned audit work for the year, as well as an initial risk assessment. He summarised the main areas of audit focus including the review of financial statements, materiality, and Best Value. He outlined the timetable for completion of the audit work and confirmed that the audit plan would be finalised and published by the end of March.

Mr Boyd responded to questions from members. He noted a change to the date of the Committee's September meeting and provided further detail of the specialist expertise and tools used to assess areas such as vision, leadership and governance, as part of the broader audit work.

Decision

The Committee agreed to note the contents of the draft annual audit plan 2022/23.

5.   INTERNAL AUDIT REPORT – WORKFORCE PLANNING

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on Workforce Planning

Mr Stainbank presented the report, outlining the background and purpose of the audit. He advised members that a rating of 'reasonable assurance' had been given and he highlighted some of the key findings of the audit work.

Responding to questions, Mr Stainbank confirmed that there should be read-across between the IJB's workforce plan and those of its partners. There also needed to be an understanding of strategic objectives and how those fed into the work of the partners.

Mr Gorman acknowledged the difficulties of achieving this in practice but he felt that the necessary plans and understanding were now in place.

Ms Flanagan added that the IJB workforce plan covered the staff within the Health & Social Care Partnership and the individual who supported this work was the Partnership's workforce development officer.

In reply to a further question on the findings, Mr Gorman acknowledged that the monthly vacancy analysis did apply to all staff, not just nursing. He agreed to revise the wording in the report.

Decision

The Committee agreed to note the contents of the audit report.

6.   INTERNAL AUDIT REPORT – STRATEGIC PLANNING

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on Strategic Planning

Mr Stainbank presented the report, outlining the background and purpose of the audit. He advised members that a rating of 'reasonable assurance' had been given and he highlighted some of the key findings of the audit work.

Ms Flanagan referred to one of the audit findings relating to the recruitment of a commercial sector representative to the Strategic Planning Group. She observed that, historically, many IJBs had found it challenging to appoint to this role; the issue was not restricted to East Lothian.

Responding to questions, Mr Stainbank confirmed that the Strategic Plan would always be in draft until approved by the IJB. In practice, the IJB was asked to approve a Word version of the plan, which was then converted to a published format with photos and other graphics. However, Management had been asked to amend the wording of the recommendation to the IJB to make it clear that the IJB was approving the text and delegating authority to officers for this to be made into a final published version. The timing of the recommendation (December 2023) reflected the next point at which the annual performance report was due to be presented to the IJB.

Mr Stainbank also confirmed that the audit had reviewed the governance arrangements around the preparation of the Strategic Plan, rather than the content of the current Plan.

Decision

The Committee agreed to note the contents of the audit report.

7.   ASSESSMENT OF THE REQUIREMENT FOR AN INDEPENDENT MEMBER OF THE AUDIT & RISK COMMITTEE

Mr Stainbank reminded members that they had previously agreed that he should review how the Committee was performing and report back at a future meeting. As mentioned during agenda item 1, part of that work would involve a questionnaire to members with a view to identifying any skills gaps and considering the next steps. The questionnaire would be circulated within the next couple of months.

Signed   ....

Fiona Ireland
Chair of the East Lothian IJB Audit and Risk Committee

REPORT TO: East Lothian IJB Audit and Risk Committee

MEETING DATE: 6 June 2023

BY: Chief Internal Auditor

SUBJECT: Internal Audit Memo – Directions Setting

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1   PURPOSE

1.1   To inform the Audit and Risk Committee of the Memo issued by Internal Audit in relation to Directions Setting.

2   RECOMMENDATION

2.1   That the Audit and Risk Committee note the contents of the memo.

3   BACKGROUND

3.1   An assurance review of Directions Setting was scheduled as part of the Audit Plan for 2022/23 for completion between March and May 2023.

3.2   The process for setting Directions, under the new Directions Policy approved at the East Lothian IJB on October 2022, was still being completed through the Strategic Planning Group in May 2023. As a result of this ongoing process it would be inappropriate to complete a full audit review at this stage as it would not provide a comprehensive assurance review. A further review will be considered at a later stage following further implementation of the policy.

3.3   Assurance is provided however that an appropriate Directions Policy is in place and Directions setting processes are progressing under this Policy.

4   ENGAGEMENT

4.1   The memo have been discussed with Management, and does not require wider engagement.

5 POLICY IMPLICATIONS

5.1 None

6 INTEGRATED IMPACT ASSESSMENT

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 DIRECTIONS

7.1 The subject of this report does not require any amendment to or creation of Directions.

8 RESOURCE IMPLICATIONS

8.1 Financial - None

8.2 Personnel - None

8.3 Other - None

9 BACKGROUND PAPERS

9.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Chief Internal Auditor
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	26 May 2023

East Lothian Integration Joint Board Internal Audit Memo

From:	Duncan Stainbank, Service Manager – Internal Audit
To:	Chief Officer – Fiona Wilson Head of Operations – Iain Gorman General Manager Planning and Performance – Laura Kerr
Date:	26th May 2023

East Lothian IJB Directions 2022-23

1. Background

The Public Bodies (Joint Working)(Scotland) Act 2014 requires the Integration Joint Board to produce a Strategic Plan which need to be implemented by the Partners via a series of Directions that allocates appropriate tasks to each of the partners to improve the quality and sustainability of care.

The audit of Directions Setting was included in the East Lothian IJB Audit Plan for 2022/23 to ensure that the IJB Strategic Plan 2022-2025 had been reflected in the revised Directions.

2. Findings

We were informed that new Statutory Guidance had been issued by the Scottish Government in January 2020. Directions are a legal mechanism and are intended to clarify responsibilities and requirements between partners, that is, between the IJB, the Local Authority and the Health Board. They are the means via which clarity on decision making is achieved under integration. Directions are therefore both a necessary and important aspect of governance under integration, providing a means by which responsibilities are made clear and evident.

Following a period of discussion an amended Directions Policy was approved by the East Lothian IJB at its October 2022 meeting. Proposals to the Strategic Planning Group identified that the IJB will have 4 'core directions' and that these will be augmented by additional Directions as and when they are needed. The existing Directions will be reviewed to assess whether further individual Directions are required and will be assigned to a change board or the strategic planning group and linked to the strategic plan.

3. Conclusions

As a result of the changes to the Directions setting process consideration of the Strategic Plan approved in 2022 has not been undertaken (not in findings) to assess how this will be allocated across the 4 core directions or other directions required.

Assurance can be provided that an appropriate policy is in place and has been approved. However at the time of the review the detail of the directions was still to be approved and a full audit review will be undertaken when the new policy has operated through a yearly cycle. No further audit work has, therefore been undertaken at this stage.

REPORT TO: East Lothian IJB Audit and Risk Committee

MEETING DATE: 6 June 2023

BY: Chief Internal Auditor

SUBJECT: Internal Audit Update of NHS Lothian 2022/23 Audit Reports

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1   PURPOSE

1.1   To inform the Audit and Risk Committee of the recently issued audit reports relevant to IJB Governance, Internal Control and Risk Management processes the NHS Lothian Audit & Risk Committee.

2   RECOMMENDATION

2.1   That the Audit and Risk Committee note the contents of the audit report and consider any risk management implications.

3   BACKGROUND

3.1   The NHS Lothian Internal Audit team reports key audit findings, conclusions and recommendations to the NHS Lothian Audit & Risk Committee. Some of this internal audit work will provide assurances that should be considered by the East Lothian IJB.

3.2   All audit reports are available publicly for review at the following link for NHS Lothian at Audits (nhslothian.scot).

3.3   One audit review is considered appropriate to bring to the attention of the East Lothian IJB Audit & Risk Committee, being the Audit Review of Information Security (Appendix1). This review was provided with a Moderate Assurance grading.

4   ENGAGEMENT

4.1   Engagement with management will have been undertaken in accordance with the procedures in place for the relevant Internal Audit teams.

5   POLICY IMPLICATIONS

5.1   None

6   INTEGRATED IMPACT ASSESSMENT

6.1   The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7   DIRECTIONS

7.1   The subject of this report does not require any amendment to or creation of Directions.

8   RESOURCE IMPLICATIONS

8.1   Financial - None

8.2   Personnel - None

8.3   Other - None

9   BACKGROUND PAPERS

9.1   None

Appendix 1 – NHS Lothian Internal Audit Review of Information Security

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Chief Internal Auditor
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	26 May 2023

NHS Lothian
Internal Audit Report 2022/23
Information Security

Assurance Rating: Moderate Assurance

Date: 08 February 2023

Draft Report

Contents

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Timetable

- Date closing meeting held: 5 December 2022

- Date draft report issued: 13 January 2023

- Date management comments received: 27 January 2023

- Date Final report issued: 08 February 2023

- Date presented to Audit and Risk Committee: 20 February 2023

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Executive Summary

Introduction

Cybersecurity is the practice of safeguarding systems, networks, programs and data from unauthorised access or criminal use. Cyberattacks typically target one or more aspects of the CIA triad (Confidentiality, Integrity, and Availability). These attacks can be carried out by various types of cyber adversaries, including:

Nation states/Advanced Persistent Threats (APTs): These actors, who are often part of a country's military, target government agencies, critical infrastructure, and industries that contain sensitive data or property. They often use sophisticated methods to disrupt business operations, leak confidential information, and cause significant data and revenue loss.

Organized Crime/Cybercriminals: The main goal of these adversaries is to extort money by stealing or removing access to data or disrupting normal business operations.

Hacktivists: Some groups of cybercriminals are motivated by political or social agendas. They aim to embarrass organisations or publicize damaging information, rather than extort money or assets.

Insider Threats (Malicious or User Error): These threats come from within an organisation and are usually carried out by individuals with authorized access who intentionally or unintentionally compromise the organisation's network, data, or devices. The unique aspect of insider threats is that the access is legitimate. These actors can include current or former employees and third-party contractors.

Script Kiddies: These adversaries, who are not typically technologically sophisticated, exploit specific weaknesses on the internet without fully understanding them. They often discover these weaknesses through others.

Implementing effective cybersecurity measures is becoming increasingly challenging as attackers become more innovative and sophisticated, and there are more devices than people. The review should assess the arrangements in relation to people, processes, and technology.

Scope

Our approach involved interviews with numerous individuals at NHS Lothian, review of supporting documentation and inventory and asset logs to validate the design and operation of the relevant controls in place.

We have applied aspects of the NCSC's 10 Steps to Cyber and reviewed arrangements to meet compliance with this framework and controls in relation to cyber security.

Approach

Our audit approach was as follows:

• Obtain understanding of the key areas outlined in scope above, through discussions with key personnel, review of management information and walkthrough test, where appropriate.

• Identify the key risks relevant within Information Security.

• Evaluate the design of the controls in place to address the key risks.

• Test the operating effectiveness of the controls in place.

It is Management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit should not be seen as a substitute for Management's responsibilities for the design and operation of these systems.

A complete list of staff involved in the audit and documents reviewed can be seen at Appendix 1.

Acknowledgments

We would like to thank all staff consulted during this review for their assistance and cooperation.

Limitations in Scope

Please note that our conclusion is limited by scope. It is limited to the risks outlined above. Other risks that exist in this process are out with the scope of this review and therefore our conclusion has not considered these risks. Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing.

This report does not constitute an assurance engagement as set out under ISAE 3000.

Cybercrime Threat and Impact

£1.08 million
The average cost of ransomware attacks in the UK

Majority
Of attacks in the social care sector caused by human error

Up to 25%
Losses as a percentage of annual turnover in mid-sized organisations of cyber attacks

197 days
A cyber-attack can take up to 197 days to detect

The public sector, including healthcare organisations like the National Health Service Scotland (NHSS), is a prime target for cybercriminals due to the sensitive and valuable information they hold and their limited resources for cyber defence.

One of the main threats facing the public sector is ransomware attacks. These attacks involve malware that encrypts an organisation's data and demands payment in exchange for the decryption key. Ransomware attacks on healthcare organisations can have severe consequences, such as the disruption of medical services and the loss of patient data. In 2017, the WannaCry ransomware attack affected the UK Health Service, causing widespread disruption and resulting in the cancellation of thousands of appointments and operations.

Another significant threat facing the public sector is phishing attacks. These attacks involve an attacker disguising themselves as a trustworthy entity in order to trick victims into providing sensitive information or transferring money. In the case of the National Health Service Scotland, phishing attacks can lead to the unauthorised access to patient information or the theft of sensitive financial information.

A cyber-attack can take up to 197 days (on average) to detect from the time that the attackers gain access to a network or system. Once an organisation has been targeted, it is more than likely that they will be seen as 'low hanging' fruit by cyber attackers, who may return to the business to undertake further exploitation or share knowledge of the organisation's vulnerabilities with other criminals in dark web forums.

The impact of cybercrime on the public sector can be severe. Ransomware attacks can cause the disruption of essential services and the loss of critical data, while phishing attacks can lead to the unauthorised access to sensitive information and financial losses. In addition to the financial losses, Cyber-attacks on the healthcare sector can have serious consequences on patient care and well-being. Moreover, when it comes to the public sector, the incidents of cyber-attacks can also threaten public trust and confidence in government institutions.

In the case of the NHSS, cybercrime can have a significant impact on patient care and well-being. A ransomware attack on an NHSS organisation can result in the cancellation of appointments and operations, while a phishing attack can lead to the unauthorised access to patient information. The loss of patient data can also result in a violation of privacy and confidentiality.

Summary of Findings

We have concluded that the controls in place in respect of NHS Lothian's Information security provides a **Moderate** level of assurance. The table below provides a summary of the findings. The ratings assigned are based on the agreed internal audit rating scale (**Appendix 2**).

Detailed findings, recommendations and agreed management actions are found in Section 2 of this report.

Moderate Assurance			
HIGH	MEDIUM	LOW	ADVISORY
-	4	1	-

Ref	Issue	H	M	L	A
2.1	**Asset management - Unsupported / End of life assets.** NHS Lothian is currently utilising systems and applications that are no longer supported, this poses a significant risk. Without security updates, these assets become increasingly vulnerable to attacks over time and may serve as a point of entry for an attacker. The compromise of these assets could result in short-term loss of business offerings, as well as potential loss of sensitive data or further compromise of NHS Lothian's digital environment. This could ultimately have a negative impact on NHS Lothian's business continuity and disaster recovery operations, as well as the organisations reputation.	-	1	-	-
2.2	**Access Control.** During the audit It was determined that the organisation's current password policy may be insufficient and does not align with best practice guidelines set out by the National Cyber Security Centre (NCSC) or equivalent cyber security frameworks.	-	1	-	-

Ref	Issue	H	M	L	A
2.3	**Access Control.** During the audit, it was discovered that there were no controls in place to mandate the use of stronger or more complex passwords for privileged accounts, and no password auditing was conducted to ensure that users were not reusing the same passwords for both privileged and standard user accounts.	-	1	-	-
2.4	**User Engagement - Managing Human Risk.** NHS Lothian currently conducts cyber security awareness training that primarily centres on compliance. Staff receive relevant and current information throughout the year, however, the lack of simulation testing prevents the ability to accurately assess the effectiveness of the training or identify potential weaknesses in human behaviour. As a result, NHS Lothian may not be able to fully establish an effective cyber security culture.	-	1	-	-
2.5	**Incident Response.** During the audit we discovered that NHS Lothian does not currently have cyber security playbooks in place, which raises concerns about the organisation's ability to effectively respond to and manage cyber security incidents. Having well-defined incident response procedures and playbooks is critical for quickly and effectively identifying, containing, and mitigating cyber security incidents, as well as restoring normal operations and reporting the incident to the appropriate parties. The lack of these playbooks leaves the organisation vulnerable to potential cyber security incidents and data breaches.	-	-	1	-
TOTAL		**-**	**4**	**1**	**-**

Areas of good practice

During the cyber security audit, several areas of good practice were identified. These included strong policies (with the exception of the password policy, see Finding 2.2), regular software updates, and effective incident response procedures. Additionally, NHS Lothian have implemented comprehensive network monitoring solutions that allows them to detect and respond to many potential security threats in real-time. This includes the use of intrusion detection and prevention systems, log management, and regular security reviews of network activity. Overall, the audit revealed NHS Lothian has implemented a number of good practices to protect against cyber threats. The organisation's commitment to maintaining the security of their systems and data is evident in the policies, procedures, and technical controls in place. It is recommended that NHS Lothian continues to review and update its security measures on a regular basis to ensure that they are in line with industry best practices and national standards.

Follow Up

Approximately two weeks following issue of the final Internal Audit report, a member of the Audit Team will issue an evidence requirements' document for those reports where management actions have been agreed.

This document forms part of the follow up process and records what information should be provided to close off the management action. The follow-up process is aligned with the meetings of the Board's Audit & Risk Committee. Audit Sponsors will be contacted on a quarterly basis with a request to provide the necessary evidence for those management actions that are likely to fall due before the next meeting of the Audit and Risk Committee.

Management Action Plan

Risk area as per scope: Asset Management	
Finding 2.1 – Unsupported / End of life assets.	Medium

Control

Asset management - Unsupported / End of life assets.

Observation

During the audit, it was observed that NHS Lothian was using a number of unsupported or end-of-life assets. These included:

- Outdated operating systems: NHS Lothian was found to be using several versions of operating systems that were no longer supported by their manufacturers. This included Windows XP, which reached end-of-life in April 2014, Windows 7, which reached end-of-life in January 2020, Windows Server 2008 R2, which reached end-of-life in January 2020.

- Unsupported software: NHS Lothian was found to be using software applications that were no longer supported by their manufacturers.

Risk

The use of unsupported systems and applications can have significant consequences for an organisation, as they will no longer receive security updates and will become increasingly vulnerable to attacks. These assets can also be used as a foothold for persistence, allowing attackers to gain access to more systems and sensitive data. Additionally, unsupported assets can disrupt business operations by causing software and hardware to stop working or become incompatible with newer systems.

The compromise of unsupported assets can lead to loss of business and sensitive data, as well as damage to an organisation's digital environment and business continuity. This can ultimately harm the organisation's reputation and ability to recover from a disaster. It is crucial for organisations to regularly assess and replace unsupported assets to mitigate these risks

Recommendation

It is recommended that the corporate management team are aware of the risks of running outdated and unsupported products, and continue to provide support and budget for the Digital team to continue to reduce the risk as much as practicably possible. The appropriate risks associated with these unsupported assets should be recorded on the Digital Department Risk register and reviewed annually. Management may also wish to note that the following steps are being taken by Digital to help further mitigate the risk:

- Prioritise replacement: A plan is already in place which prioritised the client and software replacement with the priority being the client and software which is no longer supported.

- Develop a plan: Note that a plan is in place to deal with these assets, and budget has been made available to create a team dedicated to the update of clients (including out of data software) across NHS Lothian.

- Communicate with stakeholders: Continue to communicate the plan and the need for removing unsupported assets to all relevant stakeholders, including IT staff, management, business units and clinical directorates. The Digital team are also requested to continue to raise these risks and the need to run supported systems in the numerous NHS Scotland Forum where these matters are discussed.

- Implement the plan: Make sure that the programme continues to support the upgrading or replacing unsupported of assets and continues to ensure that all assets are kept up-to-date and that unsupported assets are removed in a timely manner.

- Consider Automation: Note that NHS Lothian have a number of tools in place which automatically detect vulnerabilities or inappropriate network traffic , and that the Digital Team also run monthly scans across the whole estate to identify vulnerabilities on clients and servers for priority remediation.

By following these recommendations, NHS Lothian can effectively remove unsupported assets, reduce the risk of security breaches and technical issues, and ensure that they have the resources they need to operate effectively.

Management Response

Accepted:- The Digital Department will continue to focus on hardware and software replacement to help mitigate the risk. The department has a five-year plan for managing these assets. It should however be noted that the budget which has been identified for this refresh would need to be ring fenced in order to maintain the programme.

Management Action

We will continue with existing planned and fully funded replacement programmes, and document the ongoing risk of national NHS Scotland system non compliance. Windows XP and Windows 7 will be completely removed from the Estate together with the associated reliance on native MS Access Databases.

Responsibility: Head of Digital Operations	Target Date: 31/03/2024

Risk area as per scope: Access Control & Identity and Access Management	
Finding 2.2 – Potentially Insufficient Access Controls	Medium

Control

Access control & identity and access management (IAM) and password management control includes all the procedures and policies that an organisation puts in place to ensure the secure creation, storage, and management of passwords. This includes guidelines for creating strong passwords, implementing multi-factor authentication, and regularly changing passwords. It also includes procedures for securely storing passwords, such as using password managers or encryption, and monitoring for suspicious activity.

Observation

During the audit, it was determined that the organisation's current password policy may be insufficient and does not align with guidelines from the National Cyber Security Centre (NCSC) or equivalent cyber security framework.

Risk

Potentially insufficient password policies can have a significant impact on the organisation's security. Weak or easily guessable passwords can be easily compromised, leading to unauthorised access to the organisation's systems and data. Reusing passwords across different accounts increases the risk of a password being compromised, as a single compromise can lead to multiple breaches. The lack of regular password audits can also lead to the use of outdated or weak passwords. Examples of commonly known weak passwords that conform to NHS Lothians current password policy (at least 8 characters, including one lowercase letter, one uppercase letter, and one special character) are listed in the table below:

P@ssword1	P@ssw0rd1	Zxcvbnm1@	12345678A#
Abcdefgh1@	Welcome1@	Liverp00l1	Zxcvbnm1@
Qwertyul@	Welcome2@	Qwerty!23	12345678A@
AsdfghjK1	Welcome3@	Welcome4@	123456789A@

It's important to note that even though these passwords meet the complexity requirements of an 8 characters, one lowercase, one uppercase and one special character, they are considered bad passwords because they are commonly used and easily guessable. Therefore, it's recommended to use unique and complex passwords that are not easily guessable, and not to use the same password across different accounts. Additionally, organisations can also use measures such as multi-factor authentication and controls to prevent the use of known bad passwords to further increase security.

Recommendation

To ensure the security of passwords and align it to guidelines from the National Cyber Security Centre (NCSC), Management may wish to consider implementing the following recommendations:

- Passwords should be a minimum of 12 characters in length.
- Passwords should not contain easily guessable information such as the user's name or date of birth.
- Passwords should be complex, including a mix of uppercase and lowercase letters, numbers, and special characters.
- Measures should be put in place to prevent the use of known bad passwords.
- Users should not use the same password for multiple accounts.
- Passwords should be regularly reviewed and updated.
- organisations can consider using a password manager to securely generate and store strong passwords.

The overall goal is to ensure the passwords are strong and unique, and not easily guessable by potential attackers. This is done by implementing measures to prevent the use of known bad passwords, increasing the length of passwords, and adding complexity to the password. It is also important to regularly check and update passwords, and not to use the same password across different accounts.

Management Response

Accepted. NHS Lothian have identified that the Azure Password requires to be revised, with the length to be increased to 14 in line with colleague organisations, including activating complexity and weak password requirements. Other systems that are technically capable are already in compliance. NHS Lothian will develop and implement a new Standard Operating Procedure to review passwords on a 24 month basis to check the password configuration of each system managed by the department.

Management Action

Revised Azure password policy to be implemented by March 31st 2023, subject to organisational approval in February 2023.

Standard Operating Procedure to be established and implemented by April 30th 2023.

Responsibility: Head of Digital Operations	**Target Date: 30/04/2023**

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Risk area as per scope: Access Control	
Finding 2.3 – Potentially Insufficient Access Controls (Privileged User Account)	Medium

Control

Access Control & Identity and Access Management (IAM) Password management control includes all the procedures and policies that an organisation puts in place to ensure the secure creation, storage, and management of passwords. This includes guidelines for creating strong passwords, implementing multi-factor authentication, and regularly changing passwords. It also includes procedures for securely storing passwords, such as using password managers or encryption, and monitoring for suspicious activity

Observation

During an audit of NHS Lothian's network security controls, it was discovered that there were no controls in place to mandate the use of stronger or more complex passwords for privileged accounts. Additionally, no password auditing was conducted to ensure that users were not reusing the same passwords for both privileged and standard user accounts. This presents a significant security risk to NHS Lothian, as privileged accounts are a prime target for attackers.

Risk

The lack of controls for privileged account passwords presents a significant risk to NHS Lothian. Without stronger or more complex passwords, privileged accounts are more vulnerable to brute force attacks and dictionary attacks. Additionally, the lack of password auditing means that users may be reusing the same passwords for both privileged and standard user accounts, increasing the risk of unauthorised access.

Recommendation

Currently NHS Lothian privileged user accounts are unique for each user, separate from business accounts and have account lockout. Logging in from a NON-NHS endpoint requires MFA.

However, in order to mitigate the risk of unauthorised access and data breaches, it is recommended that NHS Lothian implement the following controls for privileged account passwords:

- Implement a password policy that requires stronger or more complex passwords for privileged accounts, including minimum length - Passwords should have a minimum length of at least 20 characters to ensure they are difficult to guess or crack and use complexity, Passwords should include a combination of uppercase and lowercase letters, numbers, and special characters to increase their complexity.

- Unique: Passwords should be unique to each privileged user account and should not be used for other accounts or systems.

- Protection against automated attacks: The use of password cracking software and automated scripts can be mitigated by using mechanisms like rate-limiting or account lockout.

- Conduct regular password audits to ensure that users are not reusing the same passwords for both privileged and standard user accounts.

- Consider implementing multi-factor authentication for privileged accounts to provide an additional layer of security.

- Provide employee training on good password hygiene to help ensure that users are aware of the importance of strong and unique passwords.

Management Response

It is noted that currently NHS Lothian privileged user accounts are unique for each user, separate from business accounts and have account lockout. Logging in from a NON NHS endpoint requires MFA.

Also implementation of the improvements to the Azure Password as indicated in item 2.2 above, will provide a number of additional security measures identified, including activating complexity and weak password requirements. The tools being deployed prevent reusing of passwords for all accounts.

NHS Lothian will deploy MFA for all privileged accounts . We are not aware of tools which would allow comparison of accounts as suggested, and would be concerned if such tools existed that they could readily be exploited by hackers. Management believe deploying MFA for these accounts is recognised best practice for such accounts.

Management Action

New password policy to be implemented for Privileged Accounts by 31/03/2023

MFA solution for Privileged Accounts to be deployed by 31/12/2023

Responsibility: Head of Digital Operations	Target Date: 31/12/2023

Risk area as per scope: Access Control	
Finding 2.4 – User Engagement - Managing Human Risk.	Medium

Control

Phishing is a type of social engineering attack that typically comes under the category of "Access Control" in the broader field of Cybersecurity. Access control is a security technique that regulates who or what can access and use a system, network, or resource. The main purpose of access control is to ensure that only authorized individuals or systems can access sensitive information or perform critical functions.

Phishing attacks often involve tricking users into revealing sensitive information, such as login credentials, or into visiting a malicious website. It involves sending malicious e-mails, text messages or social media messages that appears to come from a trustworthy source like financial institution, a colleague or a friend. Therefore, anti-phishing measures like anti-phishing software, employee training, and simulated phishing tests all come under Access Control. These controls are used to protect the company's sensitive information and reduce the risk of falling for a phishing attack.

Observation

NHS Lothian conducts cyber security awareness training for staff, which places emphasis on compliance. Staff receive useful and current information on a regular basis, however, the lack of simulated testing makes it impossible to evaluate the efficacy of the training or pinpoint any vulnerabilities in human behaviour. This hinders the ability to establish a strong cyber security culture throughout NHS Lothian .

Risk

Individuals have emerged as the primary target for cyber criminals globally, making them a major threat to organisations. Security awareness programs, along with the professionals who handle them, play a vital role in addressing this human risk. Currently, NHS Lothian has not been able to successfully conduct phishing tests due to all attempts being successfully blocked by Firewalls and other security controls. Some of the main risks that can be highlighted by phishing tests include:

- Lack of awareness: Without simulated phishing exercises, staff may not be aware of the different types of phishing emails or messages they may encounter, making them more vulnerable to falling for a real phishing attack.

- Inability to detect phishing attempts: Without regular simulated phishing exercises, staff may not be able to detect real phishing attempts, which can lead to the compromise of sensitive information.

- Difficulty in assessing staff's susceptibility: Without simulated phishing exercises, it may be difficult for management to assess staff's susceptibility to phishing attempts, making it difficult to identify and address vulnerabilities.

- Difficulty in measuring the effectiveness of training: Without simulated phishing exercises, it can be difficult for management to measure the effectiveness of their cyber security training, making it difficult to identify areas for improvement.

- Lack of preparedness: Without simulated phishing exercises, staff may not be prepared to handle real phishing attempts, which can lead to costly data breaches or other security incidents.

Overall, simulated phishing exercises are important for identifying vulnerabilities, assessing staff's susceptibility to phishing attempts and measuring the effectiveness of training. It's important to perform regular simulated phishing exercises to increase staff's awareness and preparedness to handle phishing attempts.

Recommendation

NHS Lothian already promotes a security culture that emphasises that cyber security is not just an IT concern but an organisational safety concern. All staff must complete a mandatory training module on Cyber Security and Information Governance in addition to regular awareness sessions being run across the organisation.

Management should consider implementing regular phishing simulation campaigns to test efficacy of the forementioned training, in addition to testing staff awareness and their susceptibility to providing information to cybercriminals through spoofed emails and other types of messages. This should be done on a monthly basis. Overall, the goal is to improve staff training and awareness of the implications of cyber-attacks and what can be done to mitigate the risk.

Management Response

Previous phishing exercise (contracted from a security company) failed as Lothian firewalls and other controls blocked the attempts to reach users. It is agreed that another phishing exercise to be contracted but this to only include senior and administrative staff. The risk of disruption to clinical staff performing clinical duties is deemed as a risk and another approach to be planned.

Management Action

A security phishing exercise will be contracted from a suitable provider, to include senior and administrative staff

Responsibility: Head of Digital Operations	**Target Date: 30/08/2023**

Risk area as per scope: Incident Response	
Finding 2.5 – limited number of cyber playbooks	Low

Control

Incident response

Observation

It was noted that while there are extensive plans for business continuity and disaster recovery, there are only a limited number of cyber playbooks available for first responders in the event of a cyber-attack. Furthermore, there is a lack of comprehensive simulation or live testing for a wide range of potential events, such as cloud based attacks, ransomware/malware attacks, insider threats, data loss or exposure, network intrusion, DDoS, and phishing.

Risk

Cybersecurity threats are becoming increasingly prevalent and sophisticated, making it crucial for organisations to have a plan in place for responding to potential incidents. A cyber incident response plan, also known as a "playbook," is a document that outlines the steps an organisation should take in the event of a cyber attack or data breach. Without a written incident response plan, organisations are at risk of not being able to respond quickly and effectively to a cyber incident, potentially leading to significant harm. Risks of not having a written incident response plan:

- Lack of preparedness: Without a clear incident response plan in place, organisations are more likely to be caught off guard when a cyber incident occurs. This can result in a delay in responding to the incident, which can make it more difficult to contain the damage and recover from the attack.

- Inability to coordinate responses: A written incident response plan allows all members of an organisation to understand their role in responding to a cyber incident. Without a plan, there is a risk of confusion and lack of coordination among employees, which can make it more difficult to respond to the incident effectively.

- Lack of standard procedures: Without a written incident response plan, organisations may not have standard procedures in place for responding to a cyber incident. This can lead to inconsistent responses and a lack of clear direction on how to proceed.

- Difficulty in communicating with stakeholders: A written incident response plan can help an organisation communicate effectively with stakeholders, including customers and regulatory bodies. Without a plan, an organisation may struggle to communicate effectively, which can lead to mistrust and damage to the organisation's reputation.

Recommendation

It is recommended that the organisation establish a cross-functional incident response team responsible for the development, testing, and maintenance of incident response playbooks. The playbooks should be reviewed and updated on a regular basis to ensure they align with the organisation's current threats and risks. The incident response playbooks should include, but not limited to:

- Identification of the incident, including the scope and impact

- Initial response procedures and contact information for the incident response team

- Steps for containing and mitigating the incident

- Procedures for preserving evidence

- Communication plan and procedures for internal and external stakeholders

- Post-incident recovery and restoration procedures

- Procedures for reviewing and learning from the incident

The incident response team should conduct regular tabletop exercises to test and validate the playbooks and should also conduct regular training for all employees to familiarise them with the procedures outlined in the playbooks. Having a written incident response plan is critical for organisations to be able to respond quickly and effectively to a cyber incident. It's recommended that the organisation creates and implements incident response playbooks to minimize the risks and damages caused by cyber incidents.

Management Response

Partially Accepted:- It is noted that in Lothian there are already extensive plans for business continuity and disaster recovery.

NCSC Exercise in a Box simulation exercise has been successfully completed by Lothian with lessons learned, but it is agreed that "Playbooks" to be investigated and put in place.

Management Action

NHS Lothian will work with a recognised security consultancy organisation develop a number of cyber response playbooks.

Responsibility: Head of Digital Operations	**Target Date: 31/08/2023**

Appendices

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Appendix 1 – Staff Involved and Documents Reviewed

Staff Involved

- Information Governance and Security Manager
- IT Security Manager
- Technical Services Manager
- Customer Service Manager, eHealth
- Head of eHealth Operations and Infrastructure

Documents Reviewed

- NISR - 2022 Review Report - Lothian.pdf
- Remote access to Servers from Suppliers SOP 2021.docx
- Desktop and Server Operating System Patching SOP v.2.docx
- Digital System & Domain Administrator Accounts SOP v1.05 - 2022 IN DEVELOPMENT.docx
- Vulnerability Scanning SOP 2021.docx
- Threat Detection SOP 2022.docx
- Device Management SOP v.2.1 2021.docx
- Change Management SOP 2022.docx
- Health - Technical Services Policy 014 System access and password management SOP.pdf
- Access to Applications and Network Policy.docx
- Digital Operations Leavers - System Access Removal SOP 2019.docx
- Backup Schedule Amendment SOP 2022.docx
- System Logs SOP v6 - 2022 IN DEVELOPMENT.docx
- NHSL Digital IT Security Policy.docx
- NHS Lothian Home Working Policy 1.0.doc
- Working from Home IG Policy Statement 04092020.docx
- Data Protection Policy.docx
- Data Protection Impact Assessment Guidance Final.rtf
- Firewall SOP 2019.docx
- Reference - FIREWALL SOP - Firewall Default Denies.docx
- Corporate Risk Register Cyber Security Risk 01032022.docx
- Risk Mitigation Plan for Corporate Risks - Cyber Security May 2022.docx
- IT Department Risks Nov 2022.xlsx
- IG Highlight Report Oct 22.docx
- Digital Major Incident Plan v4.doc
- Resilience Assurance Protocol 2021-2022.pdf
- Digital Service Continuity 2022.docm
- Assurance pro forma - Digital Plans & T&E 2022 v.2 with Telecoms.docx
- EXAMPLE TRAK Resilience Plan 2022.docx
- EXAMPLE HEPMA Resilience Plan 2022.doc
- Major Incident SOP 2022.docx
- Resilience SOP 2022.docx
- M365 Quick Sheet - Sensitivity Labels V1.1.pdf
- Information Risk Management Policy.docx
- Information Security Mgt System (ISMS) Policy.docx
- Data Access Policy.docx
- Data Access for Research Policy.docx

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Appendix 2 – Our IA Report assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating	Definition	When Internal Audit will award this level
Significant assurance	The Board can take reasonable assurance that the system(s) of control achieves or will achieve the control objective. There may be an insignificant amount of residual risk or none at all.	There is little evidence of system failure and the system appears to be robust and sustainable. The controls adequately mitigate the risk, or weaknesses are only minor (for instance a low number of findings which are all rated as 'low' or no findings)
Moderate Assurance	The Board can take reasonable assurance that controls upon which the organisation relies to achieve the control objective are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk.	In most respects the "purpose" is being achieved. There are some areas where further action is required, and the residual risk is greater than "insignificant". The controls are largely effective and in most respects achieve their purpose with a limited number of findings which require management action (for instance a mix of 'medium' findings and 'low' findings)
Limited Assurance	The Board can take some assurance from the systems of control in place to achieve the control objective, but there remains a significant amount of residual risk which requires action to be taken.	This may be used when: ▪ There are known material weaknesses in key control areas. ▪ It is known that there will have to be changes that are relevant to the control objective (e.g. due to a change in the law) and the impact has not been assessed and planned for. The controls are deficient in some aspects and require management action (for instance one 'high' finding and a number of other lower rated findings)
No assurance	The Board cannot take any assurance from the audit findings. There remains a significant amount of residual risk.	The controls are not adequately designed and / or operating effectively and immediate management action is required as there remains a significant amount of residual risk (for instance one Critical finding or a number of High findings)

Appendix 3 - Continued

The table below describes how we grade our audit recommendations based on risks

Rating	Description	Possible features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	▪ Key activity or control not designed or operating effectively ▪ Potential for fraud identified ▪ Non-compliance with key procedures / standards ▪ Non-compliance with regulation
Medium	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	▪ Important activity or control not designed or operating effectively ▪ Impact is contained within the department and compensating controls would detect errors ▪ Possibility for fraud exists ▪ Control failures identified but not in key controls ▪ Non-compliance with procedures / standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	▪ Minor control design or operational weakness ▪ Minor non-compliance with procedures / standards
Advisory	Items requiring no action but which may be of interest to management or which represent best practice advice	▪ Information for management ▪ Control operating but not necessarily in accordance with best practice

Grant Thornton

grantthornton.co.uk

REPORT TO: IJB Audit and Risk Committee

MEETING DATE: 6 June 2023

BY: Andrew Main – Strategy Officer, Planning and Performance, ELHSCP

4

SUBJECT: End of Sustainability Payments

1 PURPOSE

1.1 To notify members of the end of Sustainability Payments, including the Social Care Staff Support Fund (SCSSF), and provide them with the closing position.

2 RECOMMENDATIONS

The IJB Audit and Risk Committee are asked to:

2.1 Note the end of Sustainability Payments and the SCSSF as at 31st March 2023.

2.2 Note that the final meeting of the Sustainability Payment Panel was held on Wednesday 10th May 2023. The closing date for submission of final quarter 4 claims was Sunday 30th April 2023.

2.3 Note the closing financial position.

3 BACKGROUND

3.1 The *Guidance for financial support for social care providers during COVID-19*[1] (sustainability payments) was first introduced in December 2020 initially until March 2021. This guidance set out the arrangements for providing financial support to social care providers for costs relating to the COVID-19 pandemic.

3.2 The East Lothian Sustainability Payment Panel was also established in December 2020 to administer the sustainability process on behalf of Scottish Government / COSLA.

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[1]
https://webarchive.nrscotland.gov.uk/20201208102750/https://www.gov.scot/publications/coronavirus-covid-19-financial-support-arrangements-for-social-care-providers/

3.3 The guidance was subject to regular review and update with a full version history available online[2]. The guidance and associated timescales were updated and extended on numerous occasions:

- December 2020 – publication of first version until end of March 2021.

- March 2021 – extension until end of June 2021.

- July 2021 – extension of SCSSF and non-delivery payments until end of September 2021 / extension of additional costs until end of March 2022.

- October 2021 – extension of SCSSF until end of March 2022 / extension of non-delivery payments until end of October 2021.

- November 2021 – introduction of more targeted non-delivery support effectively ending submission of claims of this type.

- April 2022 – extension of additional costs and SCSSF until end of June 2022. In scope additional costs reduced.

- July 2022 – extension of SCSSF until end of September 2022 / extension of additional costs until end of March 2023. In scope additional costs reduced to those relating to testing and vaccination only.

- October 2022 – extension of SCSSF until end of March 2023.

- 31st March 2023 – end of additional cost and SCSSF support.

- 30th April 2023 – closing date for submission of all claims.

3.4 Over the course of 96 sustainability payment panels a total of 378 claims from 33 providers totalling £3,290,535.86 were approved for payment. This total included £1,357,391.01 in non-delivery / reduced occupancy claims and £1,933,144.85 in additional cost claims.

3.5 Some key data:

- Average of 11 claims per provider.

- Number of claims per provider ranged from 1 to 34

- Average of £8,705 per claim.

3.6 In July 2020 East Lothian Council Internal Audit commenced an audit of the sustainability payment process, which reported to the IJB Audit and Risk Committee in December 2020. The internal audit concluded: *"Based on our assurance work undertaken and the audit evidence reviewed, it is our view that the ELHSCP has appropriate processes in place to ensure that social care sustainability payments are made in accordance with the National Principles for Sustainability and Remobilisation Payments to Social Care Providers during Covid-19.*

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[2] https://www.gov.scot/publications/coronavirus-covid-19-financial-support-arrangements-for-social-care-providers/pages/version-history/

Sustainability Payment Panel meetings are being held on a weekly basis, there is evidence of all claims from providers being properly considered and detailed records are maintained of all Panel decisions made and of correspondence with, and supporting evidence submitted by, social care providers."

3.7   The sustainability payment panel held its final meeting on Wednesday 10th May 2023 where it approved all remaining claims. All associated files will be retained on the shared drive until further notice in line with the ongoing COVID-19 inquiry.

4   ENGAGEMENT

4.1   Not applicable.

5   POLICY IMPLICATIONS

5.1   Not applicable.

6   INTEGRATED IMPACT ASSESSMENT

6.1   The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7   DIRECTIONS

7.1   Not applicable.

8   RESOURCE IMPLICATIONS

8.1   Financial – sustainability payment process administered on behalf of Scottish Government / COSLA and all funding has been received. Any remaining funding will now be reconciled by the Chief Finance Officer and East Lothian Council Finance Business Partners.

8.2   Personnel – none.

8.3   Other – none.

9   BACKGROUND PAPERS

9.1   None.

AUTHOR'S NAME	Andrew Main
DESIGNATION	Strategy Officer, Planning and Performance, ELHSCP
CONTACT INFO	amain1@eastlothian.gov.uk
DATE	12/05/23

REPORT TO: East Lothian IJB Audit and Risk Committee

MEETING DATE: 6 June 2023

BY: Chief Internal Auditor

SUBJECT: Annual Internal Audit Opinion and Report 2022/23

5

1 PURPOSE

1.1 The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit prepares an annual internal audit opinion and report that can be used by the Integration Joint Board (IJB) to inform its governance statement.

1.2 The purpose of this report is to inform the IJB Audit and Risk Committee of the internal audit work undertaken in 2022/23 and to provide an opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control.

2 RECOMMENDATION

2.1 The IJB Audit and Risk Committee is asked to note that the Annual Internal Audit Opinion and Report 2022/23 is a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year ended 31 March 2023.

3 BACKGROUND

Sound Internal Controls

3.1 The IJB's senior management has responsibility for establishing a sound system of internal control and for monitoring the continuing effectiveness of these controls. The main objectives of internal control systems are:

- Achievement of the IJB's strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programmes.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures and contracts.

3.2 A sound system of internal control reduces, but cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls or the occurrence of unforeseen circumstances. The IJB is continually seeking to improve the effectiveness of its system of internal control.

Quality Assurance and Improvement Programme (QAIP)

3.3 The Public Sector Internal Audit Standards (PSIAS) require that the annual report must incorporate a statement on Internal Audit's conformance with the PSIAS and Local Government Application Note and the results of the Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity. Internal Audit is continuously seeking to improve its service and aims to provide a service that remains responsive to the needs of the IJB and maintains consistently high standards. This was achieved in 2022/23 through the following processes:

- Compliance with PSIAS.
- A tailored audit approach using a defined methodology for financial audits.
- A programme of quality control measures which include the supervision of staff conducting audit reviews and the detailed review of working paper files and audit reports.
- The development of personal and training plans – Internal Audit staff undertake a programme of Continuous Professional Development (CPD).

3.4 The PSIAS require the development of a Quality Assurance and Improvement Programme (QAIP). The QAIP is designed to enable evaluation of Internal Audit's conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. The QAIP must include both internal and external assessments. An internal assessment of internal audit practices was carried out against the PSIAS to ensure conformance to the Standards in February 2022. An External Quality Assessment of the Council's Internal Audit service was undertaken in May 2018 by the Chief Internal Auditor of Argyll and Bute Council, a further review is due to be undertaken during 2023 by the Borders Council, providing a high level of assurance on Internal Audit's compliance with PSIAS.

Delivery of the Internal Audit Service

3.5 Internal Audit is an independent appraisal function established by the IJB to objectively examine, evaluate and report on the adequacy of governance, risk management and control systems. The provision of the Internal Audit service to the IJB is on an in-house basis by East Lothian Council's Internal Audit Unit. In addition to the work undertaken by the in-house team, work is also undertaken by the NHS Lothian Internal Audit team, through Principals agreed between Lothian NHS and the Lothian IJB's as reported to the December 2021 Audit and Risk Committee.

3.6   Internal Audit reports functionally to the Audit and Risk Committee and has direct access to Senior Management, the Chair of the Audit and Risk Committee and the Chair of the IJB.

3.7   In March 2022, the Audit and Risk Committee approved the Internal Audit Plan for 2022/23.

3.8   Scheduled audit reviews of CIPFA Financial Management Code compliance, Strategic Planning and Workforce Planning have been completed. Directions setting was reviewed and the new Directions Setting Policy approved by the IJB in October 2022 and subsequent consideration of Directions by the Strategic Planning Group provides assurance that there is a framework in place. However, a full review has been agreed to take place following further implementation of the framework.

3.9   The opinion is restricted by the assurance work that has not yet been completed, however a 75% audit plan completion allows a formal assessment to be made on substantial evidence. The assurance work completed by Internal Audit will continue to be adjusted to take account of any altered working arrangements through the 2021/22 financial year as recovery arrangements from the pandemic continue.

3.10   Internal Audit findings identifying system weaknesses or non-compliance with expected controls were brought to the attention of the IJB's Chief Officer, Chief Finance Officer, External Audit and the Audit and Risk Committee. The weaknesses outlined are those that have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist. It is the responsibility of Management to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations.

Conflicts of Interest

3.11   There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

Assessment of Controls and Governance

3.12   Our evaluation of the IJB's control environment is informed by a number of sources including statutory and other compliance:

- Integration Scheme – an East Lothian Integration Scheme approved by East Lothian Council in June 2022 has now been approved by Scottish Ministers in May 2023 and sets out how the IJB will operate, including the scope of the services to be included within the IJB and the financial arrangements.
- Membership – membership of the IJB is in accordance with the Integration Scheme.
- The IJB has in place approved Standing Orders as amended in March 2020 and Financial Regulations.

- Committees – the IJB has an established Audit and Risk Committee. The terms of reference of the Audit and Risk Committee cover the IJB's governance, risk and control; internal audit; external audit; financial reporting and accountability arrangements.
- Strategic Plan – the IJB formally adopted a new Strategic Plan 2022-2025 in September 2022.
- Officers – appropriate officers (Chief Officer and Chief Finance Officer) with responsibility for maintaining and operating an effective system of internal control were in place during 2022/23.
- Code of Conduct for Members of the IJB, which was updated and approved in June 2022.
- The work undertaken by Internal Audit during 2022/23.

3.13 Operational matters covered by IJB Directions and which are undertaken on behalf of the IJB by either East Lothian Council or NHS Lothian are outwith the scope of the annual audit plan and this audit opinion.

3.14 During 2022/23, areas identified with scope for improvement included the following:

- Recruitment to the Strategic Planning Group to ensure that all statutory groups are represented and regular attendance from all group members are to be encouraged to ensure appropriate representation from across the community is in place by September 2023.
- The IJB had a requirement to develop a medium term Financial Plan which has now been completed for 2022/23 to 2026/27, and was approved in December 2022. The plan however noted the future work required to refine this financial plan and the requirement for significant recovery actions to bring the plan back into balance. Regular financial reporting has then been provided to the IJB at every meeting. The March 2023 Budget Offer from Partners Paper outlined that "with a £6.1m projected overspend next year and £5.9m of financial recovery plans there remains a £0.250m financial gap that the IJB requires to decide how this is mitigated." And "within the financial recovery assumptions above, even after the identification of financial recovery plans there was still a financial gap within prescribing and set aside services." A recovery action on the remaining £0.250m was identified for noting to the IJB in May 2023. The current challenges highlight that further and ongoing work to continue to refine the financial plan will be required moving forwards to demonstrate appropriate provision of resources to implement the ELIJB strategic plan.
- In developing the IJB workforce plan 2022-25 a comprehensive skills gap analysis has not yet been completed, therefore the Board cannot yet determine the upcoming workforce demands and develop the appropriate recruitment and training strategies to address current and future skills gaps within the workforce, this is planned to be completed by August 2023.

3.15 The implementation by Management of agreed actions to address the weaknesses identified should provide assurance that the system of internal control is operating as intended.

Opinion

3.16 It is our opinion, subject to the weaknesses outlined in section 3.14 above, that reasonable assurance can be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year to 31 March 2023.

4   ENGAGEMENT

4.1   None

5   POLICY IMPLICATIONS

5.1   None

6   INTEGRATED IMPACT ASSESSMENT

6.1   The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7   DIRECTIONS

7.1   The subject of this report does not require any amendment to or creation of Directions.

8   RESOURCE IMPLICATIONS

8.1   Financial - None

8.2   Personnel - None

8.3   Other - None

9   BACKGROUND PAPERS

9.1   None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Chief Internal Auditor
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	26 May 2023

REPORT TO: East Lothian IJB Audit & Risk Committee

MEETING DATE: 6 June 2023

BY: Chief Finance Officer

6

SUBJECT: 2022/23 Draft Unaudited Annual Accounts

1   PURPOSE

1.1   This report presents the IJB's draft (unaudited) Annual Accounts for 2022/23

2   RECOMMENDATIONS

2.1   The Committee is asked to:

     i.   Consider the IJB's draft annual accounts; and
    ii.   Agree that the draft annual accounts can be published and presented for audit.

3   BACKGROUND

3.1   The IJB is constituted under section 106 of the local government (Scotland) Act and as such must prepare a set of annual accounts. These accounts must be presented in draft for approval to either the IJB or a committee of governance of the IJB by 30th June whereupon the accounts will be presented for audit by the IJB's auditors.

3.2   The annual accounts contain a range of sections but breakdown into three main areas :-

- The Management Commentary. This provides a statement of the IJB's purpose and its performance against that purpose in the financial year along with a reflection on the challenges facing the IJB in the next financial year.
- The Annual Governance Statement – which reflect on the governance of the IJB and notes any governance improvements identified by the CIA's Internal Audit Annual Assurance Report

- A range of financial statements showing the financial position of the IJB.

3.3 The Audit and Risk Committee is asked to approve the attached annual accounts reflecting on the Management commentary, the Annual Governance Statement and the financial position.

4 ENGAGEMENT

4.1 The annual accounts are published on the web and available in hard copies to the public.

5 POLICY IMPLICATIONS

5.1 This paper is covered within the policies already agreed by the IJB.

6 INTEGRATED IMPACT ASSESSMENT

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy

7 DIRECTIONS

7.1 The subject of this report does not affect the IJBs directions or require a new direction to be issued.

8 RESOURCE IMPLICATIONS

8.1 Financial – None

8.2 Personnel – None

8.3 Other – None

9 BACKGROUND PAPERS

9.1 None

AUTHOR'S NAME	Claire Flanagan
DESIGNATION	Chief Finance Officer
CONTACT INFO	Claire.flanagan@nhslothian.scot.nhs.uk
DATE	June 2023

Appendix: East Lothian IJB Draft Unaudited Annual Accounts 2022/23

East Lothian Integration Joint Board

Unaudited Annual Accounts 2022/23

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Audit Arrangements

Under arrangements approved by the Accounts Commission of Scotland, the auditor with responsibility for the audit of the accounts of East Lothian Integration Joint Board for the period 1 April 2022 to 31 March 2023 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.

Management Commentary

Introduction

The management commentary considers the work that the IJB has undertaken during the financial year 2022/23 and then describes the financial performance for the financial year ended 31 March 2023. It further provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the East Lothian Integration Joint Board (IJB).

COVID-19

During the pandemic, East Lothian, in line with Scottish Government guidance, stepped up a range of services to support the continued system wide response to Covid.

The cost projections associated with these services, through the Scottish Government Local Mobilisation Plan (LMP), were reported to the IJB and during the 2020/21 to 2022/23 financial years the associated costs were funded by designated Covid funding.

The Scottish Government confirmed the funding would not be available in the 2023/24 financial year. In response, a Covid decommissioning assessment and reprioritisation of funding exercise was undertaken. The result of this exercise has allowed funding streams to be assessed and reprioritised to ensure both clinical and financial sustainability of these services.

The Role and Remit of the IJB

The purpose of integration is to improve care and support and therefore the health and wellbeing outcomes for people who use health and social care services. It will make sure that they are listened to, involved and take part in decisions about their care and how it is delivered. It is a significant change in how the strategic planning and delivery of services happens with a range of partners – individuals, local groups and networks, communities and organisations, including patients, service users, carers and the third and independent sectors.

The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires Local Authorities and Health Boards to integrate the strategic planning of a substantial number of health services and functions and most social care functions.

The functions delegated to the IJB by East Lothian Council and NHS Lothian are as follows:

- Adult Social Care
- Criminal Justice
- Primary Care Services (GP Practices, Community Dentists, Community Pharmacies and Community Opticians)
- Mental Health Services
- Physical and Learning Disabilities Services

- Community Health Services
- Community Hospital Services
- Unscheduled Care Services (services that are generally delivered from the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital)

The IJB sets the strategic direction for these delegated functions through the development of a Strategic Plan, to enable it to plan and deliver these strategic outcomes at an overall health and social care level. It gives Directions to the Council and NHS Lothian for the operational delivery of functions and the resources available to them for this.

East Lothian IJB is an Integration Authority set up under the Public Bodies (Joint Working) Act (2014). It is a 'body corporate', that is a separate legal entity. The IJB is constituted through its Integration Scheme which was prepared by East Lothian Council and NHS Lothian and presented to Scottish Ministers in March 2015. The Integration Scheme was approved by the Scottish Parliament in June 2015 and the first meeting of the IJB took place on 1 July 2015. The IJB assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions.

The Strategic Plan

The strategic plan of each IJB must be reviewed and approved by the IJB every 3 years. East Lothian IJB approved its third Strategic Plan on 15 September 2022, this covers 2022 to 2025. A link to the plan is below:

Link: Strategic Plan

The process of monitoring the progress of the Strategic Plan and the development of that plan is managed by the IJB's Strategic Planning Group. This group is supported by seven change boards reflecting on the IJB's strategic priority areas for change.

These focus on: primary care, adults with complex needs, mental health and substance use, shifting care from acute hospitals to the community, support to carers, community hospitals and care homes and care at home.

Review of the IJB's Integration Scheme

During 2021 East Lothian Council and NHS Lothian Council drafted a new scheme which has been out for consultation and approved by both Council and the Health Board. The scheme is currently with Scottish Government.

IJB Membership

The IJB comprises eight voting members, made up of four elected members appointed by East Lothian Council and four NHS Lothian non-executive directors appointed by NHS Lothian. There are a number of non-voting members of the Board, including the IJB Chief Officer, Chief Finance Officer, medical and nursing professional advisors, representatives for Carers and third party organisations and staffing representatives.

The IJB met virtually 7 times during the financial year 2022/23. The membership of the IJB as at March 2023 was as follows:

Member	Nominated/Appointed by	Role
Peter Murray	Nominated by NHS Lothian	Chair (voting member)
Councillor Shamin Akhtar	Nominated by East Lothian Council	Vice Chair (voting member)
Fiona Wilson	Appointed by IJB	Chief Officer (non-voting member)
Claire Flanagan	Appointed by IJB	Chief Finance Officer (non-voting member)
Fiona Ireland	Nominated by NHS Lothian	Voting Member, Chair of Audit & Risk Committee
Elizabeth Gordon	Nominated by NHS Lothian	Voting Member
Val de Souza	Nominated by NHS Lothian	Voting Member
Councillor Carol McFarlane	Nominated by East Lothian Council	Voting Member
Councillor Lyn Jardine	Nominated by East Lothian Council	Voting Member
Councillor Lachlan Bruce	Nominated by East Lothian Council	Voting Member
Vacant	Appointed by IJB	Independent sector representative (non-voting member)
Maureen Allan	Appointed by IJB	Third sector representative (non-voting member)
David Binnie	Appointed by IJB	Carer representative (non-voting member)
Marilyn McNeill	Appointed by IJB	Service-user representative (non-voting member)
Dr Claire Mackintosh	Nominated by NHS Lothian	Medical Consultant (non-voting member)
Vacant	Appointed by IJB	ELC Staff Representative (non-voting member)
Judith Tait	Nominated by East Lothian Council	Chief Social Work Officer (non-voting member)

Member	Nominated/Appointed by	Role
Thomas Miller	Appointed by IJB	NHS Staff Representative (non-voting member)
Dr John Hardman	Nominated by NHS Lothian	Clinical Director (non-voting member)
Iain Gorman	Appointed by IJB	Head of Operations (non-voting member)
Lorraine Cowan	Nominated by IJB	Chief Nurse (non-voting member)
Dr Wendy Hale	Appointed by the IJB	Specialist in Substance Abuse (non-voting member)
Dr Philip Conalglen	Appointed by IJB	Public Health (non-voting member)

The IJB's Operations for the Year

The Strategic Plan is delivered through the IJB's directions to the partners (East Lothian Council and NHS Lothian) and the IJB considered the delivery of these directions in detail at its February 2022 meeting. The IJB's Strategic Planning Group (SPG) has met regularly during the financial year to reflect on and develop the IJB's Strategic Plan with the SPG being supported by the Change Boards as described above.

The IJB categorises its services into three broad areas:

Core Services

These are the local health and social care services within East Lothian and are operationally managed by the Health and Social Care Partnership (HSCP) which is a joint arrangement between East Lothian Council and NHS Lothian. The HSCP has operational delivery of these local services and forms part of the IJB under the title of core services where they are delegated, the IJB however is much wider than this and the IJB not only strategically commissions the delegated services of the HSCP but also those operationally managed outwith East Lothian for example the Emergency Department of the Royal Infirmary of Edinburgh (part of set aside below).

Hosted Services

These being delegated functions that are operationally managed by other parts of NHS Lothian – for example in-patients mental health services provided at the Royal Edinburgh Hospital in Edinburgh.

Set Aside Services

These being delegated functions operationally managed by NHS Lothian in its Acute Division. The Appendix to these accounts describes Set Aside in more detail.

Within each of these areas the IJB has continued to drive forward its Strategic Plan. Examples include:

Core Services

Learning Disabilities

Over the last year work has been progressed to develop the enhanced Learning Disabilites service. A multi disciplinary approach with staff across the HSCP working in partnership to support and meet the outcomes of those individuals with a Learning Disability, who often have complex needs. In addition, through the transformation programme, the resource co-ordination model continues to develop and community opportunities have expanded to include Dunbar and North Berwick and this continues to grow, ensuring that individual are linked in with their local communities.

Hardgate Court, a facility for short break and respite, has seen a continued increase in demand throughout the year. The current model has been used successfully to support high risk individuals to be supported within an alternative environment, providing person centred care and reducing risk of suicide and overdose.

Substance Use

Throughout the year a main focus of the Substance Use Service has been the delivery of the Medication Assisted Treatment Standards 1-5 (MAT) by April 2023.

The aim of the standards is to:
- Improve access and retention in MAT
- Enable people to make an informed choice about treatment, care and support.
- Include families or nominated person(s) wherever appropriate

A single point of contact and same day assessment and treatment service has been implemented. The service operates 5 days per week and offers choice and advocacy support. In addition, an assertive outreach service has been developed. This service offers support with harm reduction and follow ups for anyone who experiences a non-fatal overdose where illicit substances are noted.

Mental Health

Work has been undertaken to implement Distress Brief Interventions, the programme will be in partnership with Penumbra. The overarching aim of the programme is to provide a framework for improved inter-agency co-ordination, collaboration and co-operation across a wide range of care settings, interventions and community support to provide person centred support for those who contact services in distress but don't require a clinical response. Individuals experiencing stress or distress will be guaranteed support within 24hrs.

Reprovisioning work

The East Lothian IJB Strategic plan commitment is to support people closer to home, in their own home or in a homely setting. This will be achieved through a number of

measures resulting from re-modelling services as well as the services being commissioned. The work undertaken by the Community Hospitals and Care Homes Provision Change Board provides a key strand to achievement of this objective.

The Community Hospitals and Care Homes Provision Change Board has produced and submitted several reports to Strategic Planning Group and East Lothian Integration Joint Board since its inception in May 2021. The final report was submitted in the 2022/23 financial year. The IJB supported the conclusion of the final report. This detailed the requirement for the Chief Officer and Senior Management Team to develop a range of capacity options for inpatient community hospital and care homes beds and Intermediate Care. This will include the financial assessment across all options being considered.

Carers

Over the past year there has been significantly increased capacity to take forward the carers agenda by appointing a Carers Strategy officer and Carers Community Care Worker dedicated to carer support. Funding has also enabled the short term employment of a Mental Health Officer to reduce a backlog in private guardianship applications.

Carers act funding over 2022/23 has supported the continuing Adult and Young carer services, provided by Carers of East Lothian and East Lothian Councils Young Carers Service, to offer advice, information, support and breaks from caring to carers of people in East Lothian. It has supported the development of community based outreach services for different clients group by diversifying what is already offered by existing providers such as Older Peoples Day Centres and Leuchie house. Funding has also supported new models of dementia support through East Lothian's first 'meeting centre' for people with dementia, building on existing community supports offered for people living with dementia by friendship groups and D'cafes. With carers act funding East Lothian Rehabilitation Service have developed an innovative carer support pathway which for the first time focuses on the needs the carer has in the supporting role.

Care at Home

East Lothian noted considerable challenge this year with a number of care at home providers leaving the region. In response, the HSCP successfully transferred clients from externally commissioned services to internally managed services (Emergency Care Service, Hospital to Home & East Lothian Council Homecare). Internal services were able to adpt quickly, bolstering the workforce through a recruitment campaign and increasing the efficiency within internal services to create the additional capacity required.

Primary Care

The IJB has continued to support its Primary Care Improvement Plan (PCIP) as a key part of the implementation of the new GMS (General Medical Services) contract.

This supports the following services:

- The Community Link Worker service to all GP practices.
- The Primary Care Vaccination team providing clinic-based and domiciliary vaccination services across East Lothian including vaccinations for seasonal influenza, Covid vaccinations, all unscheduled adult vaccinations, pneumococcal and shingles vaccinations.
- Community Treatment and Care Services across the county from seven locations.
- Musculoskeletal (MSK) Services which provide direct access to face-to-face and telephone appointments.
- The Care When it Counts Mental Health Service available to all practice populations.
- The Care When it Counts (CWIC) Service supporting Tranent, Riverside, Harbours and Inveresk Practices.

Furthermore there have been improvements to the Primary Care premises including:

- The reopening of Cockenzie Health Centre following a 15 month refurbishment and extension project. The extension allowed for the creation of a mini hub of PCIP services including the colocation of CWIC, Mental Health, CTACS and Community Links Workers.
- The MPCC Primary Care hub where CWIC, CTACS and the Vaccination team provide patient services.

Physcian Associates

The creation and expansion of the Physcian Associate workforce was an innovative solution to address the challenges with the medical workforce.The initiative has worked well and the roles have become established in East Lothian.Phsycian Asscoiates support a wide range of primary care services including CWIC, the care home team, medicine of the elderly and hospital at home.The Physcian Associates, through the development framework, are able to operate at the more senior operational level of Clinical Coordinators, and are able to manage patient groups that Primary Care Advanced Nurse Practioners currently do not, eg Paediatrics and Women's Health, thereby augmenting an already very effective team.

East Lothian Rehabilitation Service (ELRS)

ELRS continues to deliver a suite of services to support patients across a growing and aging population, in recovering from illness and injury and in regaining and maintaining independence. All of ELRS services use integrated approaches, delivered where possible in partnership with other teams.

Telecare

ELRS recognise the value of using TEC (Technology Enabled Care) to help people remain as active, independent, enabled and as safe as possible key principles within an Intermediate Care model. TEC has been identified as the Golden Thread running through all services within ELHSCP due to the improved outcomes it creates for patients, carers, and staff. When used at the right time it can aid prevention of admission, facilitate hospital discharge, and enable carers to continue to look after

their loved one. TEC can also be used as an alternative to, or alongside care provision, reducing demand on this scarce resource. TEC is cost effective and plays a key role as an enabler in modernising health and social care.The TEC team meets the key principles of an Intermediate Care model.

Analogue to digital transition for telecare is required due to telephony switch over. The IJB supported the procurement of devices through SPG and it's IJB meetings. A procurement schedule has been agreed at the TEC Board to complete transitioning all clients by end of 2024. In the next year the TEC / Telecare service plans to integrate digital, data, and TEC workstrands to improve service cohesion, and explore development of a predictive model of telecare provision.

Pain Management

The pain management service (ELPMS) delivers group and one to one pain management sessions in response to individual need. During the pandemic, the ELPMS was the first in Lothian to utilise technology to deliver live, online pain management group services with over 120 digital appointments offered. Group sessions continue to be delivered both face-to-face and digitally in response to patient need, optimising access to pain services across a wide geographical area. The service promotes long term sustainable behavioural change through onward referral to the ELRS PACE and Physiotherapy Advanced Rehabilitation with Increased Support (PARIS) exercise programs.

Hosted Services

Inpatient Mental Health

The IJB continues to support phase II of the Royal Edinburgh Hospital (REH) business case. The Royal Edinburgh Hospital is an in-patient facility for Mental Health patients in Edinburgh. NHS Lothian have been working on rebuilding this hospital and providing modern fit-for purpose accommodation and services for patients.

As part of the overall IJB's Mental Health Strategy, the IJB has been successful in reducing the in-patient bed usage at the REH and now requires fewer beds than it used previously.

Astley Ainslie Hospital

The Strategic Planning Group (SPG) supported the review on the requirement for rehabilitation beds allocated to East Lothian patients within the Astley Ainslie Hospital (AAH) in Edinburgh and to explore the development of an East Lothian community-delivered rehabilitation model.

Set Aside Services

There remains serious pressures on the Acute Hospitals which support East Lothian Patients (the Royal Infirmary of Edinburgh and the Western General Hospital). This has not stopped the work on reducing use of Acute beds and reducing attendances at the Emergency Department but the IJB recognises the pressure on the Acute system

during 2022/23. The HSCP piloted the below service development (Inreach) to further support this.

Inreach

A creative solution to address system issues was piloted by the HSCP in the Royal infirmary Site (RIE). The pilot aimed to prevent admissions and reduce the length of stay for patients who had been admitted. The Royal Infirmary Inreach project commenced on 26th October 2022 and consists of Occupational Therapists, Physiotherapists and Assistant Practitioners, with Clinical Leadership.

Since the inception, the East Lothian Inreach team have case managed over 200 patients and completed over 900 interventions. The team saw patients across 16 different specialties and 35 wards. The patient specialty receiving the largest number of interventions was Medicine of the Elderly. The team have supported 191 discharges from the RIE, utilising 23 different services.

Performance

The core components and key developments for 2022/23 are summarised above and further detail will be included in the Annual Performance Report. The Annual Performance Report will be published and a link to this will be available on the IJB webpage in due course which will include key performance indicators and comparators.

The IJB's Position at 31 March 2023

For the year ending 31 March 2023, the IJB recorded a deficit of £10,167,000. The costs incurred in delivering the IJB's functions, by East Lothian Council and NHS Lothian, were more than the income that the IJB received from NHS Lothian and East Lothian Council.

	Income £000's	Expenditure £000's	Variance £000's
East Lothian IJB	£204,552	£214,719	(£10,167)

This position should be seen in the context of:

- The IJB generated a surplus in 2021/22. The surplus was the result of funding being allocated by the Scottish Government during 2021/22 for use in 2022/23. A significant proportion of this equated to the Covid funding allocation. Therefore, the deficit is a result of the IJB incurring expenditure against its earmarked reserve.
- The IJB's financial performance against its "in year" delegated budgets resulted in a surplus of £282,000 within Social Care.
- The health budgets of the IJB generated an overspend of £31,000 and as a result non-recurring financial support was provided by NHS Lothian to ensure a balanced financial position.

Although underspent the IJB still has financial challenges in areas such as General Medical Services and prescribing budgets due to rising prices and demand plus significant financial challenges within our Social Care learning disabilities budget where care packages are complex and expensive.

Reserves

The movement in the IJB's reserves and the makeup of that reserve is detailed below. In summary the balance in the IJB's reserves on 31 March 2023 is £10,112,000. This is made up of £5,092,000 for earmarked reserves and £5,030,000 of general reserves.

	Opening £000's	In Year £000's	Closing £000's
Covid	9,182	(9,182)	0
Other Earmarked	6,297	(1,205)	5,092
General	4,810	220	5,030
	20,289	**(10,167)**	**10,122**

Elements of the reserve are for very specific projects and the IJB will be encouraging the partners to progress these projects, however some elements (for example Additional Capacity in Care at Home) will support broader work and the IJB is committed to ensuring that the earmarked funds which can be appropriately used to develop the IJB's services are used in that way. Further detail on the reserves can be found in Note 5 in the statements.

Analysis of the Financial Statements

The financial statements are all presented on a net basis and the table below summarises the income and expenditure for the IJB for 2022/23.

Income and Expenditure

	Budget Health £000's	Budget Social Care £000's	Expenditure Health £000's	Expenditure Social Care £000's	Variance £000's	Note
Direct East Lothian Services						
Community AHPS	6,176		5,868		308	
Community Hospitals	14,560		14,048		512	
District Nursing	3,127		2,964		163	
General Medical Services	19,229		19,578		(349)	
Health Visiting	2,207		2,106		101	
Mental Health	6,160		6,302		(142)	
Other	1,415		58		1,357	
Prescribing	21,279		22,342		(1,063)	
Resource Transfer	4,969		4,969		0	1
Older People		34,008		33,693	315	

Mental Health		2,226		2,550	(323)	
Physical Disabilities		2,755		2,894	(139)	
Learning Disabilities		17,923		18,756	(833)	
Planning and Performance		3,159		3,140	19	
Other		7,789		6,546	1,243	
Share of Pan Lothian						
Set Aside	24,764		25,960		(1,196)	**2**
Mental Health	2,871		3,122		(251)	
Learning Disabilities	1,606		1,624		(18)	
Rehabilitation	1,137		940		197	
Sexual Health	911		928		(17)	
GP OOH	1,593		1,676		(83)	
Psychology	1,580		1,584		(4)	
Substance Misuse	592		567		25	
Allied Health Professions	1,888		1,765		123	
Oral Health	1,626		1,565		61	
Other	4,665		4,420		245	
Pharmacy	4,596		4,596		0	**3**
Ophthalmology	2,093		2,093		0	**3**
Dental	7,617		7,617		0	**3**
Totals	**136,661**	**67,860**	**136,692**	**67,578**	**251**	
Non Recurring NHSL support	31		0		31	
Revised Total	**136,692**	**67,860**	**136,692**	**67,578**	**282**	
SCF	6,216	(6,216)	6,216	(6,216)	0	**4**
Per Accounts	**142,908**	**61,644**	**142,908**	**61,362**	**282**	

Income & Expenditure Notes

1. Resource Transfer are funds for specific purposes which are transferred from health to social care. However, these remain part of the health budget and are reported there.

2. Set Aside is the budget for those functions delegated to the IJB which are managed by the Acute Services management teams within NHS Lothian; These services are:

> ➢ Accident and Emergency
> ➢ Cardiology
> ➢ Diabetes
> ➢ Endocrinology
> ➢ Gastroenterology
> ➢ General Medicine
> ➢ Geriatric Medicine
> ➢ Rehabilitation Medicine
> ➢ Respiratory Medicine
> ➢ Various ancillary support services for the above.

These services are delivered at the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital.

3. In the Health system, expenditure to support the delivery of community dentistry, community opticians and community pharmacists is termed as 'non cash limited' (NCL) but is clearly part of the delivery of primary care services and these functions are delegated to the IJB. However, being NCL there is no budget as such but any expenditure incurred is supported in its entirety by the Scottish Government. The NCL values are not part of the budget setting process, there being no budget, but NHS Lothian has matched the NCL expenditure with income to cover this expenditure.

4. The Social Care Fund (SCF) is a resource which the Scottish Government has directed to the IJB through NHS Lothian and is shown as health funds in the accounts. However, these funds are then transferred to the Council and used to support the delivery of social care services and the analysis above reflects this.

The charges (shown as expenditure above) made by East Lothian Council to the IJB are the net direct costs incurred in the delivery of social care services in East Lothian. The charges from NHS Lothian are based on the health budget setting model as agreed by the IJB. That is, charges for the core services (those services specifically for and delivered by the East Lothian HSCP) are based on the net direct actual costs incurred in East Lothian. However, charges for hosted and set aside services (those services which are not generally managed by the East Lothian Partnership and are delivered on a pan-Lothian basis) are based on the total actual costs for these services shared across four IJBs per the budget setting model. The IJB share of the total actual costs incurred in 2022/23 for hosted services is 12% and, generally, 12% of the Lothian element of the set aside budgets and the non-cash limited budgets.

Consideration of the 2023/24 Financial Position

The IJB faced challenges balancing its budget for 2023/24.

In March 2023 the IJB considered the budget offer from East Lothian Council. Given the offer was not in line with the parameters set by Scottish Government, the IJB voted to not accept this budget offer from the Council. At the IJB in May 2023, there was no change in the budget offer from East Lothian Council, therefore the IJB noted the further financial recovery action required to balance the budget for 2023/24 and mitigate the reduction in the East Lothian Council offer.

Consultation on the National Care Service

The Scottish Government continued their consultation on the proposal to set up a National Care Service. The consultation process aimed to support the development of the Bill and under the current proposals IJBs will be reformed into local care boards, accountable to Scottish Ministers. In March 2023, MSPs voted to formally postpone the Bill to establish the National Care Service for Scotland until the end of June 2023.

Key risks, challenges, and uncertainties

The three main pressures faced by East Lothian are:

- The growing demand for services, both locally and in Acute sites, driven by population growth and the changing needs of the population.
- the lack of available workforce; and
- the challenging financial landscape.

Health and Social Care will regularly update the IJB with detailed transformations plans on reshaping services to meet the needs of the population. The challenge for the IJB is to transform the delivery of its delegated functions to ensure both clinical and financial sustainability.

A growing and ageing population

East Lothian's population is one of the fast growing in Scotland, this was evidenced by the population estimates released by the National Records of Scotland (NRS). The published findings projected that between 2018 and 2028, the population of East Lothian is to increase from 105,790 to 113,403.This is an increase of 7.2%, which compares to a projected increase of 1.8% for Scotland as a whole.This projection compounds the previous growth between 2001 and 2021,in this period the population of East Lothian increased by 21.5%. This was the highest percentage change out of the 32 council areas in Scotland. Over the same period, Scotland's population rose by 8.2%.

The average age of the population of East Lothian is projected to increase. The 75 and over age group is projected to see the largest percentage increase (+32.6%). As people live longer many more people will be living at home with frailty and/or dementia and/or multiple health conditions. This will pose challenges for all our health and social care services whilst also changing the face of some of the local communities.

Source Information - Link to NRS

Workforce pressures

Both the NHS and the Local Authority are experiencing a shortage of care professionals. The pressure spans over various disciplines, including medical staff, nurses, allied health professionals, social workers, and carers. The demand for services often exceeds the available workforce, leading to increased workloads and potential strains on the system.

Addressing these challenges requires a multifaceted approach, including robust workforce planning, recruitment, and retention strategies. In response, East Lothian is piloting new approaches and has used promotional vidoes and held recruitment days to provide a better understanding of services and promote working in East Lothian.

Acute hospitals

The Acute hospitals that support the population of East Lothian (The Royal Infirmary of Edinburgh and the Western General Hospital) remain under significant demand pressures as do other social care and health services, in a financially challenging environment. The IJB will continue to support community-based alternatives that will minimise avoidable admissions and facilitate discharges to help improve system flow.

The challenging financial landscape

The Scottish Government, in setting its budget, highlighted that there is significant financial challenge ahead with limited resources available. The challenge impacts across the whole of the Public Sector and the IJB understands the pressures faced by NHS Lothian and East Lothian Council with increasing costs and constrained funding. The IJB must ensure it's own financial sustainability, reported through the IJB's medium term financial plan. The plan shows signification financial gaps therefore a focus will need to be put on financial recovery to ensure the sustainability of services – tough decisions, service redesign and transformation will be critical.

Shamin Akhtar
Chair

Fiona Wilson
Chief Officer

Claire Flanagan
Chief Finance Officer

<u>Statement of Responsibilities</u>

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 for signature.

I confirm that these Annual Accounts are due to be approved for signature at a meeting of the Audit & Risk Committee on 12th September 2023.

Signed on behalf of East Lothian Integration Joint Board.

Shamin Akhtar
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 local authority 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 East Lothian Integration Joint Board at the reporting date and the transactions of the East Lothian Integration Joint Board for the year ended as at 31 March 2023.

Claire Flanagan
Chief Finance Officer

Remuneration Report

Introduction

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

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

Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by East Lothian Council and NHS Lothian Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the IJB in 2022/23.

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.

NHS Lothian remunerates its non-executive members on a notional day basis. That is they are paid a fixed annual amount which is considered to represent payment for one day a week. Those non-executive members of the NHS Lothian Board, who are also Chairs or Vice Chairs of IJBs, are given an additional day's remuneration per week in recognition of the additional time required to undertake those roles. Peter Murray, as a non-executive member of NHS Lothian Board who was also the Chair of East Lothian IJB, has received an additional day's remuneration specifically for his role as Chair of the IJB in 2022/23. This remuneration is £9,030 per annum.

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

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will 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.

The Chief Officer of the IJB was Alison MacDonald until end of June 2022, Alison was replaced by Fiona Wilson from July 2022. Fiona has a joint role as Director of Health and Social Care for East Lothian Council and the Joint Director of the East Lothian Partnership. As in previous years it has been agreed, 50% of total remuneration is to be shown in the accounts of the IJB as the remuneration as the Chief Officer of the IJB.

Chief Finance Officer

Although the costs of the Chief Finance Officer are not included in the charges made to the IJB by either partner, given the S95 role of the Chief Finance Officer and in the interests of transparency, the remuneration of the Chief Finance Officer is included below. During 2022/23 the Chief Finance Officer was Claire Flanagan. The Chief Finance Officer is employed by NHS Lothian and has three roles – the IJB's Chief Finance Officer, the Chief Finance Officer of Midllothian IJB and an operational role in the NHS Lothian finance team as a Finance Business Partner. On that basis, one third of the total remuneration for Claire Flanagan is shown below.

Other Officers

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.

Total for 2021/22 £	Senior Employees Salary, Fees & Allowances	Total for 2022/23 £
53,692	Alison MacDonald, Chief Officer	13,531
n/a	Fiona Wilson, Chief Officer	32,880
9,644	Claire Flanagan, Chief Finance Officer	25,694
14,047	David King, Interim Chief Finance Officer	1,436

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.

Pension Disclosure

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

	For year to 31/03/2022 £k	For year to 31/03/2023 £k		Accrued Pension benefits At 31/03/2022 £k	At 31/03/2023 £k
Alison MacDonald	22	24	Pension	17	20
			Lump Sum	13	8
Claire Flanagan	17	18	Pension	18	21
			Lump Sum	27	29
Fiona Wilson	n/a	20	Pension	n/a	31
			Lump Sum	n/a	86

Disclosure by Pay Bands

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

Exit Packages

The IJB did not support nor did it direct to be supported by its partners for any exit packages during 2022/23.

Shamin Akhtar
Chair

Fiona Wilson
Chief Officer

Annual Governance Statement

Purpose

The annual governance statement lays out how East Lothian Integration Joint Board (the ELIJB) complies with the Code of Corporate Governance and sets out the framework within which the ELIJB has put in place proper financial and governance arrangements for the conduct of its business affairs. This will facilitate the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal control are in place.

Scope of Responsibility

ELIJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This is to allow the public funds at its disposal to be safeguarded and used efficiently and effectively in pursuit of best value.

Board members, including the Chief Officer and the Chief Finance Officer, are responsible for the governance of the business affairs of the ELIJB. This includes setting the strategic direction, vision, culture and values of the ELIJB and establishing appropriate and cost effective systems, processes and internal controls to allow the strategic objectives to be delivered.

In order to achieve this, the ELIJB follows the principles of corporate governance based on the CIPFA/SOLACE Framework and Guidance on 'Delivering Good Governance in Local Government'.

The ELIJB Local Code of Corporate Governance details 7 core principles which are supported by 20 sub-principles and 91 behaviours and actions that demonstrate good governance. Elements of good governance included are:

- Ensuring Board and Committee members behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the ELIJB;
- Creating the conditions to ensure that all ELIJB members and the ELIJB's partners (East Lothian Council and NHS Lothian) are able to fulfil their responsibilities in accordance with legislative and regulatory requirements;
- Having a clear vision, which is an agreed formal statement of the ELIJB's purpose and intended outcome which provide the basis for the ELIJB's overall strategy, planning and other decisions, the ELIJB Strategic Plan was agreed by the ELIJB in September 2022 to run from October 2022 to March 2025;
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources and to ensure best value is achieved, the ELIJB Workforce Plan 2022-2025 was endorsed for publication by the ELIJB in February 2023;
- Evaluating and monitoring risk management and internal control on a regular basis, with ELIJB risk register being monitored at every ELIJB Audit and Risk Committee;
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the ELIJB's Chief Internal Auditor, as monitored through the ELIJB Audit and Risk Committee;
- Ensuring an audit committee, which is independent of the Board and accountable to the IJB, provides a further source of effective assurance regarding arrangements

for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon.

- Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and providing an Annual Report which includes an action plan for improvement and evidence to demonstrate good governance (the annual governance statement); and
- Ensuring that recommendations for corrective action made by the external auditor are acted upon.

ELIJB Audit & Risk Committee approved the ELIJB adoption of the CIPFA FM Code in March 2022. This was further approved by the ELIJB in December 2022 with a report demonstrating that ELIJB meets all of the requirements of the code as considered applicable to ELIJB. ELIJB's financial management arrangements conform to the requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government. The Chief Finance Officer has overall responsibility for the ELIJB's financial arrangements and is professionally qualified and suitably experienced.

The ELIJB is responsible for conducting each financial year, a review of the effectiveness of its governance framework, including risk management and the systems for internal control and financial control. The review of the effectiveness of the ELIJB's governance framework is informed by:

- The work of the ELIJB Board, the Strategic Planning Group, and the Audit and Risk Committee;
- The annual assurances that are provided by the ELIJB Chief Officer and the Chief Finance Officer;
- The ELIJB Chief Internal Auditor's annual assurance report which is based on internal audit work completed during the year;
- Reports from the ELIJB's external auditor;
- Reports from other external review bodies, agencies and inspectorates.

The key governance arrangements and controls are set out in the Local Code of Corporate Governance.

Statutory and other Compliance

ELIJB ('the Board') has secured compliance with statutory and other requirements, as follows:

- Membership - its minimum membership (voting and non-voting) is set by statutory instrument, with the power to appoint additional members as it sees fit. The Board's membership is fully populated;
- Standing Orders - the Board is required by statutory regulations to have Standing Orders to regulate its business, with some aspects stipulated in those regulations. Standing Orders were adopted at the ELIJB's inaugural meeting and were subsequently amended on 26 March 2020 as part of COVID-19 recess procedures. They comply with statutory requirements;
- Committees - the Board has established an Audit and Risk Committee with a detailed remit and powers and with the membership clearly defined. This complies with statutory requirements and with the Board's Standing Orders;

- Meetings - the Standing Orders adopted by the Board allow the public to have prior access to meeting agendas and reports, and to attend meetings of the Board and its committees, except in clearly defined and limited circumstances. During the 2022/23 year meetings have been held remotely via Teams. Local press representatives have been invited to meetings and the meetings recorded and made available publicly to meet these commitments;
- Strategic Plan - the Board established its Strategic Planning Group as required by legislation, with Terms of Reference approved by the Board covering membership, meetings and meetings procedures. Meetings have continued to be held remotely throughout the year;
- Annual Performance Report – ELIJB produces an Annual Performance Report, with the last report being published in September 2022,covering the year 2020/21, In line with Scottish Government guidance, the report included details of performance in relation to the Core Integration Indicators and additional Ministerial Steering Group indicators and financial performance;
- Officers - the Board continues to appoint a Chief Officer and a Chief Finance Officer as required by the legislation. A Chief Internal Auditor is also appointed to carry out the Board's internal audit requirements and assist its Audit and Risk Committee;
- Finance - financial control processes continued as normal during the 2022/23 financial year with the Board receiving regular Financial Update reports, a Medium Term Financial plan was approved by ELIJB in December 2022, however assumptions may need to be reconsidered as result of the budget setting process for 2023/24
- Budget Setting 2023/24 – ELIJB Agreed as part of the Finance Update in March 2023 not to accept the IJB budget offer from East Lothian Council, as it is not in line with the parameters set by Scottish Government. In May 2023 the ELIJB agreed to accept the IJB budget offer from NHS Lothian and note the further financial recovery action required to mitigate the £0.25million financial gap for ELIJB for 2023/24. Work is ongoing in delivering recovery action to create a balanced budget for the current financial year.
- Code of Conduct - the Board adopted a Code of Conduct based on the existing Model Code for Members of Devolved Public Bodies in Scotland which came into effect on 7th December 2021, and members have registered their interests according to that Code. The revised Code of Conduct was approved for adoption by the ELIJB in June 2022.

The ELIJB Chief Internal Auditor has responsibility for the provision of Internal Audit services to the ELIJB and reports functionally to the ELIJB Audit and Risk Committee to allow appropriate independence. The ELIJB Chief Internal Auditor is professionally qualified and suitably experienced to lead and direct the Internal Audit team.

The ELIJB Chief Internal Auditor concluded that based on the work undertaken in 2022/23 reasonable assurance can be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the period to 31 March 2023, but noted areas for further development. These improvements are reflected below.

Action Plan

During 2021/22, areas identified with scope for improvement included the following:

- Recruitment to the Strategic Planning Group to ensure that all statutory groups are represented and regular attendance from all group members are to be encouraged to ensure appropriate representation from across the community is in place by September 2023.

- The IJB had a requirement to develop a medium term Financial Plan which has now been completed for 2022/23 to 2026/27, and approved in December 2022. The plan however noted the future work required to refine this financial plan and the requirement for significant recovery actions to bring the plan back into balance. Regular financial reporting has then been provided to the IJB at every meeting. The March 2023 Budget Offer from Partners Paper outlined that *"with a £6.1m projected overspend next year and £5.9m of financial recovery plans there remains a £0.250m financial gap that the IJB requires to decide how this is mitigated."* And "*within the financial recovery assumptions above, even after the identification of financial recovery plans there was still a financial gap within prescribing and set aside services."* A recovery action on the remaining £0.250m was identified for noting to the IJB in May 2023. The current challenges highlight that further and ongoing work to continue to refine the financial plan will be required moving forwards to demonstrate appropriate provision of resources to implement the ELIJB strategic plan.

- In developing the IJB workforce plan 2022-25 a comprehensive skills gap analysis has not yet been completed, therefore the Board cannot yet determine the upcoming workforce demands and develop the appropriate recruitment and training strategies to address current and future skills gaps within the workforce, this is planned to be completed by August 2023.

The implementation of these actions to enhance the governance arrangements in 2023/24 will be driven and monitored by the ELIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2023/24 is designed to test improvements and compliance in governance and implementation of agreed recommendations. Progress has been made against all actions noted in the 2022/23 annual governance statement and monitoring to completion is undertaken by Internal Audit.

It is our opinion, subject to the weaknesses outlined above, that reasonable assurance can be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year to 31 March 2023.

Shamin Akhtar
Chair

Fiona Wilson
Chief Officer

Independent Auditor's Report

Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows 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.

2021/22 Net Expenditure £000's		2022/23 Net Expenditure £000's
146,427	NHS Lothian	153,357
52,823	East Lothian Council	61,362
199,250	**Cost of Services**	**214,719**
209,931	Taxation & Non Specific Grant Income	204,552
10,681	**Surplus or Deficit on Provision of Services**	**(10,167)**

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the East Lothian IJB.

	2021/22 Total £000's	2022/23 Movement £000's	2022/23 Total £000's
General Reserves			
Surplus on Provision of Service	4,810	220	5,030
Earmarked Reserves			
Surplus on Provision of Service	15,479	(10,387)	5,092
Total Usable reserves	**20,289**	**(10,167)**	**10,122**

Reserves

The Integration Joint Board is permitted to set aside future amounts of reserves for future policy purposes. These reserves normally comprise funds that are set aside for specific purposes; and funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies. They are created by appropriating amounts out of revenue balances. When expenditure to be funded from a reserve is incurred, it is charged to the appropriate service in that year and thus included in the Comprehensive Income and Expenditure Statement. Movements in reserves are reported in the Movement in Reserves Statement.

Useable Reserves

East Lothian IJB has both a general reserve which can be used to mitigate financial consequences of risks and other events impacting on the IJB's resources and an earmarked reserve the monies within this fund are earmarked for specific purposes. East Lothian IJB has an earmarked reserve which can be used to mitigate financial consequences of risks and other events impacting on the specific project budget.

Earmarked Reserves	£000's
COVID-19	0
Primary Care Improvement Fund	80
Mental Health Strategy	66
Alcohol and Drugs Strategy	59
Community Living Change Fund	346
Care at Home Capacity	419
Interim Care	420
Unpaid Carers PPE	2
Unscheduled Care	1,777
Carers fund	141
Locally Committed programmes	1,782
Committed Project Funds	**5,092**

Balance Sheet

The Balance Sheet shows the value, as at 31 March 2023, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

2021/22 Total £000's		Notes	2022/23 Total £000's
	Current Assets		
20,289	Short Term Debtors		10,122
	Current Liabilities		
0	Short Term Creditors		
20,289	**Total Assets less current Liabilities**		**10,122**
	Capital and Reserves		
15,479	Earmarked Reserves		5,092
4,810	General Reserves		5,030
20,289	**Total Reserves**	**MIRS Note 5**	**10,122**

The accounts are due to be authorised for issue on 12th September 2023.

Claire Flanagan
Chief Finance Officer

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarises the IJB's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023.

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.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

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.

It should be noted that the above principles are those applied by the partners (NHS Lothian and East Lothian Council). The IJB has funded these partners to deliver the delegated functions and these partners have charged the IJB as above.

Funding

The IJB is wholly funded through funding contributions from the statutory funding partners, East Lothian Council and NHS Lothian. Expenditure is incurred in the form of charges by the partners.

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 partner. 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. 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.

Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the 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.

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

The IJB has no provisions, contingent liabilities or contingent assets at 31 March 2023.

Reserves

The IJB's only Useable 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. As noted above, the IJB had reserves of £10,122,000 at 31 March 2023.

Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Lothian and East Lothian Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. The IJB holds separate indemnity insurance through its membership of the CNORIS scheme; the charge for this in 2022/23 was £3,000.

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 analogous to normal insurance arrangements.

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

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

2. Critical Judgements and Estimation Uncertainty

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

➢ The 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 contains 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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year.

Provisions

The IJB has not created any provisions in respect of compensation claims. The IJB has not had any claims made against it in 2022/23 nor is it aware of any claims pending. However, it is not certain that all claims have been identified or that the historic level of settlement payments is a reliable guide for future settlements.

3. **Events After the Reporting Period**

The Annual Accounts were authorised for issue by the IJB's Audit and Risk Committee. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

4. **Short Term Debtors**

The IJBs short term debtors are broken down as follows:

	2021/22 £000's	2022/23 £000's
Funding due from NHS Lothian	18,782	8,333
Funding due from East Lothian Council	1,507	1,789
Total	**20,289**	**10,122**

Amounts owed by the East Lothian Council is stated on a net basis; that is the creditor balances relating to expenditure obligations incurred but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

5. **Reserves**

The IJB's useable reserve is broken down as follows:

Earmarked Reserves	2021/22 £000's	2022/23 £000's
COVID-19 Funding	9,182	0
Scottish Government Mental Health Strategy - Action 15	8	66
Scottish Government Primary Care Improvement Plan Fund	354	80
Midlothian and East Lothian Drug and Alcohol Partnership	1,038	59
Community Living Change Fund	346	346
Winter - Care at Home Capacity	419	419
Winter - Interim Care	420	420
Winter - Multi-Disciplinary teams	158	0
Carers	79	141
Unpaid Carers PPE	0	2
Unscheduled Care	0	1,777
Locally Committed Programmes	3,476	1,782
	15,479	**5,092**
General Reserves	**4,810**	**5,030**
Total Reserves	**20,289**	**10,122**

6. Taxation and Non-Specific Grant Income

2021/22 £0		2022/23 £0
53,771	Contributions from East Lothian Council	61,644
156,160	Contributions from NHS Lothian	142,908
209,931	**Total**	**204,552**

The contributions received by East Lothian IJB represent the funding provided by the Partners (East Lothian Council and NHS Lothian).

The funding contribution from the NHS Board shown above includes £24,764,000 in respect of the Set Aside resources and £32,807,000 in respect of East Lothian's share of pan Lothian health services resources.

7. Corporate Service

Included in the above costs are the following corporate services:

2021/22 £0		2022/23 £0
55	Staff (Chief Officer)	46
3	CNORIS	3
28	Audit Fee	31
85	**Total**	**80**

8. Related Party Transactions

As partners with the East Lothian Integration Joint Board both East Lothian Council and NHS Lothian are related parties and the material transactions with these bodies are disclosed in these accounts.

There are elements of expenditure which are shown against NHS Lothian but where the resources are used by social care services delivered by East Lothian Council. Further details are shown on the Income and Expenditure analysis on page 12/13.

Both Resource Transfer and the Social Care fund are resources which are part of the NHS Lothian Budget and are shown as expected there in but these funds are used to deliver social care service supplied by East Lothian Council.

The change in Resource Transfer in 2022/23 relates to a presentational reclassification exercise within NHS Lothian.

2021/22 Net Expenditure £000's		2022/23 Net Expenditure £000's
146,427	NHS Lothian	153,357
(4,964)	Resource Transfer	(4,969)
(6,216)	Social Care Fund	(6,216)
135,247	**Total**	**142,172**
52,823	East Lothian Council	61,362
4,964	Resource Transfer	4,969
6,216	Social Care Fund	6,216
64,003	**Total**	**72,547**

9. <u>Agency Transactions</u>

COVID-19 Grants were distributed on behalf of the Scottish Government in accordance with the Scottish Government's eligibility criteria.

10. <u>VAT</u>

The IJB is not a taxable entity and does not charge or recover VAT on its functions. The VAT treatment of expenditure and income within the accounts depends upon which of the partners is providing the services as these bodies are treated differently for VAT purposes.

Appendix 1 – Set Aside

Set Aside budget relates to services provided by large hospitals on behalf of the IJB. The principle is illustrated in the diagram below.

What is a set aside budget?

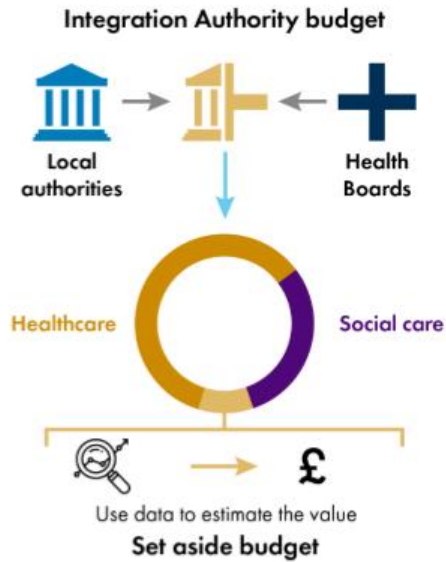The budgets of integration authorities (IAs) are composed of two elements:
• Social care
• Health care – including primary and community healthcare, as well as some hospital care

The majority of integration authorities (IAs) have a 'set aside' budget. This relates to unscheduled acute hospital care.

How is the set aside budget agreed?

When setting the budget, the integration authority agrees with the NHS health board partner how much it expects to need for unscheduled acute hospital care. To do this, the partners use hospital data on levels of activity.

For IAs using the "set aside" approach, the agreed amount remains within the NHS rather than being paid to the IA (like the rest of the NHS contribution). This "set aside" budget should still remain under the control of the IA.
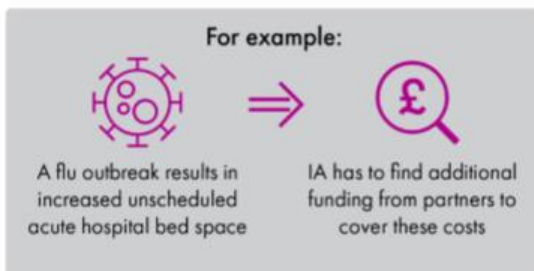
Integration Authority budget

Local authorities → ← Health Boards

Healthcare — Social care

Use data to estimate the value
Set aside budget

What can change the set aside budget?

In year

During the year, actual **unscheduled acute activity** might be higher or lower than anticipated.
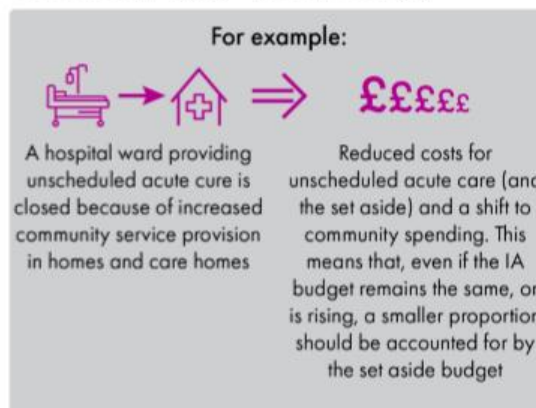
If activity is higher, the IA needs to agree with partners how these additional costs will be met.

If activity is lower, the IA should be able to decide how to spend the difference between actual and anticipated costs.

For example:

A flu outbreak results in increased unscheduled acute hospital bed space ⇒ IA has to find additional funding from partners to cover these costs

Longer term

Over the longer term, changes to how services are delivered should also be aimed at reducing demand for unscheduled acute care and – in turn – the set aside budget.

For example:

A hospital ward providing unscheduled acute cure is closed because of increased community service provision in homes and care homes ⇒ Reduced costs for unscheduled acute care (and the set aside) and a shift to community spending. This means that, even if the IA budget remains the same, or is rising, a smaller proportion should be accounted for by the set aside budget

Source - Scottish Government Health and Sport Committee report in October 2019 "Looking ahead to the Scottish Government Health Budget 2020/21: When is hospital bad your health?"

REPORT TO: East Lothian IJB Audit & Risk Committee

MEETING DATE: 6 June 2023

BY: Chief Finance Officer

SUBJECT: Risk Register - update

7

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1   PURPOSE

1.1   This paper lays out the IJB's risk register.

2   RECOMMENDATIONS

2.1   The Committee is asked to:

      i.   Note the risks on the current risk register

     ii.   Consider if any further risks should be added to the register

3   BACKGROUND

3.1   As a key part of its governance process the IJB maintains a risk register. This risk register examines the risks that impact on the business of the IJB itself and not the operational risks that the IJB's partners manage unless those risks are considered so significant that they could impact on the business of the IJB – that is impact on the ability of the IJB to deliver its strategic plan.

3.2   The current version of the risk register is attached. As agreed at the Audit & Risk Committee June 2022 meeting risks with a score of 12 and above are routinely reported with the full risk register presented on an annual basis. Since the last meeting the following should be considered:

- Risk 5486 – Council Finance Department in business continuity – this risk has been increased in rating to 12 following ongoing dialogue with Council officers.

- Risk 3924 - Financial resources may be insufficient to sustain the Strategic Plan – this risk has been increased to 16 in March 2023 and updated for the budgets offers presented to the IJB during

March and May 2023. There has also been a change in the description replacing previously termed failure with sub optimal.

- • Risk 3925 – Operational resources may be insufficient to deliver the Strategic Plan – proposing reducing this risk rating to a 9

3.3 Members are asked to consider if there are additional risks that require to be added to the register and consider if the management actions identified against these current risks provide assurance that these risks are being appropriately managed.

4 ENGAGEMENT

4.1 The IJB makes its papers and reports available on the internet.

5 POLICY IMPLICATIONS

5.1 This paper is covered within the policies already agreed by the IJB.

6 INTEGRATED IMPACT ASSESSMENT

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 DIRECTIONS

7.1 The subject of this report does not affect the IJBs directions or require a new direction to be issued.

8 RESOURCE IMPLICATIONS

8.1 Financial – None

8.2 Personnel – None

8.3 Other – None

9 BACKGROUND PAPERS

9.1 None

Appendices

1. Risk Rating Matrix
2. Risk Register

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DATE	June 2023

Appendix 1- Risk Rating Matrix (DATIX)

Likelihood	Consequences / Impact				
	Negligible	**Minor**	**Moderate**	**Major**	**Extreme**
Almost Certain	Medium 5	High 10	High 15	V High 20	V High 25
Likely	Medium 4	Medium 8	High 12	High 16	V High 20
Possible	Low 3	Medium 6	Medium 9	High 12	High 15
Unlikely	Low 2	Medium 4	Medium 6	Medium 8	High 10
Rare	Low 1	Low 2	Low 3	Medium 4	Medium 5

ID	Title	Description	Controls in place	Risk level (current)	Rating (current)	Risk level (Target)	Rating (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Description	Progress	Start date	Due date	Done date
5220	Demographic Pressures	There is a risk that because the population of East Lothian has increased over the past few years, the projections predict a further increase. Because of this the pressure is further compounded by the percentage of that population over the age of 65 will also increase from the current position. This will lead to increased demand for the health and social care services in East Lothian that have been delegated to the IJB.	This will be managed through the IJB's Strategic Planning processes. Change boards should be operating with recognition of demographic changes within the area. Commissioned Cap Gemini to access future demand on care at home services. Closer links with public health to understand our demographics better.	High	16	Medium	9	Wilson, Fiona M	Wilson, Fiona M	20/08/2021	18/11/2022	Community Transformation provisioning work	Gillian Neil leading with an April 2024 timescale	01/09/2022	30/04/2024	
												Primary Care Overview	Primary Care GM working with NHSL on practice capital requirements. IJB officers working with ELC officers on large population change plans (e.g. Blindwells)	18/11/2022	30/04/2024	
												Provisioning Strategy Project	extensive engagement to assess how to develop services for older people - LK 11/5/23	11/05/2023	30/04/2024	
												Housing strategy		11/05/2023	30/04/2024	
5486	East Lothian Council finance department in business continuity	There is a risk that the IJB will have reduced financial support and information from East Lothian Council on its delegated budgets. There is a risk this will impact on the IJBs ability to manage its financial position and deliver its strategic plan.	1 - The Scheme of Integration 2 - IJB CFO in post 3 - ELC review position every 2 weeks	High	12	Medium	4	Wilson, Fiona M	Flanagan, Claire	18/11/2022	12/05/2023	Ongoing dialogue with East Lothian Council	ELC reporting timetable provided ELC will move to quarterly reporting for the IJB ELC actively recruiting CF 12/5/23	18/11/2022		
3924	Financial resources may be insufficient to sustain the Strategic Plan	There is a risk that the financial challenges faced by the NHS and East Lothian Council will result in allocations to the IJB that do not allow the Strategic Plan to be delivered leading to sub optimal achievement of outcomes and targets.	1. Financial assurance process carried out by IJB 2. Engagement of IJB Officers and members in NHS and Council budget setting processes 3. Regular financial monitoring reports to IJB 4. Scheme of Integration risk sharing and dispute resolution processes 5. IJB Chief Finance Officer in post 6. Strategic Planning Group in place 7. Efficiency and recovery plans are developed in year by operational teams to "break even". 8. There is a programme of meetings and discussion between IJB, Council and Health Board leading to an IJB financial planning process being approved by the IJB and supported by Council and Health Board 9. The IJB take a lead role in policy decisions to support the Financial Plan. 10. Developed a longer term rolling financial plan for the IJB. 11. IJB now holds a general reserve.	High	16	High	12	Wilson, Fiona M	Flanagan, Claire	26/02/2016	12/05/2023	IJB budget offer from Partners	Ongoing dialogue with both Partners on budget offers for 2023/24 following Scottish Government letters on the parameters for Partners - CF 14/2/23 Budget Offer from Partners presented to IJB in March 23. IJB voted to not accept ELC budget offer, ELC been advised of this position. May 23 IJB reporting on further savings required to mitigate the reduced budget offer from ELC. CF - 12/5/23	14/02/2023	30/06/2023	
5279	Impact of National Care Service Proposals	There is a risk that the NCS consultation could have a significant impact on the IJB, indeed the IJB could be replaced by a new body.		High	12	High	12	Wilson, Fiona M	Wilson, Fiona M	29/11/2021	11/05/2023	Scottish Government	CO engaging with the Scottish Government and inputting to the consultation - 16/8/22 CO has a meeting with Scottish Government Officials in June 2023 - SO 11/5/23	15/08/2022	31/12/2023	
3925	Operational resources may be insufficient to deliver the Strategic Plan	There is a risk that the IJB fails to achieve its targets due to insufficient access to key services and resources e.g. General Practice, Care at Home, Care Homes, Health Visiting, Housing, acute services etc leading to failure to deliver the Strategic Plan resulting in risk to patients' and clients' safety, external review and reputational damage	1. The Strategic Plan sets out clear priorities 2. IJB directions are clear about actions required by NHS and Council 3. The Partnership Management Team is focused on ensuring adequate resources are in place for delegated functions to deliver the Strategic Plan 4. NHS Lothian is focused on ensuring adequate resources are in place for set-aside and hosted functions to deliver the Strategic Plan 5. NHS Lothian and East Lothian Council are focused on ensuring adequate resources are in place for non-delegated but related functions (e.g. housing), to deliver the Strategic Plan 6. Quarterly Performance Report to IJB and scrutiny by the Audit and Risk Committee. 7. Care at Home contracts in place. 8. Use of Integrated Care Fund to increase capacity and improve terms and conditions. 9. Use Primary Care Transformation Fund to improve access in west of county. 10. Joint Workforce Plan approved and in place at IJB on 23/5/19. 11. Financial investment in additional capacity	High	12	Medium	6	Wilson, Fiona M	Wilson, Fiona M	26/02/2016	11/05/2023	Infrastructure and Corporate Partners	Ongoing dialogue regarding infrastructure and corporate partners, corporate functions to support the IJB. - LK 11/5/23	11/05/2023		