

**Title/Subject:**        **Integration Joint Board Accounts 3 October 2015 to 31 March 2016**

**Meeting:**                **Integration Joint Board**

**Date:**                    **7 October 2016**

**Submitted By:**        **Chief Finance Officer**

**Action:**                 **For Noting**

## **1.        INTRODUCTION**

- 1.1     The purpose of the report is to present the accounts to the Audit Committee for noting.

## **2.        RECOMMENDATION**

The Integration Joint Board is asked to:

- 2.1.    note that the Integration Joint Board Accounts for the Period 3 October 2015 to 31 March 2016 were approved by the IJB Audit Committee and signed by the Chair, Chief Officer and Chief Finance Officer on 22 September 2016
- 2.2.    note the Management Commentary and Annual Governance Statement contained within the Accounts
- 2.3.    note the certified Independent Auditors Report contained within the Accounts
- 2.4.    note the publication of the audited accounts on the integration website by the statutory deadline of 30 September 2016.

## **3.        BACKGROUND**

- 3.1     The Local Accounts (Scotland) Regulations 2014 places a statutory obligation on the Falkirk IJB to submit unaudited Annual Accounts for the year ended 31 March 2016 to its external auditors on 30 June 2016 and approve and publish final audited accounts by 30 September 2016. The unaudited accounts were considered by the IJB on 5 August 2016.

- 3.2. Whilst it is recognised that the Falkirk IJB did not become legally established until 3 October 2015 and responsibility for service delivery was not assumed until 1 April 2016, accounts are required to be prepared, audited and published for the period 3 October 2015 to 31 March 2016.

#### **4. INTEGRATION JOINT BOARD 2015/2016 ACCOUNTS**

- 4.1 IJB 2015/16 Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the Local Authority Accounts (Scotland) Regulations 2014.
- 4.2 Under Regulation 9(1) of the Local Authority Accounts (Scotland) Regulations 2014, notice was given and copies of the unaudited Annual Accounts were available for public inspection at Denny Town House for the period 1 July 2016 to 5 August 2016.
- 4.3 There have been a number of revisions to the final accounts to update the narrative to more fully reflect the current status of the IJB and ensure compliance with technical guidance. These changes reflect the uncertainty that was prevalent in the production of the IJB's Annual Accounts arising from this being the first period of the IJB's existence. The accounts are attached at Appendix 1 for information.
- 4.4. The accounts were presented to and approved by the Falkirk IJB Audit Committee on 22 September 2016.

#### **5. CONCLUSIONS**

- 5.1 As noted in the report the accounts have been considered and approved by Falkirk IJB Audit Committee.

##### **Resource Implications**

The accounts detail the relevant income and expenditure relating to 2015/16.

##### **Impact on IJB Outcomes and Priorities**

None

##### **Legal & Risk Implications**

Approval and publication of audited accounts by 30 September 2016 is a statutory requirement.

##### **Consultation**

No further consultation required.

##### **Equalities Assessment**

There are no equality implications arising from this report.

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Approved for Submission by: Ewan Murray, Chief Finance Officer

**Author Ewan Murray, Chief Finance Officer**

**Date:** 19 September 2016

**List of Background Papers:**

IJB 2015-16 Accounts



**FALKIRK INTEGRATION JOINT BOARD  
ACCOUNTS FOR PERIOD 3 OCTOBER 2015 TO 31  
MARCH 2016**

**Accounts for Period 3 October 2015 to 31 March 2016**

**Contents**

<b>1. Management Commentary.....</b>	<b>3</b>
<b>2. Statement of Responsibilities for the Accounts .....</b>	<b>10</b>
<b>3. Annual Governance Statement .....</b>	<b>12</b>
<b>4. Remuneration Report.....</b>	<b>17</b>
<b>5. The Statement of Accounts .....</b>	<b>19</b>
<b>6. Notes to the Financial Statements .....</b>	<b>21</b>
<b>7. Independent Auditor's Report .....</b>	<b>26</b>

## **Accounts for Period 3 October 2015 to 31 March 2016**

### **1. Management Commentary**

#### **Introduction**

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 and adult social care in Scotland, to be governed by Integration Joint Boards (IJBs).

Following approval from Falkirk Council and the Forth Valley Health Board (NHS Forth Valley), the Falkirk Integration Scheme, the formal legal partnership agreement between the two parent organisations, was submitted to the Scottish Ministers on 24 June 2015. On 3 October 2015 Scottish Ministers legally established Falkirk Integration Joint Board. The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements. The functions delegated are detailed with the Integration Scheme which is published here <http://nhsforthvalley.com/wp-content/uploads/2015/04/Falkirk-Integration-Scheme1.pdf>.

Health and social care functions in Falkirk were not formally delegated to the IJB until 1 April 2016. However during the shadow period (3 October 2015 to 31 March 2016), preparations were made for local implementation of integrated health and social care services.

This publication contains the financial statements for the period 3 October 2015 to 31 March 2016.

#### **Principal Activities**

Over the shadow period, in anticipation of health and social care functions being formally delegated to the IJB on 1 April 2016, the IJB's principal role has been ensuring the necessary processes, policies and plans are in place to allow local implementation of integrated health and social care services in terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and to deliver on the commitments set out within the Integration Scheme.

During 2015/16 the key activities of Falkirk Integration Joint Board included:

- Appointment of its permanent Chief Officer and Interim Chief Finance Officer to lead integrated services and manage the joint budget
- Establishing a Strategic Planning Group (SPG) to ensure the interests of different local stakeholder groups are represented in relation to health and social care services within the strategic planning process
- Development of its Strategic Plan as further described below.
- Putting in place sound financial governance and assurance arrangements for the IJB in line with national guidance
- Carrying out a due diligence process to consider the social care budget being delegated from the Council and health budget delegated from NHS Forth Valley to the IJB from 1 April 2016, in order for the IJB to carry out its delegated functions, and to meet anticipated levels of demand to ensure the HSC Partnership can proceed on a basis where expenditure trends, financial pressures and resource constraints are as well understood as possible.
- Preparation to manage the delegation of the prescribed functions to the IJB from 1 April 2016
- Issuing of Directions to Falkirk Council and NHS Forth Valley for their respective delegated functions from 1 April 2016, as set out in Falkirk's Integration Scheme. The Directions are the mechanism by which the IJB instruct the constituent authority to carry out the delegated functions. These documents set out how the IJB expect the constituent bodies to deliver each function, and spend IJB resources, in line with the Strategic and Financial Plans.

On 1 April 2016 health and social care functions in Falkirk were formally delegated to the Integration Joint Board. The 'in scope' adult social services have transferred into the management structure of the Falkirk HSCP. The 'in scope' health services remain within the operational management of NHS Forth Valley, including those within the new Community Services Directorate.

### **Financial performance for Period 3 October 2015 to 31 March 2016**

In relation to the accounting period the expenditure of the IJB related to staffing and the external audit fees as summarised below:

Chief Officer salary costs	£63,581
Chief Finance Officer salary costs	£2,882
Audit fee	£5,175
<b>Total</b>	<b>£71,638</b>

This expenditure was funded from partnership funding provided by the Scottish Government and therefore the IJB reported a balanced financial position.

### **2016/17 Due Diligence**

In advance of the implementation date of 1 April 2016 all parties involved in the integration scheme - Falkirk Council, Forth Valley NHS Board and the IJB itself - carried out a financial assurance process to review the resources that are to be delegated to the IJB.

A paper was presented to the IJB on 24 March 2016 to update the IJB of the significant Financial Assurance process undertaken during 2015/16 in respect of resources transferring to the IJB from Falkirk Council and Forth Valley Health Board.

This process was reviewed by Falkirk IJB's Internal Auditors and their formal report noted:-

*" In conclusion, we are content that our due diligence work has confirmed that, in setting the 2016/17 budget for the Integration Joint Board, the Council has been consistent with the requirements of Section 3.2.1 of the Integration Financial Assurance guidance."*

*We can provide assurance that, in our opinion, the process undertaken to agree the health allocation base budget for 2015/16 has been sufficiently robust and the methodology used sound."*

This assurance process quantified the historic overspend in adult social care driving the requirement for a budget recovery plan and informed the demand risks, expenditure trends and financial pressures relating to the in-scope health budgets. Taken together with the savings plans in relation to in-scope budgets from both Falkirk Council and NHS Forth Valley this formed the assessment of significant risk detailed in the 2016/17 budget setting paper approved by the IJB in March 2016.

The paper advised the IJB of the 2016/17 indicative budget which was formally approved by members. The approved budget totalled £200.078 million and was made up as follows:

Falkirk Council	£ 61.466 million
NHS Forth Valley	£130.599 million
Partnership Funding Streams	£ 8.013 million
<b>Total</b>	<b>£200.078 million</b>

The financial challenges apparent from the due diligence exercise and other intelligence on demand for and projected costs of service delivery required the immediate establishment of a Leadership Group to oversee the development of a budget recovery plan to address a project overspend relating to historic budget



pressures in the region of £2m. The budget recovery plan was presented and approved at the June IJB meeting.

Additional funding of £250m was allocated by the Scottish Government for Health and Social Care Partnerships for 2016/17 to help address cost pressures in social care including the impact of changes in demography and implementation of the Living Wage from 1 October 2016. The allocation for Falkirk is £7.08million. This was allocated to NHS Forth Valley for passing to the IJB.

Guidance advised that 50% of Falkirk's share of this funding should be allocated in support of the Living wage and existing cost pressures within social care services and 50% being used to meet the costs of growing demand for social care.

### **Falkirk Health and Social Care Partnerships Strategic Plan**

The IJB approved the strategic plan for 2016-19 at its March 2016 meeting. The strategic plan sets out the Partnerships strategic vision **"To enable people to live full, independent and positive lives within supportive communities"**.

The key issues for the Falkirk area detailed in the Strategic Plan are:

- there is an ageing population
- there are growing numbers of people living with long term conditions, multiple conditions and complex needs
- early intervention and prevention can make a difference
- carers support
- workforce
- deprivation, housing and employment

The plan details how the partnership will prioritise services in response to the key issues for the Falkirk area and is supported by a Joint Strategic Needs Assessment (JSNA).

### **Accounts for Period from 3 October 2015 to 31 March 2016**

The Accounts report the financial performance of the IJB. The main purpose of the Accounts is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the IJB's vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2015/16 Accounts have been prepared in accordance with this Code and the Local Authority Accounts (Scotland) Regulations 2014.

IJBs are required to account for their income and expenditure in a way which complies with their legislative responsibilities.

## **Performance**

The IJB is embedding a performance management culture throughout the Partnership. Over the next year we will work towards creating a framework of performance information which will analyse data, track progress and identify action to be taken as required. Regular performance management reports will be provided to the IJB, The Strategic Planning Group (SPG) and management teams.

The Partnership also embraces scrutiny including external inspection and self-assessment, and, in addition, benchmarking will be used to compare our performance with other organisations to support change and improvement.

Financial information will be part of this performance management framework with regular reporting of financial performance to the IJB.

## **Financial Outlook, Risks and Plans for the Future**

On 1 April 2016 health and social care functions in Falkirk were formally delegated to the IJB. The Board has a significant financial challenge ahead to deliver better outcomes for service users, carers and communities in a climate of growing demand with limited resources.

Pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted over the coming years.

In addition to economic performance, other factors will influence the availability of funding for the public sector including local government elections, the Commission on Local Tax Reform, consequences arising from the outcome of the EU referendum, financial powers arising from implementing the Scotland Act 2012, recommendations arising from the Smith Commission, the introduction of a Single Tier Pension Scheme in 2016 and the demographic challenges that Falkirk is facing.

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

- Continued economic uncertainty, and resultant effect on public spending, in the wake of the result of the EU referendum
- increasing demand for health and social care services linked to an ageing population and a growing population living with long term conditions, multiple conditions and complex needs
- the health inequalities between the affluent and more deprived areas and the challenges of deprivation, housing and employment
- the wider financial environment, with further budget pressures anticipated in future years
- the need to maintain and improve the quality of services and improve outcomes for service users, carers and communities

- workforce challenges including the an ageing workforce and issues around recruitment and retention of elements of the health and social care workforce
- the development of an effective operational management structure to enable the Chief Officer to provide the IJB with assurance on the delivery of the budget recovery plan, and performance on the Strategic Plan.

Integration presents an opportunity for the IJB to use these combined resources in a more effective, efficient and person-centred way to make better use of public resources while creating increased public value in avoiding duplication of effort.

There is an increased demand on services that will exceed available resources if we do not work together in a more integrated way. The Partnership will adopt a whole-systems approach to improve health and social care outcomes and will work alongside Community Planning partners to address these wider issues.

This will ensure a joint contribution to encouraging, supporting and maintaining the health and wellbeing of people who live in our community. This will mean that the IJB can address the challenges faced.

It is recognised that if there are no changes to the way that services are planned and delivered with partners across all sectors, current service provision will not be sufficient to meet the future health and social care needs of the population. We must therefore embed new ways of working and seek to focus resources away from expensive bed based models of care into community based services. We need to critically appraise and challenge our current models of service delivery to ensure our combined resources are focused on areas of greatest need delivering the best outcomes to our service users and patients.

## **Conclusion**

In the shadow period, the Partnership has taken appropriate steps to prepare for the delegation of functions on 1<sup>st</sup> April 2016.

Going forward, Falkirk HSC Partnership has a significant financial challenge ahead to deliver better outcomes for its service users, in line with its Strategic and Financial Plans, in a climate of growing demand with limited resources.

In order to achieve, this we must identify and implement more innovative ways to deliver customer focused services cost effectively, by driving service improvement and organisational change within the Partnership through a structured approach to managing change, optimising the use of change and improvement competencies and developing and sharing best practice throughout the Partnership. We will work with staff, managers, services and partners to lead and support service redesign reviews, to identify and implement innovative, cost effective and customer focused service delivery models and pathways, and contribute to the delivery of the Partnership's Strategic Plan within resources available.

**Where to Find More Information**

If you would like more information please visit our webpage at:

<http://nhsforthvalley.com/about-us/health-and-social-care-integration/falkirk/>

Councillor Allyson Black  
IJB Chair  
22 September 2016

Patricia Cassidy  
Chief Officer  
22 September 2016

  
Ewan C. Murray  
Chief Finance Officer  
22 September 2016

## **2. Statement of Responsibilities for the Accounts**

### **The Integration Joint Board's Responsibilities**

The IJB is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Chief Finance Officer has been designated as that officer for the Joint Board.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- ensure that the 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 Accounts for signature.

I confirm that the audited Accounts were approved for signature at a meeting of the Integration Joint Board Audit Committee on 22 September 2016

Councillor Allyson Black.....(

..... IJB Chair

### **The Chief Finance Officer's Responsibilities**

The Chief Finance Officer is responsible for the preparation of the IJB's Accounts in accordance with proper accounting 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 this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates which were reasonable and prudent
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Integration Joint Board at the reporting date and the transactions of the IJB for the period ended 31 March 2016.

**Ewan C. Murray**  
Chief Finance Officer  
22 September 2016

### 3. Annual Governance Statement

#### Introduction

The Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, safeguarding public funds and assets and making arrangements to secure best value in their use. In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes systems of internal control. These are designed 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.

During 2015/16 the Falkirk Integration Joint Board was operating within a governance framework suitable for the implementation phase of the Integration Joint Board and was also developing governance frameworks for the period when the Integration Joint Board becomes operational from 1st April 2016. On that basis the governance statement is set out to describe the position in terms of the 2015/16 governance framework and the work undertaken to prepare for 2016/17, an assessment of where we are now, and an indication of the areas for further development in our governance.

#### The Integration Joint Board

The membership of the IJB consists of voting and non-voting members.

The voting membership of the IJB is appointed by Falkirk Council and NHS Forth Valley and is as follows:

FALKIRK COUNCIL	NHS FORTH VALLEY
Councillor Allyson Black (Chair)	James King, Non Executive (Vice Chair)
Councillor Linda Gow	Alex Linkston, Chair of NHS Forth Valley
Councillor Denis Goldie	Julia Swan, Non Executive



The non-voting membership of the IJB is as follows:

Patricia Cassidy, Chief Officer
Mary Pitcaithly, Chief Executive, Falkirk Council
Jane Grant, Chief Executive, NHS Forth Valley
Kathy McCarrol, Chief Social Work Officer, Falkirk Council
Ewan Murray, Chief Finance Officer
Ms Tracey Gilles, Medical Director, NHS Forth Valley
Dr Leslie Cruickshank, GP
Professor Angela Wallace, Nurse Director, NHS Forth Valley
Tom Hart, Employee Representative
Sandra Burt, Employee Representative
Martin Murray, Service User Representative
Claire Crossan, Carer Representative
Karen Herbert, Third Sector Representative
Angela Price, Third Sector Representative

#### 2015/16 Governance Framework

The IJBs governance framework for 2015/16 was built around the following:-

- The appointment of a permanent Chief Officer in December 2015 and an Interim Chief Finance Officer in February 2016
- Regular meetings of the Integration Joint Board (Transitional Board from January 2015 to September 2015) and then formally constituted from October 2015
- The establishment of and regular meetings of a Strategic Planning Group throughout the year to develop the IJB's Strategic Plan
- Appointment of Internal Auditors for financial year 2015/16 (Fife, Tayside and Forth Valley Management Services or FTF). Internal Audit arrangements for the IJB will operate within a 3 year rotation between NHS Forth Valley and Falkirk Councils internal auditors.
- Appointment of External Auditors for financial year 2015/16 (Audit Scotland)
- Completion of a financial assurance process regarding proposed devolved budgetary resources. Page five of the management commentary provides more details of the due diligence process.



#### Preparation for 2016/17

- In October 2015, the Scottish Government approved the IJB's Integration Scheme thus formally constituting the Partnership with intention of it being responsible for services from 1<sup>st</sup> April 2016.
- In March 2016, the IJB Board approved a Strategic Plan that is the main document determining the direction of the IJB for period 2016-2019. The approval of the Strategic Plan and agreement of the initial 2016/17 budget allowed compilation of Falkirk IJB's Annual Financial Statement setting out the available budgets.
- The IJB has approved a series of documents and actions that will aid its governance from 2016/17 as follows:-
  - Financial regulations
  - Standing Orders
  - Code of Conduct and Appointment of a Standards Officer
  - Agreeing the establishment of an Audit Committee
  - Directions to Partners
  - Complaints Handling
  - Performance Framework
  - Risk Management Strategy and Strategic Risk Register
  - Clinical and Care Governance Framework
  - Internal Audit Plan (FTF)
  - Integrated Workforce Plan

As these agreements have been reached so a number of them will be reviewed in coming year to ensure they remain fit for purpose as the IJB's role develops.

#### Assessment of Arrangements for 2016/17

The process of developing the IJB's governance framework was ongoing throughout 2015/16 and this will continue into 2016/17. The IJB has also undertaken a review of its overall governance framework using a self assessment checklist compiled by the IJB's 2015/16 Internal Auditors.

The IJB will also undertake to consider self-assessment checklists included in Audit Scotland audits of Health and Social Care Integration published in December 2015 and March 2016.

### Developments in 2016/17

There are a number of areas of development required in 2016/17, many of these follow on from work already undertaken or will flow from Internal Audit recommendation or the outcomes of other assessments. The developments will include:-

- Establishment and initial meetings of an Audit Committee
- Establishment of a Leadership Group and development of Joint Management Arrangements
- Development of a Strategic Risk Register
- Approval of 2016/17 Internal Audit plan
- Development of Performance Management Arrangements in line with the agreed framework
- Progressing Clinical and Care Governance arrangements in line with the agreed framework
- Approval of SASPI (Scottish Accord in the Sharing of Personal Information) protocols
- The IJB will seek to address any gaps in governance identified by the Internal Audit of the self –assessment and is developing an action plan to ensure this occurs.

While there remain a number of areas of governance that are work in progress, it is the view of the IJB Chief Officer and Chairperson that at the end of March 2016 the progress with governance arrangements was sufficient to allow the IJB to successfully take on its agreed responsibilities. It is also the accepted position of the Chief Officer and Chairperson that a number of reviews and revisions will be required to IJB Governance arrangements during 2016/17.

### **Management of Risk**

Throughout 2015/16 the IJB has monitored the risk associated with the implementation phase of Health and Social Care Integration via a Forth Valley wide Programme Board. This included reviewing risks associated with financial governance issues, partnership development, and reporting frameworks.

The IJB has agreed a strategic risk register and this will form the basis of risk management and monitoring arrangements going forward.

The most significant financial risks faced by the IJB over the short and medium term are deliverability of devolved savings targets and financial pressures from NHS Forth Valley and Falkirk Council, the historic overspend in the Adult Social Care budget, the cost associated with increasing demand for health and social care services largely driven by changing demography, the financial implications of the implementation of the Living Wage within the context of the initial 2016/17 budget

settlement and risks associated with Partnership Funds (funds received from the Scottish Government) in future years.

**Assurance**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Falkirk IJB's systems of governance and that the development of governance arrangements to date demonstrates compliance with generally accepted standards of good corporate governance. It is also noted that the IJB fully expects to review and continue to develop its systems of governance during 2016/17 to reflect developments in 2016/17 and further shared learning as part of a process of continuous improvement.

Councillor Allyson Black  
IJB Chair  
22 September 2016

Patricia Cassidy  
Chief Officer  
22 September 2016

#### **4. Remuneration Report**

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

##### **Voting Board Members**

Voting IJB members constitute councillors nominated as board members by constituent authorities and NHS representatives nominated by the NHS Board. The voting members of the Falkirk IJB were appointed through nomination by NHS Forth Valley and Falkirk Council.

Voting board members do not meet the definition of a 'relevant person' under legislation. However, in relation to the treatment of joint boards, Finance Circular 8/2011 states that best practice is to regard Convenors and Vice-Convenors as equivalent to Senior Councillors. The Chair and Vice Chair of the IJB should therefore be included in the IJB remuneration report if they receive remuneration for their roles, for Falkirk IJB, neither the Chair or Vice Chair receive remuneration for their roles.

The IJB does not pay allowances or remuneration to voting board members; voting board members are remunerated by their relevant IJB partner organisation.

For 2015/16 no voting board members received any form of remuneration from the IJB.

The chair of the IJB is Councillor Allyson Black, Falkirk Council and the vice chair is James King, Non-Executive, NHS Forth Valley.

##### **IJB Chief Officer**

The appointment of an IJB Chief Officer is required by section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB is not however empowered to directly employ the Chief Officer; therefore the contract of employment must be with one of the partner organisations. Given the specific legal requirement to appoint a Chief Officer and the special legal regime that applies to the employment contract arrangements, for the purposes of the Remuneration Report, the IJB Chief Officer should be regarded as an employee of the IJB.

For Falkirk IJB, the Chief Officer is therefore treated as an employee of the IJB, although their contract of employment is with Falkirk Council. The statutory responsibility for employer pension liabilities sits with Falkirk Council as the employing partner organisation. There is therefore no pension liability reflected on the IJB balance sheet for Falkirk IJB's Chief Officer.

### Senior Officers

Other officers and staff are not regarded as employees of the IJB and are employed through either NHS Forth Valley or Falkirk Council. The posts were funded by the IJB utilising partnership funding provided by the Scottish Government. The salaries and pension entitlements of the Senior Officers are shown in the following tables.

2014/15 Total	Name and Post Title	Taxable Salary £	2015/16 Other Fees and allowances £	Total Earnings In Year £
n/a	Chief Officer: P Cassidy (start date 14/12/2015)	30,507	0	30,507
n/a	Interim Chief Officer: T. McKigen (secondment ended 31/12/2015)	18,540	0	18,540

The pension entitlement for the Chief Officers for the period is shown in the table below, together with the contributions made to the pension during the year.

Name and Post Title	In Year Pension Contribution For Year to 31 March 2016 £	Accrued Pension Benefits as at 31 March 2016	
		Pension £	Lump Sum £
Chief Officer: P Cassidy (start date 14/12/2015)	6407	22749	20719
Chief Officer: T McKigen (secondment ended 31/12/2015)	2363	16477	0

P Cassidy joined Fund December 2015: No transfer of previous pension has yet been requested.

T McKigen was Interim Chief Officer from July 2015 to 31 December 2015 under a secondment agreement from NHS Lothian.

Patricia Cassidy, Chief Officer  
22 September 2016

Allyson Black, Chair  
22 September 2016

To be signed by the Chief Officer and Chair on behalf of Falkirk IJB once the Accounts have been audited.

## 5. The Statement of Accounts

### Statement of Income and Expenditure

This statement shows the accounting cost of providing services and managing the Integration Joint Board during the year. It includes, on an accruals basis, all of the Integration Joint Board's day-to-day expenses and related income.

2014-2015			Note	2015-2016		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
n/a	n/a	n/a		72	72	-
n/a	n/a	n/a	Corporate and Democratic Core (Surplus) or deficit on the provision of services	72	72	-
n/a			Total Income and Expenditure	-		

### Movement in Reserves Statement

Movement in Reserves	£'000
Balance at 3 October 2015	0
Balance at 31 March 2016	0

No reserves were held by the IJB at 31 March 2016

## Balance Sheet

The balance sheet shows the value as at 31 March 2016 of the assets and liabilities recognised by the Integration Joint Board. The net assets of the Integration Joint Board are matched by the reserves held by the Integration Joint Board.

31 March 2015 £'000	Note	31 March 2016 £'000
n/a Short-term Debtors	4	5
n/a <b>Current Assets</b>		<b>5</b>
n/a Short-term Creditors	5	-5
n/a <b>Current Liabilities</b>		<b>-5</b>
n/a <b>Net Assets</b>		<b>-</b>
n/a Useable Reserves		
n/a <b>Total Reserves</b>		<b>-</b>

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

The unaudited financial statements were issued on 30 June 2016 and the audited financial statements were authorised for issue on 22 September 2016.

**Ewan C. Murray**  
**Chief Finance Officer**  
**22 September 2016**



## **6. Notes to the Financial Statements**

### **Note 1 Accounting Policies**

The Financial Statements for the year ended 31 March 2016 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the IJB and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention and on a going concern basis.

#### **Accruals of Expenditure and Income**

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

#### **Contingent Assets and Liabilities**

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material. There were no contingent assets and liabilities relating to the accounting period.

#### **Events after the Balance Sheet date**

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted.

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



### **Provisions**

Provisions are made where an event has taken place that gives the IJB a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Statement of Income and Expenditure. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

### **Reserves**

Reserves are created by appropriating amounts out of the revenue balances. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Statement of Income and Expenditure

### **VAT**

VAT payable is included as an expense to the extent that it is not recoverable from HMRC. The costs reflected in the Statement of Income and Expenditure have been adjusted with regards to the Special Legal Regime applying to Chief Officers under Section (10)1 of the Public Bodies (Joint Working) (Scotland) Act 2014. This deems the transactions relating to Chief Officers to be outside the scope of VAT.

### **Note 2 Accounting Standards Issued not 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. This applies to the adoption of the following new or amended standards within the 2016/17 code:

1. Amendment to IAS1 Presentation of Financial Statements (Disclosure Initiatives)
2. Changes to the format of the Comprehensive Income and Expenditure Statement

The code requires implementation from 1 April 2016 and there is no impact on the 2015/16 financial statements.

### **Note 3 Events after the balance sheet date**

The Chief Finance Officer, being the officer responsible for the IJB's financial affairs, issued the unaudited Accounts on 30 June 2016. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no such events.

**Note 4 Debtors**

<b>31 March 2015</b>		<b>31 March 2016</b>
£'000		£'000
n/a	Related Parties: Constituent Authorities	5
n/a	Central Government Bodies	-
n/a	Other Local Authorities	-
n/a	Public Corporations and Trading Funds	-
n/a	HM Revenue and Customs	-
n/a	Other entities and individuals	-
<b>n/a</b>	<b>Total Debtors</b>	<b>5</b>

**Note 5 Creditors**

<b>31 March 2015</b>		<b>31 March 2016</b>
£'000		£'000
n/a	Related Parties: Constituent Authorities	-
n/a	Central Government Bodies	-
n/a	Other Local Authorities	-
n/a	Public Corporations and Trading Funds	-
n/a	HM Revenue and Customs	-
n/a	Other entities and individuals	5
<b>n/a</b>	<b>Total Creditors</b>	<b>5</b>

## Note 6 Related parties

The IJB's related parties are those bodies or individuals that have the potential to control or significantly influence the IJB, or to be controlled or significantly influenced by the IJB, or where those individuals or bodies and the IJB are subject to common control. The IJB is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties.

Disclosure of this information allows readers to assess the extent to which the IJB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with them.

All of the IJB's funding is provided by NHS Forth Valley and Falkirk Council and the related income and expenditure is detailed in the table below.

<b>Income</b>	<b>£'000</b>
NHS Forth Valley	36
Falkirk Council	36
<b>TOTAL</b>	<b>72</b>

<b>Expenditure</b>	<b>£'000</b>
NHS Forth Valley	32
Falkirk Council	40
<b>TOTAL</b>	<b>72</b>

## Note 7 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2015/16 were £5,175. There were no fees paid to Audit Scotland in respect of any other services.

### **Note 8 Clinical and Medical Negligence**

IJB is a member of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) established by the Scottish Government which reimburses costs to members where negligence is established.

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

There are no entries in respect of claims in the 2015/16 Accounts.

## **7. Independent Auditor's Report**

### **Independent auditor's report to the members of Falkirk Integration Joint Board and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of Falkirk Integration Joint Board for the period ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Statement of Income and Expenditure, Movement in Reserves Statement, 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 Finance Officer and auditor**

As explained more fully in the Statement of Responsibilities, the Chief Finance 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 Falkirk Integration Joint Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the accounts for the period to 31 March 2016 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 Falkirk Integration Joint Board as at 31 March 2016 and of the income and expenditure of the Falkirk Integration Joint Board for the period then ended;
- 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 period 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
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

✓  
  
Fiona Mitchell Knight  
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Audit Scotland  
4th Floor (South Suite)  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

22 September 2016