



Meeting of East Renfrewshire Health and Social Care Partnership	Integration Joint Board
Held on	5 October 2016
Agenda Item	13
Title	Annual Report and Accounts 2015/16
<p>Summary</p> <p>This report provides the paper submitted to the Performance and Audit Committee on 28 September 2016.</p>	
Presented by	Lesley Bairden, Chief Financial Officer
<p>Action Required</p> <p>The Board is asked to note and comment on the report.</p>	
<p>Implications checklist – check box if applicable and include detail in report</p> <p> <input type="checkbox"/> Financial <input checked="" type="checkbox"/> Policy <input type="checkbox"/> Legal <input type="checkbox"/> Equalities <input type="checkbox"/> Efficient Government <input type="checkbox"/> Staffing <input type="checkbox"/> Property <input type="checkbox"/> IT </p>	

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EAST RENFREWSHIRE INTEGRATION JOINT BOARD

PERFORMANCE & AUDIT COMMITTEE

28 September 2016

Report by Lesley Bairden, Chief Financial Officer

Annual Report and Accounts 2015/16

PURPOSE OF REPORT

1. The purpose of this report is to seek approval for the final annual report and accounts for the IJB covering the period 27 June 2015 to 31 March 2016, following the external audit of the accounts.

RECOMMENDATION

2. The Performance and Audit committee is requested to:
 - Approve the annual report and accounts.
 - Authorise the Chair, Chief Officer and Chief Financial Officer to accept and sign the annual report and accounts on behalf of the IJB.
 - Note that meeting timetables are being reviewed to allow future year annual reports to go to the IJB for approval, via the Performance & Audit Committee.

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. LASAAC [The Local Authority (Scotland) Accounts Advisory Committee] produced additional guidance on accounting for the integration of health and social care.

REPORT

7. The annual report and accounts for the IJB was prepared in accordance with appropriate legislation and guidance. An overview of the process and legislative requirements was set out the previous report of 29 June 2016. The annual report and accounts is included at Appendix 1, with published copies to be signed upon approval on 28 September 2016.

8. The Audit Scotland annual report and audit certificate (ISA 260) confirm that the annual report and accounts are unqualified, meet legislative requirements, have no significant issues and confirm sound financial governance.
9. 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.
10. The main areas to highlight are; the accounts are unqualified and free of any unadjusted errors. Audit Scotland has confirmed:
 - The accounts have been prepared in accordance with relevant accounting regulations and guidance.
 - The IJB's immediate financial position is secure, subject to plans to close the NHS financial savings gap in 2016/17.
 - Effective governance arrangements are in place.
 - Assurance over the accuracy and completeness of financial transactions processed by partner bodies.
11. We have made some presentational changes to the document as a result of the audit process, with the key changes being;
 - The period of the annual report and accounts now reflects 27 June 2015 to 31 March 2016 reflecting the date of legal establishment of the IJB. This did not result in any changes to the transactions included in the accounts which still reflect financial delegation from 7 October 2015.
 - The costs for the Chief Officer and Chief Financial Officer were revised to reflect the date of appointment of 17 August 2015. This did not impact on the bottom line, as this was presentational only.
 - Further detail has been added to the management commentary to better reflect our Strategic Plan and our performance reporting.
 - An assurance statement from the Chief Financial Officer is now included.
12. We have also changed the format of the document as previously advised.
13. The key messages from the annual report and accounts remained unchanged from that reported in June
 - Successful part year operation of the IJB covering the period 27 June 2015 to 31 March 2016, with financial delegation as of 7 October 2015.
 - Establishment of governance sub committees and associated frameworks.
 - We have ended our first period of operation as an IJB with free reserves of £272,000 and earmarked reserves of £869,000.
14. The annual accounts of the IJB must be published by 31st October and any further reports by the External Auditor by 31st December immediately following the year to which they relate. We will ensure reports are published on our website as required.
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. A solid relationship has been established with Audit Scotland on which we can continue to build.
16. The Chief Financial Officer would also like to extend thanks to accountancy and finance staff within the partnership, 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. The accounts are unqualified and governance is sound.

RECOMMENDATIONS

18. The Performance and Audit committee is requested to:

- Approve the annual report and accounts
- Authorise the Chair, Chief Officer and Chief Financial Officer to accept and sign the annual report and accounts on behalf of the IJB.
- Note that meeting timetables are being reviewed to allow future year annual reports to go to the IJB for approval, via the Performance & Audit Committee.

REPORT AUTHOR AND PERSON TO CONTACT

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28 September 2016

BACKGROUND PAPERS

None, however relevant legislation is The Public Bodies (Joint Working)(Scotland) Act 2014, Local Government Scotland Act 1973

Performance & Audit Committee report on the unaudited annual report and accounts of 29 June 2016

KEY WORDS

Finance, annual accounts, unaudited accounts, audited accounts, internal audit, external audit

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East Renfrewshire Health & Social Care Partnership Integration Joint Board

Annual Report and Accounts 2015/16

Covering the period 27 June 2015 to 31 March 2016





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East Renfrewshire is situated to the south of Glasgow. It covers an area of 67 sq miles (174 sq 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 increased by 4.1% to 92,940 over the decade 2006 – 2015 and the latest projections from the National Records of Scotland show that East Renfrewshire’s population is to steadily increase. East Renfrewshire has a higher proportion of the population aged 16 and under than that of Scotland, as well as a higher proportion of those aged 65 and over.



Introduction

East Renfrewshire Integration Joint Board, hereafter known as the IJB, was legally established on 27 June 2015 with its first meeting held on 19 August 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 Strategic Plan.



The IJB is a new 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 & 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 and now have the planning responsibility for our population's use of large hospital based services along with some housing functions.

Our 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 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 an annual performance report is produced. Our first report was presented to the IJB on 1 June 2016.

Whilst this is a change of status for us, it is a continuation of the long standing delivery of integrated health and care services within East Renfrewshire, previously delivered 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 & Social Care Partnership.



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 strategic plan.





This is the first annual report and accounts for the IJB and covers the period 27 June 2015 to 31 March 2016. For the financial year 2015/16 the key dates reflected in this report are:

27 June 2015	IJB legally established
19 August 2015	First meeting of the IJB: Chief Officer appointed Chief Financial Officer appointed
7 October 2015	Financial delegation to IJB following financial due diligence requirement

The total health and social care spend for financial year 2015/16 was £126.634 million.

Key Messages from 2015/16

The key messages from our first part year of operation during financial year 2015/16 are;

Successful part year go live; East Renfrewshire Integration Joint Board is one of a handful of Boards within Scotland to go live with full financial delegation. We have developed a comprehensive governance framework to support our activity.

We now host specialist Learning Disability services on behalf of the other five partnerships that are co-terminus with NHS Greater Glasgow and Clyde Health Board. This is a complex service, with an annual budget of £11.5 million and is a predominantly in-patient service.

Financial Performance; we have ended the year with an under spend of £1.141m (1.67% of budget). This underspend falls into two categories planned and unplanned.

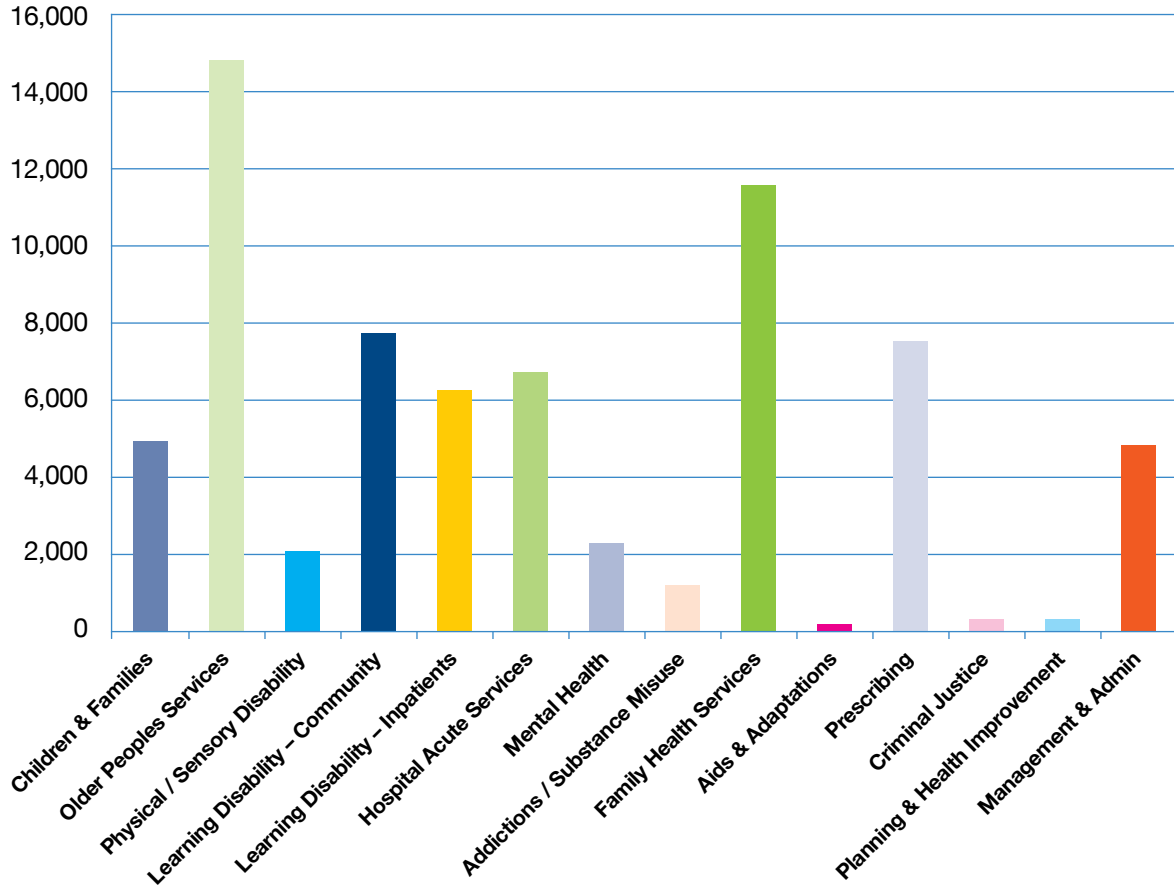
The planned underspend reflects decisions taken to invest £0.868m (1.24%) of funding from financial year 2015/16 to be used in future years and we have earmarked these funds for set purposes (analysed at note 5).

The part year financial position for the IJB can be summarised as follows:

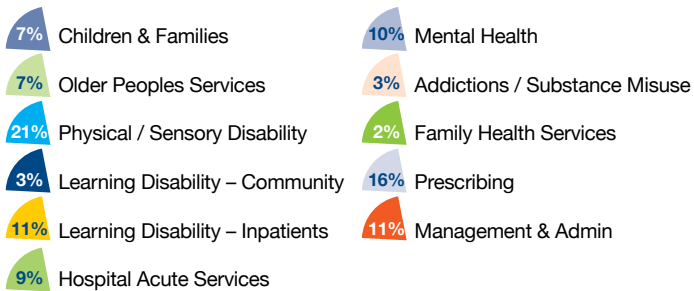
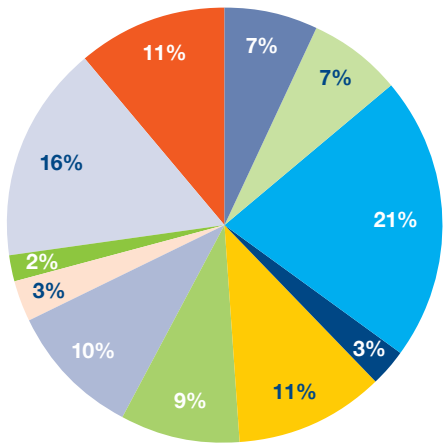
7 October 2015 to 31 March 2016	NHS Greater Glasgow & Clyde £000	East Renfrewshire Council £000	Total £000
Funds Received from Partners	41,023	30,360	71,383
Funds spent with Partners	40,850	29,392	70,242
Underspend in year	(173)	(968)	(1,141)

Note; The £0.968m includes £0.469m transferred in year from the NHS in respect of a planned contribution to reserves in regards the funding of specific projects being undertaken over financial years.

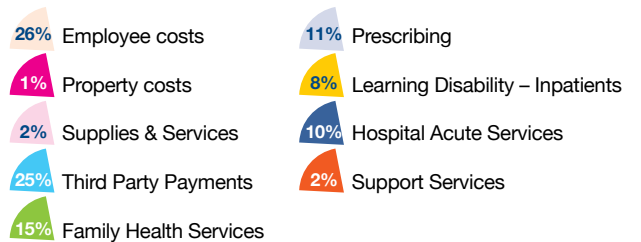
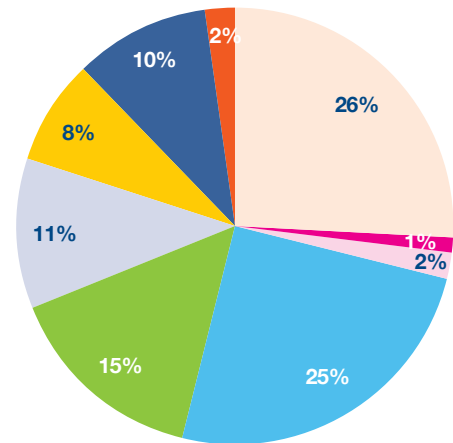
The funds that we spent provided:



Services Provided:



This was delivered by:



Future Challenges

The IJB is facing a number of both national and local challenges in the coming years such as;

The economy; we are operating in an era of unprecedented austerity with significant further savings and efficiency pressures to come. Our partners and commissioned service providers are also facing the same challenges. 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 are in a period of political uncertainty; a number of local and national elections and subsequent impact on policy decisions need to be considered. Demographic pressures; are a particular challenge for East Renfrewshire as we have an increasing elderly population and a rise in children with complex needs resulting in an increase in demand for services.

Funding; 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. 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.

Accommodation; we will be rationalising the number of buildings we operate from, including a move to the new Eastwood Health & Care Centre. This will enable us to co-locate more staff and progress our agile working strategy.

We plan to deal with these challenges by:

Developing a long term financial strategy; utilising resources to achieve best value and sustainable service delivery through long term planning, use of invest to save models, service redesign and creation and use of reserves to smooth the impact of change over a number of years.

We are developing a change programme; this will focus on four themes

- a. Data and Analytics
- b. Capacity Building
- c. Workforce Planning & Development
- d. Change Programme Capacity & Facilitation

We are embarking on a Community Led Support Programme; this is about putting our work right at the heart of communities, making it easier and simpler for people to find out about health and social care support.



We have an increasing elderly population and a rise in children with complex needs.

The IJB is developing a Risk Strategy; this provides a strategic overview on risks and mitigation for the IJB and works in harmony with the operational risk registers of our partners.

Conclusion

East Renfrewshire Integration Joint Board is well placed to meet the coming challenges, building on many years of delivering integrated Health & 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 by delivering our core outcomes.

Alan Lafferty

Chair

Integration Joint Board 28 September 2016

Julie Murray

Chief Officer

Integration Joint Board 28 September 2016

Lesley Bairden ACMA CGMA

Chief Financial Officer

Integration Joint Board 28 September 2016

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 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 Performance and Audit Committee on 28 September 2016.

Alan Lafferty

Chair

Integration Joint Board 28 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 East Renfrewshire Integration Joint Board at the reporting date and the transactions of the IJB for the period covering 27 June 2015 to 31 March 2016.

Lesley Bairden ACMA CGMA

Chief Financial Officer

Integration Joint Board 28 September 2016

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 Health Board. The report contains information on the Joint Board's Chief Officer's remuneration together with any taxable expenses relating to voting members claimed in the year.

Membership of the East Renfrewshire Integration Joint Board is non remunerated; for 2015/16 no taxable expenses were claimed by members of the Joint Board.



1. Integration Joint Board

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

2. Senior Officers

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 Health Board.

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

The total remuneration received by the Chief Officer in 2015/16 amounted to £103,059 in regards all of the duties undertaken during the financial year, of which 40% related directly to the IJB. Accordingly, the proportion of the Chief Officer's remuneration, with effect from 27 June 2015 to 31 March 2016 relating to the IJB is as detailed below;

Name and Post	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £
Julie Murray, Chief Officer 2015/16 (appointed 19 August 2016)	25,342	-	25,342

The Chief Officer is funded equally between East Renfrewshire Council and NHS Greater Glasgow and Clyde Health Board.

Voting Board Members 2015/16		Total Taxable IJB Related Expenses 2015/16 £
Councillor Tony Buchanan	East Renfrewshire Council	Nil
Councillor Jim Fletcher	East Renfrewshire Council	Nil
Councillor Alan Lafferty (Vice-Chair) ²	East Renfrewshire Council	Nil
Councillor Ian McAlpine	East Renfrewshire Council	Nil
Mrs Susan Brimelow	NHS Greater Glasgow and Clyde	Nil
Ms Morag Brown ³	NHS Greater Glasgow and Clyde	Nil
Mr Ian Lee (Chair) ¹	NHS Greater Glasgow and Clyde	Nil
Rev Dr Norman Shanks ⁴	NHS Greater Glasgow and Clyde	Nil

1. Left office 30 June 2016, 2. Chair as of 1 July 2016, 3. Vice Chair as of 1 July 2016, 4. Left office 31 July 2016, 5. John Mathews and Anne Marie Monaghan appointed August 2016.

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

Name and Post	In Year Pension Contribution For year to 31 March 2016 £	Accrued Pension Benefit as at 31 March 2016	
		Pension £	Lump Sum £
Julie Murray, Chief Officer 2015/16	3,978	6,095	10,840

The Integration Joint Board funds the employers pension contributions as they become payable during the Chief Officer's period of service and that on this basis there is no pension liability reflected on the balance sheet of the IJB.

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.

The information provided relates to the total remuneration for 2015/16 and is not apportioned.

General Disclosure by Pay Bands

Remuneration Band	Number of Employees 31 March 2016
£100,000 – £104,999	1

Signed by

Alan Lafferty
Chair
Integration Joint Board 28 September 2016

Julie Murray
Chief Officer
Integration Joint Board 28 September 2016

Annual Governance Statement

Annual Governance Statement

The Annual Governance Statement explains how the 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 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 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 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.



Public money is safeguarded and properly accounted for and used economically, efficiently and effectively.





The Governance Framework

The main features of the governance framework established during 2015/16 are summarised below:

- The IJB, comprising all IJB Board members, was 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 established two governance sub committees; Performance and Audit Committee and the Clinical and Care Governance Committee;
- The IJB's purpose and vision are 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 were 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;
- 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 established three localities, based on clusters of GP practices linked to the local areas of;
 - o Eastwood 1 (Netherlee, Stamperland, Clarkston, Eaglesham, Waterfoot and Busby)
 - o Eastwood 2 (Newton Mearns, Giffnock and Thornliebank)
 - o Lavern Valley (Barrhead, Neilston and Uplawmoor)

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

The IJB, comprising all IJB members, was the key decision making body.



The IJB has in place a continuous development programme with an ongoing series of seminars covering a wide range of topics and issues.

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. This is with the exception of a control weakness relating to payment to providers in respect of learning disability services identified just prior to the start of 2015/16.

An internal audit report during 2015/16 identified a number of recommendations and the HSCP is working hard to ensure full compliance.

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 2015/16.

The Internal Audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2015/16, 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.



The IJB has responsibility for conducting a review of the effectiveness of its governance framework.

Governance Issues during 2015/16

Whilst all operational and transactional governance issues are considered within our partners 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 27 June 2015.

The most significant audit actions result from processes relating to payments to providers and the implementation of a new financial system, where significant ongoing progress has been made.

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

Further Actions

The IJB has identified the following actions for 2016/17 that will assist with the further strengthening of corporate governance arrangements:

- Working with our partners we will complete the implementation of a new finance system. As with any system change we will continue to monitor and regularly report on progress to the Senior Management Team, and the Performance and Audit Committee, seeking advice and opinion from both internal and external audit as required.
- Developing our management information to better inform our strategic planning, financial and commissioning strategy, change programme and decision making processes.

Assurance

Notwithstanding the audit actions relating to payment to providers and the ongoing systems implementation and subject to the above, 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.

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

Alan Lafferty
Chair
Integration Joint Board 28 September 2016

Julie Murray
Chief Officer
Integration Joint Board 28 September 2016

Independent Auditor's Report

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

I certify that I have audited the financial statements of **East Renfrewshire Health and Social Care Partnership Integration Joint Board** for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Statement of Income and Expenditure, Balance Sheet and the related notes. 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 2015/16 (the 2015/16 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, I read all the financial and non-financial information in the Annual Report and 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.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the East Renfrewshire Health and Social Care Partnership Integration Joint Board as at 31 March 2016 and of the income and expenditure of the East Renfrewshire Health and Social Care Partnership Integration Joint Board for the nine months then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or

I have nothing to report in respect of these matters.

Brian Howarth ACMA CGMA
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2016

The Financial Statements

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

STATEMENT OF INCOME AND EXPENDITURE

	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net £000
Health Services	40,824	40,997	(173)
Social Care Services	29,330	30,298	(968)
Corporate Costs	88	88	-
(Surplus)/Deficit on provision of services	70,242	71,383	(1,141)
Net income and expenditure	70,242	71,383	(1,141)

The 2015/16 surplus includes £0.869m in regards a planned transfer to reserves in respect of a number of specific projects being undertaken over financial years, with the balance arising from normal operational activity.

BALANCE SHEET

The Balance Sheet as at 31 March 2016 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.

	Notes £	31 March 2016 £
Current Assets		1,141
Short term debtors	4	1,141
Current liabilities		-
Short term creditors	4	-
Net Assets		1,141
Reserves	5	(1,141)
Total Reserves		(1,141)

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 financial statements were authorised for issue by the Performance & Audit Committee on 28 September 2016.

Lesley Bairden ACMA CGMA
Chief Financial Officer
Integration Joint Board 28 September 2016

Notes to the Financial Statements

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the IJB's transactions for the 2015/16 reporting period and its position as at 31 March 2016.

The East Renfrewshire Integration Joint Board 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 & Clyde Health Board.

Integration Joint Boards 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 2015/16 supported by International Finance Reporting Standards (IFRS).



East Renfrewshire
IJB receives
contributions from
its funding partners.

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 a historical cost basis.

1.5 Funding

East Renfrewshire IJB receives contributions from its funding partners, namely East Renfrewshire Council and NHS 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 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 of 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.



Reserves have been created in order to finance expenditure in relation to specific projects.

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 March 2016 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 in the East Renfrewshire IJB both East Renfrewshire Council and NHS Greater Glasgow and Clyde Health Board are related parties and material transactions with those bodies are disclosed in Note 2 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 holds separate indemnity insurance provided through the NHS CNORIS scheme. The cost of £5,000 was funded on our behalf by NHSGGC.

1.11 Corresponding Amounts

The East Renfrewshire Integration Joint Board assumed full financial responsibility on 7 October 2015. However, as per the guidance issued by the Local Authority (Scotland) Accounts Advisory Committee, these Financial Statements cover the period 27 June 2015 to 31 March 2016 as the total period of operation and as such there is no corresponding amounts for previous years.

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 Health Board 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.



The IJB assumed full financial responsibility on 7 October 2015.



2. Related Party Transactions

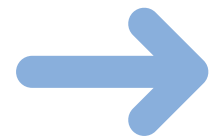
East Renfrewshire IJB assumed delegated financial responsibility on 7 October 2015. From that date the following financial transactions were made with East Renfrewshire Council and NHS Greater Glasgow and Clyde Health Board relating to integrated health and social care functions.

	2015/16 £000
NHS Greater Glasgow and Clyde Health Board	41,023
East Renfrewshire Council	30,360
TOTAL	71,383

	2015/16 £000
NHS Greater Glasgow and Clyde Health Board	40,850
East Renfrewshire Council	29,392
TOTAL	70,242

3. Corporate Expenditure

Corporate Expenditure	2015/16 £000
Staff Costs	33
Administration Costs	38
Audit Fee	17
TOTAL	88



Total Income
£71,383,000



Total Expenditure
£70,242,000



Staff Costs
£33,000



Administration
Costs £38,000



Audit Fee
£17,000



The cost associated with running the Integration Joint Board has been met in full by East Renfrewshire Council and NHS Greater Glasgow and Clyde.

The cost associated with running the Integration Joint Board 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 & Care Partnership.

In addition the 2015/16 CNORIS (insurance cost) of £5,000 has been met in full by NHS Greater Glasgow & Clyde.

VAT is not included in the costs identified pending clarification of treatment by HMRC.

4. Short Term Debtors and Creditors

Short Term Debtors	2015/16 £000
NHS Greater Glasgow and Clyde Health Board	173
East Renfrewshire Council	968
TOTAL	1,141

Short Term Creditors	2015/16 £000
NHS Greater Glasgow and Clyde Health Board	-
East Renfrewshire Council	-
TOTAL	-



5. Reserves

As at 31 March 2016 the Integration Joint Board 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 Joint Board in order to better manage the risk of any future unanticipated events that may materially impact on the financial position of the Integration Joint Board.

Earmarked Reserves		2015/16 £000
NHS Greater Glasgow & Clyde Planned Contribution to Reserve		
Learning Disability Specialist Services		375
Barrhead Health & Care Centre		104
		479
East Renfrewshire Council Planned Contribution to Reserve		
Integration Learning & Development Function		70
Community Capacity Building		80
Children & Families – Foster Care Recruitment		150
Children & Families – Child Protection Training		40
Children & Families – Inclusive Support		50
		390
TOTAL - EARMARKED RESERVES		869
General Reserves		2015/16 £000
NHS Greater Glasgow & Clyde 2015/16 Underspend carried forward		163
East Renfrewshire Council 2015/16 General Underspend		109
TOTAL – GENERAL RESERVES		272
TOTAL RESERVES		1,141

Total reserves
£1,141,000





6. Movement In Reserves

This statement shows the movement in the financial year on the reserve held by the Integration Joint Board, 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 Statement of Income and Expenditure.

Movement in Reserves	2015/16 £000
Balance as at 6 October 2015 brought forward	-
(Surplus)/Deficit on provision of services	(1,141)
Other comprehensive Income & Expenditure	-
TOTAL COMPREHENSIVE INCOME & EXPENDITURE	(1,141)
BALANCE AS AT 31 MARCH 2016 CARRIED FORWARD	(1,141)

7. Contingent Assets and Liabilities

As at 31 March 2016 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 2015/16 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.



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.

Alan Lafferty
Chair
Integration Joint Board **28 September 2016**

Julie Murray
Chief Officer **28 September 2016**

Lesley Bairden
Chief Finance Officer **28 September 2016**





East Renfrewshire Health & Social Care Partnership Integration Joint Board





East Renfrewshire HSCP Headquarters,
Eastwood Health & Care Centre, Drumby Crescent, Clarkston G76 7HN



Telephone: 0141 451 0749
Email: lesley.bairden@eastrenfrewshire.gov.uk
Our Ref: LB/MB
Your Ref:
Date: 28th September 2016

Brian Howarth
Assistant Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Dear Brian

East Renfrewshire Health and Social Care Partnership Integration Joint Board Annual Accounts 2015/16

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 2016 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 2016 and its income and expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Performance and Scrutiny Committee, the following representations given to you in connection with your audit of East Renfrewshire Health and Social Care Partnership Integration Joint Board for the nine months ended 31 March 2016.

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 Annual Report to the financial statements, including 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. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA 260).

Financial Reporting Framework

6. The financial statements have been prepared in accordance with 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, 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 and directions made thereunder by the Scottish Ministers 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 nine months ended 31 March 2016.

Accounting Policies & Estimates

8. All material accounting policies adopted are as shown in the 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 2015/16 Code of Practice on Local Authority Accounting.
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. The Board has assessed East Renfrewshire Health and Social Care Partnership Integration Joint Board's ability to carry on as a going concern, as identified in the 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 2015/16.

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 Chief Financial 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 2015/16. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2016, 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 on at 31 March 2016 were owned by East Renfrewshire Health and Social Care Partnership Integration Joint Board, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

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Liabilities

18. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2016.

Carrying Value of Assets and Liabilities

19. 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 2015/16. 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.

Provisions

20. Provisions have been made in the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2016 and of which East Renfrewshire Health and Social Care Partnership Integration Joint Board could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at 31 March 2016.

Yours sincerely

Lesley Bairden ACMA CGMA
Chief Financial Officer