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**Report To:** Inverclyde Integration Joint Board      **Date:** 24 June 2019

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Corporate Director (Chief Officer)  
Inverclyde Health & Social Care Partnership      **Report No:** IJB/44/2019/LA

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**Subject:** 2018/19 DRAFT ANNUAL ACCOUNTS

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to set out the proposed approach of the Inverclyde Integration Joint Board (IJB) to comply with its statutory requirements in respect of its annual accounts and to present the draft 2018/19 Annual Accounts and Annual Governance Statement.

## **2.0 SUMMARY**

- 2.1 IJBs are specified as 'section 106' bodies in terms of the Local Government (Scotland) Act 1973, and consequently are expected to prepare their financial statements in compliance with the Local Authority Accounts (Scotland) Regulations 2014 (the regulations) and the Code of Practice on Accounting For Local Authorities in the United Kingdom.
- 2.2 The Scottish Government introduced the regulations to update the governance arrangements relating to the authorisation and approval of a section 106 body's annual accounts. This report outlines the IJB's approach to comply with the regulations and presents the draft 2018/19 accounts.
- 2.3 The regulations require the Annual Governance Statement be approved by the IJB or a committee of the IJB whose remit includes audit and governance and require that unaudited accounts are submitted to the auditor no later than 30 June immediately following the financial year to which they relate.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Integration Joint Board:
1. Notes the proposed approach to complying with the Local Authority Accounts (Scotland) Regulations 2014;
  2. Approves the Annual Governance Statement included within the Accounts; and
  3. Agrees that the unaudited accounts for 2018/19 be submitted to the auditor.

**Louise Long, Chief Officer**

**Lesley Aird, Chief Financial Officer**

## **4.0 BACKGROUND**

- 4.1 On 10 October 2014 the Local Authority Accounts (Scotland) Regulations 2014 came into force. The Scottish Government also provided additional guidance on the application of these regulations.
- 4.2 These regulations superseded the 1985 regulations and provide clearer definitions of the roles and responsibilities of Board Members and Officers in respect of the authorisation and approval of a section 106 body's annual accounts.
- 4.3 These regulations apply to any annual accounts with a financial year that begins from 1 April 2014 and therefore govern the preparation of the IJB's 2018/19 annual accounts.

## **5.0 ANNUAL GOVERNANCE STATEMENT 2018/19**

- 5.1 The regulations require the Annual Governance Statement be approved by the IJB or a committee of the IJB whose remit includes audit and governance following an assessment of both the effectiveness of the internal audit function and the internal control procedures of the IJB.
- 5.2 The Audit Committee has considered the performance of internal audit and internal control procedures throughout the year.
- 5.3 The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.
- 5.4 In discharging these responsibilities, the Chief Officer has a reliance on the NHS and Local Authority's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.
- 5.5 The IJB has adopted governance arrangements consistent, where appropriate, with the six principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "*Delivering Good Governance in Local Government*". This statement explains how the IJB has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.
- 5.6 The Board of the IJB comprises 8 voting members, including the Chair and Vice Chair; four voting members are Council Members nominated by Inverclyde Council and four are Board members of NHS Greater Glasgow and Clyde. There are also a number of non-voting professional and stakeholder members on the IJB Board. Stakeholder members currently include representatives from the third and independent sector bodies and service users. Professional members include the Chief Officer, Chief Finance Officer and Chief Social Worker. The IJB, via a process of delegation from NHS Greater Glasgow and Clyde and Inverclyde Council, and its Chief Officer has responsibility for the planning, resourcing and operational delivery of all integrated health and social care within its geographical area.
- 5.7 A Local Code of Good Governance has been approved by the Audit Committee and based on this, an assurance assessment template was completed. Initial improvement actions identified through the assurance assessment in 2017 have all been delivered in full.

- 5.8 The Chief Internal Auditor has confirmed that there are no additional significant governance issues that require to be reported specific to the IJB.
- 5.9 Based on the audit work undertaken, the assurances provided by Directors (of Inverclyde Council) and the Senior Management Teams (of services within NHS Greater Glasgow and Clyde), it is the Chief Internal Auditor's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during the reporting period of 2018/19.
- 5.10 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 upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment.
- 5.11 The IJB is asked to approve the Annual Governance Statement. The draft statement is enclosed on pages 15-17 of the draft annual accounts within Appendix A.

## **6.0 UNAUDITED ACCOUNTS**

- 6.1 The regulations require that the unaudited accounts are submitted to the auditor no later than the 30 June immediately following the financial year to which they relate.
- 6.2 The IJB or committee whose remit includes audit and governance, for Inverclyde this is the IJB Audit Committee, must meet to consider the unaudited annual accounts as submitted to the external auditor no later than 31 August immediately following the financial year to which the annual accounts relate.
- 6.3 Scottish Government guidance states that best practice would reflect that the IJB or committee whose remit includes audit and governance should consider the unaudited accounts prior to submission to the external auditor.

## **7.0 RIGHT TO INSPECT AND OBJECT TO ACCOUNTS**

- 7.1 The right to inspect and object to the accounts remains unchanged through these regulations. The timetable for the public notice and period of inspection has been standardised with the inspection period starting no later than 1 July in the year the notice is published.

## **8.0 APPROVAL AND PUBLICATION OF AUDITED ACCOUNTS**

- 8.1 The regulations require that the audited annual accounts should be considered and approved by the IJB or Audit Committee having regard to any report made on the audited annual accounts by the proper officer<sup>1</sup> or external auditor by 30 September immediately following the financial year to which the accounts relate. In addition, any further report by the external auditor on the audited annual accounts should also be considered by the IJB or Audit Committee.
- 8.2 The Audit Committee will consider the external auditors report and proposed audit certificate (ISA 260 report) prior to inclusion in the audited annual accounts. Subsequently, the external auditor's Board Members' Report and the audited

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<sup>1</sup> The Proper Officer is set out in Section 95 of the Local Government (Scotland) Act 1973. In Inverclyde IJB this role is fulfilled by the Chief Financial Officer.

annual accounts will be presented to the IJB for approval and referred to the Audit Committee for monitoring of any related action plan.

- 8.3 In order to comply with the regulations, it is proposed that the ISA260 and Board Members' Report, together with a copy of the audited annual accounts, is considered by the Audit Committee and thereafter referred to the IJB for approval prior to the 30 September in the year immediately following the financial year to which they relate.
- 8.4 The regulations require that the annual accounts of the IJB be available in both hard copy and on the website for at least five years together with any further reports provided by the external auditor that relate to the audited accounts.
- 8.5 The annual accounts of the IJB must be published by 31 October and any further reports by the external auditor by 31 December immediately following the year to which they relate.
- 8.6 The table below summarises the key required and proposed dates for the 2018/19 annual accounts.

	Required Date	Proposed Date
IJB or Audit Committee to approve Annual Governance Statement	30 June	24 June
Unaudited Annual Accounts to be submitted to external audit	30 June	By 30 June
Publication of Draft Accounts inspection period	1 July	By 28 June
Draft Accounts inspection period	2-20 July	28 June-18 July
IJB or Audit Committee to consider unaudited Annual Accounts	31 August	24 June
IJB or Audit Committee to consider any reports made by the Chief Financial Officer or External Auditor	30 Sept	10 Sept
IJB to consider and approve the audited annual accounts		10 Sept
Audited Annual Accounts to be published	31 Oct	Following the 10 Sept IJB
Any further reports by the external auditor to be published	31 Dec	Following the 10 Sept IJB

## 9.0 2018/19 UNAUDITED ANNUAL ACCOUNTS

- 9.1 The draft Accounts are being prepared in line with guidance issued by CIPFA and provide an overview of the financial performance of the IJB through the following statements:
- Management Commentary
  - Statement of Responsibilities
  - Annual Governance Statement
  - Remuneration Report
  - The Financial Statements
  - Notes to the Financial Statements

**10.0 IMPLICATIONS**

**10.1 FINANCE**

There are no direct financial implications within this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

**LEGAL**

10.2 There are no specific legal implications arising from this report.

**HUMAN RESOURCES**

10.3 There are no specific human resources implications arising from this report.

**EQUALITIES**

10.4 There are no equality issues within this report.

10.4.1 Has an Equality Impact Assessment been carried out?

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YES (see attached appendix)

NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

10.4.2 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None

People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

## 10.5 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

## 10.6 NATIONAL WELLBEING OUTCOMES

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

<b>National Wellbeing Outcome</b>	<b>Implications</b>
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

## 11.0 DIRECTIONS

11.1	<b>Direction Required to Council, Health Board or Both</b>	Direction to:	
		1. No Direction Required	X
		2. Inverclyde Council	
		3. NHS Greater Glasgow & Clyde (GG&C)	
		4. Inverclyde Council and NHS GG&C	

## 12.0 CONSULTATION

12.1 This report has been prepared by the IJB Chief Financial Officer. The Chief Officer and the Council's Chief Financial Officer and Director of Finance NHSGGC have been consulted.

## 13.0 BACKGROUND PAPERS

13.1 The Local Authority Accounts (Scotland) Regulations 2014  
[http://www.legislation.gov.uk/ssi/2014/200/pdfs/ssi\\_20140200\\_en.pdf](http://www.legislation.gov.uk/ssi/2014/200/pdfs/ssi_20140200_en.pdf)

The Local Authority Accounts (Scotland) Regulations 2014 - a narrative  
<http://www.gov.scot/Resource/0045/00456007.pdf>

# **Inverclyde Integration Joint Board**

The Governing Body of the



**Unaudited Annual Accounts  
2018/19**

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# Management Commentary

## Introduction

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

The Management Commentary outlines the key messages in relation to the IJB's financial planning and performance for the year 2018/19 and how this has supported delivery of the IJB's core objectives. This commentary also looks forward, outlining the future financial plans for the organisation and the challenges and risks which we will face as we strive to meet the needs of the people of Inverclyde.

## Inverclyde IJB

In Inverclyde we have an 'all-inclusive' health and social care partnership. The Inverclyde IJB has responsibility for the strategic commissioning (either planning or direct service delivery, or both) of the full range of health and social care services; population health and wellbeing, statutory health and social work/social care services for children, adults, older people and people in the community justice system. The IJB discharges this responsibility through its operational delivery arm, which is the Inverclyde Health and Social Care Partnership (HSCP).

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. From 1st April 2016, the IJB took formal delegated responsibility from the NHS Greater Glasgow and Clyde and Inverclyde Council for the delivery and/or planning of local health and social care services.

For some services this delegation of responsibility means the IJB taking full responsibility for planning, management and delivery of service provision, while for others – notably hospital based services and housing – this means planning with partners who continue to manage and deliver the services as part of wider structures (e.g. the Greater Glasgow & Clyde Acute Sector) or via external delivery agencies (e.g. Registered Social Landlords and Housing Associations).

Inverclyde is located in West Central Scotland along the south bank of the River Clyde. It is one of the smallest local authority areas in Scotland, home to 78,150 people and covering an area of 61 square miles. Our communities are unique and varied.

The IJB Strategic Plan 2019-24 outlines our vision for the Inverclyde Health & Social Care Partnership as well as our core objectives and services which are delivered through four core teams. The HSCP has worked hard during 2018/19 to develop and deliver the 6 Big Actions within the plan.

The IJB Strategic Plan is supported by an operational/implementation plan and a variety of service strategies, investment and management plans which aid day to day service delivery. These plans and strategies identify what the IJB wants to achieve, how it will deliver it and the resources required to secure the desired outcomes. The Strategic Plan also works in support of the Inverclyde Community Planning Partnership's Local Outcome Improvement Plan and the Greater Glasgow & Clyde Health Board Local Delivery Plan. It is vital to ensure that our limited resources are targeted in a way that makes a significant contribution to our objectives.

The Strategic Plan and other key documents can be accessed online at:

<https://www.inverclyde.gov.uk/health-and-social-care>

The operational HSCP Structure responsible for delivering services is illustrated below.

### HSCP Operational Structure



### The Annual Accounts 2018/19

The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the IJB’s vision and its core objectives. The requirements governing the format and content of local authorities’ annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2018/19 Accounts have been prepared in accordance with this Code.

### The Financial Plan

IJBs need to account for spending and income in a way which complies with our legislative responsibilities. For 2018/19 the IJB budgeted to deliver Partnership Services at a cost of £149.9m, including £16.4m of notional budget for Set Aside and £2.8m of spend through Earmarked Reserves. During the year funding adjustments and reductions in spend resulted in actual spend of £152.0m, including Set Aside and spend from Reserves, for the year. Funding rose during the year from a budgeted £147.1m to an actual £153.5m, the majority of the additional income was non-recurring. This generated a yearend surplus of £1.485m. The movement in budget vs actual and analysis of the surplus are shown in the tables on pages 7 and 8.

### Critical Judgements and Estimation Uncertainty

In applying the accounting policies set out within the notes to these accounts, the IJB has had to make a critical judgement relating to complex transactions in respect of the values included for services hosted within Inverclyde IJB for other IJBs within the NHS Greater Glasgow & Clyde area.

Within Greater Glasgow and Clyde, each IJB has operational responsibility for services, which it hosts on behalf of the other IJB’s. In delivering these services the IJB has primary responsible for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required. As such the IJB is considered to be acting as ‘principal’, and the full costs are reflected within the financial statements for the services which it hosts. This is the basis on which 2018/19 accounts have been prepared.

The full cost of services which are hosted by the IJB are reflected in our financial accounts. These are not adjusted to reflect activity to/for other IJB’s within the Greater Glasgow & Clyde area the costs shown in these accounts reflect our responsibility in relation to service delivery and the risk and reward associated with it.

The services which are hosted by Inverclyde are identified in the table below. This also shows expenditure in 2018/19 and the value consumed by other IJB's within Greater Glasgow and Clyde.

Host	Service	Actual Net Expenditure 2018/19	Consumed by other IJBs
Inverclyde	General Psychiatry	£5,477,833	£370,348
Inverclyde	Old Age Psychiatry	£3,152,932	£74,121
	<b>Total</b>	<b>£8,630,765</b>	<b>£444,468</b>

The services which are hosted by other IJB's on behalf of the other IJB's including Inverclyde are identified in the table below. This also shows expenditure in 2018/19 and the value consumed by Inverclyde IJB.

Host	Service	Actual Net Expenditure 2018/19	Consumed by Inverclyde IJB
East Dunbartonshire	Oral Health	£9,719,289	£602,167
	<b>Total</b>	<b>£9,719,289</b>	<b>£602,167</b>
East Renfrewshire	Learning Disability	£7,961,400	£176,320
	<b>Total</b>	<b>£7,961,400</b>	<b>£176,320</b>
Glasgow	Continence	£3,802,932	£283,176
Glasgow	Sexual Health	£10,164,132	£453,010
Glasgow	Mh Central Services	£6,027,304	£1,532,639
Glasgow	MH Specialist services	£11,345,743	£1,049,726
Glasgow	Alcohol + Drugs Hosted	£16,019,893	£531,967
Glasgow	Prison Healthcare	£6,905,286	£548,648
Glasgow	HC In Police Custody	£2,330,293	£182,617
Glasgow	Old Age Psychiatry	£17,870,028	£2,358
Glasgow	General Psychiatry	£37,675,266	£23,296
	<b>Total</b>	<b>£112,140,877</b>	<b>£4,607,439</b>
Renfrewshire	Podiatry	£6,563,080	£574,122
Renfrewshire	Primary Care support	£4,040,145	£266,961
Renfrewshire	General Psychiatry	£6,938,153	£0
Renfrewshire	Old Age Psychiatry	£6,330,739	£6,135
	<b>Total</b>	<b>£23,872,118</b>	<b>£847,217</b>
West Dunbartonshire	MSK Physio	£5,864,493	£427,227
West Dunbartonshire	Retinal Screening	£752,278	£56,721
West Dunbartonshire	Old Age Psychiatry	£1,107,840	£0
	<b>Total</b>	<b>£7,724,611</b>	<b>£483,948</b>
<b>Total</b>		<b>£161,418,294</b>	<b>£6,717,091</b>

The Health Board is required to determine an amount set aside for integrated services provided by large hospitals. There is an expectation that for the 2019/20 annual accounts that Health Boards and Integration Authorities agree a figure for the sum set aside to be included in the respective Annual Accounts. For 2018/19 this is based on activity and cost data provided by ISD in September 2018 uplifted by an inflationary factor to provide an accounting estimate. The set aside figure agreed with the Health Board for 2018/19 is £16.439m.

Work continues to be progressed in relation finalising local activity and cost data to calculate sum set aside for hospital services but in the absence of guidance on how this is to be implemented and until Integration

Authorities Strategic have developed their Commissioning Plans for unscheduled services the current arrangements remain in place for 2018/19.

## Performance

The IJB and HSCP tracks change in need and demand, and delivery of the National Wellbeing Outcomes through its performance management arrangements. Every service undergoes a quarterly service review, chaired by the relevant Head of Service. Service use, waiting times and any other pressures are closely reviewed alongside progress against the service’s key objectives and delivery of outcomes. Any divergence from the agreed strategic direction is quickly identified and steps are put in place to get the service back on track. If there are notable differences between the service’s performance and what has been planned for, then these differences are reported to the IJB along with a summary of the reasons for the divergence, and an outline of the planned remedial action in cases where the divergence is negative. This is reported through Performance Exceptions Reports, and these continue to be produced and published on a six-monthly basis. The legislation requires that we follow a prescribed format of annual performance reporting against the nine outcomes, based on 23 national indicators and a requirement to publish an annual performance report by 31<sup>st</sup> July. Inverclyde’s Annual Performance Report 2018/19 was published 24 June 2019.

The IJB’s 2018/19 Performance against the 23 National Indicators is shown in the table below:

↑ ↓	Performance is equal or better than the Scottish average
↑ ↓	Performance is close to the Scottish average
↑ ↓	Performance is below the Scottish average

National Integration Indicator		Time Period	Inverclyde HSCP	Scottish Average	Comparison
1*	Percentage of adults able to look after their health very well or quite well	2017/18	91%	93%	↓
2*	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	2017/18	80%	81%	↓
3*	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	2017/18	77%	76%	↑
4*	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	2017/18	79%	74%	↑
5*	Total % of adults receiving any care or support who rated it as excellent or good	2017/18	83%	80%	↑
6*	Percentage of people with positive experience of the care provided by their GP practice	2017/18	83%	83%	↑

7*	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	2017/18	77%	80%	↓
8*	Total combined percentage of carers who feel supported to continue in their caring role *While we are performing better than the Scottish average we are working to improve support to our carers (see page 45)	2017/18	40%	37%	↑
9*	Percentage of adults supported at home who agreed they felt safe	2017/18	84%	83%	↑
10	Percentage of staff who say they would recommend their workplace as a good place to work		Indicator under development (ISD)		
11	Premature mortality rate per 100,000 persons	2017	567	425	↑
12	Emergency admission rate (per 100,000 population)	2017/18	15029	12183	↑
National Integration Indicator		Time Period	Inverclyde HSCP	Scottish Average	Comparison
13	Emergency bed day rate (per 100,000 population)	2017/18	159170	123035	↑
14	Readmission to hospital within 28 days (per 1,000 population)	2017/18	91	102	↓
15	Proportion of last 6 months of life spent at home or in a community setting	2017/18	87%	88%	↓
16	Falls rate per 1,000 population aged 65+	2017/18	25	22	↑
17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	2017/18	92%	85%	↑
18	Percentage of adults with intensive care needs receiving care at home	2016/17	63%	61%	↑
19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (age 75+)	2017/18	172	762	↓

20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	2017/18	25%	25%	↓
21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home		Indicator under development (ISD)		
22	Percentage of people who are discharged from hospital within 72 hours of being ready		Indicator under development (ISD)		
23	Expenditure on end of life care, cost in last 6 months per death		Indicator under development (ISD)		

The data presented against these National Integration Indicators is the most up-to-date as available from ISD in May 2019. Those marked with an \* are taken from the 2017/18 biennial Health and Care Experience Survey (<http://www.isdscotland.org/Products-and-Services/Consultancy/Surveys/Health-and-Care-Experience-2017-18/>).

## Financial Performance

Financial information is part of our performance management framework with regular reporting of financial performance to the IJB. This section summarises the main elements of our financial performance for 2018/19.

### (a) Partnership Revenue Expenditure 2018/19

During the year the Partnership again successfully mitigated the full value of the inherited Health baseline budget pressure on Mental Health Inpatient services through a combination of measures, including: improved cost control and tighter absence management arrangements and planned one off underspends in other areas to offset the remaining budget pressure. Monies were received in year from Scottish Government for Mental Health Action 15, ADP developments and Primary Care Improvement Planning. As projected, at the end of the year £0.333m of these funds remained unspent and was carried forward into specific Earmarked Reserves. Non recurring funding of £0.130m was received from the Health Board for Primary Care investment, this was also carried forward in an earmarked reserve. Also as projected, there was a core Health services underspend which totalled £0.249m. This related to delays in filling of vacancies during the year, this was also transferred to Earmarked Reserves for use in future years.

Partnership services saw continued demand growth with numbers of service users and cost per service user rising across a number of services. The Partnership was able to effectively manage this budget pressure in year and generate an overall surplus on social care services which was carried into Earmarked Reserves.

In previous years the Social Care budget has experienced a degree of short term volatility in certain demand led budgets. In order to address this any one off underspends on these budgets have been placed in Earmarked Reserves to cover any one off overspends in future years. In 2018/19 a net £0.380m was used from the Adoption, Fostering and Residential fund within Children & Families and £0.430m was added to the existing Earmarked Reserve for Older People Residential and Nursing Homes.

During the year £3.766m of Earmarked Reserves were used to fund specific spend and projects and an additional £5.251m was transferred into Earmarked Reserves, leading to a net increase of £1.485m in Reserves over the year.

Total net expenditure for the year was £152.053m against the overall funding received of £153.538m, generating a revenue surplus of £1.485m. This was made up as follows:

## Analysis of Surplus on Provision on Services

	<b>£000</b>
Underspend on Children & Families and Criminal Justice	324
Underspend on Learning Disabilities early delivery of future years savings	282
Underspend on Older People services	572
Underspend on Business Support mainly due to turnover savings	207
Underspend on Mental Health Services due to delays in filling vacancies and	134
Underspend on Advice Services	43
Additional funding from the Council for Children & Families, Anti Poverty and Mental Health	688
Carry forward funding for Scottish Government Projects - Action 15, ADP	353
Additional funding from Health for Primary Care at yearend	130
Underspend on Addictions mainly due to delay in filling vacancies and early	153
Other services various minor underspends	72
Homelessness net underspend linked to reduction in bad debt provision	67
Spend through EMRs	(1,540)
<b>Surplus on Provision of Services</b>	<b>1,485</b>

All of the above has been taken to Earmarked reserves as detailed in note 7.

## Budget agreed at Period 9 vs Final Outturn

Original Budget	IJB FUNDING	Projected Outturn @ P9	Outturn	P9 vs Actual Outturn
	<b>Operational funding budget</b>			
82,880	Health Board	87,402	87,445	43
47,795	Council	48,062	49,653	1,591
16,439	Set Aside	16,439	16,439	0
<b>147,114</b>	<b>TOTAL IJB FUNDING</b>	<b>151,903</b>	<b>153,537</b>	<b>1,634</b>
Original Budget	IJB NET EXPENDITURE	Projected Outturn @ P9	Outturn	Difference
	<b>Operational net expend budget</b>			
67,141	Health	70,254	70,680	426
63,534	Social Care	64,113	63,875	(238)
16,439	Set Aside	16,439	16,439	0
<b>147,114</b>	<b>TOTAL IJB NET EXPENDITURE</b>	<b>150,806</b>	<b>150,994</b>	<b>188</b>
<b>0</b>	<b>Surplus/(Deficit) on Provision of Operating Services</b>	<b>1,097</b>	<b>2,543</b>	<b>1,446</b>
(2,847)	Movement on Earmarked Reserves (Decrease)/Increase	(1,994)	(1,058)	936
<b>(2,847)</b>	<b>Overall Surplus/(Deficit)</b>	<b>(897)</b>	<b>1,485</b>	<b>2,382</b>

### (b) The Balance Sheet

The Balance Sheet summarises the IJB's assets and liabilities as at 31 March 2019, with explanatory notes provided in the full accounts.

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

The UK economy was showing signs of recovery with inflation and unemployment falling and growth taking place in a number of sectors. The imminent exit from the European Union has created some further, short and longer term, uncertainty and risk for the future for all public sector organisations.

Additional funding of £160m has been announced for Integration Authorities across Scotland for 2019/20 to address health and social care pressures. Despite this, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted. In addition to economic performance, other factors influence the availability of funding for the public sector including demographic challenges that Inverclyde is facing.

The most significant risks faced by the IJB over the medium to longer term, reflected in the IJB risk register can be summarised as follows:

- Governance arrangements not being sufficiently effective in developing and delivering strategic objectives; and
- Financial sustainability around cost pressures and funding linked to unfunded/unanticipated/unplanned demand for services and/or partners being unable to allocate sufficient resources.

The Inverclyde IJB has responsibility for social care and a range of health services. The IJB is responsible for financial and strategic oversight of these services.

Moving into 2019/20, we are working to proactively address the funding challenges presented while, at the same time, providing effective services for the residents of Inverclyde.

We have well established plans for the future, and the IJB Strategic Plan 2019/20 to 2023/24 and 5 year Financial Plan were approved by the IJB in March 2019 these plans outlined the overarching vision and financial landscape for the coming years.



Following on from our last Strategic Plan we are still committed to “Improving Lives”, and our vision is underpinned by the “Big Actions” and the following values based on the human rights and wellbeing of:

- **Dignity and Respect**
- **Responsive Care and Support**
- **Compassion**
- **Wellbeing**
- **Be Included**
- **Accountability**

**Big Action 1:**  
Reducing Health Inequalities by Building Stronger Communities and Improving Physical and Mental Health

**Big Action 2:**  
A Nurturing Inverclyde will give our Children & Young People the Best Start in Life

**Big Action 3:**  
Together we will Protect Our Population

**Big Action 4:**  
We will Support more People to fulfil their right to live at home or within a homely setting and Promote Independent Living

**Big Action 5:**  
Together we will reduce the use of, and harm from alcohol, tobacco and drugs

**Big Action 6:**  
We will build on the strengths of our people and our community

## Conclusion

In a challenging financial and operating environment the IJB has successfully overseen the delivery of its Strategic Plan objectives and the delivery of all core services while undertaking a significant change programme designed to provide a more person centred model of care, deliver on early intervention and prevention ambitions and free up efficiencies.

The new Strategic Plan, associated Implementation Plan and Medium Term Financial Plan will lead the IJB forward over the next 5 years and improve the lives of the people of Inverclyde.

## Where to Find More Information

If you would like more information please visit our IJB website at:  
<https://www.inverclyde.gov.uk/health-and-social-care>

### **Louise Long**

Chief Officer

\_\_\_\_\_  
**Date:** 10 September 2019

### **Lesley Aird, CPFA**

Chief Financial Officer

\_\_\_\_\_  
**Date:** 10 September 2019

### **Councillor Jim Clocherty**

IJB Chair

\_\_\_\_\_  
**Date:** 10 September 2019

# Statement of Responsibilities

## Responsibilities of the IJB

The IJB is required to:

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

I confirm that the audited Annual Accounts were approved for signature at a meeting of the IJB on 10 September 2019.

Signed on behalf of the Inverclyde IJB

**Councillor Jim Clocherty**

IJB Chair

**Date:** 10 September 2019

## Responsibilities of the Chief Financial Officer

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

In preparing these annual accounts, the Chief Financial Officer has:

- Selected appropriate accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation;
- Complied with the local authority Code (in so far as it is compatible with legislation)

The Chief Financial Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of Inverclyde IJB as at 31 March 2018 and the transactions for the year then ended.

**Lesley Aird, CPFA**

Chief Financial Officer

**Date:** 10 September 2019

# Remuneration Report

## Introduction

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

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

### 1 Integration Joint Board

The voting members of the IJB were appointed through nomination by the Health Board and Council.

### 2 Senior officers

The IJB does not directly employ any staff in its own right. All HSCP officers are employed through either the Health Board or Council and remuneration for senior staff is reported through those bodies. Specific post-holding officers are non-voting members of the Board

#### Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The Chief Officer, Louise Long, is employed by Inverclyde Council and seconded to the IJB and has been in post since 8 May 2017. The statutory responsibility for employer pension liabilities sits with Inverclyde Council as the employing partner organisation. There is therefore no pension liability reflected on the Inverclyde IJB balance sheet for the IJB's Chief Officer. The remuneration terms of the Chief Officer's employment are approved by the IJB.

#### Chief Financial Officer

The IJB Chief Financial Officer, Lesley Aird, is employed on a part time basis by NHS Greater Glasgow and Clyde. The Council and Health Board share the costs of this and all other senior officer remunerations.

#### Other officers

No other staff are appointed by the IJB under a similar legal regime. There are no other non-voting board members who meet the criteria for disclosure and require to be included in the disclosure below.

Salary, Fees & Allowances			Salary, Fees & Allowances
2017/18	Name and Post Title		2018/19
£			£
100,075	Louise Long (started 08 May 2017) Chief Officer		109,475
41,469	Lesley Aird (part time 0.5 WTE) Chief Financial Officer		45,500

There were no exit packages paid in either financial year.

### 3 Remuneration: IJB Chair, Vice Chair and Voting Members

The voting members of the IJB are appointed through nomination by Inverclyde Council and Greater Glasgow & Clyde Health Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and Health Board representative.

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. The details of the Chair, Vice Chair and other IJB voting member appointments and any taxable expenses paid by the IJB are shown below.

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 voting members.

#### Voting IJB Members Remuneration Table

Name	Post(s) Held	Nominated By
Simon Carr	IJB Chair (until 24/06/19)	NHS GG&C
Councillor Jim Clocherty	IJB Vice Chair, Chair (from 24/06/19)	Inverclyde Council
Alan Cowan	IJB Member, Vice Chair (from 24/06/19) Vice Chair Audit Committee	NHS GG&C
Dr Donald Lyons	IJB Audit Committee Member	Member NHS GG&C
Dorothy McErlean	IJB Member	NHS GG&C
Councillor Jim MacLeod	IJB Member (until 06/11/18)	Inverclyde Council
Councillor Elizabeth Robertson	IJB Member (from 06/11/18)	Inverclyde Council
Councillor Ciano Rebecchi	IJB Member Chair Audit Committee	Inverclyde Council
Councillor Lynne Quinn	IJB Member Audit Committee Member	Inverclyde Council

There were no Inverclyde IJB specific expenses recorded for voting members of the IJB during 2018/19. Any expenses claimed by voting members are paid through the relevant IJB partner organisation.

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.

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

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/18 £	For Year to 31/03/19 £		Difference from 31/03/18 £	As at 31/03/19 £
Louise Long Chief Officer since 08/05/2017	19,147	21,073	Pension	2,720	13,434
			Lump Sum	0	0
Lesley Aird Chief Financial Officer	5,187	5,342	Pension	710	2,119
			Lump Sum	0	0

The Chief Financial Officer was previously a member of the Strathclyde Pension Scheme but has opted not to transfer those benefits. The accrued pension benefit disclosed above therefore relates only to this current employment and pension.

#### Disclosure by Pay Bands

Pay band information is not separately provided as all staff pay information has been disclosed in the information above

**Louise Long**

Chief Officer

Date: 10 September 2019

**Councillor Jim Clocherty**

IJB Chair

Date: 10 September 2019

# Annual Governance Statement

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

## Scope of Responsibility

The Inverclyde IJB was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. It is a body corporate, a legal entity in its own right but it relies on support from officers employed by Inverclyde Council and Greater Glasgow & Clyde NHS Board in relation to the conduct of its business. It is subject to the Public Bodies (Joint Working) (Scotland) Act 2014 and secondary legislation directly relating to the integration of health and social care services, and indirectly in relation to regulatory regimes affecting devolved public bodies in Scotland. The main features of the IJB's governance arrangements are described in the Local Code but are summarised below.

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

To meet this responsibility the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the Inverclyde Council and Greater Glasgow & Clyde Health Board systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

## The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either Inverclyde Council or Greater Glasgow & Clyde Health Board, as well as non-voting members including a Chief Officer appointed by the Board.

The main features of the IJB's governance arrangements are described in the Local Code but are summarised below:

- The IJB was the key decision making body. The IJB's membership (voting and non-voting), as set by statutory instrument, is fully established. An Audit Committee with detailed remit and powers and clearly defined membership was set up in 2018/19 to consider all matters in relation to Internal and External Audit and Risk Management;
- Strategic decision-making is governed by the IJB's key constitutional documents including the Integration Scheme, Standing Orders, and Financial Regulations.
- The IJB's purpose and vision are outlined in the IJB Strategic Plan which was approved and published prior to the delegation of the integrated functions on 1 April 2016 and which links closely to the vision of the Inverclyde Community Planning Partnership and the Single Outcome Agreement and is underpinned by an annual action plan and national statutory performance indicators;
- The Performance Management Strategy focuses very firmly on embedding a performance management culture that measures delivery of improved outcomes rather than systems and processes throughout the IJB. Regular reporting to Board Members takes place;
- The IJB has a Code of Conduct based on the Model Code of Conduct for Integration Joint Boards. The register of members' interests is published and made available for inspection.
- The IJB has in place a development programme for all Board Members. The IJB places reliance on the organisational development activity undertaken through partnership organisations for senior managers and employees;

- The IJB has established three Wellbeing Localities, East Inverclyde, Central Inverclyde and West Inverclyde. These reflect the local planning areas that were developed by the Community Planning Partnership (the Inverclyde Alliance) through full public consultation. These provide Board Members with the opportunity to be involved in considering the priorities for each area and outline the role for each Community Planning Partner in meeting these priorities in conjunction with the local communities.
- As a separate Public Body, the IJB is required to publish Equalities Outcomes. These were published on the HSCP website in April 2016, and will be subject to review in 2018.

The governance framework was in place throughout 2018/19.

### **The System of Internal Financial Control**

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of the Health and Social Care Partnership. During 2018/19 this included the following:

- Financial regulations and codes of financial practice;
- Comprehensive budgeting systems;
- Regular reviews of periodic and annual financial reports that indicate financial performance against budget and forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital expenditure guidelines;
- Formal project management disciplines.

The IJB complies with “The Role of the Head of Internal Audit in Public Organisations” (CIPFA) and operates in accordance with “Public Sector Internal Audit Standards” (CIPFA). The Chief Internal Auditor reports directly to the IJB Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Audit Committee.

With regard to the entries taken from the Health Board and Council Accounts, the IJB is not aware of any weaknesses within their internal control systems and has placed reliance on the individual Annual Governance Statements where appropriate.

### **Review of Effectiveness**

Inverclyde IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Senior Management Team who have responsibility for development and maintenance of the governance environment, the annual report by the Chief Internal Auditor and reports from Audit Scotland and other review agencies.

The Internal Audit functions of the Council and Health Board have independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2018/19, these services operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards. The Chief Internal Auditors prepared annual reports to the relevant Audit Committees, including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

### **Significant Governance Issues during 2018/19**

The Internal Audit Annual Reports 2018/19 for the Council and Health Board identify no significant control issues. Some actions have been agreed within the Council and Health Board Annual Governance statements to further enhance those internal control environments. None of these are considered material enough to have a significant impact on the overall control environment.

The Internal Audit Annual Report and Assurance Statement for 2018/19 concludes: “On the basis of Internal Audit work carried out in 2018/2019, the majority of the IJB’s established internal control procedures appeared to operate as intended to meet Management’s requirements for the individual systems reviewed by Internal Audit. On the basis of selective testing of key controls it can be concluded that, in the main, controls were generally operating as expected during the period under review, although it does need to be recognised that some recommendations were made by Internal Audit to improve controls. The overall opinion is **Satisfactory**”.

### **Action Plan**

Following consideration of adequacy and effectiveness of our local governance arrangements the IJB approved a local code of good governance on 20 March 2018. A number of actions were identified to enhance local governance and ensure continual improvement of the IJB’s governance, all of those actions have been delivered in full, as reported in the 2017/18 Annual Accounts.

### **Conclusion and Opinion on Assurance**

While recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB’s governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB’s 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.

#### **Louise Long**

Chief Officer

\_\_\_\_\_

**Date:** 10 September 2019

#### **Councillor Jim Clocherty**

IJB Chair

\_\_\_\_\_

**Date:** 10 September 2019

# The Financial Statements

## Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

2017/18			2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,648	(57)	2,591	3,520	(1,104)	2,416
29,037	(2,170)	26,867	29,302	(2,282)	27,020
11,326	(673)	10,653	12,157	(259)	11,898
6,048	(244)	5,804	6,862	(150)	6,712
9,381	(43)	9,338	9,017	(288)	8,729
13,453	(467)	12,986	14,353	(615)	13,738
2,885	(226)	2,659	3,376	(259)	3,117
3,488	(99)	3,389	3,464	0	3,464
8,239	(467)	7,772	8,548	(290)	8,258
4,343	(634)	3,709	4,951	(1,038)	3,913
1,959	(1,997)	(38)	1,932	(1,906)	26
1,689	(722)	967	1,442	(651)	791
22,660	(894)	21,766	26,528	(981)	25,547
18,817	0	18,817	18,591	0	18,591
1,236	0	1,236	1,133	0	1,133
97	0	97	261	0	261
<b>137,306</b>	<b>(8,693)</b>	<b>128,613</b>	<b>145,437</b>	<b>(9,823)</b>	<b>135,614</b>
16,439	0	16,439	16,439	0	16,439
<b>153,745</b>	<b>(8,693)</b>	<b>145,052</b>	<b>161,876</b>	<b>(9,823)</b>	<b>152,053</b>
0	(146,889)	(146,889)	0	(153,538)	(153,538)
<b>153,745</b>	<b>(155,582)</b>	<b>(1,837)</b>	<b>161,876</b>	<b>(163,361)</b>	<b>(1,485)</b>
		<b>(1,837)</b>			<b>(1,485)</b>

There are no statutory or presentation adjustments which affect the IJB's application of 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 and Expenditure and Funding Analysis is not provided in these annual accounts.

## Movement in Reserves Statement

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

Movements in Reserves During 2018/19	General Reserves £000	Earmarked Reserves £000	TOTAL Reserves £000
<b>Opening Balance at 31 March 2018</b>	<b>0</b>	<b>(5,796)</b>	<b>(5,796)</b>
Total Comprehensive Income and Expenditure	0	(1,485)	(1,485)
<b>Closing Balance at 31 March 2019</b>	<b>0</b>	<b>(7,281)</b>	<b>(7,281)</b>

## Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2018 £000		Notes	31 March 2019 £000
<b>Current Assets</b>			
5,820	Short term debtors	5	7,298
<b>Current Liabilities</b>			
(24)	Short term creditors	6	(17)
<b>5,796</b>	<b>Net Assets</b>		<b>7,281</b>
5,796	Reserves	8	7,281
<b>5,796</b>	<b>Total Reserves</b>		<b>7,281</b>

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2019 and its income and expenditure for the year then ended.

The audited financial statements were authorised for issue on 10 September 2019.

**Lesley Aird, CPFA**

Chief Financial Officer \_\_\_\_\_ **Date:** 10 September 2019

# Notes to the Financial Statements

## 1. Significant Accounting Policies

### 1.1 General principles

The Inverclyde Integration Joint Board is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014. It was established by parliamentary order on 27 June 2015 following approval of the Inverclyde Integration Scheme by the Scottish Ministers. The Integration Scheme is a legally binding agreement between Inverclyde Council and NHS Greater Glasgow and Clyde.

Integration Joint Boards (IJB's) are specified as section 106 bodies under the Local Government (Scotland) Act 1973 and as such are required to prepare their financial statements in compliance with the Local Authority Accounts (Scotland) Regulations 2014 and the Code of Practice on Accounting for Local Authorities in the United Kingdom, supported by International Financial Reporting Standards (IFRS). These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a "true and fair view" of the financial performance of the IJB.

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.

The Annual Accounts summarise the IJB's transactions for the 2018/19 financial year and its position at the year end of 31 March 2019.

### 1.2 Accruals of expenditure and income

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

- 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 or 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

### 1.3 Funding

The IJB is primarily funded through funding contributions from the statutory funding partners namely Inverclyde Council and NHS Greater Glasgow and Clyde. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Inverclyde.

### 1.4 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 in the IJB Balance Sheet.

### 1.5 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. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

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

## **1.6 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.

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 to arise and can be reliably measured.

## **1.7 Events After The Reporting Period**

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:

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts are adjusted to reflect such events
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted 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

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

## **1.8 Exceptional items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the IJB's financial performance.

## **1.9 Related Party Transactions**

As parties to the Inverclyde Integration Scheme both Inverclyde Council and NHS Greater Glasgow and Clyde are related parties and material transactions with those bodies are disclosed in Note 3 in line with the requirements of IAS 24.

## **1.10 Support services**

Support services were not delegated to the IJB through the Integration Scheme and are instead provided by the Health Board and Council free of charge as a 'service in kind'. The support services provided are

mainly comprised of: provision of financial management, human resources, legal, committee services, ICT, payroll, internal audit and the provision of the Chief Internal Auditor.

### **1.11 Indemnity Insurance**

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

Unlike Health Boards, the IJB does not have any 'shared risk' exposure from participation in Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

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

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

### **1.12 Clinical and Medical Negligence**

The IJB provides clinical services to patients under the statutory responsibility of NHS Greater Glasgow and Clyde. In connection with this it is responsible for any claims for medical negligence arising within the services it commissions, up to a certain threshold per claim. For claims in excess of this threshold the Health Board and IJB are members of CNORIS established by the Scottish Government which reimburses costs to members where negligence is established.

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

### **1.13 Reserves**

Reserves are created by appropriating amounts out of revenue balances. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year so as to be included within the Income and Expenditure Statement. Movements in reserves are reported in the Movement in Reserves Statement. Reserves are classified as either usable or unusable reserves.

### **1.14 VAT**

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 as input tax and will seek to recover its full cost as Income from the Commissioning IJB.

## 2 Taxation and Non-Specific Grant Income

31 March 2018 £000	Taxation and Non-Specific Grant Income	31 March 2019 £000
99,568	NHS Greater Glasgow and Clyde Health Board	103,885
47,321	Inverclyde Council	49,653
<b>146,889</b>	<b>TOTAL</b>	<b>153,538</b>

### Health Board Contribution

The funding contribution from the Health Board above includes £16.439m in respect of 'set aside' resources relating to hospital services. 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 the level of demand placed on, these resources.

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

### 3 Related Party Transactions

The IJB has related party relationships with Greater Glasgow & Clyde Health Board and Inverclyde 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.

31 March 2018 £000		31 March 2019 £000
	<b>Transactions with NHS Greater Glasgow &amp; Clyde</b>	
(99,568)	Funding Contributions received	(103,885)
(1,865)	Service Income received	(2,151)
85,232	Expenditure on Services Provided	89,270
<b>(16,202)</b>	<b>TOTAL</b>	<b>(16,766)</b>
	<b>Transactions with Inverclyde Council</b>	
(47,321)	Funding Contributions received	(49,653)
(6,829)	Service Income received	(7,672)
68,515	Expenditure on Services Provided	72,605
<b>14,365</b>	<b>TOTAL</b>	<b>15,280</b>

31 March 2018 £000		31 March 2019 £000
	<b>Balances with NHS Greater Glasgow &amp; Clyde</b>	
0	Debtor balances: Amounts due to the NHS	0
0	Creditor balances: Amounts due from the NHS	0
<b>0</b>	<b>Net Balance with the NHS Board</b>	<b>0</b>
	<b>Balances with Inverclyde Council</b>	
0	Debtor balances: Amounts due to the Council	0
5,820	Creditor balances: Amounts due from the Council	7,298
<b>(5,820)</b>	<b>Net Balance with the Council</b>	<b>(7,298)</b>

Key Management Personnel: The non-voting Board members employed by the Health Board or Council and recharged to the IJB include the Chief Officer, Chief Financial Officer, representatives of primary care, nursing and non-primary services, and staff representatives. Details of remuneration for some specific post holders is provided in the Remuneration Report.

#### 4 IJB Operational Costs

31 March 2018 £000	Core and Democratic Core Services	31 March 2019 £000
152	Staff costs	194
32	Administrative costs	42
24	Audit fees	25
<b>208</b>	<b>TOTAL</b>	<b>261</b>

The cost associated with running the IJB has been met in full by NHS Greater Glasgow and Clyde and Inverclyde Council. For the 2018/19 Accounts this is combined within the gross expenditure for both partners.

#### 5 Short Term Debtors

31 March 2018 £000	Short Term Debtors	31 March 2019 £000
5,820	Other local authorities	7,298
<b>5,820</b>	<b>TOTAL</b>	<b>7,298</b>

Amounts owed by the funding partners are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

#### 6 Short Term Creditors

31 March 2018 £000	Short Term Creditors	31 March 2019 £000
(24)	Other local authorities	(17)
<b>(24)</b>	<b>TOTAL</b>	<b>(17)</b>

## 7 Movement in reserves

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

2017/18		2018/19			
Balance at 31 March 2018 £000		To be used by	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31 March 2019 £000
<b>SCOTTISH GOVERNMENT FUNDING</b>					
0	Mental Health Action 15	31/03/2020	0	98	98
0	Alcohol & Drug Partnerships	31/03/2020	0	235	235
<b>EXISTING PROJECTS/COMMITMENTS</b>					
43	Self Directed Support/SWIFT Finance Module	31/03/2020	0	0	43
26	Growth Fund - Loan Default Write Off	ongoing	1	0	25
49	Integrated Care Fund	ongoing	1,027	989	11
462	Delayed Discharge	ongoing	402	368	428
15	Veterans Officer Funding	-	15	0	0
69	CJA Preparatory Work	31/03/2020	57	100	112
22	Welfare Reform - HSCP	-	22	0	0
264	Service Reviews	31/03/2021	307	283	240
469	Primary Care Support	31/03/2020	469	241	241
55	Patient/Client Transport Coordinator Role	-	55	0	0
76	SWIFT Replacement Project	30/09/2019	49	0	27
66	LD - Integrated Team Leader	-	66	0	0
0	Rapid Rehousing Transition Plan (RRTP)	31/03/2020	0	30	30
0	Dementia Friendly Properties	tbc once strategy finalised	0	100	100
340	Contribution to Partner Capital Projects	ongoing	307	112	145
152	Continuous Care	ongoing	193	716	675
<b>TRANSFORMATION PROJECTS</b>					
1,461	IJB Transformation Fund	ongoing	414	1,458	2,505
310	Mental Health Transformation	ongoing	0	0	310
<b>BUDGET SMOOTHING/CONTINGENCY</b>					
1,112	Adoption/Fostering/Residential Childcare	ongoing	438	58	732
0	Advice Service Smoothing Reserve	ongoing	0	88	88
310	Prescribing	ongoing	0	0	310
496	Residential & Nursing Placements	ongoing	0	430	926
<b>5,796</b>	<b>Total Earmarked</b>		<b>3,821</b>	<b>5,306</b>	<b>7,281</b>
0	Contingency		0	0	0
<b>5,796</b>	<b>General Fund</b>		<b>3,821</b>	<b>5,306</b>	<b>7,281</b>

## 8 Expenditure and Income Analysis by Nature

31 March 2018 £000	Inverclyde Integration Joint Board	31 March 2019 £000
	<b>HEALTH SERVICES</b>	
21,570	Employee Costs	22,030
2	Property Costs	20
4,596	Supplies & Services	5,815
23,731	Family Health Service	25,547
18,817	Prescribing	18,394
16,439	Set Aside	16,439
(1,865)	Income	(1,171)
	<b>SOCIAL CARE SERVICES</b>	
27,203	Employee Costs	28,372
1,130	Property Costs	1,028
1,042	Supplies & Services	1,242
371	Transport	411
1,084	Administration	770
37,553	Payments to Other Bodies	40,568
(6,828)	Income	(7,672)
	<b>CORPORATE &amp; DEMOCRATIC CORE/IJB COSTS</b>	
152	Employee Costs	194
32	Administration	42
24	Audit Fee	25
<b>145,052</b>	<b>TOTAL NET EXPENDITURE</b>	<b>152,053</b>
(146,889)	Grant Income	(153,538)
<b>(1,837)</b>	<b>SURPLUS ON PROVISION OF SERVICES</b>	<b>(1,485)</b>

## 9 External Audit Costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's Code of Audit Practice in 2018/19 are £25,000. There were no fees paid to Audit Scotland in respect of any other services.

## 10 Post balance sheet events

None.

## 11 Contingent assets and liabilities

There are equal pay claims pending against both the Council and Health Board. Since the IJB is not the employer for any of the staff in question it is not financially liable for any amounts due.

## 12 New standards issued but not yet adopted

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

# Independent Auditor's Report

**Independent Auditor's Report** to the members of Inverclyde IJB and the Accounts Commission for Scotland

REPORT TO BE ADDED AFTER AUDIT CONCLUDED