



Falkirk
Health and Social Care
Partnership

Falkirk Integration Joint Board

Annual Accounts (Unaudited) 2016/17



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Management Commentary

Introduction

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. This established the framework for the integration of health and adult social care in Scotland, to be governed by Integration Joint Boards (IJB's) with responsibility for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

Following approval from Falkirk Council and the Forth Valley Health Board (NHS Forth Valley), the Integration Scheme, the formal legal partnership agreement between the three constituent organisations, was submitted to Scottish Ministers on 24 June 2015. On 3 October 2015 Scottish Ministers legally established the Falkirk Integration Joint Board.

On 1 April 2016 health and social care functions per the Integration Scheme were formally delegated to the Integration Joint Board. Therefore, financial year 2016/17 represents the first full year of operations for the Falkirk Integration Joint Board. This delegation of functions and services in scope means the Integration Joint Board taking responsibility for the strategic planning and commissioning of adult social care service provision, of Community and Family Health Services relating to in-scope functions, and for large hospital services planning with partners who will continue to manage and deliver the services as part of the pan Forth Valley structures.

This publication contains the financial statements for the financial year from 1 April 2016 to 31 March 2017.

Falkirk Health and Social Care Partnership Strategic Plan

Falkirk Integration Joint Board agreed its Strategic Plan 2016-2019 on 24 March 2016. The Strategic Plan sets out the Partnerships strategic vision "To enable people to live full, independent lives within supportive communities".

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

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

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

Principal Activities

During 2016/17 the key activities of Falkirk Integration Joint Board included:

- Issuing of Directions to Falkirk Council and NHS Forth Valley for their respective delegated functions from 1 April 2016, as set out in the Integration Scheme. The Directions are the mechanism by which the Integration Joint Board instructs the constituent authorities to carry out the delegated functions. These documents set out how the Integration Joint Board expect the constituent bodies to deliver each function, and spend Integration Joint Board resources, in line with the Strategic and Financial Plans.
- Developing and agreeing a strategic whole systems approach to delivery of health and social care services including a frailty pathway, discharge to assess and development of Reablement services.
- Establishing and further developing financial, risk and performance reporting frameworks as part of the corporate governance arrangements for the Integration Joint Board.
- Developing the Integration Joint Boards relationship with the Falkirk Community Planning Partnership through representation by the Chief Officer and an IJB member on the Community Planning Leadership Board and having oversight of the Strategic Priority for 'Mental Health and Wellbeing' and the local outcome on 'People Live Full, Independent and Positive Lives within Supportive Communities' within the Strategic Outcomes Local Delivery (SOLD) plan.
- Establishing and agreeing terms of reference for the Integration Joint Board Audit Committee
- Agreeing a Market Facilitation Plan
- Preparation and Approval of a 2017/18 IJB Business Case in line with national guidance setting out, based on best information at that point in time, demand and cost pressures and efficiency and savings proposals.
- Undertaking a review of the utilisation and effectiveness of deployment of Partnership Funding allocated to the partnership from Scottish Government.
- Implementing the Scottish Living Wage in Adult Social Care
- Approving service changes in relation to Learning Disabilities and Mental Health Services in line with the priorities of the Strategic Plan
- Approving Joint Commissioning arrangements for Advocacy Services
- Agreeing the budget for financial year 2017/18 taking account of the challenging financial environment facing the constituent authorities and the Partnership

2016/17 Annual Accounts

The Accounts report the financial performance of the Integration Joint Board. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the Integration Joint Board's vision and its core outcomes as expressed within the Strategic Plan. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2016/17 Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2016/17 and the Local Authority Accounts (Scotland) Regulations 2014.

The majority of the surplus declared in the accounts is a result of utilisation of the financial regime of the Integration Joint Board to manage the timing of specific resource allocations from Scottish Government between financial years to achieve optimal impact from the use of available resources.

The Integration Scheme sets out the arrangements for managing financial risk in the first year of operations, the use of which has enabled the creation of a general reserve into 2017/18 to assist in managing financial risks and unforeseen events with a financial consequence. However, going forward it is paramount that service delivery across the partnership ensures service delivery is within resources available.

Performance

The Integration Joint Board continues to develop a performance management culture throughout the Partnership. A significant amount of progress has been made over the year in the development of performance management and reporting arrangements following the approval of the Integration Joint Board's Performance Framework in March 2016.

The Integration Joint Board now receives a performance report at each meeting which along with financial reporting gives a rounded view of the overall performance and financial sustainability of the partnership. The triangulation of key performance indicators, measureable progress in delivering the priorities of the strategic plan and financial performance is regarded as forming the cornerstone of demonstrating best value. Further detail on the partnerships performance will be published in our 2016/17 annual report.

Financial Outlook, Risks and Plans for the Future

The Partnership has faced significant financial challenges in its first full year of operations requiring the development and monitoring of budget recovery plans as efforts have continued to align service delivery with the changes required to implement the Strategic Plan priorities and key local and national performance indicators with resources available.

The initial 2017/18 Revenue Budget agreed by the IJB on 30 March 2017 set out the key financial risks and significant challenges for the year, including the identification and delivery of sufficient savings and efficiency programmes to produce a balanced budget position, and the requirement for a budget recovery plan to be brought forward.

The Partnership has a significant financial challenge ahead to deliver improved outcomes for patients/service users, unpaid carers and communities in a climate of growing demand with finite resources.

Additional funding of £250m was allocated by the Scottish Government for Health and Social Care Partnerships for 2016/17 with a further £107m being allocated in 2017/18 to help address cost pressures in social care including the impact of changes in demography, implementation of the Scottish Living Wage, disregard war pension income from financial assessments for care packages and preparation for the implementation of the Carers Act from 1 April 2018.

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

The expanding fiscal responsibilities of the Scottish Parliament means that ongoing public expenditure in Scotland will be more directly affected by the performance, and therefore tax revenues, of the Scottish economy.

In addition to economic performance, other factors will influence the availability of funding for the public sector including, notably, the ongoing economic uncertainty in relation to the UK's decision to leave the European Union (EU) commonly referred to as 'Brexit'.

The most significant risks faced by the Integration Joint Board over the medium to longer term can be summarised as follows:

- Continued economic uncertainty, and resultant effect on public spending, in the wake of the result of the UK's decision to leave the European Union(EU)
- Increasing demand for and cost of health and social care services linked to demographic change including an ageing and increasing population with multiple and complex long term conditions; linked to this is the risk of additional service demand linked to implementation of the Carers Act from April 2018
- The health inequalities between the affluent and more deprived areas and the challenges of deprivation, housing and employment;
- The wider financial and economic environment, with significant ongoing restraint in public expenditure anticipated in future years;
- The need to maintain and improve the quality of services and improve outcomes for service users, unpaid carers and communities; and
- Workforce challenges including the ageing workforce and issues around recruitment and retention of elements of the health and social care workforce.

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

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

This will ensure a joint contribution to encouraging, supporting and maintaining the health and wellbeing of people who live in our community. This will assist the partnership in addressing the challenges faced.

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

focused on areas of greatest need delivering the best outcomes to our service users and patients, and that crucially we harness the capacity of local communities to support the wider preventative, health and wellbeing outcomes.

The Integration Joint Board's Strategic Plan describes our plans for the future, and how we will move towards delivering on our priorities, setting out the context, challenges, priorities and action plans for the new Health and Social Care Partnership for the period 2016-2019.

The Partnerships strategic plan and associated documents can be accessed here:

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

Conclusion

In this first year of operations the Partnership has taken responsibility for delegated functions and made significant further progress in the planning and delivery of the Partnerships' Strategic Plan.

Going forward, the Falkirk Health and Social Care Partnership will continue to face significant financial challenges in delivering better outcomes for its patients and service users, in line with its Strategic and Financial Plans, in a climate of growing demand within finite resources.

In order to achieve this we must continue to identify and implement more innovative ways to deliver customer focused services cost effectively, by driving service improvement and organisational change within the Partnership through a structured approach to managing change, optimising the use of change and improvement competencies and developing and sharing best practice throughout the Partnership.

We will continue to work with staff, managers, services, partners and our communities to lead and support service redesign reviews, to identify and implement innovative, cost effective and person centred, outcomes focused service delivery models and pathways, and contribute to the delivery of the Partnership's Strategic Plan within resources available.

Where to Find More Information

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

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

Julia Swan
Chair
XX September 2017

Patricia Cassidy
Chief Officer
XX September 2017

Ewan C. Murray
Chief Finance Officer
XX September 2017

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief 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 Accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit Committee on XX September 2017.

Signed on behalf of the Falkirk IJB

Julia Swan
Chair

XX/9/17

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).

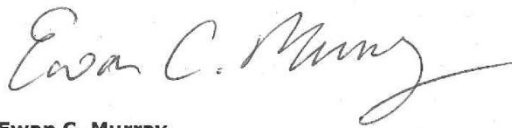
In preparing the Annual Accounts, the chief financial officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with 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 the Falkirk Integration Joint Board as at 31 March 2017 and the transactions for the year then ended.



Ewan C. Murray
Chief Finance Officer

29/6/17

Remuneration Report

Introduction

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

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

Voting Membership of the Integration Joint Board in 2016/17

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

Voting Membership of the Integration Joint Board during 2016/17 was as follows:

Falkirk Council

Councillor Allyson Black (Chairperson)
Councillor Linda Gow
Councillor Dennis Goldie

NHS Forth Valley

James King (Vice Chair), Non Executive Member of NHS Forth Valley Board
Alex Linkston, Chair of NHS Forth Valley
Julia Swan, Non Executive Member of NHS Forth Valley Board

Remuneration: Integration Joint Board Chair and Vice Chair

The voting members of the Integration Joint Board are appointed through nomination by Falkirk Council and NHS Forth Valley. Nomination of the Integration Joint Board Chair and Vice Chair post holders alternates between a Councillor and a 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 Integration Joint Board. The Integration Joint Board does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair and Vice Chair appointments and any remuneration and taxable expenses paid are shown below.

Taxable Expenses	Salary, Fees and	Name	Post(s) Held	Nominated by	Taxable Expenses	Salary, Fees and
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2015/16 £	Allowances 2015/16 £				2016/17 £	Allowances 2016/17 £
Nil	Nil	Councillor Allyson Black	Chair April 2016 to March 2017	Falkirk Council	Nil	Nil
Nil	Nil	Mr James King	Vice Chair April 2016 to March 2017	NHS Forth Valley	Nil	Nil
Nil	Nil	Total			Nil	Nil

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

Remuneration: Officers of the Integration Joint Board

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

Chief Officer

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

Other Officers

No other staff are appointed by the Integration Joint Board under a similar legal regime. The Integration Joint Board Chief Finance Officer also undertakes the Chief Finance Officer role for Clackmannanshire and Stirling Integration Joint Board.

Total 2015/16 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Total 2016/17 £
30,507 (FYE 103,102)	Patricia Cassidy Chief Officer 14 December 2015 to present	103,263	0	103,263
30,507	Total	103,263	0	103,263

FYE = Full Year Equivalent

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

The Integration Joint Board 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 Integration Joint Board. The following table shows the Integration Joint Board'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. It should be noted that the Chief Officer transferred in a previous scheme pension during 2016/17 and the impact of this is reflected in the figures contained in the table below.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/16	For Year to 31/03/17		Difference from 31/03/16	As at 31/03/17
	£	£		£000	£000
Patricia Cassidy	6,407	21,685	Pension	2	25
Chief Officer			Lump sum	0	21
Total	6,407	21,685	Pension	2	25
			Lump Sum	0	21

Disclosure by Pay Bands

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

Number of Employees in Band 2015/16	Remuneration Band	Number of Employees in Band 2016/17
0	£100,000 - £104,999	1

Exit Packages

There were no exit packages in relation to Falkirk IJB in financial year 2016/17.

Julia Swan
Chair

XX/9/17

Patricia Cassidy
Chief Officer

XX/9/17

Annual Governance Statement

Introduction

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

Scope of Responsibility

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

To meet this responsibility the IJB has established arrangements for governance 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 NHS Forth Valley and Falkirk Councils systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

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

The Governance Framework and Internal Control System

The Board of the Integration Joint Board comprises voting members, nominated by either NHS Forth Valley or Falkirk Council, as well as non-voting members including a Chief Officer appointed by the Board.

The main features of the governance framework in existence during 2016/17 were:

- The Integration Scheme
- Standing Orders
- Scheme of Delegation
- Financial Regulations and Reserves Policy and Strategy
- Integration Joint Board Audit Committee
- Clinical and Care Governance Arrangements
- Code of Conduct
- Complaints Protocol
- Information Security Policy

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2016/17 this included the following:

- Management information systems and regular monitoring reports, including performance and financial reporting
- Review of Financial Regulations and Reserves Policy and Strategy
- Established budget setting processes in line with the Integration Scheme

- Internal Audit Progress Report
- Data sharing arrangements
- Complaints Protocol

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 Head of Internal Audit reports directly to the Integration Joint Board Audit Committee with the right of access to the Chief Finance Officer, Chief Officer and Chair of the Integration Joint Board Audit Committee on any matter. The annual programme of internal audit work is based on a risk assessment, and is approved by the Integration Joint Board Audit Committee.

Review of Adequacy and Effectiveness

The Integration Joint Board is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

In 2016/17 this review was undertaken the following ways:

- Development, agreement and approval of a Scheme of Delegation (March 2017)
- Review of financial regulations and reserves policy and strategy (February 2017)
- A self assessment of the Integration Joint Boards corporate governance arrangements was completed by the Chief Officer and Chief Finance Officer. The self assessment will be presented to the Audit Committee in August 2017.

The further development of corporate governance arrangements identified from the self-assessment will be incorporated into an action plan which will be presented to and monitored by the Audit Committee going forward.

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 Integration Joint Board’s governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the Integration Joint Board’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.

Julia Swan
Chair
XX September 2017

Patricia Cassidy
Chief Officer
XX September 2017

Comprehensive Income and Expenditure Statement

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

Gross Expenditure £000	Gross Income £000	2015/16 Net Expenditure £000		Gross Expenditure £000	Gross Income £000	2016/17 Net Expenditure £000
			Large Hospital Services	24,987	0	24,987
			Community Health and Social Care Services	112,435	0	112,435
			Primary Care Services	70,033	0	70,033
80		80	IJB Running Costs	334	0	334
80		80	Cost of Services	207,789	0	207,789
	(80)	(80)	Taxation and Non- Specific Grant Income (Note 4)		(212,630)	(212,630)
80	(80)	0	(Surplus) or Deficit on Provision of Services	207,789	(212,630)	(4,841)
		0	Total Comprehensive Income and Expenditure			(4,841)

The Integration Joint Board was established on 3 October 2015. Commissioning of integrated health and adult social care services did not commence until 1 April 2016. Consequently the 2016/17 financial year is the first fully operational financial year for the Integration Joint Board and the figures above reflect this.

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

Movement in Reserves Statement

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

Movements in Reserves During 2016/17	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2016	0	0	0
Total Comprehensive Income and Expenditure	(4,841)	0	(4,841)
Adjustments between accounting basis and funding basis under regulations(*)	0	0	0
(Increase) or Decrease in 2016/17	(4,841)	0	(4,841)
Closing Balance at 31 March 2017	(4,841)	0	(4,841)

Movements in Reserves During 2015/16	General Fund Balance	Unusable Reserves	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2015	0	0	0
Total Comprehensive Income and Expenditure	0	0	0
Adjustments between accounting basis and funding basis under regulations (*)	0	0	0
(Increase) or Decrease in 2015/16	0	0	0
Closing Balance at 31 March 2016	0	0	0

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 2016 £000	Notes	31 March 2017 £000
5	Short term Debtors	4,891
5	Provision for Bad Debts	(50)
5	Current Assets	4,841
(5)	Short-term Creditors	0
	Current Liabilities	
0	Provisions	0
	Long-term Liabilities	
0	Net Assets	4,841
0	Usable Reserve: General Fund	(4,841)
0	Unusable Reserve:	0
0	Total Reserves	(4,841)

The unaudited accounts were issued on 29 June 2017.



Ewan C. Murray
Chief Finance Officer

29/6/17

Usable reserves may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable Reserves includes reserves relating to statutory adjustments as shown in the Movement in Reserves Statement.

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarises the authority's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017.

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

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

Accruals of Income and Expenditure

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

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

Funding

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

Cash and Cash Equivalents

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

Employee Benefits

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

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

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material.

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.

Reserves

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

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

The IJB has no unusable reserves.

Indemnity Insurance

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

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

2. Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Finance Officer on XX September 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

3. Expenditure and Income Analysis by Nature

2015/16	2016/17
£000	£000
Services commissioned from Falkirk Council	61,510
Services commissioned from NHS Forth Valley	145,895
Provisions	50
64 Other IJB Operating Expenditure	306
3 Insurance and Related Expenditure	3
5 Auditor Fee: External Audit Work	25
Auditor Fee: Other Work	0
Partners Funding Contributions and Non-Specific Grant Income	(212,630)
72 Surplus of Deficit on the Provision of Services	(4,841)

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

4. Taxation and Non-Specific Grant Income

2015/16 £000		2016/17 £000
36	Funding Contribution from Falkirk Council	62,262
36	Funding Contribution from NHS Forth Valley	150,368
0	Other Non-ringfenced grants and contributions	0
72	Taxation and Non-specific Grant Income	212,630

The funding contribution from the NHS Board shown above includes £24,987,000 in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

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

5. Debtors

31 March 2016 £000		31 March 2017 £000
2.5	Falkirk Council	535
2.5	NHS Forth Valley	4,306
	Non-public sector	0
5	Debtors	4,841

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. Creditors

31 March 2016	31 March 2017
£000	£000
5 Non-public sector	0
5 Creditors	0

7. Provisions

A provision for bad debts in relation to Adult Social Care of £50,000 has been made within the 2016/17 accounts.

8. Useable Reserve: General Fund

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

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

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

2015/16				2016/17			
Balance at 1 April 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance at 31 March 2016 £000		Transfers Out 2016/17 £000	Transfers In 2016/17 £000	Balance at 31 March 2017 £000
0	0	0	0	Integration Fund	0	(1,430)	(1,430)
				Partnership Funding	0	(2,340)	(2,340)
				Primary Care and Mental Health Transformation Funds	0	(322)	(322)
				Transforming Urgent Care	0	(214)	(214)
0	0	0	0	Housing Revenue Account	0	(275)	(275)
0 0	0	0	0	Sensory Strategy	0	(47)	(47)
	0	0	0	Total Earmarked	0	(4,628)	(4,628)
0	0	0	0	Contingency / General Reserve	0	(213)	(213)
0	0	0	0	General Fund	0	(4,841)	(4,841)

9. Related Party Transactions

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

Transactions with NHS Forth Valley

2015/16 £000		2016/17 £000
(36)	Funding Contributions received from the NHS Forth Valley	(150,368)
6	Expenditure on Services Provided by the NHS Board	145,973
26	Key Management Personnel: Non-Voting Board Members	89
(4) Net Transactions with the NHS Forth Valley		(4,306)

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

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

In 2015/16 the Interim Chief Officer until December 2015 was seconded from NHS Lothian to the IJB via NHS Forth Valley. Therefore the expenditure relating to this is shown for 2015/16 within transactions with NHS Forth Valley.

Balances with NHS Forth Valley

31 March 2016 £000		31 March 2017 £000
2.5	Debtor balances: Amounts due from the NHS Board	4,306
	Creditor balances: Amounts due to the NHS Board	0
2.5 Net Balance with NHS Forth Valley		4,306

Transactions with Falkirk Council

2015/16 £000		2016/17 £000
(36)	Funding Contributions received from Falkirk Council	(62,262)
	Expenditure on Services Provided by Falkirk Council	61,588
40	Key Management Personnel: Non-Voting Board Members	89
4 Net Transactions with Falkirk Council		(585)

Balances with Falkirk Council

31 March 2016 £000		31 March 2017 £000
2.5	Debtor balances: Amounts due from Falkirk Council	535
	Creditor balances: Amounts due to Falkirk Council	
2.5 Net Balance with Falkirk Council		535

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

10. Segmental Reporting

Expenditure on services commissioned by the Falkirk Integration Joint Board is analysed in the tables below.

SEGMENTAL REPORTING

HEALTH SERVICES	Budget £'000	Expenditure £'000	Variance £'000
<u>Set Aside Budget for Large Hospital Services</u>			
Accident and Emergency Services	6,305	6,383	(78)
In patient Hospital Services Relating to :	0	0	0
General Medicine	3,130	2,953	177
Geriatric Medicine	4,311	4,592	(281)
Rehabilitation Medicine	1,428	1,476	(48)
Respiratory Medicine	1,178	1,135	42
Psychiatry of learning disability	1,333	1,484	(151)
Palliative Care (Hospital Based)	1,099	1,090	9
Mental Health Inpatient Services	6,203	6,284	(81)
Sub-Total	24,987	25,398	(411)
Adjustment to Budget		(411)	411
Subtotal	24,987	24,987	0
<u>Operational</u>			
District Nursing Services	4,111	4,271	(161)
Community Addiction Services	2,949	2,737	213
Community Based AHP Services	6,258	6,329	(71)
Public Dental Service	1,054	1,065	(11)
Services provided outwith a hospital in relation to geriatric medicine	1,132	1,044	88
Palliative Care (delivered in Community)	55	63	(8)
Community Learning Disability Services	813	627	186
Community Mental Health Services	5,018	4,909	109
Continence Services	191	164	26
Services Provided by health professionals that aim to promote public health	1,508	1,453	56
Community Hospitals	6,558	6,578	(20)
Resource Transfer	11,253	11,253	0
Joint Partnership Agreements	2,299	2,273	26
Partnership Funds (Transformation)	2,468	2,468	(0)
Contingency	688	0	688
Shared Partnership Costs	167	167	(0)
Integration Fund	5,640	5,640	(0)
To Reserves	4,306		4,306
SubTotal	56,468	51,041	5,427
<u>Universal</u>			
Primary Medical Services (GMS Contract)	21,808	21,404	404
Primary Dental Services (GDS Contract)	8,540	8,531	9
Community Ophthalmic Services	2,896	2,896	(0)
Community Pharmaceutical Services	34,298	35,944	(1,646)
GP Out of Hours Services	1,370	1,257	113
SubTotal	68,913	70,033	(1,121)
TOTAL HEALTH SERVICES	150,368	146,062	4,306

SOCIAL CARE SERVICES	Budget £'000	Expenditure £'000	Variance £'000
Older People	2,879	2,884	(5)
Mental Health	588	453	135
Learning Disability	284	284	0
Physical Disability	608	609	(1)
Adult Support and Protection	188	89	99
Carers	48	35	13
Care at Home	29,507	29,835	(328)
Residential Care	21,345	21,790	(445)
Respite Care	1,278	979	299
Day Care/ Services	4,321	4,152	169
MECS/Telecare/Telehealth	493	546	(53)
Housing with Care/Sheltered Accommodation	1,081	1,134	(53)
Shopping Service	13	86	(73)
Equipment and Adaptations	424	300	124
Advocacy	96	89	7
Sensory Team	448	294	154
Mental Health Team	280	247	33
Learning Disability Team	568	624	(56)
JLES	318	258	60
Day Care/Centre: MH	198	101	97
Sensory Resource Centre	77	51	26
Voluntary Organisations	554	551	3
Garden Aid	489	356	133
Housing Aids and Adaptations	1,200	976	224
Improvement Grants	327	327	0
Shared Partnership Costs	190	167	23
Integration Fund	(5,540)	(5,540)	0
Provisions (Bad Debts)		50	(50)
TOTAL SOCIAL CARE SERVICES	62,262	61,727	535
PARTNERSHIP TOTAL	212,630	207,789	4,841

11.VAT

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

Independent Auditors Report

The statement of Accounts is subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The auditor appointed for this purpose by the Accounts Commission for Scotland is:

Stephen Reid,
Ernst & Young LLP,
G1 Building,
5 George Square,
Glasgow,
G2 1DU