

Falkirk  
Health and Social Care  
Partnership

# Falkirk Integration Joint Board

UNAUDITED ANNUAL ACCOUNTS  
2018/19

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## Management Commentary

### Introduction to the Accounts

This publication contains the financial statements for Falkirk Integration Joint Board (IJB) for the year ended 31 March 2019.

The annual accounts report the financial performance of the IJB. Their main purpose is to demonstrate the stewardship of the public funds which have been entrusted to the IJB for the delivery of the IJB's vision and its core outcomes as expressed within the Strategic Plan. 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 2018/19 Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2018/19 and the Local Authority Accounts (Scotland) Regulations 2014.

The financial statements include:

- A Management Commentary providing a summary and explanation of the IJB's financial position.
- A Statement of Responsibilities for the Annual Accounts.
- An Annual Governance Statement.
- A Remuneration Report detailing payments and pension information for senior officers.
- A Comprehensive Income and Expenditure Statement - this highlights gross revenue expenditure, income and net expenditure for the IJB. The statement shows how net expenditure has been financed.
- A Movement in Reserves Statement which shows the movement in the year of the different reserves used by the IJB.
- A Balance Sheet which sets out the overall financial position of the IJB as at 31 March 2019.
- Notes to the Financial Statements including the General Accounting Policies and other explanatory information.

### Falkirk Integration Joint Board

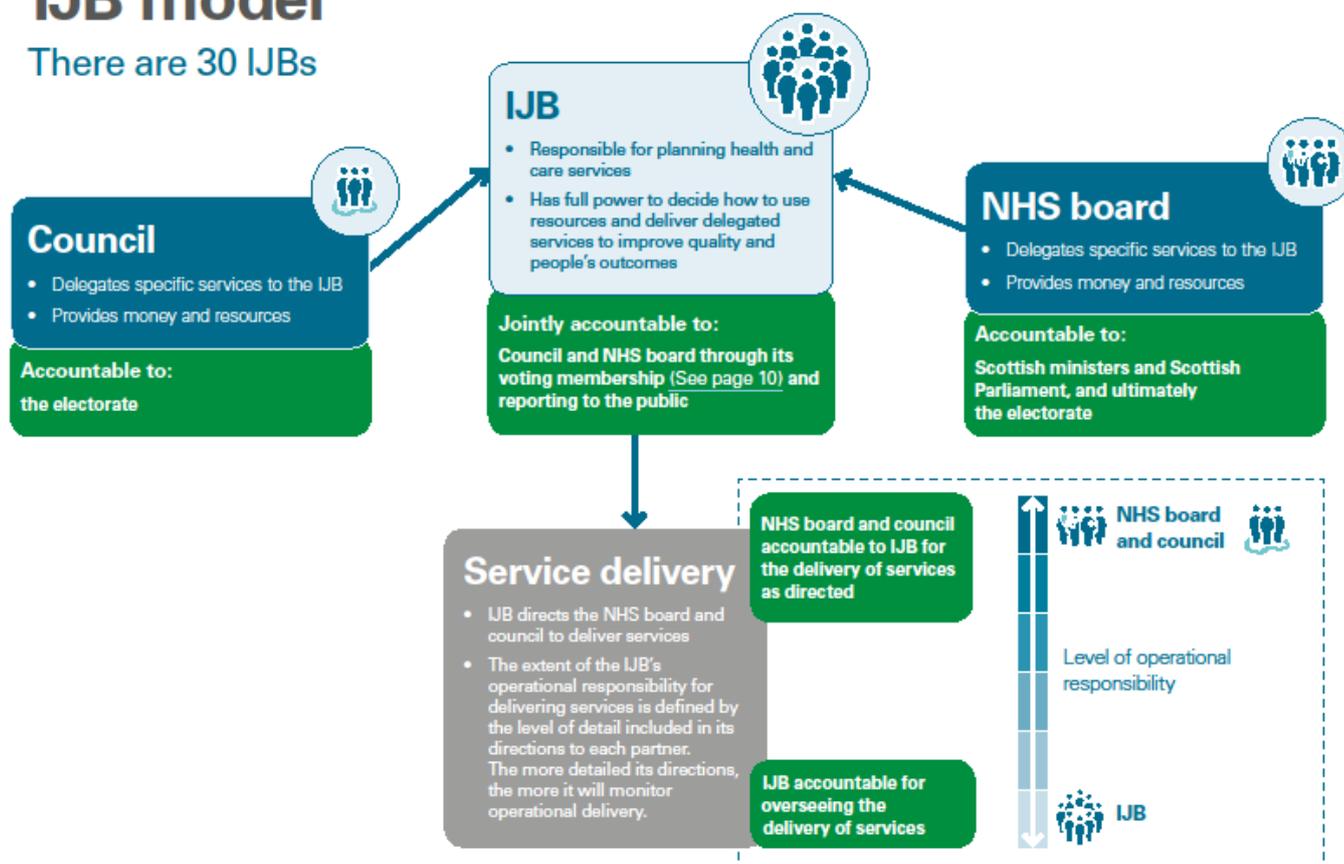
The purpose of integration is to improve care and support and therefore the health and wellbeing outcomes for people who use health and social care services. It will make sure that they are listened to, involved and take part in decisions about their care and how it is delivered.

In April 2018 the Accounts Commission published a short report entitled "What is integration? A short guide to the integration of health and social care services in Scotland". A diagram outlining how the IJB model is expected to work has been reproduced below:



# IJB model

There are 30 IJBs



In line with the model above, Falkirk Council and NHS Forth Valley delegate responsibility for the planning of in-scope services, such as adult social care, primary health care and community health care to the IJB. The IJB commissions services from Falkirk Council and NHS Forth Valley and is, for some areas, responsible for the operational oversight of Integrated Services.

During 2018/19 the Chief Officer was responsible for the operational management of Social Work Adult Services and for the Integrated Mental Health team and Integrated Learning Disability team. In 2018/19, work has continued to agree the transfer of operational responsibility for further health services to the Chief Officer. This has included the development of a new management structure and an agreed phasing for the transfer of services:

- Phase 1      District Nurses, Allied Health Professionals (AHP) and Community Hospitals
  
- Phase 2      Hosted or Coordinated Services will be agreed with the Clackmannanshire and Stirling IJB and NHS Forth Valley. This includes areas such as Health Improvement, AHP Outpatients Care and Rehabilitation



Phase 3      The remainder of services still operationally managed by NHS Forth Valley, for example Primary Care Services

The IJB currently has responsibility for large hospital services planning with partners who will continue to manage and deliver the services as part of the pan Forth Valley structures. The Scottish Government has guidance on financial planning for large hospital services which sets out key steps which must be taken to improve arrangements. During 2018/19, progress on this work has been limited, both locally and nationally. Plans are in place to progress work on the key steps during 2019/20.

### Strategic Plan & Business Model

Falkirk IJB agreed its Strategic Plan 2016-2019 on 24 March 2016. The Plan must be reviewed and approved by the IJB every 3 years. The IJB approved the Strategic Plan for 2019-2022 on 5 April 2019.

The revised plan was developed through a series of workshops with the Integration Joint Board and the Strategic Planning Group (SPG), alongside consultation exercises including presentations to key groups such as the Community Care and Health Forum and the Public Partnership Forum.

The vision of the Strategic Plan has been reworded to ensure inclusivity is at the heart of what the Partnership does:

***“to enable people in Falkirk HSCP area to live full and positive lives within supportive and inclusive communities”***

In order to support the review of the plan, the Strategic Needs Assessment of Falkirk was refreshed with focus on a number of key areas including inequalities, primary care, end of life care and substance use. Some key findings of this work are set out below:

- Estimates suggest the population of Falkirk has increased by 1.6% over the last 3 years
- The size and age structure of the Falkirk population is projected to experience significant change between now and 2041 with the number of individuals aged 75+ expected to almost double. However, population growth for Falkirk does not appear to have continued at the rate expected in the 2012 NRS Population Projections.
- All cause mortality rates for age ranges 15-44 years old have increased for the most deprived area but in the least deprived area the rate has been declining. Nationally there have been reductions in both areas. This suggests that health inequalities within Falkirk are widening.
- In the period 2004 to 2014, there was an increase in the numbers of deaths from suicide with most of the increase happening in the later part of that period. Across Scotland, in the same period, there was a reduction. The percentage of people prescribed drugs for anxiety/depression or psychosis is also higher in Falkirk than the Scottish average.
- Whilst deaths due to alcohol conditions in Falkirk have declined, drugs related deaths have almost tripled over the last decade.
- There is an ageing workforce with many staff potentially nearing retirement. There is an anticipated shortfall in newly qualified GPs and it is notable that GPs often retire prior to state retirement age.



The Strategic Plan will be underpinned by a delivery plan to ensure that progress is made to achieve the vision for Falkirk.

The Scottish Government's *2020 Vision* states that by 2020 everyone is able to live longer healthier lives at home, or in a homely setting. The IJB has identified four outcomes for the Falkirk Strategic Plan to support delivery of both the plan and the Scottish Government Vision.

### Our Strategic Outcomes

- 1 Self-Management**  
Individuals, their carers and families can plan and manage their own health, care and well-being. Where supports are required, people have control and choice over what and how care is provided
- 2 Safe**  
High quality health and social care services are delivered that promote keeping people safe and well for longer
- 3 Experience**  
People have a fair and positive experience of health and social care, delivered by a supported workforce that are skilled, committed, motivated and valued
- 4 Strong sustainable communities**  
Individuals and communities are resilient and empowered with a range of supports in place that are accessible and reduce health and social inequalities

To achieve these outcomes, the IJB has started a number of pieces of work that will progress during 2019/20. Some of these are described below.

#### Recovery, Recuperation and Reablement

The IJB is working with the Institute of Public Care, (IPC), based at Oxford Brookes University, as a key partner in taking forward next steps in developing its approach to recovery, reablement and an out of hospital care system in the context of a clear strategy for promoting and maximising independence. This model aims to prevent hospital and care home admissions and support Falkirk citizens to remain living at home independently for as long as possible.

Recovery and reablement services are a key enabler to the implementation of the Scottish Government aims set out in their 2012 publication "Maximising Recovery, Promoting Independence". This requires a whole systems approach, including adoption of a "Home First" approach across the system. Further information on proposals to implement this model can be found [here](#).

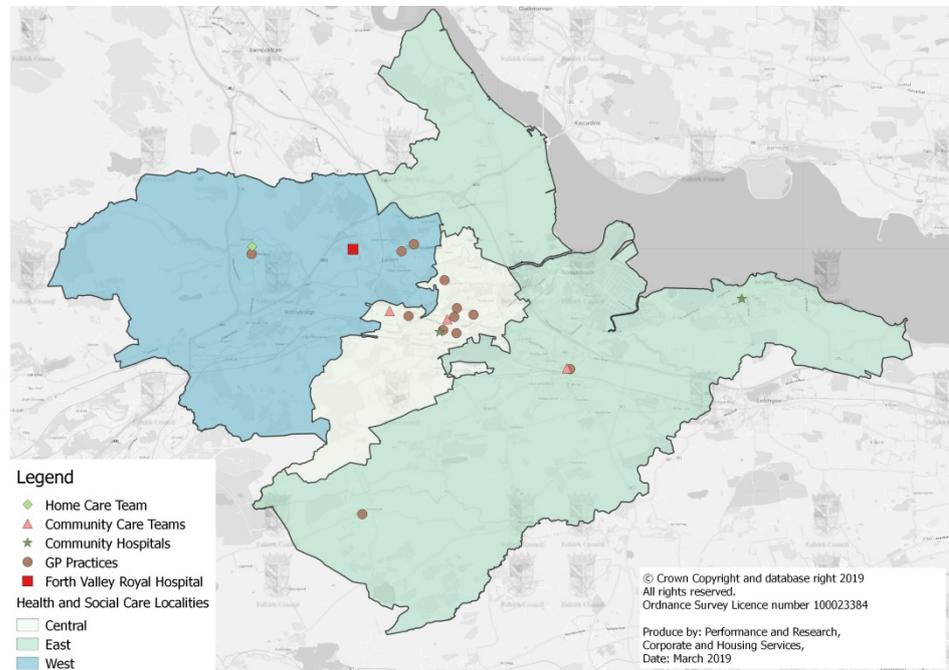


## Locality Planning

The development of localities lies at the heart of the integration legislation – the Public Bodies (Joint Working) (Scotland) Act 2014. It is also reflected in the Community Empowerment Act.

The IJB has identified its locality areas for service planning purposes. There will be three localities within the Falkirk Council area, which are shown below:

1. West
2. Central
3. East



Locality working provides the opportunity for the partnership to design integrated services and realign resources to deliver the Strategic Plan. This will also include working alongside partners, and linking to the Community Planning Partnership (CPP) Strategic Outcomes and Local Delivery (SOLD) Plan.

In developing the locality structures the IJB will align with the work of partners to:

- co-produce locality plans
- design integrated and localised services, including health improvement and prevention support
- build community capacity to improve health and wellbeing outcomes, and address health inequalities.

These locality plans will show how the Strategic Plan is being implemented at a local level to ensure services respond to the priorities, needs and issues of communities.

## Developing Strong, Resilient and Inclusive Communities

During 2018/19, partners have worked together to establish a framework to further enable the IJB to work with communities. The key driver for partners has been to develop and embed approaches within all three locality areas, that will help people to become actively involved in designing and delivering health and social care services that suit the specific needs of the local community.



The framework has been informed by work undertaken by the IJB and SPG during the development of the Strategic Plan 2019-2022, via the Strategic Needs Assessment. The framework recognised that there remain inequalities within our communities that have a significant impact on health and social care services and that our communities are rich in terms of the skills and willingness of people to get involved. The IJB will support this by working collaboratively with Community Planning Partners to establish a framework of support within localities.

The framework to help the development of strong, resilient and inclusive communities, is illustrated below:



The components of the framework are:

1. Community Development Workers working within each locality will work with communities to identify local action plans and to support community capacity and resilience. This will include supporting individuals to form small action groups, focussing on improving and sustaining health and wellbeing. This will help create a sustainable foundation within communities.
2. Community Led Support is currently being developed to change and develop the way that health and social care services interact with services users and their carers. The focus is on 'good conversations' and providing advice and support to help people self-manage through the introduction of community led hubs. This support will be most relevant for people who have had initial contact with Social Work services due to a decline in their wellbeing.
3. Community Link Workers are generalist social practitioners, generally based in a GP practice serving a socio-economically deprived community. They offer non-clinical support to patients, enabling them to set goals and overcome barriers, in order that they can take greater control of their health and wellbeing. They



support patients to achieve their goals by enabling them to identify and access relevant resources or services in their community.

4. Engaged Partnership Processes: All of the areas of work described above rely on an empowered workforce supported by strong leadership. In addition, this work will be part of locality teams, to ensure that the support and services available are in line with local need and integrated within health and social care provision.

### How did we perform in 2018/19?

Falkirk IJB remains in a period of transition, albeit significant progress has been made in 2018/19. The IJB has recognised that the pace of change needs to improve and that integrated services must be operational to ensure delivery of the outcomes set out in the Strategic Plan.

Falkirk IJB has delivered a number of service delivery improvements in 2018/19 and made progress in some key areas. Some of the progress and achievements include:

#### Review of the Internal Home Care Services

Home Care is a key service improvement area for the partnership. In May 2018, the Care Inspectorate carried out a review of the internal home care service and their report reflected concerns around continuity of care and auditing systems to deliver oversight and monitoring of the service.

The Chief Officer established a Home Care Review group, with staff representatives, to work on an improvement plan during the year leading up to the 2018 inspection. Work was underway for changes to be made within the service, including shift patterns and job roles.

Following publication of the report, the Home Care Review group oversaw an improvement action plan to address the concerns noted within the inspection report. Appropriate measures were put in place to ensure improvements were implemented and sustained. As part of the service's action plan the following key areas were looked at to address the Inspectors concerns:

- Shift patterns
- Job roles and grades
- Service user notifications, for example if a change of carer is necessary
- Service audits.

The service was subject to a further Inspection by the Care Inspectorate in March 2019. The Care Inspectors found that the work undertaken by the service since the previous inspection had fully met the previously imposed requirements.

Further improvement work is planned in this area during 2019/20 but 2018/19 demonstrated that work done to date is having a positive impact for the people who use the service. This work is also having a positive impact on staff which was confirmed through a number of staff engagement sessions.

#### Implementation of the Carers (Scotland) Act 2016

The Carers (Scotland) Act 2016 was enacted on 1 April 2018. It introduced a number of duties on local authorities and the NHS, some of which are delegated to Integration Joint



Boards. Falkirk IJB has approved a Carers Strategy entitled **'Getting it Right for Carers in Falkirk'**, which sets out the vision for carers as:

***"Everyone has freedom to live their own lives while they are caring"***

The strategy was developed through online consultation and a series of public consultation events involving Partners, and both young and adult carers. This work resulted in the identification of priorities and areas for improvement. An action plan to implement the strategy has been developed and progress on this will be reported back to the IJB regularly.

### Primary Care Improvement Plan

The Forth Valley Primary Care Improvement Plan 2018–2021 (PCIP) aims to deliver the requirements of the General Medical Services (GMS) Contract in accordance with the Memorandum of Understanding between the Scottish Government, NHS Boards, Integration Authorities and the Scottish General Practitioners Committee.

The PCIP aims to enhance Primary Care workforce capacity and capability and support a person centred, safe, effective and sustainable shift of workload from GPs to release capacity. This should support the additional aims of the Contract aimed at making GP workload more manageable and reverse the national GP recruitment and retention crisis which has been escalating in recent years.

The PCIP investment for Forth Valley is in line with delivering the priorities of the new GMS contract:

- Vaccination Transformation Programme
- Community Treatment and Care Services
- Pharmacotherapy Services
- Providing an additional multi-disciplinary workforce of professionals with advanced and additional skills to support those presenting to general practices including patients in need of urgent care

This investment in Primary Care through the PCIP is a critical step towards comprehensive, longer term sustainability of Primary Care in line with the strategic plan of Falkirk IJB.

During 2018/19 work to deliver the PCIP has progressed well with significant success in recruitment to move forward with new models of care.



### Changing Places Toilet Facilities

Within the Falkirk area the IJB, in collaboration with Falkirk Community Trust, are making good progress towards having Changing Places Toilets (CPT) available at a range of locations.

The provision of CPT facilities has been identified as a gap, which leads to denial of dignity. People feel reluctant to leave their homes, knowing they have no choice but to return there to attend to their personal care needs. Alternatively they and their carers are required to deal with personal care needs in non adapted facilities.

The IJB and the Trust has made good progress over the year:

- the Community Trust has completed work on installation of a facility at the Mariner Centre
- a facility at Grangemouth Sports Complex is nearing completion
- Forth Valley College have agreed to open their facilities for use by the wider community
- the Social Work Service is taking steps to open some facilities, for example at Oswald Avenue Day Service, for use by the wider public
- the Council's Locality Hubs are being designed with the need for CPT included as standard
- engaging with the private retail sector to make available CPT facilities.

By empowering people who have higher levels of personal care need to be involved in their communities, new provision will support the Strategic Plan outcomes of self management, fair and positive experience, and access to community support. The proposal supports the objectives of the Review of Day Services for Younger People which can only deliver the shift towards more community based support if the necessary physical infrastructure is in place.

### Housing

The IJB has established positive links with Falkirk Council's Housing Service, working collaboratively in a number of areas, including:

- Review of the Housing Contribution Statement and the links with the Strategic Housing Investment Plan and the Strategic Plan
- Reviewing housing requirements, resulting in 90% of Falkirk Council new build properties being accessible or adaptable to meet peoples' needs and maximise properties and their use
- The Rapid Rehousing Transition Plan, which aims to provide secure and permanent homes with an intensive person centred support service. The aim is to assist individuals to resettle quickly into a community and start to rebuild their lives. This will be achieved by developing a multi agency approach to address their issues whilst providing a secure and permanent home.

The partnership with Housing will be further developed at locality level to jointly meet local housing need.



### Performance Indicators

The IJB receives a performance report at every regular meeting. The report focuses on performance indicators, comparing them with either baseline data from 2015/16 where available, or prior year comparators. A strategy map has been produced which maps the local outcomes of the IJB, as set out in the Strategic Plan, to national Health and Wellbeing Outcomes, National Core Indicators, Ministerial Strategic Group Integration Indicators and other local Partnership Indicators.

The data in the table below has been extracted from the Performance Report presented to the April IJB and provides a rolling 12 month average performance. 2018/19 figures are not available for the unaudited accounts but will be available for the audited accounts. The figures in this table represent the key performance issues highlighted to the IJB during 2018/19.

	Comparator	2018/19	Direction of Travel
Emergency Department performance against the national 4 hour standard (target 95%)	88.8% February 2018	81.3%	▼
Rate per 100,000 Emergency Department Attendances	1,949.54 February 2018	1,951.96	▼
Standard Delayed Discharges	25 January 2018	41	▼
Bed Days Occupied by Delayed Discharges	440 January 2018	1,102	▼
Complaints – % of Social Work Adult Services complaints responded to within timescales	73.4% Baseline 2015/16	60%	▼
Complaints – number of NHS FV complaints applicable to the IJB	64.7%	62.5%	▼
Attendance Management (Sickness Management) – Social Work Adult Services	7.9% Baseline 2015/16	8.3%	▼
Attendance Management (Sickness Management) – NHS FV	5.75% November 2017	5.98%	▼
Respite for people aged 65+	1,703 Baseline 2015/16	1,352 2017/18	▼
Respite for people aged 18 – 64	724 Baseline 2015/16	554 2017/18	▼
Overdue pending Occupational Therapy Assessments	352 March 2016	333 31/12/18	▲

### Key

- ▲ - there has been an improvement in performance
- ▼ - there has been a deterioration in performance

A fuller explanation of the purpose of the indicators can be found in the 5 April 2019 Performance Report to Falkirk IJB [here](#).

The performance report presented to the IJB in April 2019 highlighted the challenges faced by the IJB, particularly in a time of constrained resources. The work outlined in the “Strategic Plan and Business Model” section of this report, represents how the IJB plans to meet these challenges.



## 2018/19 Financial Performance

Financial performance is reported to each meeting of the IJB and forms part of the performance management framework.

The IJB has faced financial challenges throughout 2018/19. Pressures were evident across the Partnership and increasing demand levels and complexity of care were key factors.

Throughout 2018/19, an overspend was projected on in scope NHS budgets, both within the Set Aside (large hospital services) budget and within operational budgets. The overspend was due to a number of factors, including:

- Community hospitals - due to pay pressures associated with the opening of contingency beds, the continuing impact of inflationary pay pressures from 2017/18 and a high nursebank spend across most ward areas.
- Joint partnership agreements – Complex Care - these budgets are extremely volatile with one patient having the potential to make a significant impact on the financial outturn.
- Community pharmaceutical services – any savings achieved during the year were largely offset by growth across a number of other areas, particularly the uptake of new drugs in relation to cardiovascular medicines. Growth in drugs used to treat cancers is also apparent. Other growth areas include appliances, particularly in respect of a new glucose monitoring system for diabetes.

An overspend was projected throughout the financial year for housing adaptations. The IJB agreed to apply reserves which had been ring fenced for this purpose along with additional funds from the Integration Funding reserves. In the event, this budget overspent by £0.035m which was transferred from reserves.

A risk sharing agreement was reached between the IJB, Falkirk Council and NHS Forth Valley for 2018/19. The agreement sets out that each Partner will take responsibility for their overspend if applicable.

The impact of the risk sharing agreement was as follows:

	£m
Overspend on budget delegated to NHS Forth Valley	1.264
<b>Net Position</b>	<b>1.264</b>
Additional funding received from NHS Forth Valley	(1.264)
<b>Final Net Position</b>	<b>-</b>
Underspend on budgets delegated to Falkirk Council	(0.019)
<b>Transfer to General Reserves</b>	<b>(0.019)</b>



A summary of the 2018/19 financial position for the IJB is shown below:

	<b>£m</b>
Total Resources Available	(221.816)
Total Expenditure	221.368
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(0.448)</b>

	<b>£m</b>
Total Comprehensive Income & Expenditure	(0.448)
Add Amounts Transferred to Earmarked Reserves*	1.660
<b>Sub Total</b>	<b>1.212</b>
Less Budgeted Transfer from Integration Funding	(0.800)
Less Transfer from Housing Revenue Account Reserve	(0.035)
Less Transfer from Capital Reserves	(0.010)
Less Transfers from other Earmarked Reserves*	(0.386)
<b>Amount to General Reserves</b>	<b>(0.019)</b>

\* Earmarked reserves are reserves set aside for a specific purpose, for example the primary care improvement plan work. These reserves are detailed in note 8 of the accounts.

NHS Forth Valley has provided non-recurring funding for the IJB in each of the last 3 financial years. This arrangement reflects in part that the Partnership is in a transitional phase and that until operational management of NHS services transfers to the Chief Officer, the budget accountability remains with the NHS. However, this recurring overspend does pose a financial risk for the IJB.

In 2018/19 pressures increased on the adult social care budget and whilst break even was achieved, this was in large part due to non recurring means. This also poses a financial risk for the IJB in 2019/20.

### Reserves

The reserves of the IJB have increased from £6.490m as at 31 March 2018 to £6.938m as at 31 March 2019. Of the £6.938m, £0.316m is a general reserve (effectively a contingency fund) and £6.622m is made up of a number of earmarked reserves, where funds have been ring fenced for a specific purpose. A list of the earmarked reserves has been included at note 8 to the accounts.

### Set Aside/Large Hospital Budgets

The Set Aside budget covers the in-scope integration functions of the NHS that are carried out in a large hospital setting – in the case of the Falkirk Partnership, this is Forth Valley Royal Hospital - and this covers areas such as geriatric medicine, palliative care and mental health inpatient services. The distinction is that such settings will usually provide services to the population of more than one local authority.

NHS Forth Valley meets the pressures associated with the set aside budget and therefore the financial risk does not currently lie with the IJB. As a result, the figures disclosed in the accounts reflect the budget position for the Set Aside element. However, the figures reported to the IJB reflect the actual outturn against the Set Aside budget, noting that NHS Forth Valley will meet the overspend. A summary of the position is as follows:



	£m
Budget (Figure in the Accounts)	26.026
Outturn (Figure in the IJB reports)	27.442
<b>Overspend</b>	<b>1.416</b>

### Risks and Uncertainties facing the IJB

There are a wide range of risk and uncertainties facing the IJB. The IJB has a Strategic Risk Register which is regularly updated and reports are submitted to the IJB and the IJB's Audit Committee. This section provides a summary of the key risks and uncertainties which could impact on the development, performance or future prospects of the IJB.

### Ministerial Strategic Group – Review of Integration

During 2018/19, a review on the progress of integration of health and social care services was undertaken by a Leadership Group led by the Ministerial Strategic Group (MSG) and the Convention of Scottish Local Authorities (COSLA). The purpose of the review was to help ensure there is an increase in pace in delivering all of the integration principles and national health and wellbeing outcomes. The findings of the review were published in February 2019 and a self evaluation template was to be completed and returned to the Scottish Government in May 2019. The return submitted by Falkirk IJB can be found [here](#).

The self evaluation template identified proposals based on the six key features to support integration, as identified in the review of integration published by Audit Scotland. The diagram below is taken from the Audit Scotland report.



The self evaluation template for Falkirk IJB highlighted that whilst progress has been made, there is still a significant amount of work to do and room for improvement in creating an environment in which integration can thrive. During 2019/20, an improvement action plan will be developed which will require input from all partners. Progress will be reported to the IJB and will continue to be monitored by the MSG.

### Strategic Risk Register

During 2018/19 the IJB has carried out a comprehensive review of its Strategic Risk Register (SRR). The revised SRR has been presented to the IJB and Audit Committee and can be found [here](#). The risks are focussed on 3 key areas:

1. Delivery of the strategic plan
2. Performance, oversight and quality control
3. Specific high level risks:



- Unscheduled care
- Transfer of NHS operational services
- Brexit

Further work is planned to improve and further embed the risk management arrangements across the work of the IJB.

### Support Services

Reports to the IJB throughout 2018/19 have highlighted capacity issues within the Health and Social Care Partnership. IJBs were established by the Scottish Government as vehicles for change to the way health and social care services are delivered. To date, the Falkirk Partnership has had no formalised dedicated staff resource for areas such as planning and performance. This lack of resource has had implications for the ability of the Partnership to deliver transformation activities, and therefore see the desired improvement in performance and outcomes, which has been set out in the Strategic Plan. During 2019/20 support service requirements for the IJB will need to be developed to deliver transformation.

### The Economy & Local Demand

The Office of Budget Responsibility (OBR) sets out UK growth expectations in March each year. The forecast has been produced against the backdrop of considerable uncertainty over the next steps in the Brexit process. However, at the time of the forecast, the OBR assumed an orderly exit from the European Union. Expectations of growth in gross domestic product (GDP) at March 2019 were as follows:

	%age
2017 (actual)	1.8
2018	1.4
2019	1.2
2020	1.4
2021	1.6

The forecast therefore suggests that 2019 may be the most difficult year in terms of projected growth. The projected reduction in growth, in simple terms, means reduced tax receipts for the government which may have a knock on impact on financial settlements, depending on the priorities of the government.

The Scottish Government budget and the financial settlements for both the NHS and local government are the key components of the budget for the IJB. In recent years the financial settlements have been prepared on a one year basis and this continues to be the case for 2019/20. The Scottish Government are introducing a three year funding settlement for local government from the 2020/21 budget onwards, albeit figures may be indicative allocations for future years. This work may be influenced by the UK Government's Spending Review due in Autumn 2019, which in turn will be influenced by the ongoing Brexit negotiations.

The potential reduction in the financial settlement is in the context of rising demand for services across Scotland and the rest of the UK. For the Falkirk area it is expected that there will be significant structural changes to the size and age of the Falkirk population by 2041, as an example, the population aged 75+ will increase by 90%. This information is included in the Strategic Needs Assessment completed for the Falkirk area which can be accessed [here](#).



The IJB will need to develop a robust medium term financial plan, linking to the Strategic Plan, to help ensure that effective plans are in place to deal with the challenges ahead. This will include assessing the benefits and impacts from the planned service delivery changes agreed to date by the IJB. Undoubtedly recurring budget savings will be required to ensure the financial stability of the IJB and its partners.

### **Audit Arrangements**

The Statement of Accounts is subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973. The auditor appointed for this purpose by the Accounts Commission for Scotland is Ernst & Young LLP.

### **Conclusion**

2018/19 has been a busy and challenging year for the IJB. During 2018/19 work has continued to plan for significant structural changes that will take place during 2019/20. However, the IJB remains in a transitional phase. The work of the MSG to assess progress with integration and the plans to monitor progress against the MSG proposals should help to improve the pace of integration. Whilst the pace of change has remained challenging during 2018/19, the significant planned changes will allow the Partnership to shift its focus away from organisational structure and towards recognising the benefits and opportunities that come from integration, and improving performance in key areas.

### **Where to Find More Information**

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

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

**Fiona Collie**  
Chair

27 June 2019

**Patricia Cassidy**  
Chief Officer

27 June 2019

**Amanda Templeman**  
Chief Finance Officer

27 June 2019



## Statement of Responsibilities

### Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit Committee on 27 June 2019.

Signed on behalf of the Falkirk IJB

**Fiona Collie**  
Chair

27 June 2019



### Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Falkirk Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.



**Amanda Templeman**  
Chief Finance Officer

27 June 2019



## Remuneration Report

### Introduction

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

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

### Voting Membership of the IJB in 2018/19

The Voting members of Falkirk IJB constitute Councillors nominated as Board members by Falkirk Council and NHS representatives nominated by the NHS Forth Valley.

Voting Membership of the IJB during 2018/19 was as follows:

#### NHS Forth Valley

Julia Swan, Non Executive Member of NHS Forth Valley Board (Chair)  
Alex Linkston, Non Executive Member of NHS Forth Valley Board  
Dr Michele McClung, Non Executive Member of NHS Forth Valley Board

#### Falkirk Council

Councillor Allyson Black (Vice Chair)  
Councillor Cecil Meiklejohn  
Councillor Fiona Collie

Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

### Remuneration: IJB Chair and Vice Chair

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair or Vice Chair of the IJB received additional remuneration or taxable expenses.

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.



### Remuneration: Officers of the IJB

The IJB does not directly employ any staff in its own right; however specific post-holding officers are non-voting members of the Board.

#### Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

#### Other Officer

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

The Chief Finance Officer from 1 July 2017 is employed on a part time basis (0.77 full time equivalent).

Total 2017/18 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Total 2018/19 £
104,295	<b>Patricia Cassidy</b> Chief Officer	105,896	-	105,896
42,375	<b>Amanda Templeman</b> Chief Finance Officer From 1 July 2017	58,478	-	58,478
<b>146,670</b>	<b>Total</b>	<b>164,374</b>	-	<b>164,374</b>

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the Integration Joint Board balance sheet for the Chief Officer or any other officers.

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



Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/18	For Year to 31/03/19		Difference from 31/03/18	As at 31/03/19
	£	£		£000	£000
Patricia Cassidy Chief Officer	22,423	23,297	Pension	3	20
			Lump Sum	-	21
Amanda Templeman Chief Finance Officer From 1 July 2017	11,883	12,865	Pension	1	13
			Lump Sum	-	13

### Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
1	£100,000 - £104,999	1
-	£55,000 - £59,999	2

### Exit Packages

There were no exit packages in relation to the Falkirk IJB in financial year 2018/19.

**Fiona Collie**  
Chair

27 June 2019

**Patricia Cassidy**  
Chief Officer

27 June 2019



## Annual Governance Statement

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

The Local Authority Accounts (Scotland) Regulations 2014 require a review at least once in each financial year of the effectiveness of the system of internal control and that an Annual Governance Statement is included in the Annual Accounts. Preparation of this statement also meets the requirements of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the CIPFA/SOLACE framework "Delivering Good Governance in Local Government (2016)".

### Scope of Responsibility

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

To meet this responsibility the IJB has established arrangements for governance of its affairs and the effectiveness 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 a system of internal control.

Reliance is placed on the NHS Forth Valley and Falkirk Councils systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

Any system of internal control can only provide reasonable and 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. It enables the IJB to monitor the achievement of the priorities and outcomes as set out in the Falkirk Strategic Plan.

The system of internal control is part of the governance framework and is designed to identify and manage risk to a reasonable level. The system aims to evaluate the risk of failure to achieve the IJB's policies, aims and objectives, including the likelihood of those risks being realised and the impact of those risks if they are realised. The system aims to help manage the risks efficiently, effectively and economically.

### The Governance Framework and Internal Control System

The Board of the IJB comprises the Chair, Vice-Chair, and 4 other voting members. Three voting members are nominated by NHS Forth Valley and three by Falkirk Council. The Board has a number of non-voting members including the Chief Officer and the Chief Finance Officer and officers appointed by their role including the Chief Social Work Officer, Medical Director and Director of Nursing, as well as employee representatives, service users, carers and third sector representatives. The IJB is the key decision making body.



The IJB Audit Committee considered all matters in relation to Internal and External Audit and Risk Management. A Clinical and Care Governance Committee provides assurance to the IJB on the systems in place for delivery of safe, effective, person-centred care in line with the IJB's statutory duty for the quality of health and care services.

The main features of the governance framework in existence during 2018/19 are summarised below:

- Strategic decision making is governed by the IJB's key constitutional documents including the Integration Scheme, standing orders, scheme of delegation, financial regulations and reserves policy.
- A code of conduct is in place for all IJB Board members, including a register of interests.
- The IJB's vision, outcomes and priorities are set out in the Falkirk Integration Joint Board Strategic Plan for 2016-2019, which contributes to the strategic priorities and outcomes contained in the Community Planning Partnership's Strategic Outcomes and Local Delivery Plan (SOLD). This document has now been reviewed and updated to cover the period 2019-2022.
- A Performance Management Framework is in place and the IJB regularly receives updates on performance.
- An Audit Committee is in place with a remit which includes risk management, corporate governance and all matters relating to internal and external audit. The terms of reference for this committee have been reviewed in year and an annual workplan agreed.
- The Clinical and Care Governance Committee has been established with terms of reference agreed. A year planner is in place to ensure all key pieces of work are covered.

### **System of Internal Control**

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2018/19 this included the following:

- Financial regulations and codes of financial practice
- Management information systems and regular monitoring reports, including performance and financial reporting
- Comprehensive budgeting systems and a formal budget setting process
- Regular reporting to the Audit Committee including internal audit progress reports
- Regular reporting to Falkirk Council's External Scrutiny Committee and the Community Planning Partnership
- Minutes of IJB meetings submitted to Falkirk Council and NHS Forth Valley Board



- Publication of the IJB annual report and submission to Falkirk Council and NHS Forth Valley Board.

### Review of Adequacy and Effectiveness

The IJB is required to conduct, 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 Chief Officer and Senior Management who have responsibility for development and maintenance of the governance environment; the annual report by the Chief Internal Auditor and reports from External Auditors and other review agencies as appropriate.

The IJB complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA).

The Chief Internal Auditor reports directly to the Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Finance Officer and Chair of the Audit Committee on any matter. The annual programme of internal audit work is based on a risk assessment. The Internal Audit plan for 2018/19 was approved by the IJB Audit Committee in June 2018. The Audit Committee considers Internal Audit progress reports and the Annual Internal Audit Report for 2018/19 which will provide the Chief Internal Auditor's opinion on the IJB's internal control framework.

The Annual Internal Audit Report for 2018/19 provides the Chief Internal Auditor's opinion on the IJB's internal control framework for the financial year 2018/19. The Chief Internal Auditor's opinion concluded that reliance can be placed on the IJB's governance arrangements and systems of internal control for 2018/19. Their review covered Corporate, Staff, Care, Financial and Information Governance.

The following areas were identified as areas for development in 2018/19:

	Area for Improvement Identified in 2017/18 Annual Accounts	Action Undertaken 2018/19
1	<p>Review of the Scheme of Delegation to reflect the development of the Partnership.</p> <p>Tied in with the review of the scheme of delegation is a requirement to have a formal agreement setting out the precise responsibilities of the IJB, NHS and Council in relation to operational activities and the exact nature of delegation. This should form part of an Assurance Framework.</p> <p>This will form part of the work underway on integrated structures.</p>	<p>Progress has been made in year on the transfer of the operational management of some in-scope health services to the Partnership. This work has been slower than expected and as a result, some pieces of work remain outstanding.</p> <p>However, reports to the IJB highlight progress to date, including the agreement of a revised management structure and agreement of governance principles. These items will factor into revised Schemes of Delegations for the Partnership and NHS Forth Valley.</p> <p>An assurance framework should be developed prior to the transfer of services.</p> <p>This work will be undertaken by the Chief Officer and Chief Executives for both Falkirk Council and NHS Forth Valley.</p>



	Area for Improvement Identified in 2017/18 Annual Accounts	Action Undertaken 2018/19
2	Further development of Partnership arrangements, including operational delegation of NHS services and a comprehensive support services agreement.	Update as noted above. The comprehensive support services agreement remains outstanding.  This work will be undertaken by the Chief Officer and Chief Executives for both Falkirk Council and NHS Forth Valley.
3	A risk management improvement plan will be developed and revised on a six monthly basis by the Partnership Leadership Group with updated provided to the IJB Audit Committee and the IJB.	The Audit Committee has received quarterly reports on risk management. During 2018/19 the Strategic Risk Register was reviewed by the Partnership Leadership Group and was subsequently revised and updated in partnership with the Risk Management Co-ordinator from Falkirk Council. A revised Strategic Risk Register was presented to the March 2019 Audit Committee, setting out high level risks. Detailed evaluations of those risks will be presented to the June 2019 Audit Committee.  Further improvement work on the risk management arrangements will also be presented to the June 2019 Audit Committee. This work will be supported by both Falkirk Council and NHS Forth Valley.
4	Financial monitoring and planning arrangements are being reviewed and refined to assist the Partnership in monitoring financial performance to support delivery of services within available budgets.	Work was carried out to change the presentation of financial monitoring reports to the IJB.  During 2019/20, further work is planned on the development of a medium term financial plan. This will draw on information and assumptions developed by Partners and aim to set out the projected financial envelope available to deliver the IJB's Strategic Plan.
5	The Strategic Plan is due to be reviewed for the period 2019 – 2021. This work has been reported to the IJB and the Strategic Planning Group and an indicative timetable has been prepared.  The revised Strategic Plan will require to be published by April 2019.	The Strategic Plan was revised and updated and approved by the IJB in April 2019.
6	Social work complaints information included in the IJB performance	Complaints relating to social work and NHS services are included in the IJB performance



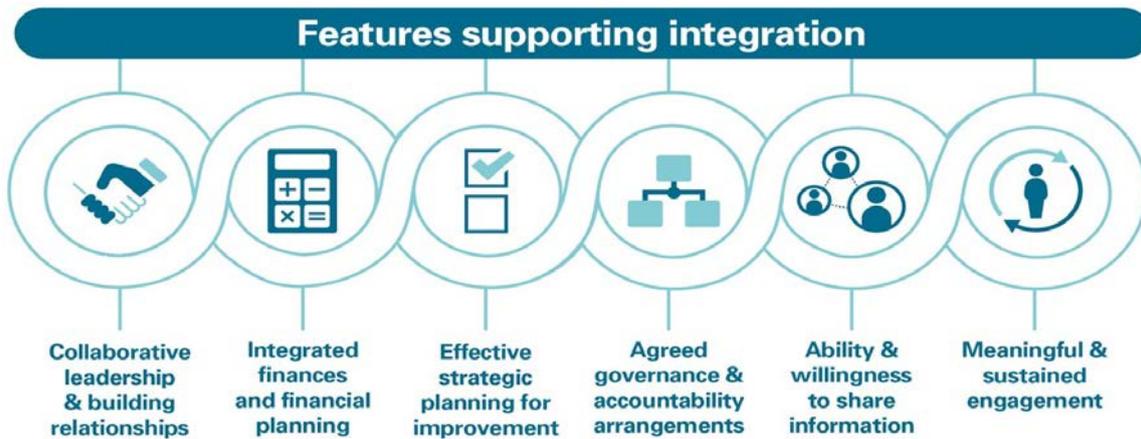
	Area for Improvement Identified in 2017/18 Annual Accounts	Action Undertaken 2018/19
	reports. Further work is required to report on complaints for NHS Forth Valley services that are in the scope of the IJB.	reports to the Board. There is a complaints report presented to the Clinical and Care Governance Committee for more detailed scrutiny.
7	The Scottish Government has recently asked Integration Authorities to set out their plans for a review of Set Aside (large hospital services) arrangements. This work will commence in Summer 2018 and will be reported to the IJB.	Work on the Set Aside (large hospital services) arrangements has not progressed as expected. A review group is being set up in 2019/20 and information is expected from the Scottish Government which can be used as a baseline for the group to consider.  This work will be undertaken by the Chief Finance Officer, alongside colleagues from NHS Forth Valley and the Clackmannanshire and Stirling IJB.
8	A review of the terms of reference for the Strategic Planning Group is underway to ensure that this group is effective and able to fulfil its role as an advisory body to the IJB.	The terms of reference for the Strategic Planning Group were revised and approved by the IJB in October 2018.
9	During 2018/19 work will commence on the transfer of data to a new social care management system. This will have a significant impact on all social case processes and procedures and will ultimately improve the management information available in the future.	Work has been progressing on implementation of the new social work information system. This work is overseen by a Project Board who monitor progress on a monthly basis. The project is expected to be completed by May 2020.

### Ministerial Strategic Group Report and Self Evaluation

The Ministerial Strategic Group (MSG) undertook a review of the progress of integration of health and social care. The purpose of the review was to help ensure there is an increase in pace in delivering all of the integration principles and national health and wellbeing outcomes. The findings of this review were published in February 2019, and were aligned to the findings of the Audit Scotland report on integration published in November 2018.

The review report noted the expectation that Health Boards, Local Authorities and IJB's would evaluate their current position in relation to both national reports, and take action to make progress. Subsequently a self-evaluation template was circulated to all Partnerships to complete. This was based on exhibit seven from the Audit Scotland report, reproduced below, as it provided a helpful framework.





Falkirk IJB prepared the self evaluation through completion of an online survey and discussion of the results of that survey at a Board development session. The evaluation was submitted to the Ministerial Strategic Group (MSG) in May 2019. The evaluation can be viewed [here](#). Of the 25 proposals in the template, Falkirk IJB assessed the current status as follows:

- Not Yet Established 3
- Partly Established 15
- Established 4
- Not for local completion 3

The next stage will be the development of an action plan flowing from this evaluation work. This will form part of the areas for development set out for 2019/20. It is recognised that this is a very challenging piece of work that will require input from all partners to achieve.

A self assessment governance checklist was produced by Internal Audit and completed by the Partnership. This has also helped to inform the areas for development set out for 2019/20.

### Areas for Development in 2019/20

As noted in the table above, there are various actions from 2018/19 which will carry forward into 2019/20. The table below summarises further actions that have been identified.

	<b>Area for Improvement Identified in 2018/19</b>	<b>Responsible Party</b>	<b>Completion Date</b>
1	<p>Work to progress integration will continue at pace, including the transfer of the operational management of some in-scope NHS services to the Partnership.</p> <p>In order to facilitate this, work will be required to review and confirm:</p> <ul style="list-style-type: none"> <li>• Budget transfer</li> <li>• Risk</li> </ul>	Chief Officer Chief Executives (NHS & LA)	March 2020



	Area for Improvement Identified in 2018/19	Responsible Party	Completion Date
	<ul style="list-style-type: none"> <li>• Support and administration support</li> <li>• Staff training and development</li> <li>• Communications and engagement</li> <li>• ICT access and compatibility</li> <li>• Assurance framework</li> <li>• Reporting structures</li> </ul> <p>This work must be a joint endeavour involving the Partnership and both Partners, if the transfer is to be successful.</p>		
2	An action plan will be developed using the self evaluation template submitted to the Ministerial Strategic Group (MSG).	Chief Officer Chief Executives (NHS & LA)	December 2019
3	The Strategic Plan for 2019-22 has been approved. A delivery plan will be developed to translate the Strategic Plan into actions that can be tracked and monitored.	Chief Officer Chief Executives (NHS & LA)	December 2019
4	Linking to item 2 above, medium term financial planning will be developed in collaboration with Partners. This work will project the financial envelope available to deliver the Strategic Plan and aim to support the delivery plan.	Chief Finance Officer (IJB)  Chief Finance Officer (Council)  Director of Finance (NHS)	November 2019
5	Linking to item 2 above, work will progress to implement the guidance for Set Aside (large hospital services) arrangements.  This work will require collaboration with NHS colleagues and the Clackmannanshire and Stirling IJB.	Chief Officer  Acute Services Director  Chief Finance Officer (IJB)  Director of Finance (NHS)	March 2020
6	A process for considering national audit reports and other inspection reports will be agreed by the Audit Committee to ensure a robust process is in place and that all relevant reports are considered appropriately.	Chief Officer  Chief Finance Officer	September 2019
7	Legislation requires the IJB to issue Directions to Falkirk Council and NHS Forth Valley. These Directions set out what decisions have been taken by the IJB and must be implemented by the Partners. Such decisions should be arrived	Chief Officer  Chief Finance Officer	November 2019



	<b>Area for Improvement Identified in 2018/19</b>	<b>Responsible Party</b>	<b>Completion Date</b>
	<p>at in a collaborative and co-produced way so that they confirm an agreed approach.</p> <p>To date the Directions issues by Falkirk IJB have been very high level. The Scottish Government are expected to issue guidance imminently. However, draft guidance has been issued in the meantime and it is proposed that this is used as the basis for revisions to Directions for 2019/20.</p>		

### Conclusion and Opinion on Assurance

Subject to the above, and on the basis of the assurances provided, we consider that the internal control environment operating during 2018/19 provides reasonable and objective assurance that any significant risks impacting on the IJBs principal 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. These will be supported by action plans going forward.

**Fiona Collie**  
Chair

27 June 2019

**Patricia Cassidy**  
Chief Officer

27 June 2019



## Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in the Movement in Reserves Statement.

Gross Expenditure £000	Gross Income £000	2017/18 Net Expenditure £000		Gross Expenditure £000	Gross Income £000	2018/19 Net Expenditure £000	Notes
25,207	-	25,207	Large Hospital Services	26,026	-	26,026	10
115,082	-	115,082	Community Health and Social Care Services	119,116	-	119,116	10
70,734	-	70,734	Primary Care Services	75,816	-	75,816	10
351	-	351	IJB Running Costs	410	-	410	
<b>211,374</b>	<b>-</b>	<b>211,374</b>	<b>Cost of Services</b>	<b>211,368</b>	<b>-</b>	<b>211,368</b>	
-	(213,023)	(213,023)	Taxation and Non-Specific Grant Income	-	(221,816)	(221,816)	4
<b>211,374</b>	<b>(213,023)</b>	<b>(1,649)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>211,368</b>	<b>(221,816)</b>	<b>(448)</b>	3
		<b>(1,649)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>-</b>	<b>-</b>	<b>(448)</b>	

There are no statutory adjustments which affect the IJBs application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not provided in these annual accounts.



## Movement in Reserves Statement

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance will be separately identified from the movements due to accounting practices, if required.

Movements in Reserves During 2018/19	General Fund Balance £000	Unusable Reserves £000	Unusable Reserves £000
<b>Opening Balance at 31 March 2018</b>	<b>(6,490)</b>	-	<b>(6,490)</b>
Total Comprehensive Income and Expenditure	(448)	-	(448)
Adjustments between accounting basis and funding basis under regulations	-	-	-
(Increase) or Decrease in 2018/19	(448)	-	-
<b>Closing Balance at 31 March 2019</b>	<b>(6,938)</b>	-	<b>(6,938)</b>

Movements in Reserves During 2017/18	General Fund Balance £000	Unusable Reserves £000	Total Reserves £000
<b>Opening Balance at 31 March 2017</b>	<b>(4,841)</b>	-	<b>(4,841)</b>
Total Comprehensive Income and Expenditure	(1,649)	-	(1,649)
Adjustments between accounting basis and funding basis under regulations	-	-	-
(Increase) or Decrease in 2017/18	(1,649)	-	(1,649)
<b>Closing Balance at 31 March 2018</b>	<b>(6,490)</b>	-	<b>(6,490)</b>



## Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB. Usable reserves may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable Reserves include reserves relating to statutory adjustments as shown in the Movement in Reserves Statement.

31 March 2018 £000		31 March 2018 £000	Notes
6,703	Short Term Debtors	6,938	5
<b>6,703</b>	<b>Current Assets</b>		
(213)	Short Term Creditors	-	6
<b>(213)</b>	<b>Current Liabilities</b>		
-	Provisions	-	
-	<b>Long Term Liabilities</b>		
<b>6,490</b>	<b>Net Assets</b>	<b>6,938</b>	
(6,490)	Usable Reserve: General Fund	(6,938)	8
-	Unusable Reserves		
<b>(6,490)</b>	<b>Total Reserves</b>	<b>(6,938)</b>	

The unaudited accounts were issued on 27 June 2019.



**Amanda Templeman**  
Chief Finance Officer

27 June 2019



## Notes to the Financial Statements

### 1. Significant Accounting Policies

#### General Principles

The Financial Statements summarise the authority's transactions for the 2018/19 financial year and its position at the year ended 31 March 2019.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

#### Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

#### Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, Falkirk Council and NHS Forth Valley. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Falkirk.



### Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

### Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

Charges from funding partners for other staff are treated as administration costs.

### Provisions, Contingent Liabilities and Contingent Assets

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

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material. The IJB has no contingent liabilities.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable and can be reliably measured. The IJB has no contingent assets.

### Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

The IJB has no unusable reserves.



### Indemnity Insurance

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

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

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

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

### VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

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

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

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

## **2. Events After the Reporting Period**

The Unaudited Annual Accounts were authorised for issue by the Chief Finance Officer on 27 June 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



### 3. Expenditure and Income Analysis by Nature

2017/18 £000		2018/19 £000
69,858	Services commissioned from Falkirk Council	147,922
141,165	Services commissioned from NHS Forth Valley	73,036
-	Provisions	-
324	Other IJB Operating Expenditure	382
3	Insurance and Related Expenditure	3
24	Auditor Fee: External Audit Work	25
(213,023)	Partners Funding Contributions and Non-Specific Grant Income	(221,816)
<b>(1,649) Surplus of Deficit on the Provision of Services</b>		<b>(448)</b>

Other IJB Operating Expenditure relates to shared costs for the Chief Officer, Chief Finance Officer, Programme Manager and supporting administration posts plus associated non-pay costs. Equal contributions to these costs are made by the constituent authorities to reflect the costs of running the Integration Authority.

### 4. Taxation and Non-Specific Grant Income

2017/18 £000		2018/19 £000
60,464	Funding Contribution from Falkirk Council	62,517
152,559	Funding Contribution from NHS Forth Valley	159,299
<b>213,023 Taxation and Non-Specific Grant Income</b>		<b>221,816</b>

The funding contribution from the NHS Board shown above includes £26,026,000 in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

### 5. Debtors

31 March 2018 £000		31 March 201898 £000
1,077	Falkirk Council	992
5,626	NHS Forth Valley	5,946
<b>6,703 Debtors</b>		<b>6,938</b>



## 6. Creditors

31 March 2018 £000	31 March 2019 £000
213 NHS Forth Valley	-
<b>213 Creditors</b>	<b>-</b>

## 7. Provisions

A provision for bad debts in relation to Adult Social Care of £50,000 is included in the 2018/19 accounts.

## 8. Useable Reserve: General Fund

The IJB holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key element of the IJB's financial risk management framework.

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.



Balance 31 March 2018 £000		Transfers Out £000	Transfer In £000	Balance 31 March 2019 £000
(1,430)	Integration Funding	800	-	(630)
(2,408)	Partnership Funding	58	-	(2,350)
(617)	Leadership Funding	-	(773)	(1,390)
(607)	PC & MH Transformation Funds	129	-	(478)
(392)	Transforming Urgent Care	147	-	(245)
(90)	Services for Survivors	-	(22)	(112)
(52)	Sensory Strategy	2	-	(50)
(100)	Dementia Innovation Fund	-	(100)	(200)
(2)	Pharmacy First	2	-	-
(112)	Mental Health Innovation Fund	112	(64)	(64)
(58)	GP Cluster Model	58	-	-
-	- Alcohol & Drugs Partnership	-	(63)	(63)
-	- British Sign Language Plan	-	(11)	(11)
-	- Choose Life	-	(23)	(23)
-	- GP Out of Hours Fund	-	(143)	(143)
-	- GP Sub Committees	-	(24)	(24)
-	- Unscheduled Care	-	(140)	(140)
-	- Primary Care Improvement Fund	-	(419)	(419)
<b>(5,868)</b>	<b>Total Earmarked</b>	<b>1,308</b>	<b>(1,782)</b>	<b>(6,342)</b>
(88)	Capital Grant	88	(78)	(78)
(237)	Housing Revenue Account	35	-	(202)
(297)	General Reserve	-	(19)	(316)
<b>(6,490)</b>	<b>GENERAL FUND</b>	<b>1,431</b>	<b>(1,879)</b>	<b>(6,938)</b>



## 9. Related Party Transactions

The IJB has related party relationships with NHS Forth Valley and Falkirk Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

### Transactions with NHS Forth Valley

2017/18 £000		2018/19 £000
(152,559)	Funding Contributions received from the NHS Forth Valley	(159,299)
141,166	Expenditure on Services Provided by the NHS Board	147,922
10,110	Integration Funding passed through Falkirk Council	10,852
176	Key Management Personnel: Non-Voting Board Members	205
<b>(1,107) Net Transactions with the NHS Forth Valley</b>		<b>(320)</b>

### Balances with NHS Forth Valley

31 March 2018 £000		31 March 2019 £000
5,626	Debtor balances: Amounts due from the NHS Board	5,946
(213)	Creditor Balances: Amounts due to the NHS Board	-
<b>5,413 Net Balance with NHS Forth Valley</b>		<b>5,946</b>

Key Management Personnel: The Chief Officer and Chief Finance Officer are employed by Falkirk Council and NHS Forth Valley respectively and recharged to the IJB via equal contributions from the constituent authorities based on voting shares. Details of the remuneration for the Chief Officer and the Chief Finance Officer are provided in the Remuneration Report.

Support services were not delegated to the IJB through the Integration Scheme and are instead provided free of charge as a 'service in kind'. The support services provided by NHS Forth Valley mainly consist of performance management, human resources, financial management, information services, information technology and payroll.

### Transactions with Falkirk Council

2017/18 £000		2018/19 £000
(60,464)	Funding Contributions received from Falkirk Council	(62,517)
69,857	Expenditure on Services Provided by Falkirk Council	73,036
(10,110)	Integration Funding passed through Falkirk Council	(10,852)
175	Key Management Personnel: Non-Voting Board Members	205
<b>(542) Net Transactions with Falkirk Council</b>		<b>(128)</b>



### Balances with Falkirk Council

<b>31 March 2018 £000</b>		<b>31 March 2019 £000</b>
1,077	Debtor balances: Amounts due from Falkirk Council	1,042
<b>1,077</b>	<b>Net Balance with Falkirk Council</b>	<b>1,042</b>

Support services were not delegated to the IJB through the Integration Scheme and are instead provided free of charge as a 'service in kind'. The support services provided by Falkirk Council mainly consist of governance services, human resources, financial management, information services, information technology and payroll.



**Independent Auditor's report to the members of Falkirk  
Integration Joint Board and the Accounts Commission**



## Glossary

While much of the terminology used in this document is intended to be self explanatory, the following additional definitions and interpretation of terms may be of assistance.

### Accounting Period

The period of time covered by the accounts, which is normally a period of 12 months commencing on 1 April.

### Assets

An asset is categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non current asset will provide benefit for a period of more than one year. The Falkirk Integration Joint Board is not allowed to hold non current assets.

### Balance Sheet

This represents the overall financial position of the Falkirk Integration Joint Board at the end of the year. All inter-company balances between the Board and its constituent bodies have been eliminated in preparation of the balance sheet.

### Comprehensive Income & Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (IFRS).

### Constituent Authorities

The Falkirk Integration Joint Board has two constituent authorities which both fund the Board's activities and provide services to the Board. These are NHS Forth Valley and Falkirk Council.

### Creditor

Amounts owed by the Falkirk Integration Joint Board for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

### Debtor

Amount owed to the Falkirk Integration Joint Board for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.



### Events after the Reporting Period

Events after the Reporting Period 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 for issue. Should such events occur it may or may not be necessary to adjust the accounts. Guidelines are in place to determine whether an adjustment should be made to the accounts.

Events taking place after the accounts have been authorised are not reflected in the financial statements or notes.

### General Fund

The General Fund encompasses all services areas and is funded mainly by the constituent bodies or the Scottish Government.

### Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Falkirk Integration Joint Board. These grants may be specific to a particular scheme or may support the revenue spend of the Falkirk Integration Joint Board.

### Gross Expenditure

This includes all expenditure attributable to the service and activity including employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges.

### Gross Income

This includes grant income and all charges to individuals and organisations for the direct use of the Board's services.

### Liability

A liability is where the Falkirk Integration Joint Board owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors. A long term liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

### Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves.

### Net Expenditure

This relates to gross expenditure less gross income and is the amount that needs to be funded by the constituent bodies and the Scottish Government.



## Notes to the Core Financial Statements

These are intended to give the reader further information which is not separately detailed in the financial statements.

### Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates or when they will arise are uncertain.

### Related Parties

These are entities or individuals that have the potential to control or influence the Falkirk Integration Joint Board, or to be controlled or influenced by the Board.

### Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

### Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves can be either usable or unusable. Usable reserves can be used to fund expenditure. Unusable reserves are accounting adjustments which enable a true and fair view to be determined. Unusable reserves cannot be used to fund expenditure. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Board.

### Revenue Expenditure

The day-to-day running costs associated with the provision of services.

