

Title/Subject: Integration Joint Board Financial Report

Meeting: Integration Joint Board

Date: 3 February 2017

Submitted By: Chief Finance Officer

Action: Decision

1. INTRODUCTION

- 1.1 The purpose of this report is to provide the IJB with an overview of the financial position of the Health and Social Care Partnership. This report has been prepared based on information supplied by the finance teams within Falkirk Council and NHS Forth Valley and on the basis of financial reporting arrangements and format agreed through the Finance Workstream.
- 1.2 The IJB will normally receive a financial report at each meeting.

2. RECOMMENDATIONS

The Integration Joint Board is asked to:

- 2.1. note the financial position of a reported overspend of £0.942m for the period ended 30 November 2016
- 2.2. note the reduction in the current projected overspend for the year to 31 March 2017 from £0.872m, as reported to the December IJB meeting, to £0.730m
- 2.3. note the anticipated use of Integration funding to cover the projected Adult Social Care Services overspend. This has been in place since the report presented to the 5 August meeting of the IJB and the IJB has previously approved this being met from the Integration Fund.
- 2.4. note the current position on savings programmes and other updates detailed in Section 5 of this report
- 2.5. note the update in relation to the implementation of the Living Wage as detailed in Section 7 of this report
- 2.6. note that an update on the 2017/18 Budget will be presented to the IJB in the form of a presentation
- 2.7. note the feedback received on 2017/18 budget proposals
- 2.8. note the post due diligence update on Community Hospitals as detailed in Section 9 of this report

- 2.9. note the update in relation to VAT and IJBs as detailed in Section 10 of this report
- 2.10. the IJB are asked to approve the holding of a special meeting in March 2017 for the primary purpose of considering the 17/18 budget.

3. BACKGROUND

- 3.1 The IJB agreed the initial budget for the Partnership for 2016/17 at its meeting of 24 March 2016.
- 3.2 The IJB approved the Recovery plan to address the projected overspend in Adult Social Work Budgets at the meeting of 3 June 2016 and a financial report and initial budget recovery plan update at its meeting on 5 August 2016.

4. FINANCIAL REPORT FOR PERIOD TO 30 NOVEMBER 2016

Summary of Financial Position

- 4.1 The summary financial position relating to IJB budgets for the period ended 30 November 2016 is a net overspend of £0.942m consisting of
- A £0.486m year to date overspend on budgets delegated to Falkirk Council
 - A £0.456m year to date overspend on budgets delegated to NHS Forth Valley consisting of, £0.305m underspend on the Operational Management budget and a £0.762m overspend on the budget relating to Universal Health Services.
- 4.2 Based on financial performance to date, known issues which will affect the financial position over the remainder of the year and anticipated impact of measures to deliver savings and efficiency programmes an overspend of £0.730m is projected for the full financial year. Further information is detailed in Section 4 of this report.

A summary of the movement in projected outturn from the previous financial report is detailed in Table 1 below.

Table 1: Summary of Movement in Projected Outturn

SUMMARY FINANCIAL POSITION	Projected Outturn @ 31 October 2016 £m (Over)/Underspend	Projected Outturn @ 30 November 2016 £m (Over)/Underspend	Movement £m (Over)/Underspend
Budgets Delegated to Falkirk Council	(0.872)	(0.730)	0.142
Budgets Delegated to NHS Forth Valley	0.000	0.000	0.000
TOTAL	(0.872)	(0.730)	0.142

The reduction in the projected overspend from the level reported in the report to the December IJB totals £0.142m and consists of:

- Reduction in Adult Social Care Projected Overspend £0.142m

The projection is now less than the £0.896m approved from the Integration Fund by the IJB at its meeting of 5 August 2016 and the impact of this on the balance of the Integration Fund remaining is illustrated in section 6.2 of this report.

Changes to Partnership Budget

- 4.3 The initial budget agreed by the IJB in March 2016 totalled £200.078m. Changes to these initial budgets/payments detailed in the report to the IJB meeting on 5 August 2016 brought the budget to a total of £205.979m consisting of a payment from Falkirk Council of £61.926m, Set Aside budget and payment from NHS Forth Valley of £136.040m and Partnership Funding totalling £8.013m.

Table 2

Change in Payment from Falkirk Council

	£m
Payment at 31 October 2016	62.253
Change in Payment	0.000
Payment at 30 November 2016	62.253

Table 3

Change in Payment and Set-Aside from NHS Forth Valley

	£m
Set Aside and Payment @ 31 October 2016	138.073
Partnership Funding to Match Expenditure	0.198
Winter Plan Funding	0.259
Correction of Previous Adjustment re Complex Care	0.187
Other Budget Adjustments	0.053
Revised Set Aside and Payment @ 30 November 2016	138.770

Current Position

- 4.4 There are a number of budget pressures some of which are a continuation of overspends in previous years and some which related to emergent financial pressures in year and delivery of savings and efficiency programmes.

Significant Areas of Financial Pressure in relation to Delegated Budgets

4.5. The most significant areas of financial pressure are:

4.5.1. within the budgets delegated to Falkirk Council:

- Demand for Care at Home Packages. The number of externally purchased hours supplied in the period has increased by circa 5.7% on a year on year basis which illustrates a slowing in the rate of increase from 6.5%. The current projected overspend in this budget is £1.376m and the budget covers both external purchasing and services organised by community care teams.
- Demand for and costs of Residential and Nursing Home Care which are currently projected to overspend by £0.596m. This projection continues to reduce from previous reports due to the projected impact of ongoing work in negotiating and harmonising rates for external providers.
- Costs of Care Packages in Transition from Children's to Adult Services. £0.320m is included within the projections. There remains a risk that an additional case in transition may further increase this cost however the potential impact in the current year is not anticipated to have a material impact in the current financial year.
- Costs of providing care packages for patients being discharged from the Lochview Learning Disability inpatient facility of £0.191k in the current financial year and £0.344k for a full year.
- Net savings unlikely to be achieved in year totalling £0.270m
- These areas of financial pressure are partially offset by underspends in relation to some in-scope functions.

4.5.2. within the budgets delegated to NHS Forth Valley

- It should be noted the Set Aside budget will be reported annually as part of the annual financial statement in line with the financial reporting protocol agreed through the finance workstream. Where significant financial pressures are emerging in relation to the Set-Aside budget these will be reported via the narrative within future financial reports.

In relation to the reporting period financial pressures in relation to the Set Aside budget are notable in relation to Accident & Emergency Services, Geriatric Medicine, Learning Disability Inpatients and Mental Health Inpatient Services. These financial pressures are reflective of demand and cost pressures across the system.

- The Operational element of the budget is reporting an underspend position of £0.305m for the period. There are a range of over and underspends within this area including underspends in Community Addictions, Learning Disability and Mental Health Services and the

significant financial risks relating to the costs of joint funded complex care packages and delivery of recurrent cash releasing savings.

- The Universal and Family Health Services element of the budget is reporting an overspend of £0.762m for the period due to phasing of savings plan delivery and anticipated volume increase on prescribing. Prescribing costs are included in the Community Pharmaceutical Services budget line which is reporting an overspend for the period of £0.966m and is partially offset by year to date reported underspends in Primary Medical Services and GP Out of Hours Services. Due to a two month time lag actual prescribing data the current position is based on actual data for September and estimates for October and November.
- Overall NHS Forth Valley are projecting that a balanced financial position for the year is achievable. This is, however, dependent on continued efforts to reduce costs, realise cash releasing efficiency savings and manage significant areas of financial risk around complex care packages, prescribing and staffing costs. Current expenditure trends, however, suggest in relation to prescribing costs that there is a possibility of an overspend in relation in-scope budgets for the Falkirk Partnership.

However, in line with the extant direction NHS Forth Valley are required to manage services within the resources delegated therefore a breakeven projection has been assumed for the purposes of this report.

Detailed financial summaries of the in-scope Falkirk Council and NHS Forth Valley budgets are attached at Appendix 1 and 2 to this report.

5. SAVINGS PROGRAMME AND OTHER UPDATES

5.1 High Risk Savings

The financial report presented to the IJB on 5 August 2016 detailed the high or red risk areas in relation to savings delivery across IJB functions which totalled £0.853m. This is against a quantum of savings programmes for 2016/17 totalling £4.5m.

The savings delivery programmes considered to be high or red risk in 2016/17 are incorporated within the projected outturns. The implications of these savings are being considered within financial planning for 2017/18 where relevant.

6. INTEGRATION FUND

- 6.1 As previously reported the Integration Fund was allocated to partnerships within the 2016/17 budget settlement as a share of £250m nationally to support cost and demand pressures in Social Care including the impact of implementing the Living Wage from 1 October 2016.

- 6.2 The Falkirk Partnership's share of this funding totals £7.070m.

Taking into account previous commitments against this funding and the current projected overspend in Adult Social Care Services the current position in relation to this funding is detailed in Table 5 below. Per the IJB Business Case it is proposed to create a reserve with any remaining funding from this source in 17/18 as part of prudent financial planning and in line with the IJBs reserves policy.

Table 5

INTEGRATION FUND	£m
Partnership Allocation	7.070
Commitments	
Living Wage from 1 October 2016 & Other Cost Pressures	3.540
Assumption per IJB Initial Budget Setting	1.000
Allocation per 16/17 Budget Recovery Plan	1.000
Requirement to Meet Projected Overspend Per 5 Aug IJB	0.896
Adjustment to Current Projected Adult Social Care Overspend	-0.166
Discharge to Assess Funding per 7 October IJB	0.100
Balance Remaining	0.700

7. LIVING WAGE UPDATE

- 7.1 At the meeting of the IJB on 5 August 2016, delegated authority was provided to the Head of Procurement & Housing Property (Falkirk Council) to engage with providers in order to implement the payment of the Living Wage in externally commissioned adult social care services.

Extensive engagement with providers has been undertaken and arrangements have now been concluded with all providers to pay their employees the Living Wage, effective from October 2016. These arrangements have been concluded within the parameters agreed by the IJB and the additional funding provided to the Falkirk Partnership. Work is now on-going with providers to monitor the implementation of the revised payment arrangements and their effectiveness.

The 2017/18 Local Government Finance settlement announced in December 2016 has base-lined the 2016/17 funding of £250m and increased this by a further £107m for 2017/18. This sum will once again be allocated to Integration Joint Boards via NHS Boards. Individual IJB level allocations were received on 18 January 2017. The additional £107m is to meet the full year costs of delivering the living wage, sleepovers and sustainability and removal of social care charges for those in receipt of war pensions along with pre-implementation work in respect of the new carer's legislation pressures.

Falkirk Partnerships allocations are as follows:

Share of £100m provided in NHS Board baseline allocation	£2.84m
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Share of additional £7m for War Pensioners and Pre-Implementation planning for Carers Act	£0.20m
TOTAL	£3.04m

Initial review suggests that the funding provided will be sufficient to cover the full year costs of the living wage for Falkirk Health and Social Care Partnership, but further analysis is being conducted. Further detail on this will be presented to the IJB within the budget update.

8. 2017/18 BUDGET UPDATE

8.1 2017/18 Budget

To allow for further analysis of the implications of the Scottish Draft Budget 2017/18 and considerations of Falkirk Council in relation to the IJB business case the budget update to the IJB will take the format of a presentation.

8.2 Feedback on IJB Budget Proposals

The IJBs budget proposals have been available to view and comment on via Falkirk Councils website since 15 December 2016. There has been 513 page views in this time with 7 responses being provided via the website through 'Survey Monkey' and one response provided directly to Falkirk Council via email. A summary of the responses is attached as Appendix 3.

9. POST DUE DILIGENCE ISSUES UPDATE

9.1 Community Hospitals

As previously highlighted to the post due diligence issue in relation to Community Hospital budgets reported to and discussed at the Finance Workstream meeting on 2 December 2016.

The issue was discussed fully and it was agreed with Finance Leads and Chief Officers that the as the current budget treatment meant that both budget and associated costs were placed within the Partnership where the beds are physically located this was both cost neutral to the IJB's budget and financial position. This was agreed to be consistent with both the ethos of the partnerships and efficient use of available bed capacity across Forth Valley and therefore all officers involved in the discussions are now comfortable that the treatment is appropriate.

As all community hospital sites have a degree of use across the Forth Valley population the use of bed capacity and associated costs will be monitored as part of ongoing performance arrangements of the partnership.

10. VALUE ADDED TAX (VAT) and IJBs

A further position letter has been issued by HMRC in relation to VAT Treatment on services provided by the partners. A copy of the HMRC letter is appended to this report as Appendix 4.

In summary the main points from the letter are:

- Where staff are supplied by the Health Board (HB) or Local Authority (LA) to deliver the delegated functions and there are no recharges made there is no consideration and as such no supply for VAT purposes.
- The secondment of the Chief Officer is outside the scope of VAT as the provision of a Chief Officer by a HB and/or LA is done under a special legal regime. This is the extant position on this issue and further clarity in relation to IJB Chief Finance Officers is being sought.
- In relation to support services, where such costs are part of government's funding to the partnership bodies (HB & LA) and are not payment by the accountable body (IJB) for services they would be outside the scope of VAT.

11. CONCLUSIONS

- 11.1 This financial report illustrates an ongoing moderate improvement in the underlying financial position within a challenging financial climate.
- 11.2 Efforts require to continue across all in-scope services to manage cost pressures, deliver savings programmes and deliver services within resources available. Significant effort and management attention is required to ensure the moderately improving financial position detailed in this report continues in the coming months and supports planning and delivery of financially sustainable service provision going forward.

Resource Implications

As detailed within the body of the report.

Impact on IJB Outcomes and Priorities

The financial resources detailed in this report reflect the resources available to support the delivery of the strategic plan.

Legal & Risk Implications

Financial Risks are detailed within the body of the report'

Consultation

The IJB Chief Officer, Chief Finance Officer of Falkirk Council and Director of Finance of NHS Forth Valley have been consulted on the content of this report.

Equalities Assessment

There are no equalities issues directly arising.

Approved for submission by: Patricia Cassidy, Chief Officer

Author – Ewan C. Murray, Chief Finance Officer

Date: 20 January 2016

List of Background Papers: The papers that may be referred to within the report or previous papers on the same or related subjects.

24 March 2016 Integration Joint Board Budget

2 June 2016 Budget Recovery Plan

Previous IJB Financial Reports

18 November 2016 IJB 2017/18 Business Case

**APPENDIX I - BUDGETS DELEGATED TO
FALKIRK COUNCIL
POSITION @ 30 November 2016**

	ANNUAL BUDGET			YTD ACTUALS			FORECAST FOR FINANCIAL YEAR	
	£m	£m	£m	£m	£m	£m	£m	£m
	INITIAL ANNUAL BUDGET	BUDGET ADJUSTMENTS	REVISED ANNUAL BUDGET	YEAR TO DATE BUDGET	YEAR TO DATE EXPENDITURE	YEAR TO DATE VARIANCE	FORECAST EXPENDITURE	FORECAST VARIANCE
Older People	3.025	(0.146)	2.879	1.919	1.962	0.043	2.815	0.064
Mental Health	0.598	(0.010)	0.588	0.392	0.463	0.071	0.481	0.107
Learning Disability	0.298	(0.014)	0.284	0.189	0.193	0.004	0.278	0.006
Physical Disability	0.639	(0.031)	0.608	0.405	0.414	0.009	0.595	0.013
Adult Support and Protection	0.209	(0.021)	0.188	0.125	0.186	0.061	0.097	0.091
Carers	0.208	0.000	0.208	0.139	0.146	0.007	0.197	0.011
Care at Home	21.264	8.384	29.648	19.765	18.848	(0.917)	31.024	(1.376)
Residential Care	18.871	2.859	21.730	14.487	14.089	(0.397)	22.326	(0.596)
Respite Care	1.268	0.010	1.278	0.852	1.061	0.209	0.964	0.314
Day Care/ Services: PD,LD,OP,MH	3.710	0.149	3.859	2.573	2.909	0.336	3.355	0.504
MECS/Telecare/Telehealth	0.439	0.043	0.482	0.321	0.334	0.013	0.463	0.019
Housing with Care/Sheltered Accommodation	6.836	(5.755)	1.081	0.721	0.701	(0.020)	1.111	(0.030)
Shopping Service	0.012	0.001	0.013	0.009	(0.016)	(0.025)	0.050	(0.037)
Equipment and Adaptations	0.415	0.000	0.415	0.277	0.347	0.071	0.309	0.106
Advocacy	0.096	0.000	0.096	0.064	0.064	0.000	0.096	0.000
Sensory Team	0.440	0.008	0.448	0.299	0.366	0.067	0.347	0.101
Mental Health Team	0.264	0.017	0.281	0.187	0.183	(0.004)	0.287	(0.006)
Learning Disability Team	0.552	0.016	0.568	0.379	0.309	(0.069)	0.672	(0.104)
JLES	0.152	0.165	0.317	0.211	0.213	0.001	0.315	0.002
Day Care/Centre: MH	0.160	0.003	0.163	0.109	0.159	0.051	0.087	0.076
Sensory Resource Centre	0.090	0.001	0.091	0.061	0.073	0.012	0.073	0.018

Voluntary Organisations	0.393	(0.031)	0.362	0.241	0.233	(0.008)	0.374	(0.012)
Garden Aid	0.000	0.489	0.489	0.326	0.326	0.000	0.489	0.000
Housing Aids and Adaptations	1.200	0.000	1.200	0.800	0.800	0.000	1.200	0.000
Improvement Grants	0.327	0.000	0.327	0.218	0.218	0.000	0.327	0.000
IJB Board	0.000	(5.350)	(5.350)	(3.567)	(3.567)	0.000	-5.350	0.000
TOTAL LOCAL AUTHORITY BUDGETS	61.466	0.787	62.253	41.502	44.582	(0.486)	62.983	(0.730)

Notes:

1. Breakdown of Falkirk Council's contribution to IJB as

General Fund payment to IJB	£58.939	£0.573	£59.512
HRA Payment to IJB	£1.200	£0.214	£1.414
Demographic Pressure (Integration Funding)	£1.000	£0.000	£1.000
Capital	£0.327	£0.000	£0.327
	£61.466	£0.787	£62.253

2. Year To Date expenditure and Year To Date variance is calculated on pro rata basis.

APPENDIX 2

BUDGETS DELEGATED TO NHS FORTH VALLEY

		Annual Budget 30th November 2016	Budget to date	Actual	Variance (over) / under spend
		£m	£m	£m	£m
<u>Operational</u>					
8	District Nursing Services	4.111	2.740	2.866	(0.125)
9	Community Addiction Services	2.949	2.000	1.880	0.120
10	Community Based AHP Services	6.224	4.122	4.194	(0.072)
11	Public Dental Service	1.046	0.698	0.717	(0.019)
17	Services provided outwith a hospital in relation to geriatric medicine	1.364	0.898	0.817	0.081
18	Palliative Care (delivered in Community)	0.055	0.037	0.050	(0.013)
19	Community Learning Disability Services	0.811	0.540	0.432	0.108
20	Community Mental Health Services	4.921	3.242	3.104	0.138
21	Continence Services	0.193	0.129	0.113	0.016
23	Services Provided by health professionals that aim to promote public health	1.404	0.914	0.873	0.041
24	Community Hospitals	6.419	4.247	4.255	(0.008)
Rtrs	Resource Transfer	11.253	7.502	7.502	(0.000)
JPA	Joint Partnership Agreements	2.312	1.529	1.490	0.039
	Partnership Funds (ICF/ Delayed Discharge / Bridging)	1.627	1.567	1.567	(0.000)
Subtotal - Operational Management		44.689	30.165	29.860	0.305
<u>Universal</u>					
12	Primary Medical Services (GMS Contract)	21.780	13.691	13.508	0.183
13	Primary Dental Services (GDS Contract)	8.555	5.389	5.399	(0.010)
14	Community Ophthalmic Services	2.957	1.981	1.981	(0.000)
15	Community Pharmaceutical Services	34.484	23.237	24.203	(0.966)
16	GP Out of Hours Services	1.370	0.849	0.817	0.032
Subtotal - Operational Management		69.146	45.147	45.908	(0.762)
TOTAL FALKIRK IJB		113.835	75.312	75.769	(0.456)
PROJECTION FOR FINANCIAL YEAR					0.000

NOTES:

- 1 The annual budget illustrated above plus set aside budget of £24.935m equals the total set aside and payment from NHS Forth Valley.
- 2 The set aside budget will be reported annually as part of annual reporting requirements.
- 3 The forecast takes account of the extant direction requiring NHS Forth Valley to deliver integration functions within resources delegated.

APPENDIX 3

Summary of Responses to Budget Proposals

A) Responses received through 'Survey Monkey' via website.

Total Responses	7
Comments Relevant to IJB Budget Proposals	2

One comment referred to Oakbank closure asking for clarity on what proposal means in practice and one relating to pay rates for carers and the charging policy not wholly covering costs.

B) Responses received through direct email.

Total Responses	1
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The email response was detailed and generally supportive of the proposals/ Specific commentary related to:

- Early Intervention and Prevention – specially how citizens can take more personal responsibility for own health and wellbeing.
- Review of high cost care packages and charging policy
- Care at Home and the concept of Kinship Carers *“Could the concept of NHS paid kinship carers apply in contexts where posts cannot be filled and the person needing care cannot afford to pay for it ? For example a member of nuclear or extended family lives close enough and is able and/or willing to take on at least some of the care responsibility and be paid for it . This will not always be possible and would only work where both parties are happy about the arrangement.”*
- Efficiencies through real-time monitoring *“Seems reasonable”*
- Garden Aid *“so financial as well as social assessment will be required and is reasonable” “Family members could support and facilitate the older / disabled person’s access to garden services if not able or willing to provide the service themselves.”*
- Day Services for Older People *“Many older people much prefer the option of remaining in their own homes and the reality is that this is much more cost effective than residential care. With the right supports and services this can work” “Seems reasonable and assume most reasonable people will see the logic and fairness in this”*
- In House and External Residential Care *“ Hierarchy of services and interventions ranging from paid for or subsidised: family support/care; community care; part-time care at home; full time care at home; tele-care at home; overnight care at home; part–time residential care; full-time residential care relative to level of need and social/financial assessment. Attendance allowance, self-directed support and personal independence payments where appropriate.”*
- Increase Income Through Charging Policy *“Reasonable and fair to do this. The reality is that if we are able bodied and have mental capacity and the financial means then we use our income to pay for our own care anyway. Reasonable for that to continue where it is possible”*



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Date 28 November 2016
Our ref

Dear Stewart

Integration Joint Board (IJB) VAT Treatment on services provided by the partners

With reference to your letters of 15 and 29 June 2016 and our meeting on 21 June 2016, please find enclosed our decision in relation to the VAT treatment of the exchanges of staff between the Health board (HB) and Local Authority (LA), when under the direction of the Integrated Joint Board (IJB).

Firstly, please be aware that this opinion is given based on the information available to us at this particular moment in time. If any of the IJB/LA/HB's involved should deviate or have differing situations to those highlighted here, please contact HMRC so we can discuss further.

On 21st we established that the following scenarios were occurring across the functioning IJB's interviewed;

- i) The supply of these services is seen as part of the party's statutory obligation/contribution to the IJB, so the LA/HB have not recharged for any costs incurred. They see this as now being part of the culture/everyday element of people's job roles rather than an 'extra'.
- ii) The IJB have apportioned the funding to cover the costs of the provision of a delegated service proportionately, e.g. 40% to one party and 60% to the second party, so ensuring that each party's costs are covered.
- iii) Where one party receives 100% of the funding from the IJB for the delegated service, but requires resources from the second party to complete the service, the second party has recharged the first party, i.e. the party receiving 100% of the funding, for the supply of those services.

To address each in turn;

- i) Where staff are supplied by the HB or LA to deliver the delegated functions and there are no recharges made, there is no consideration and as such no supply for VAT purposes.

- ii) As the funding has been apportioned there should be no need to raise a recharge and therefore the same principle applies as above.
- iii) Where a recharge for the supply of staff is raised, this does attract VAT and should be charged as appropriate.

Other scenarios discussed

- i) It was advised that one partnership had recruited a number of people, specifically and wholly, to deal with the administration/day-to-day functioning of the IJB. These people were recruited internally from the LA/HB and externally, ultimately those recruited chose to take employment contracts with the LA. The Partnership advised that the LA were currently recharging the HB for 50% of the cost of these people.

It wasn't clear whether the LA received funding from the IJB to cover the cost of these individuals. If they do not receive any funding from the IJB then recharging the HB for this cost should attract VAT, and they are correct in applying VAT to the recharge. If the LA do receive funding or alternative, retain funds to cover this cost from the IJB, then I do not understand why they need to recharge the HB for 50% of the cost.

- ii) We were also advised that one partnership was raising a 50% recharge plus VAT in relation to the Chief Officer position/cost.

I have already confirmed that the secondment of the Chief Officer is outside the scope of VAT as the provision of a Chief Officer by and HB and/or LA to the IJB is done under a special legal regime. Therefore the LA/HB should not be charging VAT to the other party on this supply as it outside the scope of VAT.

Support services

My apologies for any confusion caused, I don't recall referring to the support services as falling outside the scope of VAT due to an SLR but do stand by my initial advice for their treatment based on the outcome of *West Central Halifax Partnership Ltd (MAN/98/262)*, i.e. the Tribunal's conclusion was that any money used to pay for the WCHPL administration costs were part of government's funding to the partnership bodies, including WCHPL. They were not payment by the accountable body for services and would therefore be outside the scope of VAT. Please ensure that this is accounted for correctly and that there is no cross over into the supply of staff, which could attract the VAT treatments, as explained above.

I hope this clarifies the appropriate treatments the IJB parties need to apply going forward.

As advised above, should you be aware of any alternative practises/methods of accounting are occurring, please let me know so we can discuss further.

Yours sincerely

Helen Wilkinson
Customer Relationship Manager