
Report To: Inverclyde Integration Joint Board - Audit Committee **Date:** 18 August 2016

Report By: Brian Moore
Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJBA/01/2016/LA

Contact Officer: Lesley Aird **Contact No:** 01475 712744

Subject: 2015/16 UNAUDITED ANNUAL ACCOUNTS

1.0 PURPOSE

- 1.1 The purpose of this report is to ask the Committee to review the Unaudited Annual Accounts for the Inverclyde Integration Joint Board (IJB) for the year ending 31 March 2016. These unaudited accounts were submitted to the external auditor, Grant Thornton UK LLB, on 22 June 2016.

2.0 SUMMARY

- 2.1 IJBs are specified as 'section 106' bodies in terms of the Local Government (Scotland) Act 1973, and consequently are expected to prepare their financial statements in compliance with the Local Authority Accounts (Scotland) Regulations 2014 (the regulations) and the Code of Practice on Accounting For Local Authorities in the United Kingdom.
- 2.2 The regulations require that unaudited accounts are submitted to the auditor no later than 30 June immediately following the financial year to which they relate. A report to the IJB on 20 June outlined the IJB's proposed approach to comply with the regulations and the IJB agreed that the draft accounts be submitted. The unaudited accounts were therefore submitted to the external auditor, Grant Thornton UK LLB, on 22 June 2016.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Integration Joint Board Audit Committee:
1. Reviews the Unaudited Annual Accounts for the IJB for the year ended 31 March 2016; and
 2. Notes that the External Auditor's Annual Report to Members for the Financial Year ended 31 March 2016 will be submitted to the IJB before 30 September 2016.

Brian Moore
Corporate Director (Chief Officer)

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Unaudited Annual Accounts for the IJB for the year ending 31 March 2016 required to be submitted to external audit by the statutory deadline of 30 June 2016. These unaudited accounts were submitted to the external auditor, Grant Thornton UK LLB, on 22 June 2016.
- 4.2 Functional and financial responsibility was not delegated to the IJB until 1st April 2016, therefore, the 2015/16 accounts, in line with LASAAC guidance, reflect only limited costs associated with the operation of the IJB and the preparation of the Strategic Plan.
- 4.3 For 2015/16, the period of account for the IJB is from the date specified in the order establishing the IJB, 27th June 2015, to 31st March 2016.

5.0 2015/16 ANNUAL ACCOUNTS

- 5.1 LASAAC guidance provides examples of the types of costs which could be included for IJBs which did not delegate functions or budgets during 2015/16:

Costs	Inverclyde IJB Approach
Costs of the IJB Chief Officer and Chief Financial Officer	20% of costs incurred have been included from date of Establishment to reflect the proportion of IJB work only while functions and budgets are not yet delegated. VAT is chargeable on the CFO costs.
Financial Support Services (eg ledger, expenses processing etc)	Costs not included as these costs are being borne by the Council and NHS and services provided free of charge to the IJB at this time
Planning Services	Costs not included as these costs are being borne by the Council and NHS and services provided free of charge to the IJB at this time
Human Resource advice	Costs not included as these costs are being borne by the Council and NHS and services provided free of charge to the IJB at this time
Communication and Engagement costs	Minimal costs incurred in relation to the development of the Strategic Plan. These have been included in the 2015/16 annual accounts
Administrative Support (eg Accommodation, Records Management etc)	Costs not included as these costs are being borne by the Council and NHS and services provided free of charge to the IJB at this time
External Audit Fee	This cost will be accrued as part of the 2015/16 accounts process

- 5.2 The 2015/16 Unaudited Annual Accounts show a total expenditure position of £32k, funded in full by the Council and NHS.

6.0 IMPLICATIONS

6.1 Finance

There are no direct financial implications within this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

Legal

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

Human Resources

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

Equalities

6.4 There are no equality issues within this report.

Has an Equality Impact Assessment been carried out?

√

YES (see attached appendix)

NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.0 CONSULTATION

7.1 This report has been prepared by the IJB Chief Financial Officer. The Chief Officer, the Council's Chief Financial Officer and Director of Finance NHSGGC have been consulted.

8.0 BACKGROUND PAPERS

8.1 None



Integration Joint Board

**Annual Accounts
2015/16**

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Management Commentary

Introduction

This publication contains the financial statements for the first year of Inverclyde Integration Joint Board (IJB) for the year ended 31 March 2016.

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the year 2015/16 and how this has supported delivery of the IJB's core objectives. This commentary also looks forward, outlining the future financial plans for the organisation and the challenges and risks which we will face as we strive to meet the needs of the people of Inverclyde.

Inverclyde IJB

In Inverclyde we have an 'all-inclusive' health and social care partnership (HSCP). Inverclyde HSCP has responsibility for the strategic commissioning (either planning or direct service delivery, or both) of the full range of health and social care services; population health and wellbeing, statutory health and social work/social care services for children, adults, older people and people in the community justice system.

From 1st April 2016, the IJB took formal delegated responsibility from the NHS Greater Glasgow and Clyde Health Board and Inverclyde Council for the delivery and/or planning of local health and social care services.

For some services this delegation of responsibility means the IJB taking full responsibility for planning, management and delivery of service provision, while for others – notably hospital based services and housing – this will mean planning with partners who will continue to manage and deliver the services as part of wider structures (e.g. the NHS Greater Glasgow & Clyde Acute Sector) or via external delivery agencies (e.g. Registered Social Landlords and Housing Associations).

Inverclyde is located in West Central Scotland along the south bank of the River Clyde. It is one of the smallest local authority areas in Scotland, home to 79,860 people and covering an area of 61 square miles. Our communities are unique and varied.

The IJB Strategic Plan 2016/19 outlines our vision for the Inverclyde Health & Social Care Partnership as well as our core objectives and services which are

delivered through four core teams. The HSCP has worked hard during 2015/16 to deliver these; both are illustrated in Exhibit 1.

Exhibit 1: IJB Values and Structure



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

The Annual Accounts 2015/16

The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the IJB's vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2015/16 Accounts have been prepared in accordance with this Code.

The Financial Plan

IJBs need to account for spending and income in a way which complies with our legislative responsibilities. On 27 June 2015 the Inverclyde IJB was formally established. Functions and budgets for the IJB were agreed to be delegated from 1 April 2016.

For the 2015/16 Shadow Year prior to the formal Integration Start Day, 1 April 2016, the IJB budgeted to deliver Partnership Services at a cost of £121.326m. During year funding adjustments increased this budget to £122.359m.

Performance

The HSCP tracks change in need and demand through its performance management arrangements. Every service undergoes a quarterly service review, chaired by the relevant Head of Service. Service use, waiting times and any other pressures are closely reviewed alongside progress against the service's key objectives. Any divergence from the agreed strategic direction is quickly identified and steps are put in place to get the service back on track. If there are notable differences between the service's performance and what has been planned for, then these differences are reported to the IJB along with a summary of the reasons for the divergence, and an outline of the

planned remedial action in cases where the divergence is negative. This is reported through Performance Exceptions Reports, and these continue to be produced and published on a six-monthly basis. The legislation requires that we follow a prescribed format of annual performance reporting against the nine outcomes, based on 23 national indicators. The Scottish Government is currently developing the national performance reporting format, which is expected to be issued late in 2016. Subsequently, we will be asked to present our first annual report to the IJB by 31st March 2017, and have it published by 31st July 2017

The IJB also embraces scrutiny including external inspection and self-assessment.

Financial Performance

Financial information is part of this performance management framework with regular reporting of financial performance to the IJB. This section summarises the main elements of our financial performance for the 2015/16 Shadow Year.

(a) Partnership Revenue Expenditure 2015/16

Formal establishment of the Inverclyde IJB was from 27 June 2015 with an agreed Integration Start Date of 1 April 2016. In line with LASAAC guidance, these accounts therefore reflect the Commencement of Transactions, IJB Operating Costs for 2015/16.

This includes costs of the Chief Officer and Chief Financial Officer from date of establishment together with initial consultation costs associated with the creation of the Strategic Plan and the External Audit Fee.

(b) The Balance Sheet

The Balance Sheet on page 12 summarises the IJB's assets and liabilities as at 31 March 2016, with explanatory notes provided in the full accounts.

Financial Outlook, Risks and Plans for the Future

The UK economy was showing signs of recovery with inflation and unemployment falling and growth taking place in a number of sectors. The EU referendum result on 23rd June creates some further, longer term, uncertainty and risk for the future for all public sector organisations. Additional funding of £250m has been announced for Health and Social Care Partnerships for 2016/17 to address social care pressures. Despite this, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted to 2018/19.

In addition to economic performance, other factors will influence the availability of funding for the public sector including Scottish and then local elections in the next two years, financial powers arising from the Scotland Act 2012, recommendations arising from the Smith Commission, the introduction of a Single Tier Pension Scheme in 2016 and the demographic challenges that Inverclyde is facing.

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

- the socio-economic and health inequalities prevalent in Inverclyde;

Exhibit 3: Vision and Values (2016-2019)



- the increased demand for services alongside reducing resources;
- the wider financial environment, which continues to be challenging; and
- the impact of Welfare Reform on the residents of Inverclyde.

The Inverclyde IJB was formally established on 27 June 2015, with responsibility for social care and a range of health services being delegated to it on 1 April 2016. The IJB is responsible for financial and strategic oversight of these services.

Moving into 2016/17, we are working to proactively address the funding challenges presented while, at the same time, providing services for the residents of Inverclyde.

We have well established plans for the future, and the IJB Strategic Plan 2016/17 to 2018/19 was approved by the IJB in March 2016. This sets out our ambitions and priorities for the next three years and how we will work with our local communities and partners to achieve them. The vision of the Health and Social Care Partnership is about 'Improving Lives'. Taking into account the Scottish Government's national framework, the 2020 Vision for Health and Social Care through our Strategic Planning Group we have identified four values to underpin our vision that we believe will improve outcomes for all our residents now and in the future. These are illustrated in Exhibit 3.

Conclusion

In a challenging financial and operating environment during this shadow year the IJB has successfully overseen the development of a new Strategic Plan and the delivery of all core services while undertaking a significant change programme designed to provide a more person centred model of care, deliver on early intervention and prevention ambitions and free up efficiencies.

Where to Find More Information

If you would like more information please visit our IJB website at:

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

Councillor Joe McIlwee

IJB Chair

Date: TBC September 2016

Brian Moore

Chief Officer

Date: TBC September 2016

Lesley Aird

Chief Financial Officer

Date: TBC September 2016

Statement of Responsibilities

Responsibilities of the IJB

The IJB is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this IJB, the proper officer is the Chief Financial Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts.

I confirm that the audited Annual Accounts were approved for signature at a meeting of the Audit Committee on TBC September 2016.

Councillor Joe McIlwee

IJB Chair

Date: TBC September 2016

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the IJB's annual accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), is required to present a true and fair view of the financial position of the IJB at the accounting date and its transactions for the year.

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

- Selected appropriate accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice;
- Kept proper accounting records that were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Inverclyde IJB at the reporting date and the transactions of Inverclyde IJB for the year ended 31 March 2016

Lesley Aird

Chief Financial Officer

Date: TBC September 2016

Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) require local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

The IJB does not directly employ any staff. All HSCP officers are employed through either the Health Board or Council and remuneration for senior staff is reported through those bodies. This report contains information on the IJB Chief Officers remuneration together with details of any taxable expenses relating to IJB voting members claimed in the year. IJB membership is non remunerated.

1

Integration Joint Board

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

2 Senior officers

The IJB does not directly employ any staff. All HSCP officers are employed through either the Health Board or Council and remuneration for senior staff is reported through those bodies.

The Chief Officer is appointed by the IJB in consultation with the Health Board and Local Authority. The Chief Officer is employed by Inverclyde Council and seconded to the IJB.

The IJB had two Chief Financial Officers during the year. The first was employed until 16 August 2015 by Inverclyde Council. The second was employed by Greater Glasgow and Clyde NHS from 22 March 2016. The Council and Health Board share the costs of these remunerations.

This report contains information on the IJB Chief Officers remuneration together with details of any taxable expenses relating to IJB voting members claimed in the year. IJB membership is non remunerated.

Functions and budgets were not delegated to the IJB during 2015/16, therefore, only a portion of salary for the Chief Officer and Chief Financial Officer is chargeable to the IJB during 2015/16. This has been calculated at 20% to reflect the amount of time spent on IJB related activity and other operational duties by these officers.

Name and Post Title	<i>IJB related Salary, fees and Allowances</i> £	<i>IJB related Taxable Expenses</i> £	<i>Total IJB related Remuneration From date of establishment 2015/16</i> £
<i>Brian Moore (IJB related costs from 27/06/2015) Chief Officer</i>	<i>21,150</i>	<i>0</i>	<i>21,150</i>

Voting Board Members	Total Taxable IJB Related Expenses from date of establishment 2015/16 £
<i>Councillor Joe McIlwee, Chair of the Board</i>	-
<i>Ross Finnie, Vice Chair of the Board</i>	-
<i>Simon Carr, NHS Greater Glasgow & Clyde (member from 10 November 2015)</i>	-
<i>Councillor Vaughan Jones, Inverclyde Council</i>	-
<i>Dr Donald Lyons, NHS Greater Glasgow & Clyde</i>	-
<i>Allan MacLeod, NHS Greater Glasgow & Clyde</i>	-
<i>Councillor Stephen McCabe, Inverclyde Council</i>	-
<i>Councillor Ciano Rebecchi, Inverclyde Council</i>	-
<i>Ken Winters, NHS Greater Glasgow & Clyde (member until 31 August 2015)</i>	-

There were no Inverclyde IJB specific expenses recorded for voting members of the IJB during 2015/16.

Pension entitlement for the Chief Officer from the date of establishment to 31 March 2016 is shown below in the table below, together with the contribution made by the employing body to this pension during the year.

	In Year Pension Contribution made by Inverclyde Council in respect of IJB related activity From date of establishment to 31 March 2016	Accrued Pension Benefits as at 31 March 2016	
	£	Pension £	Lump Sum
<i>Brian Moore, Chief Officer</i>	3,120	53,086	121,038

General Disclosure by Pay Bands

The regulations require the Remuneration Report to provide information on the number of persons whose remuneration was £50,000 or above. This information is provided in bands of £5,000.

General Disclosure by Pay Bands

Remuneration Bands	Number of Employees 31 March 2016
£105,000-£109,999	1

Councillor Joe McIlwee

IJB Chair

Date: TBC September 2016

Brian Moore

Chief Officer

Date: TBC September 2016

Annual Governance Statement

The Annual Governance Statement explains how Inverclyde IJB complies with the Code of Corporate Governance and meets the requirements of the

'Code of Practice for Local Authority Accounting in the UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control.

Scope of Responsibility

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. It is a body corporate, a legal entity in its own right but it relies on support from officers employed by Inverclyde Council and Greater Glasgow & Clyde NHS Board in relation to the conduct of its business. It is subject to the Public Bodies (Joint Working) (Scotland) Act 2014 and secondary legislation directly relating to the integration of health and social care services, and indirectly in relation to regulatory regimes affecting devolved public bodies in Scotland.

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

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

In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes the system of internal control. This is designed to manage risk to a reasonable level, but cannot eliminate the risk to failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the HSCP is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the HSCP to monitor the achievement of its strategic objectives and to consider

whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IJB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework

The main features of the governance framework that was in place during 2015/16 are summarised below:

- The IJB was the key decision making body. The IJB's membership (voting and non-voting), as set by statutory instrument, is fully established. An Audit Committee with detailed remit and powers and clearly defined membership was set up in early 2016/17 to consider all matters in relation to Internal and External Audit and Risk Management;
- Strategic decision-making is governed by the IJB's key constitutional documents including the Integration Scheme, Standing Orders, and Financial Regulations. The IJB is required to have Standing Orders to regulate its business and these were adopted at its inaugural meeting, with a review in May 2016. They comply with statutory requirements;
- The IJB's purpose and vision are outlined in the IJB Strategic Plan which was approved and published prior to the delegation of the integrated functions on 1 April 2016 and which links closely to the vision of the Inverclyde Community Planning Partnership and the Single Outcome Agreement and is underpinned by an annual action plan and national statutory performance indicators.;
- The Performance Management Strategy focuses very firmly on embedding a performance management culture throughout the IJB. Regular reporting to Board Members takes place;
- The IJB adopted an interim Code of Conduct based on the existing Model Code for Members of Devolved Public Bodies in Scotland pending the production of the Model Code of Conduct for Integration Joint Boards. This model code has now been produced and was adopted by the IJB in May 2016. The register of members' interests will thereafter be published and made available for inspection.
- The IJB has in place a development programme for all Board Members. Development programmes are also in place for the Senior Management Team and senior managers across the Partnership. A

Performance Appraisal process is in place for all employees, the aim of which is to focus all employees on their performance and development that contributes towards achieving service objectives;

- The IJB has established three Wellbeing Localities, East Inverclyde, Central Inverclyde and West Inverclyde. These reflect the local planning areas that were developed by the Community Planning Partnership (the Inverclyde Alliance) through full public consultation. These provide Board Members with the opportunity to be involved in considering the priorities for each area and outline the role for each Community Planning Partner in meeting these priorities in conjunction with the local communities.

The governance framework was put in place during the year ended 31 March 2016.

The System of Internal Financial Control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of the Health and Social Care Partnership. In particular, these systems include:

- Financial regulations and codes of financial practice;
- Comprehensive budgeting systems;
- Regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital expenditure guidelines;
- Formal project management disciplines.

The IJB's financial management arrangements conform to the governance requirements of the CIPFA statement: 'The Role of the Chief Financial Officer in Local Government (2010)'.

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

Review of Effectiveness

Inverclyde IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Senior Management Team who have responsibility for

development and maintenance of the governance environment, the annual report by the Chief Internal Auditor and reports from Audit Scotland and other review agencies.

The IJB Audit Committee was not established during 2015/16. However, in future years the Chief Internal Auditor will report directly to the IJB Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports will be made to the IJB's Audit Committee during 2016/17.

The Internal Audit functions of the Council and Health Board have independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2015/16, these services operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards. The Chief Internal Auditors prepared annual reports to the relevant Audit Committees, including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

Significant Governance Issues during 2015/16

In March 2016, the IJB approved the Strategic Plan covering 2016-2019 which includes the IJB vision and values statements. The vision is 'Improving Lives'.

Due to the fact that functions and budgets were not delegated to the IJB until 1 April 2016 there was no IJB audit work or IJB specific internal audit reviews carried out during 2015/16, although reviews were carried out within Health and Council services for their Audit Committees to consider.

The Internal Audit Annual Reports 2015/16 for the Council and Health Board identify no significant control risks. Some actions have been agreed within the Council and Health Board Annual Governance statements to further enhance those internal control environments. None of these are considered material enough to have a significant impact on the overall control environment.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2015/16 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our

actions will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

Councillor Joe McIlwee

IJB Chair

Date: TBC September 2016

Brian Moore

Chief Officer

Date: TBC September 2016



**Independent
Auditor's
Report**

Independent Auditor's Report to
the members of Inverclyde IJB and the Accounts
Commission for Scotland
To be provided by Audit Scotland

The Financial Statements

The **Movement in Reserves Statement** shows the movement in the year on the reserves held by the IJB. The IJB held no reserves during 2015/16.

The Surplus or (Deficit) on the **Income and Expenditure Statement** shows the income received from and expenditure delegated back to the Health Board and Council for the delivery of services.

STATEMENT OF INCOME AND EXPENDITURE

	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net £000
Health Services	-	-	-
Social Care Services	-	-	-
Corporate Services	32	32	-
(Surplus)/Deficit on provision of services			-
Net income and expenditure			-

The **Balance Sheet** is a snapshot of the value at the reporting date of the assets and liabilities recognised by the IJB. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

	Notes	31 March 2016 £000
Current Assets		
Short term debtors	3	6
Current Liabilities		
Short term creditors	4	(6)
Net Assets		-
Reserves	5	-
Total Reserves		-

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2016 and its income and expenditure for the year then ended.

The unaudited financial statements were authorised for issue on TBC June 2016 and the audited financial statements were authorised for issue on TBC September 2016.

Lesley Aird

Chief Financial Officer

Date: TBC September 2016

Notes to the Financial Statements

1. Accounting Policies

1.1 General principles

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

Local Integration Joint Boards (IJB's) are specified as section 106 bodies under the Government (Scotland) Act 1973 and as such are required to prepare their financial statements in compliance with the Local Authority Accounts (Scotland) Regulations 2014 and the Code of Practice on Accounting for Local Authorities in the United Kingdom.

The Annual Accounts summarise the IJB's transactions for the 2015-2016 financial year and its position at the year end of 31 March 2016.

1.2 Accruals of expenditure and income

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

- All known specific and material sums payable to the IJB have been brought into account.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

1.3 Going Concern

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

1.4 Accounting Convention

The Accounts are prepared on an historical cost basis.

1.5 Funding

The IJB receives contributions from its funding partners namely Inverclyde Council and Greater Glasgow and Clyde Health Board to fund its services. Expenditure is incurred in the form of charges for services provided to the IJB by these partners.

1.6 Events After The Reporting Period

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

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

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

1.7 Exceptional items

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

1.8 Related Party Transactions

As parties to the Inverclyde Integration Scheme both Inverclyde Council and Greater Glasgow and Clyde Health Board are related parties and material transactions with those bodies are disclosed in Note 2 in line with the requirements of IAS 24.

1.9 Support services

Support services were not delegated to the IJB through the Integration Scheme and are instead provided by the Health Board and Council free of charge as a 'service in kind' for 2015/16 since functions and budgets were not delegated during this year. The support services provided are mainly comprised of: provision of financial management, human resources, legal, committee services, ICT, payroll, internal audit and the provision of the Chief Internal Auditor.

1.10 Provisions, contingent assets and liabilities

Provisions

Provisions are made where an event has taken place that gives the IJB a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Income and Expenditure Statement in the year that the IJB becomes aware of the obligation and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision held in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent assets and liabilities

A contingent asset or liability arises where an event has taken place that gives the IJB a possible obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the IJB. Contingent liabilities or assets also arise in circumstances where a provision would otherwise be made but, either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts where they are deemed material.

1.11 Clinical and Medical Negligence

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

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

1.12 Reserves

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

1.13 Corresponding Amounts

The IJB was established on 27th June 2015 with functions and budgets delegated from 1st April 2016, hence the period to 31st March 2016 is not an operational year for the IJB. Consequently there are no corresponding amounts for previous years to be shown.

1.14 VAT

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

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

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

2 Related Party Transactions

	31 March 2016 £000
Income	
NHS Greater Glasgow & Clyde Health Board	16
Inverclyde Council	16
TOTAL	32
Expenditure	
NHS Greater Glasgow & Clyde Health Board	13
Inverclyde Council	19
TOTAL	32

3 Corporate Expenditure

	31 March 2016 £000
Staff costs	24
Administrative costs	3
Audit fees	5

TOTAL	32
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4 Short Term Debtors

	31 March 2016 £000
Other local authorities	6
TOTAL	6

5 Short Term Creditors

	31 March 2016 £000
Other entities and individuals	(6)
TOTAL	(6)

6 Movement in reserves

	31 March 2016 £000
Balance at 31 March brought forward	0
Surplus/(deficit) on provision of services	-
Other comprehensive expenditure and income	-
Total comprehensible expenditure and income	0
Balance at 31 March carried forward	0

7 Post balance sheet events

None.

8 Contingent liabilities

None.