



<b>Meeting of East Renfrewshire Health and Social Care Partnership</b>	Performance and Audit Committee
<b>Held on</b>	27 September 2017
<b>Agenda Item</b>	8
<b>Title</b>	Annual Report and Accounts 2016/17
<p><b>Summary</b></p> <p>This report provides an overview of the audited annual report and accounts for the Performance and Audit Committee covering the period 1 April 2016 to 31 March 2017.</p> <p>The Chair of the Performance and Audit Committee will advise the Integration Joint Board of any audit findings following the remit of approval of the annual report and accounts to the IJB meeting which follows this committee.</p>	
<b>Presented by</b>	Lesley Bairden, Chief Financial Officer
<p><b>Action Required</b></p> <p>The Performance and Audit Committee is requested to agree the audited annual report and accounts for remit to the IJB for approval.</p>	

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**EAST RENFREWSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP**

**PERFORMANCE AND AUDIT COMMITTEE**

**27 September 2017**

**Report by Lesley Bairden, Chief Financial Officer**

**AUDITED ANNUAL REPORT AND ACCOUNTS 2016/17**

**PURPOSE OF REPORT**

1. The purpose of this report is to provide an overview of the audited annual report and accounts for the Performance and Audit Committee covering the period 1 April 2016 to 31 March 2017. The Chair of the Performance and Audit Committee will advise the Integration Joint Board (IJB) of any audit findings.

**RECOMMENDATION**

2. The Performance and Audit Committee is requested to agree the audited annual report and accounts for remit to the IJB for approval.

**BACKGROUND**

3. The Public Bodies (Joint Working)(Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. This established the framework for the integration of Health & Social Care in Scotland.
4. The IJB is a legal entity in its own right, created by Parliamentary Order, following Ministerial approval of the Integration Scheme. NHS Greater Glasgow and Clyde (NHSGGC) and East Renfrewshire Council have delegated functions to the IJB which has the responsibility for strategic planning, resourcing and ensuring delivery of all integrated services.
5. The IJB is specified in legislation as a 'section 106' body under the terms of the Local Government Scotland Act 1973 and as such is expected to prepare annual accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.
6. This is the second annual report and accounts for the IJB, with the first covering the first part year of operation during 2015/16.
7. LASAAC [The Local Authority (Scotland) Accounts Advisory Committee] has produced additional guidance on accounting for the integration of health and social care. The content of this guidance has been adhered to in the production of the annual report and accounts. However we have maintained our own presentational style, reflecting continuity from our 2015/16 annual report and accounts.

**REPORT**

8. The audited annual report and accounts for the IJB have been prepared in accordance with appropriate legislation and guidance. An overview of the process and the legislative requirements were set out in the previous report of 28 June 2017.

9. The annual report and accounts are included at Appendix 1, with the publication version of the document to be signed on approval on 27 September 2017.
10. It is a statutory requirement that the Chief Financial Officer (being the proper officer) provide Audit Scotland with a letter of representation (ISA580) along with the annual report and accounts. This is included for information at Appendix 2.
11. The Chief Internal Auditor's Annual Audit Report 2016/17 and the Audit Scotland Annual Report and audit certificate (ISA260) confirm the annual report and accounts are unqualified, meet legislative requirements, have no significant issues and confirm sound financial governance. The Chair of the Performance and Audit Committee will update the IJB of the key points from that committee and presentation of the audit findings.
11. As advised by Audit Scotland in their report the key messages are summarised:
  - The 2016/17 accounts are unqualified
  - The IJB has appropriate and effective budgetary processes in place which provide timely and reliable financial monitoring
  - The IJB ended 2016/17 with a surplus including planned contribution to reserves
  - The IJB should prioritise long term financial planning to demonstrate financial sustainability
  - The IJB has appropriate governance that supports the scrutiny of decision making
  - Risk management arrangements are evidenced
  - The annual performance report was published is in line with guidance
  - Best value will continue to be reviewed throughout the five year appointment
12. Progress against the three action plan items agreed with Audit Scotland (efficiency savings, 2017/18 budget and long-term financial planning) will be reported to this committee.
13. The changes since the unaudited annual report and accounts are:
  - Inclusion in the governance statement of issues from our partner's accounts;
    - Two control failures with East Renfrewshire Council relating to creditor payments, the impact is discussed below.
    - Three audit reviews in NHSGGC rated as high risk in respect of waiting times management, business continuity management and monitoring of efficiency statements. These audits were GGC wide and not specific to the IJB.
  - An increase of £14,133.74 in our reserve as a result of the creditors payment control failure. This was a result of duplicate payments being made on behalf of the partnership.
  - A small number of wording changes to give better congruence between our accounts and the standard template.
  - Recognition we now have an agreed NHSGGC budget for 2017/18.
14. The changes above do not materially impact nor change the key messages previously reported:
  - Successful full year operation of the IJB, building on the previous 2015/16 part year
  - Increased earmarked reserves in line with our agreed strategy of £1.925 million;
  - We have ended 2016/17 with a surplus of £1.534 million, transferred to the budget saving and in year pressures earmarked reserves.
15. The Chief Financial Officer would like to extend thanks to colleagues from Audit Scotland for their input and assistance during the audit of the accounts. We have established a good working relationship and will continue to build on this.

16. Similarly thanks are extended to the HSCP Finance team and to colleagues in both partner organisations acknowledging the detailed work of all staff involved in the year end closure process for all operational spend within the partnership. Particular thanks to Ian Arnott, Finance Business Partner for his invaluable input.

## CONCLUSIONS

17. The preparation of the annual report and accounts for the IJB meets all legislative requirements. There has been no material movement to the projected outturn last reported to the IJB. There are no significant governance issues.

## RECOMMENDATIONS

18. The Performance and Audit Committee is requested to agree the audited annual report and accounts for remit to the IJB for approval.

## REPORT AUTHOR AND PERSON TO CONTACT

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27 September 2017

## BACKGROUND PAPERS

Annual Report and Accounts 2015/16  
<http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=17196&p=0>

PAC Paper: 28 June 2017: Annual Report and Accounts 2016/17  
<http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=20434&p=0>

The relevant legislation is The Public Bodies (Joint Working)(Scotland) Act 2014, Local Government Scotland Act 1973

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**East Renfrewshire  
Health and Social Care  
Partnership  
Integration Joint Board**

**Annual  
Report and  
Accounts  
2016/17**

Covering the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017

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East Renfrewshire is situated to the south of Glasgow. It covers an area of 67 square miles (174 square km). The north of the area comprises the urban areas of Giffnock, Newton Mearns, Clarkston, Thornliebank and Barrhead. There is also an extensive hinterland to the south, within which the villages of Uplawmoor, Neilston, Waterfoot and Eaglesham are located.

The population of East Renfrewshire is 93,810 and has increased by 4.4% since 2001. The latest projections from the National Records of Scotland show that East Renfrewshire's population is steadily increasing and is estimated to be 104,727 by 2039, a 13% increase.

East Renfrewshire has a higher proportion of the population aged 16 and under than that of Scotland (21.19% compared to 18.00%), as well as a higher proportion of those aged 65 and over (19.56% compared to 18.48%).



## Management Commentary

### Introduction

East Renfrewshire Integration Joint Board, hereafter known as the IJB, was legally established on 27<sup>th</sup> June 2015 and has the strategic responsibility for planning and delivery of health and social care services for the residents of East Renfrewshire. The vision, values, priorities and outcomes we aim to achieve through working together with the people of East Renfrewshire to improve lives are set out in our [HSCP Strategic Plan 2015-18](#)

The IJB is a legal body in its own right, as set out in the legislation, the Public Bodies (Joint Working) (Scotland) Act 2014, which established the framework for the integration of health and social care in Scotland.

The [Integration Scheme](#) for the IJB sets out how we will meet the requirements of this legislation.

We are responsible for planning, commissioning and delivery of children and adult services from both of our partners, East Renfrewshire Council and NHS Greater Glasgow and Clyde, and also have the planning responsibility for our population's use of large hospital based services along with housing aids and adaptations. The Integration Scheme provides a detailed breakdown of all the services the IJB is responsible for.

Our current Strategic Plan covers the period 2015-18 and sets out how we will achieve the National Health and Wellbeing Outcomes prescribed by Scottish Ministers.

Our partnership vision statement is ***“Working together with the people of East Renfrewshire to improve lives”***.

We will achieve this by:

- Valuing what matters to people.
- Building capacity with individuals and communities.
- Focusing on outcomes, not services

The ‘integration touch points’ will be used to guide everything we do as a partnership.

To ensure our performance is open, transparent and accountable the legislation requires that an [annual performance report](#) is produced.

The IJB continues to build on the long standing delivery of integrated health and care services within East Renfrewshire, previously achieved through our Community Health and Care Partnership between East Renfrewshire Council and NHS Greater Glasgow and Clyde.

In addition to our two main partners the IJB recognises the continued and valued partnership working with the third, voluntary and independent sectors, facilitating the successful operation of the Health and Social Care Partnership, hereafter known as the HSCP.

This is the second annual report and accounts for the IJB, with the [first report](#) reflecting the part year for 2015/16 when the IJB was live.

The annual report and accounts for the IJB covers the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017. The comparable figures shown for 2015/16 reflect a part year only as the IJB financial delegation commenced from 7<sup>th</sup> October 2015.

The total health and social care funding for financial year 2016/17 was £146.078 million.

This funding is made up of cash which we directly control (£123.560 million) and allocations which show as a cash value (£22.518 million), our use of housing aids & adaptations, large hospital services and those services which we use that are hosted by other HSCPs.

## Key Messages from 2016/17

The key messages from financial year 2016/17 are:

We have completed our first full year of operation, with a focus on delivering future financial sustainability. As a long standing integrated partnership we have already made the savings and efficiency gains that can be achieved through integration of health and social care.

We recognised early the scale of future financial challenges and the IJB invested funding to a budget savings reserve to allow us to achieve our 2017/18 savings requirement on a phased basis. This strategic approach recognises that future savings can only be achieved through a radical review of the way we deliver our services and we embarked on our change programme Fit for the Future.

We achieved our in-year savings targets of £2.97 million and in addition realised early achievement of some of our 2017/18 savings, mainly from the review of purchased care costs.

We also received and fully acknowledge the one-off funding support from our partner NHS Greater Glasgow and Clyde of £0.843 million. This was in recognition that the funding to the IJB was not agreed until July 2016, so did not give the IJB sufficient time to deliver the full savings requirement for 2016/17.

We moved our headquarters to the new Eastwood Health and Care Centre, which became operational in August 2016. This facilitates a fundamental change in the way in which health and social care is delivered to the people of Eastwood, which has a significantly ageing population. Through co-location and collaboration GPs, social workers, nurses and rehabilitation staff work together with voluntary organisations and community groups, in a welcoming and inclusive building to improve the health and wellbeing of local people. We also undertook minor building and refurbishment works on

Barrhead Health and Care Centre to enhance our agile working facilities and mirror the Eastwood Health and Care Centre working practices. Agile working is a key component of our asset strategy.

We continue to have one of the lowest number of days people aged 75+ spend in hospital when ready to be discharged in the whole of Scotland. We offer a range of ways of supporting people back home through our safe and supported unscheduled care programme. We achieved this without any shift in resource from hospital based services.

We successfully redesigned community Learning Disability services and reallocated resources across the six HSCPs that are coterminous with NHS Greater Glasgow and Clyde. We continue to work with the other partnerships to redesign the long stay in-patient bed model. The Specialist Learning Disability Service is hosted by East Renfrewshire on behalf of all partnerships within NHS Greater Glasgow and Clyde.

We worked with service providers to implement new contractual framework agreements for the delivery of Care at Home and Care and Support services.

We also worked with adult care providers to ensure the Scottish Government requirements to pay the living wage and other fair work practices were met.

We developed a [strategic risk register](#) for the IJB which identifies the key areas of risk that may impact the IJB and have implemented a range of mitigating actions to minimise any impact.

We have made good progress with the Care Finance system implementation and are moving to the operational phase with the majority of development work completed.

We routinely reported our performance to the IJB with further scrutiny from our Performance and Audit and Clinical and Care Governance Committees. The service user and carer representation on the IJB and its governance structures is drawn from the Public Partnership Forum. The Public Partnership Forum includes representatives from community care groups, representatives from our localities and representatives from equality organisations including disability and faith groups.

At a service level, the HSCP places a great emphasis and priority on meaningful engagement and working with people and partners to plan and design for the future. Areas with significant involvement of people who use services, carers, staff, third sector and other partners include:

- Safe and Supported planning and developing test of change.
- My Life My Way planning for self-directed support for care homes.
- My Day My Way our day opportunities redesign.
- Care Collective.

## Financial Performance 2016/17

We have ended the year with an operational surplus of £3.219 million (2.86% of the revenue or cash equivalent budget). This surplus falls into two categories:

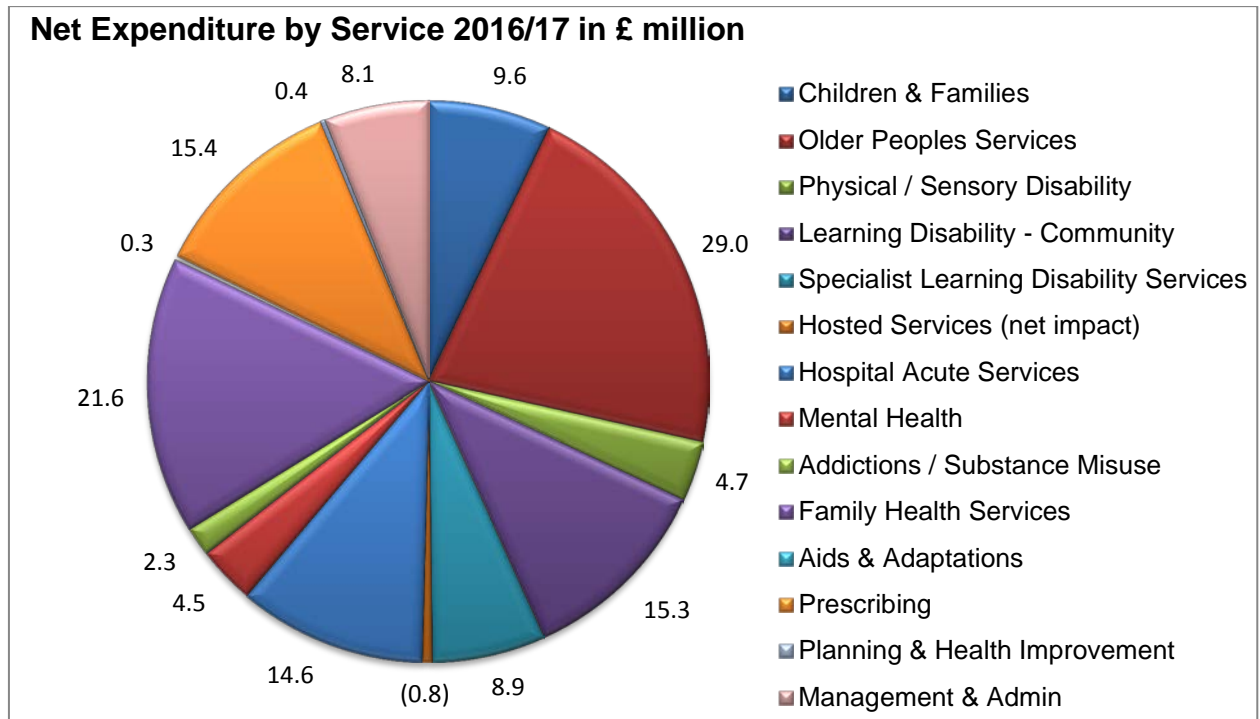
1. Planned investment of £1.925 million to reserves during the year:
  - £260,000 Learning Disability redesign, supporting the ongoing review (and existing reserve) of long stay in-patient beds.
  - £75,000 District Nursing to support temporary staffing.
  - £27,000 Speech and Language Therapy reflecting project timing differences.
  - £460,000 Children's Residential Care to allow a contingency to meet any demand fluctuations recognising the small volume / large cost relationship with residential care packages.
  - £200,000 Family Wellbeing pilot project working as part of a multidisciplinary team with a focus on a family centered service to meet the outcomes of young people.
  - £903,000 budget saving reserve to allow the phasing in of 2017/18 savings from the Fit For the Future change programme.
  
2. Contribution to reserves from the remaining in-year underspend of £1.534 million, transferred to the budget saving and in year pressures earmarked reserves.
  - The underspend of £1.534 million (1.36% of the revenue or cash equivalent budget) after the planned reserves contribution was achieved from a range of operational budgets and included turnover savings from vacant posts, savings from the cost of care packages including respite care and some early achievement of 2017/18 savings.

In addition to the above we used £0.240m of reserves in year. The year on year movement in reserves is set out at Note 8 (Page 40). The financial position for the IJB can be summarised as follows:

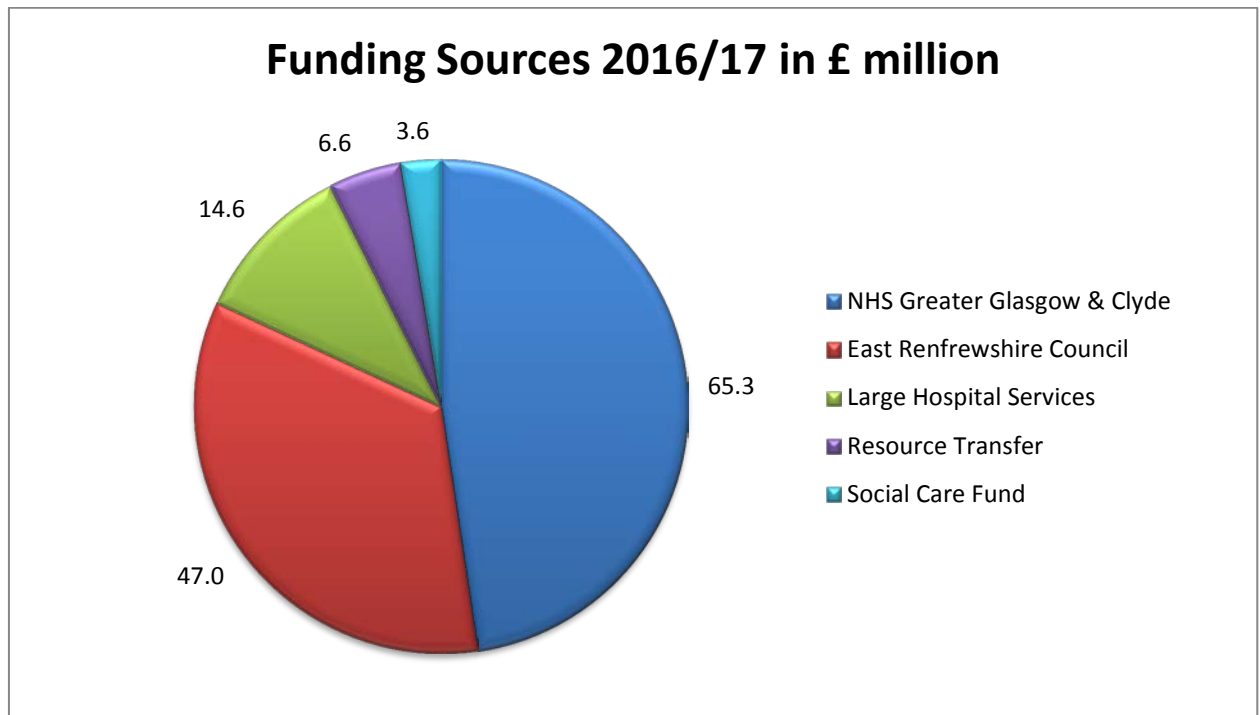
Total 2015/16 £000	1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017	NHS Greater Glasgow and Clyde £000	East Renfrewshire Council £000	Total 2016/17 £000
71,383	Funds Received from Partners	83,820	62,258	146,078
70,242	Funds spent with Partners	83,096	59,763	142,859
(1,141)	Underspend in year	(724)	(2,495)	(3,219)
869	Earmarked Reserve Contributions	724	2,495	3,219
272	General Reserve Contributions	-	-	-

The Comprehensive Income and Expenditure statement (Page 27), details our income and expenditure by care group and service along with our sources of funding.

Net Expenditure of £133.930m provided:



The funding sources of £137.149m were:



The revenue funding from our partners represents ‘the controllable cash’ and this is where the surplus of £3.219 million was generated.

The funding for the large hospital services represents East Renfrewshire's population's use of unscheduled care in hospital (acute) services. This is currently a notional allocation and work is required at a national level to develop this further.

For hosted services East Renfrewshire IJB holds the budget and manages Specialist Learning Disability Services on behalf of the other five IJBs who are coterminous with Greater Glasgow and Clyde. Similarly the other IJBs host a range of services on our behalf as detailed at Note 4 (Pages 35 & 36). The accounts reflect our use of those hosted services and allocate out the use of Specialist Learning Disability Services based on population use. The net impact of hosted services is (£0.8) million and is included in the NHS funding above.

Resource Transfer shows NHS Greater Glasgow and Clyde specific funding for historic bed closures and is used to purchase care packages and community based services.

The Social Care Fund was allocated by the Scottish Government to IJBs, via the NHS funding stream, to meet specific costs such as living wage and other fair work practices and adult demographic pressures.

## Future Challenges

The IJB is facing a number of challenges, risks and uncertainties in the coming years such as:

- The economy; we continue to operate in an era of unprecedented austerity with significant further savings and efficiency pressures to come. We fully recognise our partners and commissioned service providers are also facing the same challenges. Through our Fit for the Future change programme we continue to review models of service delivery to ensure we remain a sustainable partnership able to meet the needs of the communities we serve.
- We remain in a period of political uncertainty; the recent local elections in May 2017 resulted in new IJB members, including our new chair of the IJB. The outcome of the June 2017 national election and any subsequent impact on policy decisions will need to be considered, as will the impact of Brexit.
- Demographic pressures are a particular challenge for East Renfrewshire as we have an increasing elderly population with a higher life expectancy than the Scottish average and a rise in children with complex needs resulting in an increase in demand for services.

There are a number of funding challenges which we face:

- Equity; as we have successfully operated integrated services for a number of years we have already faced a number of challenges and opportunities open to new partnerships, however our funding and savings challenge take no account of this history.

- Demography; whilst we are recognised as leaders in our field, the prevention work we have undertaken means that our activity data and use of services is, in some areas, disproportionately low, which may impact on our funding and gives us an additional challenge to achieve savings. We continue to pursue the basis of funding allocations to ensure we achieve the best outcomes for East Renfrewshire.
- Prescribing Costs; the cost of drugs prescribed to the population of East Renfrewshire by GPs and other community prescribers is delegated to the IJB. This is a complex and volatile cost base of around £16 million per year. In previous years NHS Greater Glasgow and Clyde has underwritten this expenditure so the IJB has not had to meet the cost of any overspend, nor benefited from an underspend. This approach recognised that the IJB can influence this cost but cannot control it. NHS Greater Glasgow and Clyde is no longer in a financial position to continue to fully underwrite this cost, although an interim position is in place for 2017/18. Prescribing support including identification of cost pressures and savings delivery will continue through NHS Greater Glasgow and Clyde however the IJB will need to fund increases for cost and volume and bear the risk of cost variation. We are exploring the possibility of developing a risk share protocol with other NHS Greater Glasgow and Clyde and the other HSCPs for 2018/19 and beyond.
- Delayed Discharge; in order to achieve the target time of 72 hours we will require more and more community based provision. The aspiration is that the costs of increased community services will be met by shifting the balance of care from hospital services. The reality of a funding mechanism to achieve this is some way off.
- Forward Financial Planning; we have financial modelling to allow us to estimate the impact of different funding scenarios and the impact this would have on our current and future planning assumptions.
- Annual Budget setting timetables remain an issue and the NHS timetable poses a challenge as the Board does not agree its budget until June, whereas the IJB is required to set its budget by March of each year.
- Agreeing a mechanism to transfer actual funding from the notional set aside budget; this is a national issue and work is progressing.
- Agreeing a mechanism to monitor and report on our use of hosted services in-year rather than as a year-end exercise and identify activity and cost impacts.
- Developing performance and financial reporting at a locality level to allow fuller reporting and understanding of future trends and service demands.
- Governance Code; we have robust governance arrangements and will consolidate these into a Governance Code.

We plan to deal with these challenges by:

- Revising our Strategic Plan for the period 2018 to 2021, which will incorporate our longer term commissioning intentions. This will be supported by developing a long term financial strategy and will need to include solutions to recognise the shift in resource from hospital to community based services.
- We have recognised the challenges in the medium term and will continue to use 'invest to save' models and reserves to smooth the impact of change over a number of years.
- We are developing an Individual Budget allocation methodology, based on the principles of transparency, simplicity and sufficiency. We are reviewing all supporting processes to ensure we are as streamlined as possible.
- We continue to explore shared services, systems and technological opportunities.
- The Fit for the Future change programme incorporates around forty individual projects, ranging from major redesign to small tests of change, all of which fall under four key areas:
  1. Community Led Support; shifting the demand for services to the community and where possible signposting to non-statutory services.
  2. Workforce Planning; reviewing our staffing structures from the bottom up and ensuring we have the optimum skills mix to deliver future services.
  3. Systems and Processes; making sure we optimise technology and digital opportunities and solutions and making sure our process and procedures are as lean and efficient as possible.
  4. Quality Assurance; making sure all of our changes do not adversely impact on safe and effective delivery of services.
- The IJB set its 2017/18 budget on 29<sup>th</sup> March 2017, with the revenue contribution from East Renfrewshire Council agreed on 9<sup>th</sup> February 2017. The NHS Greater Glasgow and Clyde budget contribution was agreed on 16<sup>th</sup> August 2017.
- The 2017/18 savings challenge is estimated at £4.3 million, with firm plans in place to deliver £2.6 million with the balance of £1.7 million being delivered from our Fit for the Future change programme. This £4.3 million challenge represents 3.8% of our total budget, however when we allow for those areas which are fixed, such as Family Health Services and Prescribing, the savings challenge is closer to 6%.



- We are continuously reviewing the 2017/18 savings programme to ensure recurring savings are in place by 2018/19. We are also planning for 2018/19 and beyond. However it needs to be recognised that if the savings challenge continues at the same rate for the next 3 - 5 years it is difficult to see how the IJB will remain sustainable without significant and detrimental impact on front line service delivery.

The Scottish Government has set out its expectation for nine priorities to be delivered by all IJBs for 2017/18:

1. Reduce occupied hospital bed days associated with avoidable admissions and delayed discharges, focusing investment in care alternatives that can help people to continue living independently in their own homes and communities for as long as possible.
2. Increase provision of good quality, appropriate palliative and end of life care, particularly in people's own homes and communities and also, where appropriate, in hospices, so that people who would benefit from such care access it.
3. Enhance primary care provision, with particular focus on developing and expanding multidisciplinary teams; sustainability of provision; development of GP clusters; and responsiveness to a new GP contract.
4. Reflect delivery of the new Mental Health Strategy, with particular focus on developing new models of care and support for mental health in primary care settings; improving the physical health of people with mental health problems, and improving mental health outcomes for people with physical health conditions; reducing unwarranted variation in access and assuring timely access; and developing services that focus on the mental health and wellbeing of children, young people and families, including improved access to perinatal mental health services.
5. Where children's services are integrated, continue to invest in prevention and early intervention, particularly in the early years, with the expectation that work will continue to deliver 500 more health visitors by 2018.
6. Support delivery of agreed service levels for Alcohol and Drugs Partnerships' work, in support of which £53.8m is transferring to NHS Board baselines for delegation to Integration Authorities.
7. Ensure provision of the living wage to adult care workers and plan for sustainability of social care provision.
8. Continue implementation of Self Directed Support.
9. Prepare for commencement of the Carers (Scotland) Act 2016 on 1<sup>st</sup> April 2018.

There is no doubt that 2017/18 will be a very challenging year for our IJB and the budget position and financial monitoring will continue to be a key focus of each IJB agenda.

**Conclusion**

East Renfrewshire Integration Joint Board remains well placed in the short to medium term to meet the coming challenges, building on many years of delivering integrated health and social care services and continuing to lead on developing new and innovative models of service delivery, not only ensuring financial sustainability, but also meeting the needs of our population. Whilst there is a degree of uncertainty over the longer term funding which could pose risk to meeting future demand we continue to plan ahead and prepare for a range of scenarios.

**Caroline Bamforth****Chair****Integration Joint Board 27<sup>th</sup> September 2017****Julie Murray****Chief Officer****Integration Joint Board 27<sup>th</sup> September 2017****Lesley Bairden ACMA CGMA****Chief Financial Officer****Integration Joint Board 27<sup>th</sup> September 2017**

## Statement of Responsibilities

### Responsibilities of the Integration Joint Board

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 East Renfrewshire IJB, the proper officer is the Chief Financial 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 Statement of Accounts.

I confirm that the audited Annual Accounts were approved for signature at a meeting of the Integration Joint Board on 27<sup>th</sup> September 2017.

**Caroline Bamforth**

**Chair**

**Integration Joint Board 27<sup>th</sup> September 2017**

## **Responsibilities of the Chief Financial Officer**

The Chief Financial 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 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 legislation.
- Complied with the Accounting Code (in so far as it is compatible with the legislation).

The Chief Financial Officer has also:

- 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 East Renfrewshire Integration Joint Board as at 31<sup>st</sup> March 2017 and the transactions for the IJB for the period covering 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017.

**Lesley Bairden ACMA CGMA**  
**Chief Financial Officer**  
**Integration Joint Board      27<sup>th</sup> September 2017**

## Remuneration Report

### Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) requires 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 in its own right. All staff are employed through either East Renfrewshire Council or NHS Greater Glasgow and Clyde. The report contains information on the IJBs Chief Officer's remuneration together with any taxable expenses relating to voting members claimed in the year. The remuneration of senior officers is determined by the contractual arrangements of East Renfrewshire Council and NHS Greater Glasgow and Clyde.

For 2016/17 no taxable expenses were claimed by members of the Joint Board.

The board members are entitled to payment for travel and subsistence expenses relating to approved duties. Payment of voting board members allowances is the responsibility of the member's individual partnership body. Non-voting Members of the IJB are entitled to the payment of travel expenses.

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

#### **1. Integration Joint Board**

The voting members of the IJB were appointed through nomination by East Renfrewshire Council and NHS Greater Glasgow and Clyde.

#### **2. Senior Officers**

The Chief Officer is appointed by the IJB in consultation with East Renfrewshire Council and the NHS Greater Glasgow and Clyde. The Chief Officer is employed by East Renfrewshire Council and is funded equally between East Renfrewshire Council and NHS Greater Glasgow and Clyde.

The total remuneration received by the Chief Officer in 2016/17 amounted to £104,977 in regards to all of the duties undertaken during the financial year. In respect of the Chief Financial Officer, total remuneration for 2016/17 amounted to £63,074.

<b>Name and Post</b>	<b>Salary, Fees and Allowances £</b>	<b>Taxable Expenses £</b>	<b>Total Remuneration 2016/17 £</b>
Julie Murray, Chief Officer 2016/17	104,977	-	104,977
Julie Murray, Chief Officer 2015/16 (appointed as Chief Officer 19th August 2015)	51,530	-	51,530

<b>Name and Post</b>	<b>Salary, Fees and Allowances £</b>	<b>Taxable Expenses £</b>	<b>Total Remuneration 2016/17 £</b>
Lesley Bairden, Chief Financial Officer 2016/17	63,074	-	63,074
Lesley Bairden, Chief Financial Officer 2015/16 (appointed to post 17th August 2015)	34,598	-	34,598

<b>Voting Board Members 2016/17</b>		<b>Total Taxable IJB Related Expenses 2016/17 £</b>
Councillor Tony Buchanan	East Renfrewshire Council	Nil
Councillor Jim Fletcher	East Renfrewshire Council	Nil
Councillor Alan Lafferty (Chair)	East Renfrewshire Council	Nil
Councillor Ian McAlpine	East Renfrewshire Council	Nil
Susan Brimelow	NHS Greater Glasgow and Clyde	Nil
Morag Brown (Vice Chair)	NHS Greater Glasgow and Clyde	Nil
John Mathews	NHS Greater Glasgow and Clyde	Nil
Anne-Marie Monaghan	NHS Greater Glasgow and Clyde	Nil

The equivalent cost in 2015/16 was nil for all IJB members.

Note: following the local council elections in June 2017, Councillors Fletcher, Lafferty and McAlpine are no longer members of the IJB. The new members are Councillors Bamforth (Chair), O'Kane and Swift.

The Pension entitlement for the Chief Officer for the year to 31<sup>st</sup> March 2017 is shown in the table below, together with the contribution made by the employing body to this pension during the year.

<b>Name and Post</b>	<b>In Year Pension Contribution For year to 31<sup>st</sup> March 2017 £</b>	<b>Accrued Pension Benefit as at 31<sup>st</sup> March 2017</b>	
		<b>Pension £</b>	<b>Lump Sum £</b>
Julie Murray, Chief Officer 2016/17	20,260	31,434	55,496
Julie Murray, Chief Officer 2015/16 (appointed as Chief Officer 19th August 2015)	9,945	15,238	27,101

As the Chief Financial Officer joined the pension scheme on appointment in August 2015 the two year vesting period to qualify for a deferred benefit has not been met as at 31<sup>st</sup> March 2017. Accordingly no lump sum benefit has been identified.

Name and Post	In Year Pension Contribution For year to 31 <sup>st</sup> March 2017 £	Accrued Pension Benefit as at 31 <sup>st</sup> March 2017	
		Pension £	Lump Sum £
Lesley Bairden, Chief Financial Officer 2016/17	12,173	2,019	-
Lesley Bairden, Chief Financial Officer 2015/16 (appointed as Chief Financial Officer 19th August 2015)	6,677	705	-

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 pension liability reflected on the IJB balance sheet for the Chief Officer, Chief Financial Officer, or any other officers.

The IJB has however responsibility for funding the employer's contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The table above shows the IJB's funding during 2016/17 to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned from a previous employment and from each officers own contributions.



## 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

<b>Number of Employees 31<sup>st</sup> March 2016</b>	<b>Remuneration Band</b>	<b>Number of Employees 31<sup>st</sup> March 2017</b>
1	£60,000 - £65,000	1
1	£100,000 – £104,999	1

Signed by

**Caroline Bamforth**  
**Chair**  
**Integration Joint Board    27<sup>th</sup> September 2017**

**Julie Murray**  
**Chief Officer**  
**Integration Joint Board    27<sup>th</sup> September 2017**

## Annual Governance Statement

### Introduction

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control. This is in line 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. This should ensure:

- A focus on the assessment of how well the governance framework is working and what actions are being taken.
- The importance of the role and responsibilities of partners in supporting IJB good governance is adequately reflected.

### Scope of Responsibility

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.

To meet this responsibility the IJB continues to operate the governance arrangements put in place during 2015/16, including the system of internal control. This is intended to manage risk to a reasonable level, but cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, but not absolute assurance of effectiveness.

In discharging these responsibilities, the Chief Officer has a reliance on East Renfrewshire Council and NHS Greater Glasgow and Clyde systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisations' aims and objectives, as well as those of the IJB.

### The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the IJB is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the IJB 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 in place during 2016/17 are summarised below:

- The IJB, comprising all IJB Board members, is the key decision making body.
- The scope, authority, governance and remit of the IJB is set out in constitutional documents including the integration scheme, board terms of reference, scheme of administration and financial regulations.
- The IJB has two governance sub committees; Performance and Audit Committee and Clinical and Care Governance Committee.
- The IJB's purpose and vision is outlined in the IJB Strategic Plan which sets out how we will deliver the national health and wellbeing outcomes. This is underpinned by an annual implementation plan and performance indicators. Regular progress reports on the delivery of the Strategic Plan are provided to the Performance and Audit Committee and the IJB.
- The IJB has adopted a 'Code of Conduct' for all of its Board Members and employees. A register of interests is in place for all Board members and senior officers.
- The approach to risk management has been discussed with the Performance and Audit Committee and a Strategic Risk Register developed.
- The IJB has in place a continuous development programme with an ongoing series of seminars covering a wide range of topics and issues.
- The IJB has three localities, based on clusters of GP practices linked to the local areas of:
  - Eastwood 1 (Netherlee, Stamperland, Clarkston, Eaglesham, Waterfoot and Busby)
  - Eastwood 2 (Newton Mearns, Giffnock and Thornliebank)
  - Levern Valley (Barrhead, Neilston and Uplawmoor)

The governance framework was put in place during 2015/16 and continues to operate effectively. We will reflect our governance arrangements in a formal Code of Governance during 2017/18.

## 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 East Renfrewshire Council and NHS Greater Glasgow and Clyde as part of the operational delivery of the HSCP. 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 East Renfrewshire Council and NHS Greater Glasgow and Clyde 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 Adequacy and Effectiveness

The 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 Chief Internal Auditor reports directly to the IJB Performance and Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Performance and Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports were made to the IJB's Performance and Audit Committee during 2016/17. A member of East Renfrewshire Council's Audit and Scrutiny Committee was co-opted to the IJB Performance and Audit Committee during 2016/17 to promote transparency.

The Internal Audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2016/17, the service operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards. The Chief Internal Auditor prepares an annual report to the Audit Committee, including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

## Governance Issues during 2016/17

Whilst all operational and transactional governance issues are considered within our partner's governance frameworks the IJB Performance and Audit Committee take an overview on all actions resulting from both internal and external audit reports, covering all live actions whether pre or post 31<sup>st</sup> March 2017.

The most significant audit actions resulted from processes relating to payments to providers and the implementation of a new financial system. An internal audit report during 2015/16 identified a number of recommendations and the HSCP continues to work hard to ensure full compliance. The follow up report during 2016/17 recognised that significant progress had been made and a number of actions were closed.

Regular reports on all audit recommendations and associated actions are presented to and considered by the Performance and Audit Committee of the IJB.

The governance reports for our partners identified two control failures within East Renfrewshire Council relating to creditor payments; a fraudulent payment made to amend bank details which was stopped by the bank and a failure to check duplicate processing of invoices. The Head of Accountancy for East Renfrewshire Council has confirmed there is no material effect on the council accounts. The impact to the IJB accounts is an increase in our reserves of £14,133.74 from duplicate payments being made on behalf of the HSCP.

Within NHS Greater Glasgow and Clyde three of the audit reviews were rated as high risk in respect of waiting times management, business continuity management and monitoring of efficiency savings. These were system wide and not specific to the IJB.

## Action Plan

The IJB has identified the following actions for 2017/18 that will assist with the further strengthening of corporate governance arrangements:

- Developing our management information to better inform our strategic planning, financial and commissioning strategy, change programme and decision making processes.
- Develop our longer term financial strategy and future funding modelling, including the shift of resources from hospital to community services.
- Continue to work with NHS Greater Glasgow and Clyde regarding the timing of future years funding confirmation.
- Continue to explore opportunities for a prescribing risk share approach.

## Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB system of governance.

We consider the internal control environment provides reasonable and objective assurance that any significant risks impacting on our principle objectives will be identified and actions taken to avoid or mitigate their impact.

Our partner, East Renfrewshire Council, has confirmed that creditor controls are now back in place and there is an ongoing Internal Audit work to verify retrospective checks.

Systems are in place to regularly review and improve the internal control environment.

**Caroline Bamforth**  
**Chair**  
**Integration Joint Board 27<sup>th</sup> September 2017**

**Julie Murray**  
**Chief Officer**  
**Integration Joint Board 27<sup>th</sup> September 2017**

## Independent Auditor's Report

### **Independent auditor's report to the members of East Renfrewshire Health and Social Care Partnership Integration Joint Board and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of East Renfrewshire Health and Social Care Partnership Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

#### **In my opinion the accompanying financial statements:**

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the East Renfrewshire Health and Social Care Partnership Integration Joint Board as at 31 March 2017 and of its surplus on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the East Renfrewshire Health and Social Care Partnership Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the

audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Chief Financial Officer for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the East Renfrewshire Health and Social Care Partnership Integration Joint Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements.

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

### **Other information in the annual accounts**

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.



## Report on other requirements

### Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

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

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

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

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

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

David McConnell  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

27th September 2017

## The Financial Statements

The (Surplus) or Deficit on the Income and Expenditure Statement shows the income received from and expenditure directed back to East Renfrewshire Council and NHS Greater Glasgow and Clyde for the delivery of services.

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31<sup>st</sup> March 2017

2015/16			2016/17 Outturn			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Objective Analysis	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
4,903	273	4,630	<b>Children and Families</b>	10,774	1,211	9,563
14,742	1,325	13,417	<b>Older Peoples Services</b>	31,439	2,442	28,997
2,061	16	2,045	<b>Physical / Sensory Disability</b>	4,696	44	4,652
7,718	431	7,287	<b>Learning Disability - Community</b>	15,996	715	15,281
6,233	494	5,739	<b>Learning Disability - Inpatients</b>	10,283	1,385	8,898
2,267	87	2,180	<b>Mental Health</b>	4,727	210	4,517
1,109	84	1,025	<b>Addictions/ Substance Misuse</b>	2,475	180	2,295
11,511	745	10,766	<b>Family Health Services</b>	22,967	1,376	21,591
7,453	-	7,453	<b>Prescribing</b>	15,451	-	15,451
291	270	21	<b>Criminal Justice</b>	599	567	32
289	40	249	<b>Planning and Health Improvement</b>	489	42	447
4,713	803	3,910	<b>Management and Admin</b>	9,294	1,256	8,038
83	-	83	<b>Corporate Services</b>	185	-	185
<b>63,373</b>	<b>4,568</b>	<b>58,805</b>	<b>Cost of Services Managed by East Renfrewshire IJB</b>	<b>129,375</b>	<b>9,428</b>	<b>119,947</b>
6,713	-	6,713	<b>Delegated Hospital Acute Services</b>	14,561	-	14,561
-	-	-	<b>Services hosted by other Integration Joint Boards</b>	8,843	886	7,957
-	-	-	<b>Services hosted by East Renfrewshire IJB</b>	(10,175)	(1,385)	(8,790)
156	-	156	<b>Aids and Adaptations</b>	255	-	255
<b>70,242</b>	<b>4,568</b>	<b>65,674</b>	<b>Total Cost of Services to East Renfrewshire IJB</b>	<b>142,859</b>	<b>8,929</b>	<b>133,930</b>
-	39,018	39,018	<b>NHS Greater Glasgow and Clyde</b>	-	79,905	79,905
-	24,503	24,503	<b>East Renfrewshire Council</b>	-	47,030	47,030
-	3,294	3,294	<b>Resource Transfer</b>	-	6,593	6,593
-	-	-	<b>Social Care Fund</b>	-	3,621	3,621
-	66,815	66,815	<b>Taxation and Non Specific Grant Income</b>	-	137,149	137,149
<b>70,242</b>	<b>71,383</b>	<b>(1,141)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>142,859</b>	<b>146,078</b>	<b>(3,219)</b>
<b>70,242</b>	<b>71,383</b>	<b>(1,141)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>142,859</b>	<b>146,078</b>	<b>(3,219)</b>

There is no comparable figure for 2015/16 hosted services as not all IJBs were operational in 2015/16.

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the financial year on the reserve held by the IJB, analysed into 'usable reserves' ( i.e. those that can be applied to fund expenditure ) and 'non usable reserves'. The (Surplus) or Deficit on the Provision of Services reflects the true cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

<b>2015/16 £000</b>	<b>General Reserves</b>	<b>2016/17 £000</b>
-	Balance as at 31 <sup>st</sup> March 2016 brought forward	(1,141)
(1,141)	(Surplus)/Deficit on provision of services	(3,219)
-	Other Comprehensive Income & Expenditure	-
(1,141)	<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>	(3,219)
(1,141)	<b>BALANCE AS AT 31<sup>st</sup> MARCH 2017 CARRIED FORWARD</b>	(4,360)

**BALANCE SHEET**As at 31<sup>st</sup> March 2017

The Balance Sheet as at 31<sup>st</sup> March 2017 is a snapshot of the value at that 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.

<b>31<sup>st</sup> March 2016 £000</b>		<b>Notes</b>	<b>31<sup>st</sup> March 2017 £000</b>
<b>1,141</b>	<b>Current Assets</b>		<b>4,360</b>
1,141	Short term debtors	7	4,360
-	<b>Current liabilities</b>		-
-	Short term creditors	7	-
<b>1,141</b>	<b>Net Assets</b>		<b>4,360</b>
(1,141)	Reserves	8	(4,360)
<b>(1,141)</b>	<b>Total Reserves</b>		<b>(4,360)</b>

The Statement of Accounts present a true and fair view of the financial position of the IJB as at 31<sup>st</sup> March 2017 and its income and expenditure for the year then ended.

The unaudited annual accounts were authorised for issue on 28 June 2017 and the audited annual accounts were authorised for issue on 27<sup>th</sup> September 2017.

**Lesley Bairden ACMA CGMA**  
**Chief Financial Officer**  
**Integration Joint Board 27<sup>th</sup> September 2017**

## Notes to the Financial Statements

### 1. Accounting Policies

#### 1.1 General Principles

The Statement of Accounts summarises the IJB's transactions for the 2016/17 reporting period and its position as at 31<sup>st</sup> March 2017.

The East Renfrewshire IJB is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a joint venture between East Renfrewshire Council and NHS Greater Glasgow and Clyde.

IJBs are specified as Section 106 bodies under the Local Government (Scotland) Act 1973 and as such are required to prepare their financial statements in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 supported by International Finance Reporting Standards (IFRS).

#### 1.2 Accruals of Income and Expenditure

Activity is accounted for in the year 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 a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future.

#### 1.4 Accounting Convention

The accounting convention adopted in the Statement of Accounts is an historic cost basis.

#### 1.5 Funding

East Renfrewshire IJB receives contributions from its funding partners, namely East Renfrewshire Council and NHS Greater Glasgow and Clyde to fund its services. Expenditure is incurred in the form of charges for services provided to the IJB by its partners.

## 1.6 Reserves

Reserves are created by appropriate amounts from the Statement of Income and Expenditure in the Movement In Reserves Statement.

Reserves have been created in order to finance expenditure in relation to specific projects. When expenditure to be financed from a reserve is incurred it will be charged to the appropriate service in that year and will be funded by an appropriation back to the Statement of Income and Expenditure in the Movement In Reserves Statement.

A general reserve has also been established as part of the financial strategy of the East Renfrewshire IJB in order to better manage the risk of any future unanticipated events that may materially impact on the financial position of the IJB.

## 1.7 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised.

Where events take place before the date of authorisation and provide information about conditions existing as at 31<sup>st</sup> March 2017 the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

Events taking place after the date when the Accounts were authorised are not reflected in the financial statement or notes.

## 1.8 Related Party Transactions

As partners of East Renfrewshire IJB both East Renfrewshire Council and NHS Greater Glasgow and Clyde are related parties and material transactions with those bodies are disclosed in Note 5 (Page 37) in accordance with the requirements of International Accounting Standard 24.

## 1.9 Provision, Contingent Assets and Liabilities

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 Statement of Income and Expenditure 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 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.

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 assets or liabilities 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 are disclosed in a Note to the Accounts where they are deemed material.

### **1.10 Indemnity Insurance**

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

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

In the event that known claims were identified they would be assessed as to the value and probability of settlement. Where material the overall expected value of any such known claims, taking probability of settlement into consideration, would be provided for in the IJB's Balance Sheet. No such claims were identified as at 31 March 2017.

Similarly, the likelihood of receipt of an insurance settlement to cover any claims would be separately assessed, and where material, they would be presented as either a debtor or disclosed as a contingent asset. No such receipts were identified as at 31 March 2017.

The cost of participation in the CNORIS scheme was funded on our behalf by NHS Greater Glasgow and Clyde.

## 1.11 Corresponding Amounts

These Financial Statements cover the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017. However as the IJB accounts for 2015/16 covered the period 7<sup>th</sup> October 2015 to 31<sup>st</sup> March 2016 there is no corresponding full year amounts for 2015/16.

## 1.12 VAT

The IJB is not a taxable person 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 service as these bodies are treated differently for VAT purposes.

The services provided by the Chief Officer to the IJB are outside the scope of VAT as they are undertaken under a specific legal regime.

## 1.13 Post Employment Benefits – Pension Costs

The accounting requirements for pension costs in respect of Post Employment Benefits under IAS9 and FRS17 are reflected in the accounts of East Renfrewshire Council and NHS Greater Glasgow and Clyde as the respective employers of current and former staff members. The IJB does not directly employ any members of staff in its own right and accordingly has accrued no liability in regards to post employment pension benefits.



## 2. Expenditure and Income Analysis by Nature

2015/16 £000		2016/17 £000
(66,815)	Partners funding contribution and non specific grant income	(137,149)
( 4,568)	Fees and charges and other service income	( 8,929)
<b>(71,383)</b>	<b>2016/17 TOTAL FUNDING</b>	<b>(146,078)</b>
23,300	Employee Costs	35,548
385	Premises Costs	965
111	Transport Costs	240
2,112	Supplies & Services	8,681
18,207	Third Party Payments	42,105
1,128	Support Costs	1,901
7,453	Prescribing	15,611
10,750	Family Health Service	23,062
6,713	Acute Hospital Services	14,561
66	Corporate Costs	168
17	External Audit Fee	17
<b>70,242</b>	<b>2016/17 COSTS OF SERVICES</b>	<b>142,859</b>

There are no statutory or presentational adjustments which affect the IJB's application of funding received from partner organisations. The movement in the IJB balance sheet is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not provided in these accounts.

### 3. Taxation and Non Specific Grant Income

2015/16 £000		2016/17 £000
24,503	East Renfrewshire Council	47,030
39,018	NHS Greater Glasgow and Clyde	79,905
3,294	Resource Transfer	6,593
-	Social Care Fund	3,621
<b>66,815</b>	<b>PARTNERS FUNDING CONTRIBUTION &amp; NON SPECIFIC GRANT INCOME</b>	<b>137,149</b>

The funding contribution from NHS Greater Glasgow and Clyde includes £14.561 million in respect of East Renfrewshire's unscheduled care in large hospital (acute) services. These are provided by the NHS, which retains responsibility for managing the costs of providing the service. The IJB however, has responsibility for the consumption of and level of demand placed on these services.

### 4. Agency Income & Expenditure

East Renfrewshire acts as the lead manager on behalf of all IJBs within the NHS Greater Glasgow and Clyde area for specialist Learning Disability Services. It commissions services on behalf of all other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs and the consequential reimbursement are removed from the Comprehensive Income and Expenditure Statement since East Renfrewshire IJB is not acting as principal in these transactions.

<b>LEARNING DISABILITY AGENCY SERVICES HOSTED BY EAST RENFREWSHIRE IJB</b>	<b>2016/17 £000</b>
Expenditure On Agency Services Provided	8,790
Income From Agency Services Provided	(8,790)
<b>NET EXPENDITURE - AGENCY SERVICE</b>	<b>Nil</b>

Likewise, other IJBs act as the lead manager for a number of delegated services on behalf of the East Renfrewshire IJB. The payments that are made by the other IJBs on behalf of East Renfrewshire and the consequential reimbursement, are included in the Comprehensive Income and Expenditure Statement since this expenditure directly relates to services provided to the residents of East Renfrewshire.

There is no comparable 2015/16 for the agency services provided as not all IJBs were live during 2015/16.

<b>AGENCY SERVICES PROVIDED TO EAST RENFREWSHIRE IJB BY OTHER IJBs WITHIN NHS GREATER GLASGOW AND CLYDE</b>	<b>2016/17 £000</b>
<b>NET EXPENDITURE ON AGENCY SERVICES PROVIDED:</b>  Physiotherapy Retinal Screening Podiatry Primary Care Support Continence Sexual Health Mental Health Oral Health Addictions Prison Health Care Health Care in Police Custody Psychiatry	440 53 311 359 364 617 850 915 350 182 148 3,368
<b>NET EXPENDITURE CHARGEABLE TO EAST RENFREWSHIRE</b>	<b>7,957</b>

## 5. Related Party Transactions

The following financial transactions were made with East Renfrewshire Council and NHS Greater Glasgow and Clyde relating to integrated health and social care functions during 2016/17. The nature of the partnership means that the IJB may influence, and be influenced by its partners.

2015/16 £000	Income – payments for integrated functions	2016/17 £000
41,023	NHS Greater Glasgow and Clyde	83,820
30,360	East Renfrewshire Council	62,258
71,383	<b>TOTAL</b>	146,078

2015/16 £000	Expenditure – payments for delivery of integrated functions	2016/17 £000
40,850	NHS Greater Glasgow and Clyde	83,096
29,392	East Renfrewshire Council	59,763
70,242	<b>TOTAL</b>	142,859

## 6. Corporate Expenditure

2015/16 £000	Corporate Expenditure	2016/17 £000
33	Staff Costs	168
38	Administration Costs	-
17	Audit Fee	17
88	<b>TOTAL</b>	185

The cost associated with running the IJB has been met in full by East Renfrewshire Council and NHS Greater Glasgow and Clyde reflecting the continuation of the arrangement for the previous Community Health and Care Partnership.

The costs charged to the IJB in respect of non-voting members include the Chief Officer and Chief Financial Officer. Details of the remuneration for post holders are provided in the Remuneration Report.

The costs of other key management staff who advise the IJB, such as the Chief Social Work Officer and the Professional Nurse Advisor are reflected within operational budgets. Those costs above reflect only the IJB statutory posts.

NHS Greater Glasgow and Clyde did not charge for any support services provided in the year ended 31<sup>st</sup> March 2017.

The support services for East Renfrewshire Council are included within the funding provided to the IJB as set out in the Scheme of Integration and as such have been charged for in 2016/17.

VAT is not included in the costs identified.

## 7. Short Term Debtors and Creditors

2015/16 £000	Short Term Debtors	2016/17 £000
173 968	NHS Greater Glasgow and Clyde East Renfrewshire Council	724 3,636
1,141	<b>TOTAL</b>	4,360

2015/16 £000	Short Term Creditors	2016/17 £000
- -	NHS Greater Glasgow and Clyde East Renfrewshire Council	- -
-	<b>TOTAL</b>	-

## 8. Reserves

As at 31 March 2017 the IJB has created earmarked reserves in order to fund expenditure in respect of specific projects. In addition a general reserve has been created as part of the financial strategy of the IJB in order to better manage the risk of any future unanticipated events that may materially impact on the financial position of the IJB.

2015/16 £000	Reserves	2016/17 £000
	Earmarked Reserves:	
375	Learning Disability Specialist Services	635
104	Barrhead Health and Care Centre	104
-	District Nursing	75
-	Speech & Language Therapy	27
70	Integrated Learning and Development Function	70
80	Community Capacity Building	80
240	Children and Families	660
-	Budget Savings Reserve	1,937
-	In Year Pressures	500
869	<b>TOTAL EARMARKED RESERVES</b>	4,088
272	<b>TOTAL GENERAL RESERVES</b>	272
1,141	<b>TOTAL ALL RESERVES</b>	4,360

## 9. Contingent Assets and Liabilities

As at 31<sup>st</sup> March 2017 a potential recovery of costs previously incurred by East Renfrewshire Council has been identified pending the conclusion of an ongoing legal case. As the outcome of the legal case is uncertain and an estimate of the probable recovery is not able to be made with a degree of accuracy no provision has been made in the 2016/17 accounts for any such recovery. In the event of any recovery the receipt will reflect the pre and post IJB time periods.

There are no contingent liabilities.

**10. New standards issued but not yet adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The IJB considers that there are no such standards which would have a significant impact on the 2016/17 annual accounts.



## Where to find more information

### In This Document

The requirements governing the format and content of the IJB annual accounts follows guidance issued by the Integrated Resources Advisory Group and by The Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

### On Our Website

Further information on the Accounts can be obtained on East Renfrewshire Council's website <http://www.eastrenfrewshire.gov.uk/health-and-social-care-integration> or from East Renfrewshire HSCP, Eastwood Health and Care Centre, Drumby Crescent, Clarkston, G76 7HN.

### Acknowledgement

I wish to record my thanks to staff within the HSCP for their co-operation in producing the Annual Accounts in accordance with the prescribed timescale. In particular the efforts of the Accountancy and Finance staff within the partnership are gratefully acknowledged.

**Caroline Bamforth**  
**Chair**  
**Integration Joint Board**

**27<sup>th</sup> September 2017**

**Julie Murray**  
**Chief Officer**  
**Integration Joint Board**

**27<sup>th</sup> September 2017**

**Lesley Bairden ACMA CGMA**  
**Chief Financial Officer**

**27<sup>th</sup> September 2017**

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## Letter of Representation (ISA 580)

David McConnell  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear David

### **East Renfrewshire Health and Social Care Partnership Integration Joint Board Annual Accounts 2016/17**

1. This representation letter is provided in connection with your audit of the financial statements of East Renfrewshire Health and Social Care Partnership Integration Joint Board for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of East Renfrewshire Health and Social Care Partnership Integration Joint Board, as at 31 March 2017 and its comprehensive net expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the East Renfrewshire Health and Social Care Partnership Integration Joint Board, the following representations given to you in connection with your audit of East Renfrewshire Health and Social Care Partnership Integration Joint Board for the year ended 31 March 2017.

### **General**

3. I acknowledge my responsibility and that of East Renfrewshire Health and Social Care Partnership Integration Joint Board for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by East Renfrewshire Health and Social Care Partnership Integration Joint Board have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the management commentary and remuneration report presents a balanced picture of East Renfrewshire Health and Social Care Partnership Integration Joint Board and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole.

### **Financial Reporting Framework**

6. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations

2014 and the Local Government in Scotland Act 2003, including all relevant presentation and disclosure requirements.

7. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of East Renfrewshire Health and Social Care Partnership Integration Joint Board for the year ended 31 March 2017.

## **Accounting Policies & Estimates**

8. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.
9. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

## **Going Concern**

10. As the officer with responsibility for the proper administration of the East Renfrewshire Health and Social Care Partnership Integration Joint Board's financial affairs under section 95 of the Local Government (Scotland) Act 1973, I have assessed East Renfrewshire Health and Social Care Partnership Integration Joint Board's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

## **Related Party Transactions**

11. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

## **Events Subsequent to the Date of the Balance Sheet**

12. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
13. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

## **Corporate Governance**

14. I acknowledge as Accountable Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.

15. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2017, which require disclosure.

## **Fraud**

16. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

## **Assets**

17. The assets shown in the Balance Sheet at 31 March 2017 were owned by East Renfrewshire Health and Social Care Partnership Integration Joint Board. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

## **Carrying Value of Assets and Liabilities**

18. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Yours sincerely

**Lesley Bairden**  
**Chief Financial Officer**  
**East Renfrewshire Health and Social Care Partnership Integration Joint Board**

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