Falkirk

Health and Social Care

Partnership

Falkirk

Integration Joint Board

AUDITED ANNUAL ACCOUNTS

2022/23

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# MANAGEMENT COMMENTARY

**Introduction**

This publication presents the financial statements for Falkirk Integration Joint Board (“the IJB”) for the year ended 31 March 2023. The financial statements have been prepared in accordance with the [Local Authority Accounts (Scotland) Regulations 2014](http://www.legislation.gov.uk/ssi/2014/200/contents/made) and the [Code of Practice on Local Authority Accounting in the United Kingdom](https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202223-online) as per the requirements of section 106 of the Local Government Scotland Act 1973.

The Financial Statements are comprised of:

1. A management commentary which provides an overview of operational and financial performance during the course of 2022/2023. The management commentary also considers key issues and challenges for the coming financial year.
2. A statement of responsibilities in respect of the administration of the IJB’s financial affairs and delivery of best value.
3. A remuneration report summarising remuneration and associated pension benefits in respect of specified IJB members and staff.
4. An annual governance statement describing the IJBs corporate governance arrangements and systems of internal control.
5. A comprehensive income and expenditure statement which reports the overall surplus or deficit arising from the provision of delegated services.
6. A movement in reserves statement which outlines the position on IJB reserves during the course of the year.
7. A balance sheet which summarises the assets and liabilities of the IJB as at 31 March 2023.
8. Notes to the financial statements, including general accounting policies and other explanatory information.

**Role and Remit of Falkirk Integration Joint Board**

Falkirk IJB was formally established under the Public Bodies (Joint Working) (Scotland) Act 2014 to lead the integration, strategic planning and commissioning of adult health and social care services in the Falkirk area. Integration of health and social care services is a key flagship policy of the Scottish Government which aims to ensure that people receive the care and support they need at the right time, in the right setting and in a more joined up way. All of which should be underpinned by anticipatory and preventative care planning. This supports the IJB’s fundamental purpose ***to enable people in the Falkirk area to live full and positive lives within supportive and inclusive communities*.**

The IJB is a legal entity in its own right established in October 2015 following ministerial approval of the Integration Scheme developed by Falkirk Council and NHS Forth Valley. Membership of the IJB is comprised of 6 voting members (3 elected members appointed from Falkirk Council and 3 Non-Executive Directors appointed from NHS Forth Valley) together with 13 non-voting members. Non-voting members include the Chief Officer, Chief Finance Officer and a wide range of other health and social care professional advisors including third sector, carer, and staff side representatives. The Chair and Vice Chair of the IJB are appointed for a 2-year term by Falkirk Council and NHS Forth Valley on a rotational basis. During 2022/23 the IJB was chaired by Michelle McClung as appointed by NHS Forth Valley with Vice Chair Councillor Fiona Collie appointed by Falkirk Council.

The scope of the health and social care services delegated to the IJB is outlined in the *integration scheme* (a legal document, subject to Ministerial approval, which sets out the specific services involved and how they will be planned, resourced, and operationally delivered by the IJB). During 2022/23 this included Adult Social Work services, Integrated Learning Disability services, Integrated Mental Health services, District Nursing, Allied Health Professionals, Community Hospitals and administrative staffing within a healthcare setting. In addition, operational responsibility and strategic planning for other services referred to in the integration scheme, including Health Improvement, medical staff for relevant specialties and Primary Care, transferred to the IJB from NHS Forth Valley during 2022/23, while responsibility for Mental Health transferred to Clackmannanshire & Stirling IJB.

**Strategic Planning**

A key statutory duty of the IJB is to develop a 3-year Strategic Plan which reflects the national health and wellbeing outcomes framework and delivery of agreed local priorities. As part of this work, the IJB has implemented a locality planning structure, comprised of 3 distinct geographic areas to ensure that the overall Strategic Plan is accessible and responsive to the needs and unique circumstances of our local communities across East, West and Central Falkirk (see figure 1 below).

Community empowerment and engagement is key in this respect and the IJB works closely with a range of stakeholders including Falkirk Community Planning Partnership to ensure service developments are consistent with their Local Outcomes Improvement Plan (LOIP) and Falkirk Council Housing Services to determine and influence housing requirements at locality level. The IJB also consults and maintains established forums with carers and the third and independent sectors.

The current [Strategic Plan](https://falkirkhscp.org/publications/) covers a 3-year period from 2023 to 2026 and was approved by the IJB on 31 March 2023. The plan sets out how adult health and social care services will be delivered in Falkirk over the medium term to deliver the national outcomes for health and wellbeing. In developing the Strategic Plan, a Strategic Needs Assessment was produced to provide an understanding of the health and care needs of the local population.

The main issues detailed within the Strategic Plan are:

* There is an ageing population within the Falkirk area, with current projections expecting an 80% increase in the 75+ population between 2018-2043, which will likely lead to an increase in demand for health and social care services;
* Ongoing housing, deprivation, and cost of living pressures within the Falkirk area are likely to contribute to a decrease in overall health.
* An increasing number of drug-related deaths and drug and alcohol related hospital admissions;
* The Covid-19 pandemic has had profound effect on social care services with some services struggling to keep up with demand; and
* Decreased staffing levels and challenges in recruiting and retaining staff in social care roles continues to add additional pressure.

To respond to these challenges, the IJB has set 4 priorities for the period which will be backed by 3 workstreams as detailed below.

## The 4 Priority Areas:

A high-level delivery plan was developed in February 2023 which identifies actions that align with the current priorities. The vision and outcomes remain unchanged from the previous Strategic Plan and the major change is in terms of priorities. These now include 4 strategic priorities and 3 cross-cutting priorities.



2022/23 Operational Performance

In financial year 2022/23 the IJB continued to focus on remobilisation and recovery in response to the longer-term impact of the Covid-19 pandemic within the health and social care sector. In addition, the current cost of living crisis and the war in Ukraine has had a major impact on the UK economy, which in turn has impacted on the financial sustainability within the health and social care sector.

## Falkirk Alcohol & Drug Partnership (ADP)

The Scottish Government published the Drug Deaths Taskforce’s recommendations for the Medication Assisted Treatment (MAT) Standards in May 2021. The MAT Standards are intended to help reduce drug related deaths, and other harms and to promote recovery. The MAT Standards were developed through extensive consultation with multi-agency partners that deliver care, and, with the individuals, families, and communities with lived experience of substance use.

There are ten MAT Standards and an implementation report for standards 1-5 was submitted to the Scottish Government in April 2023. This report details the huge amount of work which has been undertaken across Forth Valley during 2022/23 by a range of partners, to embed these standards into the ADP treatment system. This is a significant milestone and will serve as a foundation for future development and implementation of subsequent standards. A steering group oversees the progress of delivering the MAT Standards and is chaired in rotation by Falkirk ADP and Clackmannanshire & Stirling ADP.

As part of the monitoring of the MAT Standards implementation, the ADP support team will meet with the IJB Chief Officer and the Minister for Drug & Alcohol Policy in May 2023 to discuss progress and possibilities.

**Recommissioning of the Third Sector Drug & Alcohol Treatment Service Provision**

The ADP works closely with a range of providers across the public sector and third sector to deliver a recovery oriented system of care for people in Falkirk and the Forth Valley. The current contract for the third sector provision for the delivery of alcohol and drug treatment service has entered the first of a potential two-year extension as of October 2022.

To ensure inclusive and open commissioning, Falkirk ADP has entered into a Commissioning Consortium with Clackmannanshire & Stirling ADP, who will lead work to develop the new contract. The process will ensure providers, stakeholders, and people with lived and living experience of substance use are consulted and engaged as part of the process.

The aims of the Consortium are to implement a new contract and associated model of care by the end of the extension period. The Consortium will also be reviewing the service provided to date, including any relevant needs assessments which will influence the redesign of the model of care. Progress of the Consortium will be monitored by the respective ADPs and reported through relevant governance channels.

## Falkirk Community Hospital Masterplan

Significant engagement has been undertaken over the last nine months in the development of the master planning and Strategic Assessment. The work has been undertaken with a range of stakeholder groups including significant input from members of the Strategic Planning Groups of both IJBs. This Strategic Assessment looked at the range of services currently provided, including ophthalmology, speech and language therapy, sexual health, dental services, psychology, audiology, podiatry, mental health support and inpatient facilities, as well as exploring future healthcare needs across the area.

In response to new national planning arrangements for capital projects recently introduced by the Scottish Government, the next step for the master plan project will be the development of an Initial Agreement. This will now be integrated into a Whole System Plan for the Forth Valley area. A series of projects will be aligned in a new long-term planning approach for health and care services across Falkirk and wider Forth Valley area.

**Cunningham House**

Cunningham House provides quality residential care for 20 people living with dementia. A project proposal was presented to staff, families, and residents on the future use of Cunningham House to create a new rehabilitation care facility, offering a support option currently unavailable in the Falkirk area. This will happen gradually, with Cunningham House providing care for current residents for as long as they need to call it home. This approach enables residents to remain within their home and benefit from new co-located services which provide more support options, staff, knowledge, and expertise.

Moving to a rehabilitation model, the home will begin to offer physiotherapy, occupational therapy, and other specialist support from Allied Health Professionals. The proposal is part of a range of measures which are designed to help relieve pressure on local hospitals and support people to live independently within their community.

In the shorter-term, residents of Cunningham House will benefit from adapted facilities, including new gym facilities, equipment, and staff expertise. The staff at Cunningham House have a wealth of experience and will help shape the future of the home and support residents through this change.

Acknowledging the future needs of residential dementia care, investment will also be made to support local care homes to increase overall capacity. The proposed changes will retain the existing staff knowledge and expertise at Cunningham House, while also creating additional jobs and rehabilitation support. Any changes to the building, and the services offered, will ensure the homely environment and high-quality of care is protected for current residents for as long as they require specialist dementia care.

**Health Inequalities and Wellbeing Fund**

The Health Inequalities and Wellbeing Fund aims to develop community-based services and projects that minimise health and social inequalities and improve people’s health and wellbeing. This funding programme was developed by representatives from the HSCP, Falkirk Council, and CVS Falkirk. The total value of the fund is £772,402.

This fund supports two key priorities; health and social inequalities and health and wellbeing, with applicants supporting at least one priority. This fund is open to community groups, third sector groups, and statutory organisations. They could apply for up to £25,000 per annum for a two-year period as the fund is non-recurring and is to be spent by March 2024.

During two competitive rounds of applications, 40 applications were submitted to the Health Inequalities and Wellbeing Fund with a total grant value of almost £1.4m (£1,390,550). The panel, made up of representatives from Falkirk HSCP, Falkirk Council, CVS Falkirk, and Forth Environment Link, assessed the applications and recommended approval for 23 projects with a total grant value of £741,266.

**Winter Planning**

A whole system Winter Plan brought together the operational winter plans for the HSCPs, Acute services, Women and Children’s service, and Primary Care. The health and social care system in Forth Valley is under significant and sustained pressure from urgent and unscheduled care demand. The Winter Plan summarises the actions already underway to improve capacity and flow across the Forth Valley.

In addition, the Winter Plan addressed the anticipated additional pressures associated with the winter period, which included the following:

* Managing the additional demand from increased exacerbation of respiratory conditions in the winter period;
* Preparing for the potential impacts of Covid-19, flu, RSV, and Norovirus;
* Delivering the winter vaccination programme to eligible Forth Valley residents and health and social care staff;
* Preparing for the impact of winter weather;
* Ensuring availability and continuity of services during the festive fortnight and the two weeks following it; and
* Maintaining planned care capacity throughout the winter period

Non-recurring funding of £528,000 was allocated to Forth Valley to support increased winter capacity and preparations for winter. A process, which has been established locally in previous years, has taken place to prepare and prioritise potential funding proposals which meet criteria for improving capacity and flow across the system. Activities funded in Falkirk include:

* Continuation of the third sector “Hospital to Home” initiative;
* Purchase of additional equipment for JLES to ensure stock levels are robust over the winter period;
* Incentivising external providers to expand their assessment capacity to accelerate the roll out of “Prescribing Proportionate Care”; and
* Additional capacity to provide training to care staff on rehabilitation ethos and skills, small equipment provision and awareness of mobility issues to support the reablement of service users and reduce long term dependence on care services.

**Liquidlogic for Adult Services**

The new assessment and management recording system, Liquidlogic for Adult Services (LAS) and for Justice Services (JUS) went live on Monday 13 June 2022. This has been a significant area of work for Falkirk Council and staff in Adult Social Work Services. There are several positive developments within the new system, including the introduction of outcome-focused assessment practice which replaces the Single Shared Assessment. This ensures good conversations with service users and their carers take place and clear personal outcomes are agreed.

The financial system ContrOCC is now fully integrated with LAS, which is providing a clearer overview of the budgets for team managers. This means that support plans are fully costed when submitted for approval, with each element of the support plan clearly linking back to the personal outcomes to be achieved.

## The support with implementation has included development of guidance and a series of drop-in sessions to support staff with the transition from Social Work Information System (SWIS) to LAS. Given LAS shifts the focus of assessment and care planning from meeting needs to achieving outcomes, we identified a mixed level of training needs from the outset of implementation. As such, we have ensured ongoing individual support for staff and teams to ensure the new model is fully embedded.

**Care at Home Systems**

CallConfirmLive! is an electronic time recording and scheduling system for Care at Home services from the Access Group (known locally as CM2000). Every week, the system schedules 8,000-9,000 visits for the in-house Care at Home service and securely shares appropriate information with a remote workforce of over 250 staff to ensure that they receive the information they need to deliver a high standard of care.

The Care at Home Systems team implemented a comprehensive technology rollout, which involved equipping the staff carer group with new mobile phones and conducting one-to-one or small group training sessions with the carers. During these sessions, the team demonstrated the use of the Council’s OLLE online learning platform, how to access their MyView staff record, and the most up to date CM Mobile app which provides details for delivering care. Carers were also shown basic phone functionalities such as setting screen locks, accessing email and MS Teams.

**Digital Health and Care Strategy and Programme Board**

A Digital Health and Care Strategy is being developed to explain how the Partnership will continue to develop digital services, make better use of technology to support independence, improve digital access, improve digital skills, co-design technology solutions with stakeholders, and make effective use of data.

A Digital Health and Care Programme Board is being established to bring together Digital Health and Care projects and expertise to support and progress the technology initiatives within the Partnership. As a first step, a workshop was held to consult with key stakeholders and consider how the Partnership’s use of technology could be developed further to support individuals to meet health and care outcomes and for the service to meet challenges that lie ahead.

Participants of the workshop were enthusiastic about exploring opportunities for innovation and to learn more about digital health and care technologies that could further support the Partnership’s strategic goals and help individuals to meet their health and care outcomes.

## Living Well Falkirk

The Living Well Falkirk service was developed to provide citizens with information and support to prevent or delay the need for a formal health or social care service. This not only leads to better health outcomes for individuals but can also reduce the demand for formal healthcare services freeing up resources for those who need them the most.

The Living Well Falkirk digital platform is an effective tool in empowering individuals to take control over their own health and well-being. The prevention focused approach provides individuals with the knowledge and support they need to manage their health.

In October 2022 the Living Well Centre re-opened to residents from the East Locality after a period of closure due to Covid-19 restrictions. In April 2023 it was opened to residents from the West Locality and it is anticipated it will be available to people from the Central Locality from autumn 2023. The centre provides an environment for individuals to receive support from a staff member to view, try and borrow or receive advice on purchasing suitable equipment and adaptations.

A Living Well Falkirk online course was developed and made available to the workforce via Falkirk Council’s OLLE platform. The course is designed to be accessible and user friendly. It covers the basic approach of the platform, the importance of early intervention and prevention and the ways in which Living Well can be used to support individuals in managing their health.

By promoting a deeper understanding of the Living Well platform the course aims to create an informed workforce ready to promote the platform more widely and encourage individuals to take advantage of the resources and support it provides. Ultimately, this can lead to better health outcomes, reduced demand for formal healthcare services and healthier, more empowered citizens in Falkirk.

## Primary Care Improvement Plan (PCIP)

The purpose of the PCIP is to establish multidisciplinary teams to release GP capacity to focus on specialised areas and to make general practice more sustainable. PCIP has been implemented over a number of years supported by Scottish Government Funding. 2022/23 should have been the final year of this development however the programme is not complete and funding challenges require to be resolved to allow full implementation.

The PCIP has further progressed over the year to see 198 of 208 planned posts across Forth Valley general practices. The additional workforce and capacity that is being delivered to the practices and patients of Forth Valley includes around 6,000 available appointments and more than 6,500 medicines related activities provided weekly by Pharmacotherapy, Community Treatment and Care, Urgent Care, Mental Health, and Advanced Physiotherapy Practitioners.

## Performance

The Falkirk Health & Social Care Partnership uses a Forth Valley-wide [Performance Management Framework](https://falkirkhscp.org/wp-content/uploads/sites/9/2018/01/Performance-Management-Framework.pdf) to monitor its progress. Regular performance updates are provided throughout the year to the Integration Joint Board. The Partnership also publishes an Annual Performance Report as required by the Public Bodies (Joint Working) Regulations 2014.

Scotland’s Health and Social Care Partnerships are required to publish annual reports by 31 July each year under the Public Bodies (Joint Working) Regulations 2014. The latest report can be accessed [from](https://falkirkhscp.org/performance/) Falkirk Health & Social Care Partnership website.

The Partnership’s Annual Performance Report highlights the complex and challenging environment of health and social care. It includes examples of the real impacts and positive outcomes made possible by the efforts of Falkirk’s health and care services in the past year, made possible by the commitment, resilience, and professionalism of our workforce and partners, including carers and volunteers.

The Partnership reports progress against the suite of national integration indicators. This enables us to understand how well our services are meeting the needs of people who use our services and communities.

Indicators 1-9 are populated by the bi-annual Health and Care Experience

(HACE) Survey. The most recently available data for these indicators is for

2021/22. Indicators 11-20 are in the main populated from the Scottish Morbidity

Records (SMRs) which are submitted from local Health Boards to Public

Health Scotland (PHS). Our latest performance for the indicators that have been updated this year (11 to 19) is set out in the following ‘Performance at a glance’ table.

## Performance at a glance:

### **indicator summary**

From the 9 indicators updated this year:

* 1 indicator where Falkirk compares well to Scotland.
* 2 indicators where Falkirk is similar to Scotland.
* 6 indicators where Falkirk does not compare well to national average.

2022 performance has decreased, including:

* Falkirk, 7 of 9 indicators seen a decrease in performance
* Scotland, 5 of 9 indicators seen a decrease in performance

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| No. | Performance | Data Indicator | National |
| NI-11 | 473 per 100,00 | Premature mortality rate per 100,000 persons. | 442 per 100,00 |
| NI-12 | 14,769 admissions per 100,000 | Emergency admission rate 2020 | 11,155 per 100,000 |
| NI-13 | 130,429 bed days per 100,000 | Emergency bed day rate 2020 | 113,134 per 100,000 |
| NI-14 | 142 per 1,000 | Readmission to hospital within 28 days – rate per 1,000 population, 2020. | 102 per 1,000 |
| NI-15 | 88.8%  | Proportion of last 6 months spent at home or in a community setting 20202 | 89.3% |
| NI-16 | 25.4 falls per 1,000 | Falls rate per 1,000 population aged 65+, 2020 | 22.2 per 1,000 |
| NI-17 | 79.5%  | Proportion of care services graded good or better in Care Inspectorate Inspections, 2020 | 75.2% |
| NI-18 | 62.6% | Percentage of adults with intensive care needs receiving care at home, 2020 | 63.5% |
| NI-19 | 1,386 per 100,000 | Number of days people spend in hospital when they are ready to be discharged, 2020 | 919 per 100,000 |

Compares well is defined as Falkirk rate is 2% better than Scotland.

Does not compare well is defined as Falkirk rate is not within 2% of Scotland rate.

Similar is defined as Falkirk rate within 2% of Scotland rate.

**Notes on Indicators 1-9**

There are no updates to indicators 1-9 (Health and Care Experience Survey). The next update will be released in 2024.

**Notes on Indicators 11-20**

Use of Proxy 2022/23 financial year data for indicators 11, 12, 13, 14, 15 and 16

Calendar year 2022 is used here as a proxy for 2022/23 due to the national data for 2022/23 being incomplete. We have done this following guidance issued by Public Health Scotland to all Health and Social Care Partnerships.

## 2022/23 Financial Performance

The IJB reported total income of £273.371m for financial year 2022/23 (an increase of £19.388m compared to the previous year) which comprised of £233.527m in respect of the integrated budget and £39.844m relating to set aside.

This compares to total expenditure of £281.595m incurred during the year (an increase of £46.665m relative to 2021/22) which comprised of £241.751m in respect of expenditure on integrated services and £39.844m relating to set aside.

As a result, a deficit of £8.224m was reported in the Comprehensive Income and Expenditure Statement as at 31 March 2023. The position includes movement on reserves of which £10.978m relates to Covid-19 funding returned to the Scottish Government. Ongoing delays to planned expenditure during the year have led to a slight increase in other reserves being carried forward into financial year 2023/24. In line with previous years, NHS Forth Valley directly managed the overspend against the set aside budget totalling £4.431m. No risk sharing arrangements were required in respect of the integrated budget.

During the course of the year the following performance issues were reported and are summarised in the reconciliation below:

* **Large Hospital Services/Set Aside** – ongoing service pressures within A&E and various inpatient specialties (including general medicine, rehab, and mental health) due to increased demand and case mix complexity/ length of stay, together with additional nursing and locum costs in order to maintain safe staffing levels. There are similar pressures across the whole health and social care system and a number of improvement actions are being undertaken.
* **Social Care** – significant financial and operational service pressures are being reported in relation to residential and home care. This reflects ongoing demand combined with short staffing issues across both internal and externally provided services (due to Covid-19, recruitment challenges and cost of living impact on workforce). The number of people currently waiting for packages of care remains high, although there have been recent improvements from new providers and a new recruitment campaign to recruit staff to increase capacity. These pressures are offset by assessment and care planning team vacancies and vacancies across several other areas together with non-recurring savings within respite and day care services.
* **Primary Healthcare** – the overspend position is largely reflective of pressures within Primary Care Prescribing, partly offset by an underspend against the Out of Hours service linked to challenges covering out of hour rota requirements. With respect to Primary Care Prescribing, both volume and cost per item have increased. The cost per item is linked to short supply issues and the impact of the war in Ukraine and the cost-of-living crisis.
* **Community Healthcare** – the favourable financial position includes the impact of ward closures at Falkirk Community Hospital (FCH) due to fire risk issues together with staff turnover / vacancy savings across several services. These underspends mask pressures within JLES, the district nursing service and complex care.

A reconciliation of the overall 2022/23 financial position to the Comprehensive Income and Expenditure Statement is presented below:



## Covid-19

During 2022/23, £10.978m of Covid-19 funding previously provided by Scottish Government to meet all additional costs was retracted.

Expenditure of £4.423m relating to Covid-19 was incurred during the year and met from remaining Scottish Government Covid-19 funding.

## Reserves

A commentary on the key reserve movements is presented below (detailed information is reported under note 9).

Closing reserve balances decreased by £8.224m to £28.829m as at 31 March 2023. This decrease includes £10.978m of Covid-19 funding returned to the Scottish Government during the year. Ongoing delays to planned expenditure during the year have led to a slight increase in other earmarked reserves being carried forward into financial year 2023/24.

Contingency reserves have been increased by £1.104m to £2.050m to maintain a level of contingency in line with the reserves policy of 0.75% of the overall IJB budget. These funds will help to protect against future uncertainties and risks given current financial risks and uncertainties such as the cost-of-living crisis, widespread pressures on public spending, increased demand and cost pressures within home care services, and pressures within the healthcare system such as rising demand and cost of prescribed medicines as well as pressure on beds within hospitals.

In total, contingency, bad debt provision and general reserves of £5.769m are noted as at 31 March 2023, an increase of £3.412m during 2022/23. This increase relates mostly to underspends on Community Healthcare Services and Social Care services mainly caused by the closure of wards at Falkirk Community Hospital and ongoing vacancies within Social Care Services as outlined above. Plans are underway to realign budgets and utilise underspends in these areas to support other services.

As illustrated in note 9, the vast majority of the £28.829m balance represents earmarked reserves. These balances are held to fund specific projects or earmarked future commitments as part of the IJB’s Strategic Plan and are expected to be fully utilised during 2023/24.

## Forward look 2023/24

Remobilisation, recovery, and redesign of services will continue to be a key feature of financial year 2023/24 driven not only by the need for post Covid-19 recovery but also by public sector financial sustainability concerns that necessitate change – the status quo is not an option. A Transformation Board will drive forward transformation programmes and projects in line with the Strategic Plan.

The updated Medium Term Financial Plan was approved on 31 March 2023 covering financial years 2023/24 to 2026/27. The plan details an expected funding gap throughout this period, the expected ongoing financial pressures, and the proposed savings delivery in order to achieve a balanced budget.

The expected funding gap before savings delivery is set out in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Projections** | **2023/24****£m** | **2024/25****£m** | **2025/26****£m** | **2026/27****£m** |
| Expenditure | 281.566 | 286.268 | 290.806 | 295.497 |
| Funding | (268.073) | (270.786) | (273.574) | (276.440) |
| **Shortfall** | **13.493** | **15.482** | **17.232** | **19.057** |

A number of assumptions have been used in the projections, including pay and social care provider uplifts, inflation rates and expected demographical changes.

It’s clear from the table that Falkirk IJB and its partners are facing an extremely challenging financial future with expectations of significant change in demographics leading to growing demand and increasing costs. This comes at the same time as an expected reduction in real terms of the financial envelope within which to deliver services.

IJBs were established as agents of change and improvement, with an expectation that plans would be put in place to improve the health and wellbeing of the local population. One of the aims of integration is for the financial resources of the IJB to no longer be seen as separate social work and health budgets and instead to use the total resources available to meet the health and social care needs of the people of Falkirk. To achieve this, and deliver the Strategic Plan, money will have to move to support new models of care.

A savings programme has been identified for financial year 2023/24 which includes the use of £2.829m non-recurring funds from reserves. However, as non-recurring savings provide only a short-term solution, longer term solutions will require to be developed and work is continuing to identify service delivery changes that will deliver a sustainable financial position over the coming years.

In terms of the medium-term financial plan approach to Reserves, the current working assumptions are:

* Contingency reserves will be maintained at the current level throughout the medium-term financial plan period;
* Unallocated general reserves will be used to address savings gaps within the annual budget setting process on a short-term basis. Such reserves are non-recurring in nature and it is likely that substitutionary recurring savings will require to be identified in the longer term, in order to maintain financial stability. The use of unallocated general reserves is therefore a temporary holding position while longer term plans are developed and executed;
* Earmarked reserves within the “Partnership Funds” umbrella, (Dementia Innovation Fund, Carers Act and Mental Health Strategic Commissioning) will be managed through separate workstreams, with defined objectives, clear governance processes and regular reporting to ensure expenditure is restricted to available resources, with any excess funds carried forward for use in the following year. A similar management process will apply to other managed areas including Primary Care Improvement Plan and Leadership Funds, (set up to enable effective and timeous allocation of resources to respond to need, effect action, increase pace of change and improvement within key priority areas aligned with the Strategic Plan);
* This leaves a handful of sizeable “Other Reserves” which are a combination of one-off reserves and recurring funding allocations, not yet mainstreamed. These are considered below and form a key tenet of delivering the Strategic Plan. Regular updates on the use of these funds have been reported to the IJB Board during 2022/23. These funds will be mainstreamed into core budgets once developments become business as usual.

#### Other Reserves

|  |  |
| --- | --- |
| **Winter Pressure Care at Home Funding** | **Recurring Scottish Government funding of £3.506m plus brought forward reserve funding of £1.758m from 2021/22.**These funds are used to support the Home from Hospital Partnership, the Home from Hospital Reablement contract, additional social work assessment staff, temp (Agency) Care at Home staffing, recruitment and IJB promotional activity over the winter period, Independent Sector Lead additional capacity, Home from Hospital transport costs and temporary increased rates for Care at Home Providers to deliver increased capacity, (to 31 March 2023 currently). This will also form part of the overall Care at Home resource mix when reviewing both internal and external service provision. Other proposals to utilise the balance of funding are currently being developed, in line with the aims and objectives of the Strategic Plan.  |
| **Winter Pressure Interim Care Funding** | **Non-recurring resource of £1.704m was available during 2022/23.** This has been used to provide interim care beds to alleviate bed blockage pressures at Forth Valley Royal Hospital and to support a shift to a *Discharge to Assess* model. Market engagement has occurred at various points throughout 2022/23 and residual funds will be required to support interim bed placements in 2023/24 in the absence of any new/ recurring funding. Exit strategies from interim care beds will be required as funds deplete. |
| **Winter Pressure Healthcare Support Worker Funding** | **Recurring funding of £0.850m.**There were also non-recurring funds available at the start of 2022/23 however Scottish Government advised 2022/23 recurring funding would be reduced where brought forward reserves were available. This funding has been earmarked towards Macmillan Health Care Support Worker End of Life Care Service, Complex Care and Community Nursing Service staffing. There has been some additional healthcare support worker recruitment and the residual balance and options are currently being explored, in line with the Strategic Plan, to utilise remaining funds. |
| **Winter Pressures – Multi-Disciplinary Teams (MDT) Funding** | **Recurring funding of £1.131m.**Commitments include Adults with Incapacity assessments, treatment room nursing, district nurse staffing, nurse practice development and complex care staffing. Other proposals include Career Start GPs and Care Home Liaison. Proposed developments exceed available funding and will require prioritisation to remain within the available funding envelope. |
| **Social Work Staffing Funding** | **Recurring funding of £0.622m.**Plans have been developed to tackle social worker recruitment and retention challenges. Once approved, the full funding will be committed with the exception of £0.040m which has been proposed for release towards efficiency savings and the 2023/24 funding gap. |

##

## Sustainability

## The IJB monitors and reports on Greenhouse Gas Emissions via Falkirk Council’s Public Bodies Climate Change Duty Reporting (PBCCDR), as much of the IJB estate is owned and operated by the Council bringing those emissions within the scope of Falkirk Council’s emissions. A separate IJB PBCCDR is prepared and submitted with information relevant to the IJB such as financial and governance information; however, the greenhouse gas emissions reporting and carbon reduction projects information is reported through Falkirk Council’s PBCCDR. Previous reports can be found via [sustainablescotlandnetwork.org](https://sustainablescotlandnetwork.org/reports).

## Conclusion

2022/23 was another unprecedented year as the local health and social care system emerged from the Covid-19 pandemic and faced new uncertainties due to the war in Ukraine and the cost-of-living crisis. Our Health and Social Care staff have continued to show tremendous resilience in the face of new and ongoing challenges, continuing to deliver services to our most vulnerable people, often in difficult and challenging circumstances. This has been recognised by our service users, patients, carers, communities, partners and the IJB Board members and elected members. The pressures on public finances will continue to demand further change, innovation, and service redesign.

It is clear that our local response has reinforced the tangible benefits of integration and collaborative working and we look forward to building on this in 2023/24 and beyond.

## Where to Find More Information

If you would like more information, please visit our website at: [www.falkirkhscp.org](http://www.falkirkhscp.org)

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| **Fiona Collie** |  |  |
| Chair |  |  |

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| **Patricia Cassidy** |  |  |
| Chief Officer |  |  |

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| --- | --- | --- |
| **Steven Kirkwood**  |  |  |
| Chief Finance Officer |  |  |

# 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 Integration Joint Board Audit Committee on 15 September 2023.

Signed on behalf of the Falkirk IJB

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| **Fiona Collie** |  |  |
| Chair |  |  |

## 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; and
* complied with the 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 Falkirk Integration Joint Board as of 31 March 2023 and the transactions for the year then ended.

|  |  |  |
| --- | --- | --- |
| **Steven Kirkwood** |  |  |
| Chief Finance Officer |  |  |

# Remuneration Report

## Introduction

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

The information provided 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 2022/23

Membership of the IJB is comprised of 6 voting members (3 elected members appointed from Falkirk Council and 3 Non-Executive Directors appointed from NHS Forth Valley). The Chair and Vice Chair of the IJB are appointed for a 2-year term by the constituent authorities of Falkirk Council and NHS Forth Valley on a rotational basis.

During financial year 2022/23 the IJB voting Membership of the IJB was as follows:

## NHS Forth Valley

Gordon Johnstone, Non-Executive Member of Forth Valley NHS Board

Stephen McAllister, Non-Executive Member of Forth Valley NHS Board\*\*

Dr Michele McClung, Non-Executive Member of NHS Forth Valley Board (Chair)\*\*

## Falkirk Council

Councillor Cecil Meiklejohn \* until May 2022

Councillor Fiona Collie (Vice Chair)\*\*

Councillor Anne Hannah \* from June 2022

Councillor Stacey Devine \* from June 2022 until March 2023

Councillor Jim Flynn \* appointed March 2023

\*\* On 30 April 2023 Councillor Fiona Collie was appointed as the new Chair and Stephen McAllister, Non-Executive Member of Forth Valley NHS Board, as the new Vice Chair.

## 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

Section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 stipulates that a Chief Officer must be appointed on a formal secondment basis to the IJB through the employing partner (in this case the employing partner is Falkirk Council). The employment contract for the Chief Officer will therefore 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.

## Chief Finance Officer

The tables below identify a change in Chief Finance Officer during 2022/23. The new Chief Finance Officer was appointed on 25 May 2022 on a formal secondment basis to the IJB through the employing partner (in this case the employing partner is NHS Forth Valley).

## 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.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Total****2021/22****£** | **Senior Employee/Full Time Equivalent (FTE)** | **Salary,****Fees & Allowances****£** | **Taxable****Expenses****£** | **Total****2022/23****£** |
| 113,345 | **Patricia Cassidy**Chief Officer 1.0 FTE | 118,802 | - | 118,802 |
| 74,597 | **Jillian Thomson\***Chief Finance Officer 1.0 FTE | 3,786 | - | 3,786 |
| N/A | **Steven Kirkwood\*\***Chief Finance Officer 1.0 FTE | 64,517 | - | 64,517 |
| **187,942** | **Total** | **187,105** | **-** | **187,105** |

 *\* Left \*\* 18 April 2022*

*\*\* Started 25 May 2022*

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 IJB balance sheet for the Chief Officer or any other officers.

However, the IJB is required to fund employer contributions for the current year in respect of the officer time spent on discharging their role on the IJB. The below table presents 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 Contribution** | **Accrued pension benefits** |
| **For the year to 31 March 2022****£** | **For the year to 31 March 2023****£** |  | **As at 31 March 2023****To Nearest £000** | **Difference from March 2022 to Nearest****£000s** |
| **Patricia Cassidy** | 25,503 | 26,730 | Pension  | 43,000 | 4,000 |
| Chief Officer1.0 FTE | Lump Sum | 24,000 | 1,000 |
| **Jillian Thomson\***Chief Finance Officer1.0 FTE  | 15,560 | 791 | Pension | N/A | N/A |
| Lump Sum | N/A | N/A |
| **Steven Kirkwood\*\***Chief Finance Officer1.0 FTE  | N/A | 13,484 | Pension | 23,000 | 5,000 |
| Lump Sum | 40,000 | 9,000 |
| **Total**  | **41,063** | **41,005** | **Pension**  | **66,000** | **9,000** |
| **Lump Sum** | **64,000** | **10,000** |

*\* Left 19 April 2022*

*\*\* Commenced 25 May 2022*

**Disclosure by Pay Bands**

Pay information has not been separately disclosed as all relevant details are already included in the information above.

## Exit Packages

There were no exit packages in relation to the Falkirk IJB in 2022/23 or the previous financial year.

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| **Fiona Collie** |  |  |
| Chair |  |  |

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| **Patricia Cassidy** |  |  |
| Chief Officer |  |  |

# Annual Governance Statement

As specified in the Local Authority Accounts (Scotland) Regulations 2014, the IJB is required to conduct a review of the effectiveness of its internal control systems at least once in each financial year and must also include an annual governance statement as part of the annual accounts. This is consistent with Code of Practice on Local Authority Accounting in the United Kingdom and guidance developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) entitled “*Delivering Good Governance in Local Government: a framework*”.

## Scope of Responsibility

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

In discharging these responsibilities, the Chief Officer has established a system of internal control and arrangements for the governance of the IJB’s affairs and the effectiveness of its functions (including risk management). It is recognised that any system of internal control can only provide reasonable and not absolute assurance of effectiveness.

As part of the overall governance arrangements, the Chief Officer also places reliance on the systems of internal control operated by Falkirk Council and NHS Forth Valley (recognising that these systems ensure compliance with both organisations’ policies and procedures and support achievement of each organisation’s aims and objectives, as well as those of the IJB).

## The Purpose of the Governance Framework

The governance framework refers to the systems, processes, culture, and values by which the IJB is directed and controlled. The governance framework enables the IJB to deliver its strategic objectives and perform effectively whilst maintaining public confidence in IJB processes and decision making. The governance framework is regularly reviewed to ensure it reflects best practice and new legislative requirements, supporting continuous improvement and better outcomes, whilst striking an appropriate balance between quality and cost.

As part of the overall governance framework, the system of internal control is designed to identify, prioritise, and manage risk to an acceptable level. This includes evaluation of the risk of failure to achieve the IJB’s policies, aims and objectives, the likelihood of those risks being realised and the impact of those risks should they be realised. The system aims to help manage risks as efficiently, effectively, and economically as possible.

## The Governance Framework and Internal Control System

The Board of the IJB is comprised of the Chair, Vice-Chair and 4 other voting members. Of the 6 voting members in total, 3 are appointed by NHS Forth Valley and 3 by Falkirk Council. The Board also includes 13 non-voting members, comprised of the Chief Officer, Chief Finance Officer, other Officers appointed by virtue of their professional 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 in respect of the planning, resourcing and operational delivery of all integrated health and social care services within its geographical boundary area.

The main features of the governance framework in existence during 2022/23

1. Strategic decision making was governed by the IJB’s key constitutional documents including the Integration Scheme, standing orders, scheme of delegation, financial regulations, and reserves policy.
2. A code of conduct was in place for all IJB Board members, including a register of interests.
3. The IJB’s vision, outcomes and priorities are set out in the IJB’s Strategic Plan for 2023-2026, which contributes to the strategic priorities and outcomes contained in the Community Planning Partnership’s Local Outcomes Improvement Plan (LOIP) and the national health and well-being outcomes framework.
4. An Audit Committee was in place with a remit which includes risk management, corporate governance and all matters relating to internal and external audit. Terms of reference are regularly reviewed and an annual workplan agreed.
5. The Clinical and Care Governance Committee provided 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. An annual work plan is in place to ensure all key pieces of work are covered.

##

## System of Internal Control

The governance framework operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision, and delegation. During 2022/23 this included the following:

* Financial regulations and codes of financial practice;
* Management information systems and regular monitoring reports, including performance and financial reporting;
* Annual assurance statements prepared by each IJB committee to provide assurance that the committee structure supports delivery of IJB strategic priorities and ensures that operational and strategic risks are being managed effectively.
* 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 are submitted to Falkirk Council and NHS Forth Valley; and
* Publication of the IJB annual performance report.

## 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 together with reports by the Chief Internal Auditor and reports from External Auditors and other review bodies as appropriate.

The IJB operates in accordance with Public Sector Internal Audit Standards (PSIAS) which require the Chief Internal Auditor to deliver an annual opinion and report to inform the IJB’s governance statement.

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 Audit Committee agrees a risk based internal audit work plan targeted to the highest risk areas in order to ensure that all proposed audit activity is focussed on key areas and is sufficient in order to provide an appropriate level of assurance.

The annual internal audit and assurance report for 2022/23 has been received which confirms that sufficient internal audit activity was undertaken during the year to allow a balanced opinion to be provided. This included work in relation to the IJB’s Internal Control Environment and identifies improvement recommendations in the following areas:

* Identification of gaps in governance arrangements.
* Annual assurances.
* Risk Management.
* Clinical Care and Governance.
* Workforce.
* Directions; and
* Savings.

An action plan has been agreed with internal audit to progress the 7 improvement recommendations.

The annual internal audit report confirms that reliance can be placed on the IJB’s governance arrangements and systems of internal control for the year to 31 March 2023.

## Areas for improvement

The IJB adopts a continuous improvement approach as part of our ongoing effort to enhance our governance arrangements and system of internal control. A number of areas for improvement were identified during 2022/23, and a summary of actions taken is included in the table below.

| Area Identified for Improvement | Current Status |
| --- | --- |
| Progress with Integration Scheme / MSG Self-Assessment | In 2022/23 there has been progress with the transfers of administrative staff based in community healthcare settings and Medical Staff for relevant specialities. However due diligence remains outstanding for associated budgets and will now be incorporated into the wider due diligence requirement from more recent transfers (below).Operational management of Primary Care, Mental Health and Health Improvement transferred to HSCPs around January 2023 and a new Head of Service for Primary Care and Out of Hours Service manager are in the process of being recruited. Other requirements may arise from the associated due diligence exercise.Baseline set aside activity metrics have not progressed recently and require to be progressed during 2023/24.Provision of corporate support arrangements from both partners will be considered as part of the review of the Integration Scheme.Risk sharing arrangements have been agreed for 2022/23. Longer term risk sharing arrangements require to be agreed and clearly defined as part of the review of the Integration Scheme. There has been no progress with the refreshed self-assessment against the Ministerial Strategic Group (MSG) recommendations, prepared in May 2019. |
| Implementation of the CIPFA Financial Management code | Self-assessment of IJB financial management arrangements against CIPFA recommended standards is underway.The Chief Finance Officer has completed an initial review and assessment and it is now clear the self-assessment will require wider input from senior management and Board members before this can be considered complete. |
| Audit Committee self-assessment against good practice principles. | This was a 2021/22 annual accounts external audit recommendation. Evaluation against CIPFA’s ‘Good Practice Audit Committees Principles Checklist’ or ‘Evaluation of Effectiveness Toolkit’ to be progressed. The Chief Finance Officer has held initial discussions with internal audit to consider how this exercise can be supported. |
| Other Internal & External Audit Reviews | Risk Management - Interim RM policy and annual performance report were presented to the Sept Audit Committee. Training requirements, risk appetite and final risk management policy are progressing.Directions – Action Plan is in progress and Directions are issued quarterly, following IJB Board approval however the level of detail recommended in the Internal Audit review is yet to be reached due to capacity challenges that are not likely to abate until the revised management structure is implemented.Resilience & Business Continuity – Internal Audit recommendations and management Action plan were presented to the Sept 2022 Audit Committee. There has been 1 workshop since and further follow up is required.The IJB Medium Term Financial Plan was presented to the March IJB Board Meeting. |

##

## Emerging Governance Issues

As noted above, responsibility for a number of services has transferred to the IJB during 2022/23. Due diligence with regard to the service transfers remains outstanding and will be progressed in conjunction with colleagues from NHS Forth Valley and Falkirk Council. Scottish Government has also offered staffing support as a result of NHS Forth Valley being escalated to level 4 due to a number of concerns including integration.

##

## 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 the reporting period provides reasonable and objective assurance that any significant risks impacting on achievement of 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.

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| **Fiona Collie** |  |  |
| Chair |  |  |

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| **Patricia Cassidy** |  |  |
| Chief Officer |  |  |

# Comprehensive Income and Expenditure Statement

This statement illustrates 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.



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 presents the movement during 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.

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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.

# 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.



The audited accounts were authorised on 15 September 2023.

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| **Steven Kirkwood** |  |  |
| Chief Finance Officer |  |  |

# Notes to the Financial Statements

### Significant Accounting Policies

#### General Principles

The IJB financial statements for 2022/23 have been prepared on a going concern basis. 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. In accordance with the CIPFA Code of Local Government Accounting (2022/23), the IJB is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. The accounts are prepared on the assumption that the IJB will continue in operational existence for the foreseeable future.

The IJB’s funding from and commissioning of services to partners has been confirmed for 2023/24 and an updated medium term financial plan has been developed covering the period through to financial year 2026/27. Both the 2022/23 outturn position and the forecasts within the medium-term financial plan, demonstrate a clear financial strategy to ensure financial sustainability into the medium to long term.

Funding in respect of Covid-19 related expenditure was provided by Scottish Government in prior years and was carried forward into 2022/23 via IJB reserves. Funding of £4.423m was utilised during 2022/23 while the unallocated balance of £10.978m was returned to Scottish Government. The impact of long-Covid and recovery from service reductions that occurred during the pandemic are now incorporated into the revised Strategic Plan and Covid-19 related costs will no longer be treated separately.

The treatment of unplanned, exceptional costs are considered in the integration scheme and ultimately all additional costs will be met by the IJB’s partners in line with the Integration Scheme. In practice, the options available within the Integration Scheme in terms of projected budget overspends / additional costs have not been invoked in prior years as a risk sharing arrangement has been agreed on an annual basis to ensure that the relevant Partner makes good any overspends. The updated Integration Scheme will formalise these arrangements into a longer-term risk sharing agreement.

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 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, are 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.

There were no claims or costs incurred during 2022/23 or the previous financial year 2021/22.

**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.

### Events After the Reporting Period

In accordance with the requirements of International Accounting Standards 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date that the accounts were certified by the Chief Finance Officer following approval by the Audit Committee.

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

* Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts is adjusted to reflect such events.

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

From our assessment we have not identified any material financial impact on the 31 March 2023 financial position.

### Critical Judgements and Estimation Uncertainty

The critical judgements made in the Financial Statements relating to complex transactions are outlined below:-

* Both partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations’ opinion that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none).
* The Annual Accounts contain estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
* There are no items in the IJB’s Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year.

### Expenditure and Income Analysis by Nature

 

Other IJB Operating Expenditure relates to shared costs for the Chief Officer, Chief Finance Officer, Senior Service 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.

###

### Taxation and Non-Specific Grant Income

 

The funding contribution from the NHS Board shown above includes £39.844m in respect of ‘set aside’ resources relating to acute hospital and other resources (£31.079m 2021/22). 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 increase reflects significant investment during 2022/23 in contingency areas, bank and agency staffing and other resources to address deterioration in 4 hour access performance within the emergency department and to address capacity challenges within the Forth Valley Royal Hospital site.

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.

### Debtors



### Creditors

There are no current year or prior year creditor balances.

### Provisions

A provision for bad debts in relation to Adult Social Care of £0.181m is included in the 2022/23 accounts (2021/22 accounts £0.181m).

### 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 overleaf illustrates 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.



Further information on some of the less recognisable reserves is provided below:

* Partnership Funding & Leadership Funding: This is funding provided by the Scottish Government previously referred to as Delayed Discharge and/or the Integrated Care Fund.
* Capital Grant Council: This is funding received as part of the Falkirk Council financial settlement and is tied to private sector housing grants. It is used to fund aids and adaptions to privately owned houses.
* Housing Revenue Account Council: This is funding received as part of the Falkirk Council financial settlement and is derived from council house rents. As such it is ringfenced for aids and adaptations within council house properties.

### 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**

 

**Balances with NHS Forth Valley**

 

Key Management Personnel: The Chief Officer is employed by Falkirk Council and the Chief Finance Officer by NHS Forth Valley. The cost of the posts are recharged to the IJB and funded 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, risk management, information services, information technology and payroll.

**Transactions with Falkirk Council**

 

**Balances with Falkirk Council**

 

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, risk management, information technology and payroll.

# Independent Auditor’s report to the members of Falkirk Integration Joint Board and the Accounts Commission

Reporting on the audit of the financial statements

**Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Falkirk Integration Joint Board for the year ended 31 March 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the 2022/23 Code).

In my opinion the accompanying financial statements:

* give a true and fair view of the state of affairs of the body as at 31 March 2023 and of its income and expenditure for the year then ended;
* have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Code; and
* have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

**Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](https://www.audit-scotland.gov.uk/uploads/docs/report/2021/as_code_audit_practice_21.pdf) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body’s current or future financial sustainability. However, I report on the body’s arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](http://www.audit-scotland.gov.uk/our-work/annual-audits).

**Risks of material misstatement**

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

**Responsibilities of the Chief Finance Officer and Audit Committee for the financial statements**

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

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the body’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body’s operations.

The Audit Committee is responsible for overseeing the financial reporting process.

**Auditor’s responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

* using my understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003 are significant in the context of the body;
* inquiring of the Chief Finance Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
* inquiring of the Chief Finance Officer concerning the body’s policies and procedures regarding compliance with the applicable legal and regulatory framework;
* discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
* considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body’s controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx). This description forms part of my auditor’s report.

**Reporting on other requirements**

**Opinion prescribed by the Accounts Commission on the audited parts of the Remuneration Report**

I have audited the parts of the Remuneration Report described as audited. In my opinion, the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

**Other information**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

**Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement**

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

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

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

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

* adequate accounting records have not been kept; or
* the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
* I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

**Use of my report**

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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pauline Gillen
Audit Director
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

# 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. |

Falkirk

Health and Social Care

Partnership