

Title/Subject: Falkirk IJB 2017/18 Unaudited Annual Accounts

Meeting: IJB Audit Committee

Date: 25 June 2018

Submitted By: Chief Finance Officer

Action: For Noting

1. INTRODUCTION

- 1.1 The purpose of this report is to present the 2017/18 unaudited annual accounts of Falkirk IJB to the Audit Committee for consideration.

2. RECOMMENDATION

The Audit Committee is invited to:

- 2.1 consider the unaudited annual accounts
- 2.2 note the public inspection period
- 2.3 note that the unaudited annual accounts will be submitted to the IJB's External Auditor by the statutory deadline of 30 June 2018.

3. BACKGROUND

- 3.1 The Local Authority Accounts (Scotland) Regulations (the Regulations) 2014 requires the IJB to submit the unaudited annual accounts for the financial year ended 31 March 2018 to the Auditor by the statutory deadline of 30 June 2018. Under the Regulations, a Committee of the IJB, whose remit includes audit and governance functions, must meet to consider the unaudited annual accounts.

4. INSPECTION & PUBLICATION ARRANGEMENTS

- 4.1 The Regulations require that the IJB gives public notice of the rights of individuals to inspect the unaudited accounts within a specified period. Individuals may lodge an objection to the unaudited accounts, or to any part of the accounts. The timetable is set out below and demonstrates how the IJB will comply with the Regulations. The statutory three week public inspection period will commence on 25 June following public notice on 11 June.

Stage	Latest Date	Falkirk IJB Date
Publication of notice	17 June	11 June
Inspection start date	1 July	25 June
Inspection end date	20 July	13 July
Objection deadline	23 July	16 July
Approval deadline	30 September	24 September

- 4.2 The unaudited accounts will be published on the websites of both NHS Forth Valley and Falkirk Council on 25 June 2018.
- 4.3 The unaudited accounts will be lodged with the External Auditor on 25 June 2018. The formal audit process must be complete, and the audited accounts approved by 30 September 2018. The Falkirk IJB Audit Committee is scheduled to meet on 24 September 2018.

5. UNAUDITED ANNUAL ACCOUNTS

- 5.1 The Committee's attention is drawn to the management commentary and the annual governance statement of the accounts. The reporting requirements for the management commentary are prescribed in legislation and should include the following elements:
- An explanation of significant points in the financial statements.
 - A clear and balanced account of the activities and performance of the IJB during the financial year.
 - An explanation of the principal risks and uncertainties that the IJB are concerned about.
 - An explanation of the mitigating actions being taken to address the risks.
- 5.2 The annual governance statement details the key elements of the IJB's governance framework and sets out what actions will be taken to address weaknesses or emerging issues within the framework.

6. CONCLUSIONS

- 6.1 The unaudited annual accounts for the Falkirk IJB are presented for consideration by the Audit Committee in line with the Regulations. Following the meeting, the accounts will be lodged with the External Auditor.

Resource Implications

There are no resource implications arising from the report recommendations.

Impact on IJB Outcomes and Priorities

This report does not directly impact on the outcomes and priorities of the IJB.

Legal & Risk Implications

There are no legal and risk implications arising from the report recommendations.

Consultation

The accounts are subject to public inspection. Both NHS Forth Valley and Falkirk Council have been consulted during the preparation of the accounts.

Equalities Assessment

There are no equality implications arising from the report recommendations.

Approved for Submission by: Patricia Cassidy, Chief Officer

Author: Amanda Templeman

Date: 13 June 2018

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



Falkirk
Health and Social Care
Partnership

Falkirk Integration Joint Board

UNAUDITED ANNUAL ACCOUNTS
2017/18

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Management Commentary

Introduction to the Accounts

This publication contains the financial statements for the second year of the Falkirk Integration Joint Board (IJB) for the year ended 31 March 2018.

The annual accounts report the financial performance of the IJB. Their main purpose is to demonstrate the stewardship of the public funds which have been entrusted to the IJB for the delivery of the IJB's vision and its core outcomes as expressed within the Strategic Plan. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2017/18 Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting 2017/18 and the Local Authority Accounts (Scotland) Regulations 2014.

The financial statements include:

- A Management Commentary providing a summary and explanation of the IJB's financial position.
- A Statement of Responsibilities for the Annual Accounts.
- An Annual Governance Statement
- A Remuneration Report detailing payments and pension information for senior officers
- A Comprehensive Income and Expenditure Statement - this highlights gross revenue expenditure, income and net expenditure for the IJB. The statement shows how net expenditure has been financed.
- A Movement in Reserves Statement which shows the movement in the year of the different reserves used by the IJB.
- A Balance Sheet which sets out the overall financial position of the IJB as at 31 March 2018.
- Notes to the Financial Statements including the General Accounting Policies and other explanatory information.

Falkirk Integration Joint Board

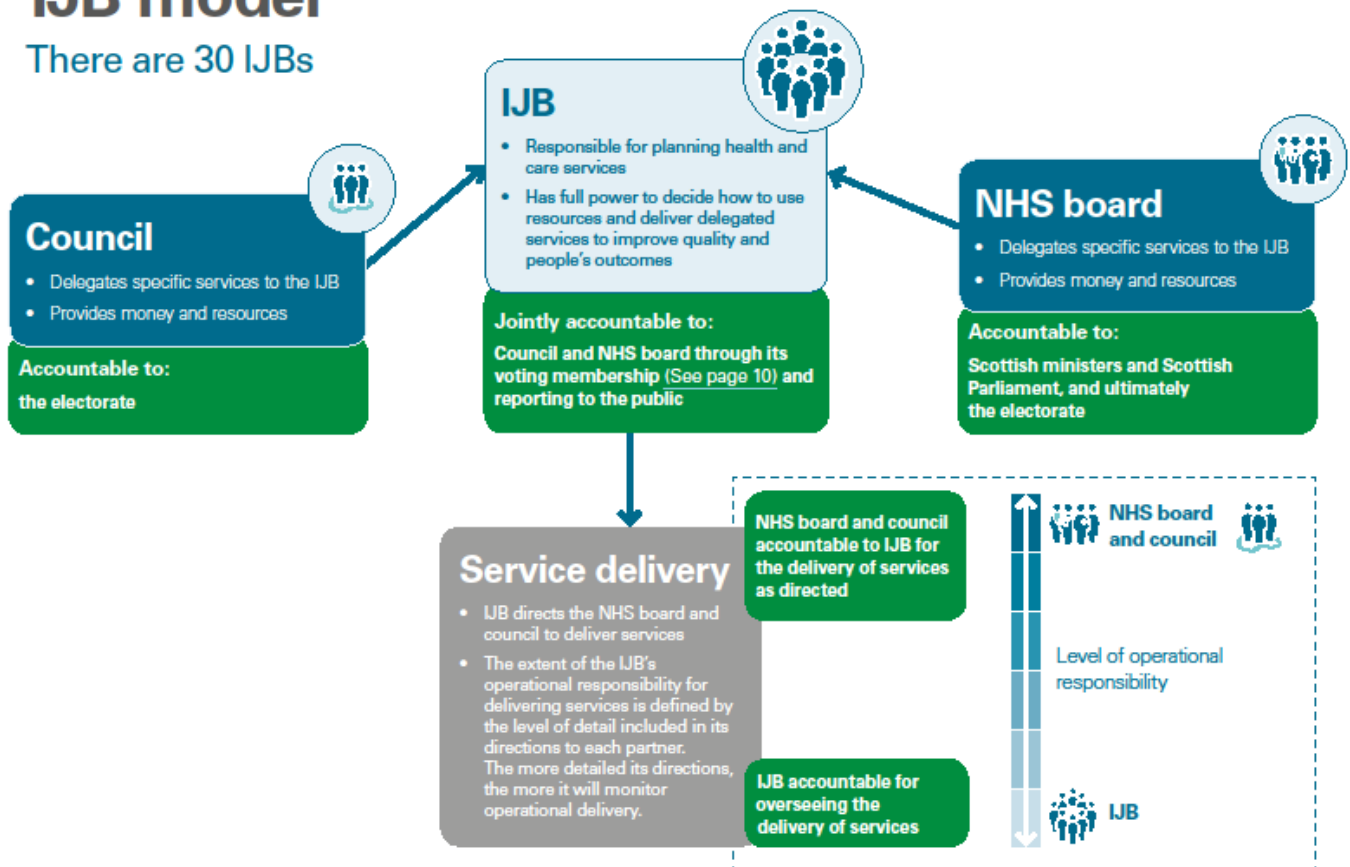
The purpose of integration is to create Health and Social Care Partnerships that deliver integrated services for the local population. Integration means that over the next few years, GPs, hospital staff, health workers, social care staff and the third sector will increasingly work side by side to share information and take a more co-ordinated approach to providing care and support.

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



IJB model

There are 30 IJBs



On 1 April 2016 health and social care functions were formally delegated to the IJB. The financial year 2016/17 was the first full year of operation for the Falkirk IJB. Falkirk Council and NHS Forth Valley delegate responsibility for the planning of in-scope services, such as adult social care, primary health care and community health care to the IJB. The IJB commissions services from Falkirk Council and NHS Forth Valley and is, for some areas, responsible for the operational oversight of Integrated Services. On 1 April 2016 the Chief Officer became responsible for the operational management of Adult Social Care Services and for the Integrated Mental Health team and Integrated Learning Disability team in February 2017. It is anticipated that the operational responsibility for further health services will transfer to the Chief Officer during 2018/19. The IJB also has responsibility for large hospital services planning with partners who will continue to manage and deliver the services as part of the pan Forth Valley structures.



Strategic Plan & Business Model

Falkirk IJB agreed its Strategic Plan 2016-2019 on 24 March 2016. The Strategic Plan sets out the Partnership's strategic vision "To enable people to live full and positive 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 and their own health and wellbeing
- there is an ageing workforce, raising issues of sustainability for future services
- deprivation, housing and employment can be a significant factor for people and families trapped in cycles of poor health

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).

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



These local outcomes are designed to address the key challenges for the Falkirk area. The Strategic Plan sets out what the IJB will do to deliver the five local outcomes and some examples are included below:

Safe:	<p>Health and social care support systems are in place, to help keep people safe and live well for longer.</p> <p>The IJB will:</p> <ul style="list-style-type: none"> • lead cultural change required across agencies and communities to deliver integrated care • redesign services so they are flexible and responsive, ensuring feedback drives continuous improvement
Self-Management	<p>Individuals, carers and families are enabled to manage their own health, care and wellbeing.</p> <p>The IJB will:</p> <ul style="list-style-type: none"> • develop a single point of contact for people and their carers to access a wide range of information on services • develop a Single Shared Assessment as standard across the Partnership
Autonomy & Decision Making	<p>Where formal support is needed people are able to exercise as much control and choice as possible over what is provided.</p> <p>The IJB will:</p> <ul style="list-style-type: none"> • give a greater focus to individual case management, enhanced by the provision of advocacy support where required • invest in technology enabled care
Service User Experience	<p>People have a fair and positive experience of health and social care.</p> <p>The IJB will:</p> <ul style="list-style-type: none"> • ensure decision making processes are consistent, fair and transparent • implement the IJB Participation and Engagement Strategy
Community Based Support	<p>Informal supports are in place, which enable people, where possible, to live well for longer at home or in homely settings within their community.</p> <p>The IJB will:</p> <ul style="list-style-type: none"> • establish locality planning structures

How did we perform in 2017/2018?

The Falkirk IJB is still in a period of transition. Operational management of health services has not transferred to the Chief Officer of the IJB albeit plans are underway to begin this process in 2018/19. The IJB recognises that the pace of change needs to improve and that integrated services must be operational to ensure delivery of the outcomes set out in the Strategic Plan. This will facilitate the delivery of locality planning structures as a priority.



The Falkirk IJB has delivered a number of service delivery improvements in 2017/18. Key achievements include:

Delivery of a Discharge to Assess pathway

This model is part of a 'home first' model which aims to avoid admission into the community hospital from the acute hospital, reduce delays in discharge and ensure a reablement approach is taken with clients where possible. The pathway is designed to identify those who may be clinically fit for discharge, or those who could be discharged within 24-48 hours, and provide an intensive home care service to those clients for a six week period. This model has now been adopted as part of the standard pathway for those in hospital.

The Discharge to Assess (D2A) model was evaluated by the Local Intelligence Support Team (LIST). The evaluation found that by March 2018 c600 patients have been discharged home using this model. The average time between a referral to provide the service and discharge from hospital was one day, suggesting that the discharge to assess service can respond and get patients back home quicker than traditional hospital discharge pathways. Initial evaluation has found that whilst there are areas for improvement, the D2A model has had a positive impact on delayed discharges, has demonstrated the success of a reablement approach and has a high percentage of user satisfaction.

Case Study

Ethel lived at home and did not receive home care. She was admitted to hospital following a fall. The Ageing and Health ward placed her onto the community hospital list for rehab and discharge planning. Following discussion with ward and family, Ethel was discharged direct from the acute hospital to home. The ward assessed that an ongoing daily care package of 4 daily visits would be required. Ethel was discharged within a day of her placement on the community hospital waiting list.

Ethel was keen to regain her pre hospital admission independence and was supported to do so by the D2A model. Ethel regained full independence within 6 weeks of discharge and achieved her personal goal. The daily care package of 4 daily visits was no longer required. Family were at first concerned that there was no ongoing care, but accepted it was not required following the 6 weeks of reablement support.

Review of Day Services for Younger Adults

The Integration Joint Board agreed to a programme of redesign of day services for younger adults. This is in line with the outcome of consultation and engagement work with people who use services, their carers and staff. The redesign work reflects Self-Directed Support principles to empower and enable service users to have choice and control over the design of their own support and develop alternative community based services.

To date approximately 20 service users have identified opportunities to use their existing care differently, accessing community based activities rather than in-house building based provision. Community based activities have been established in the Camelon area in anticipation of the closure of the existing building based services in that area due to take place in June 2018. The hours of support offered to service users are flexible, giving the user more control over their personal outcomes.



In 2018/19 the day services transformation programme will be further facilitated through the development of a network of Changing Places toilets. These facilities enable people who have more intensive, complex of needs to participate in the life of their communities in a way not possible before now. The Council have made a capital investment of £100k in two accessible toilet facilities at two sports and leisure centres while NHSFV are building a facility at FVRH, with Falkirk College opening existing facilities for use by the general public. The Council budget has added in an amount of £50k as innovation funding to support the day service review through commissioning peer to peer supports and friendship and relationship opportunities as alternatives to the traditional model of service provision.

The Reablement Pathway

In October 2017 the Leadership Team approved the reablement pathway for Falkirk IJB. The aim is to effectively embed a Partnership wide reablement approach into the ethos of the Partnership and its services. The vision for reablement is:

"The ethos and principles of reablement would become the normal way of working across all services including Health, Social Care, Housing and external providers. This would include a preventative element, routing people at the earliest opportunity to services which might help them to prevent deterioration of their condition. As more service users are directed early, to a range of services from a wide range of providers, it is hoped that fewer would require assessment for formal reablement services".

The reablement service will begin at the point of assessment and have a focus on independence. The reablement pathway considers points of access, assessment, transitions and service user outcomes. The pathway has been developed to provide service response based on the need and assessed risk of the individual service user, including a multidisciplinary 'Request for Assistance Point' intended to ensure that service users are able to access the most appropriate service in a timeous manner.

Work will continue in 2018/19 to deliver the agreed vision and pathway.

The Launch of Living Well Falkirk

The IJB approved funding for the use of the ADL lifecurve resource which has been badged locally as Living Well Falkirk. The purpose of this tool is to allow people to access information and advice to support their health and wellbeing. The tool allows users to complete a self assessment to help identify any health issues and then offers support and advice to help alleviate the issues. There is a wide range of local information available and users can be signposted to services and equipment available through a range of providers. This resource helps to give service user control over the services they access.

The website went live at the beginning of April 2018 and data is being collected on the use of the site, for example number of visitors and the number of times a piece of equipment is ordered through the site. Marketing and promotion will be further rolled out during the summer and regular updates to evaluate the project will be submitted to the IJB.



Performance Indicators

The IJB receives a performance report every two months. The report focusses on performance indicators, comparing them with baseline data from 2015/16 where available. A strategy map has been produced which maps the local outcomes of the IJB, as set out in the Strategic Plan, to national Health and Wellbeing Outcomes, National Core Indicators, Ministerial Strategic Group Integration Indicators and other local Partnership Indicators. A summary of some of the key performance issues of the Partnership has been provided:

	Baseline 2015/16	2017/18	Direction of Travel
Emergency Department performance against the national 4 hour standard (target 95%)	93%	87.3%	▼
Average unplanned admission rate per 100,000 population	1,054	986	▲
Readmission rate within 28 days per 1,000 population	2.20	0.73	▲
Readmission rate within 28 days per 1,000 population aged 75+	1.53	1.28	▲
Standard delayed discharges	24	23	▲
Delayed discharges over 2 weeks	17	19	▼
Bed days occupied by delayed discharges	809	786	▲
Percentage of crisis care service users who are retained in the community when service ends (target 70%)	63.7%	73.8%	▲
Number of overdue occupational therapy pending assessments	352 (March 2016)	285 (9 April 2018)	▲

Key

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

A fuller explanation of the purpose of the indicators can be found [here](#)

Whilst the IJB is demonstrating improvements across a number of indicators, there have been ongoing challenges with achieving the emergency department 4 hour waiting standard.

A number of improvement processes/actions are in place and NHS Forth Valley are working with the Scottish Government around the 6 Essential Action approach. More detail on this approach is available [here](#).

There has been recent recruitment to the post of Programme Manager for Unscheduled Care which will support work in respect of the priorities for improvement and will lead the work in terms of 6 essential actions.

Additionally, the Unscheduled Care Programme Board, headed by the Medical Director, is working with a view to maximising internal processes in terms of escalation and preventing breaches through focusing on the '6 Essential Actions', and working in partnership with Integration Authorities to look at the whole system.



During 2017/18 the Scottish Government Ministerial Strategic Group for Health and Social Care developed six integration themes and requested that all Integration Authorities agree improvement objectives against these themes. The themes are:

- unplanned admissions
- occupied bed days for unscheduled care
- A&E performance
- delayed discharges
- end of life care
- balance of care spend

These indicators have been incorporated into the regular performance reports and mapped to the local outcomes in the Strategic Plan.

The Falkirk Performance and Measurement Group are working to develop a more structured and themed timetable for performance reporting and the aim is to present a performance reporting timetable to the IJB in September 2018.

The IJB is required to produce an annual performance report which must be published by 31 July 2018. A comprehensive review of the operational performance of the Partnership against delivery of the Strategic Plan will be included in that report, in line with statutory guidance.

2017/18 Financial Performance

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

The Health and Social Care Partnership has faced financial challenges in 2016/17 and throughout 2017/18. In both financial years significant savings were required, a task complicated by the resources required to deliver transformational change.

A financial report to the June 2017 meeting of the IJB highlighted that in 2017/18 the Partnership faced a financial risk in respect of in scope NHS budgets of c£1.490m. This was due to a number of factors including recurring pressures carried forward from the 2016/17 budget and a number of savings options included in the 2017/18 budget which were rated as high risk for deliverability.

Despite efforts to address the financial risk, including the creation of a financial recovery group which met regularly, the risk did not reduce, albeit some of the pressures on the Partnership changed during the year. The most significant pressure facing the Partnership in 2017/18 was prescribing costs, due in part to higher drug costs for a number of reasons, including short supply of some medications.

A risk sharing agreement was reached between the IJB, Falkirk Council and NHS Forth Valley for 2017/18. The agreement sets out that each Partner will take responsibility for their overspend if applicable. It was also agreed that general reserves carried forward from 2016/17 of £0.213m would be applied to the overspend.



The impact of the risk sharing agreement was as follows:

	£m
Overspend on budget delegated to NHS Forth Valley	1.593
Transfer from General Reserves	(0.213)
Net Position	1.380
Additional funding received from NHS Forth Valley	(1.380)
Final Net Position	-
Underspend on budgets delegated to Falkirk Council	(0.297)
Transfer to General Reserves	0.297

A summary of the 2017/18 financial position for the IJB is shown below:

	£m
Total Resources Available	212.847
Total Expenditure	(211.198)
Total Comprehensive Income & Expenditure	1.649

	£m
Total Comprehensive Income & Expenditure	1.649
Scottish Government Funding Transferred to Reserves	(1.320)
Less Amount Earmarked for Sensory Strategy	(0.005)
Less Amount Earmarked for Services for Survivors	(0.090)
Less Amount Earmarked for Dementia Innovation Fund	(0.100)
Sub Total	0.134
Add Transfer from General Reserves	0.213
Add Transfer from Housing Revenue Account Reserve	0.038
Less Amount Ring Fenced for Capital Reserves	(0.088)
Amount to General Reserves	0.297

NHS Forth Valley provided non-recurring funding for the IJB in both 2016/17 and 2017/18. This arrangement reflects in part that the Partnership is in a transitional phase and that until operational management of NHS services transfers to the Chief Officer, the budget accountability remains with the NHS. However, this recurring overspend does pose a financial risk for the IJB.

Reserves

The reserves of the IJB have increased from £4.841m as at 31 March 2017 to £6.490m as at 31 March 2018. Of the £6.490m, £0.297m is a general reserve (effectively a contingency fund) and £6.193m is made up of a number of earmarked reserves, where funds have been ring fenced for a specific purpose. A list of the earmarked reserves has been included at note 8 to the accounts.

Set Aside/Large Hospital Budgets

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



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

	£m
Budget (Figure in the Accounts)	25.207
Projected Outturn (Figure in the IJB reports)	26.300
Projected Overspend	1.093

Risks and Uncertainties facing the IJB

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

Operational Structure

The IJB became operational on 1 April 2016. At that time, the operational management for Adult Social Care passed to the Chief Officer. The operational management for Integrated Mental Health Team and the Integrated Learning Disability Team passed to the Chief Officer in February 2017. Discussions have been ongoing regarding the transfer of NHS in-scope services and what management capacity will transfer. The IJB have noted concerns over the pace of integration. It is anticipated that operational responsibility for some areas will transfer in September 2018, although this has still to be confirmed and approved by Falkirk IJB. Clackmannanshire & Stirling IJB approved the proposals for phase 1 of the transfer on 13 June 2018.

The transfer of NHS services will be essential for delivery of the vision and outcomes set out in the Strategic Plan. This will improve governance, accountability and decision making. However, at present this represents a significant risk to the IJB. Priority must be given to developing and delivering an agreed strategic vision for what integrated services can be in Falkirk. The work planned for 2018/19 as phase 1 of the transfer of operational services, will allow the development of locality planning and help the IJB to realise the benefits of integration.

Support Services

Reports to the IJB have highlighted capacity issues within the Health and Social Care Partnership. There has been no formalised dedicated staff resource for areas such as planning and performance. Partner resources have been under pressure and this has impacted on the ability to deliver a new integrated structure by September 2018 and the transformational change required to deliver the outcomes of the Strategic Plan. The IJB will consider corporate support services at a special meeting on 25 June 2018.

Clinical & Care Governance

During 2017/18 the IJB recognised that further work was required on the arrangements for Clinical & Care Governance within the IJB. In April 2018 the IJB approved a formal Clinical & Care Governance committee and agreed terms of reference and a revised Framework for that committee. A development session is planned for August 2018 and meeting dates have been set for the year.



The Economy & Local Demand

The Office of Budget Responsibility set out UK growth expectations in March 2018. Expectations are:

	%age
2017 (actual)	1.7
2018	1.5
2019	1.3
2020	1.3

The projected reduction in growth, in simple terms, means reduced tax receipts for the government which may have a knock on impact on financial settlements, depending on the priorities of the government. It is anticipated that the financial settlement for 2019/20 will be more challenging than either the 2017/18 or 2018/19 settlement.

The Scottish Government budget and the financial settlements for both the NHS and local government are the key components of the budget for the IJB. In recent years the financial settlements have been prepared on a one year basis and this continues to be the case for 2018/19.

The potential reduction in the financial settlement is in the context of rising demand for services across Scotland and the rest of the UK. For the Falkirk area it is estimated that by 2024 the number of people aged 85+ will increase by 44% from 2014 levels.

Part of the strategy to manage and/or mitigate financial constraints and demand will be service delivery changes. Moving forward with the transfer of integrated services will be key to ensuring such changes are delivered. Undoubtedly budget savings and efficiencies will continue to be required by the Partnership and a summary of the savings required to date is noted below:

	Savings Requirement £m
2016/17	2.000
2017/18	5.290
2018/19	4.289
Total over 3 Years	11.579

To help address these challenges, the IJB is committed to developing a medium term financial plan. Work will progress on this during the summer 2018 with a report back to the IJB in Autumn. Part of this work will include identifying sustainable budget savings through service change and efficiency.

A key pressure point over the last two years has been prescribing. This is a nationwide issue and is not unique to Falkirk. However, the Falkirk IJB and NHS Forth Valley have been working together to identify ways to mitigate the risks around prescribing. Investment of c£0.550m has been approved for use over the next two years. The purpose of this investment is to enhance the pharmacy resource to facilitate more work within home care, care homes and the community hospital. The broad aims of the project are to reduce the demand on GPs, reduce medicine related hospital admissions, improve patient safety and encourage self management of medicine where appropriate. The system of poly pharmacy reviews is also expected to generate financial savings.



Audit Arrangements

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

Conclusion

2017/18 has been a busy and challenging year for the IJB and there has been good progress in embedding an ethos of reablement and 'home first' across services. However, the IJB is in a transitional phase. During 2017/18 work has been ongoing to plan for significant structural changes that will take place during 2018/19. Whilst the pace of change remains challenging, the significant planned changes will allow the Partnership to shift its focus away from organisational structure and towards recognising the benefits and opportunities that come from integration.

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

25 June 2018

Patricia Cassidy
Chief Officer

25 June 2018

Amanda Templeman
Chief Finance Officer

25 June 2018



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

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

Signed on behalf of the Falkirk IJB

Julia Swan
Chair

25 June 2018



Responsibilities of the Chief Finance Officer

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

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

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

The Chief Finance Officer has also:

- kept proper accounting records which were up to date
- 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 2018 and the transactions for the year then ended.

Amanda Templeman
Chief Finance Officer

25 June 2018



Remuneration Report

Introduction

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

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

Voting Membership of the IJB in 2017/18

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

Voting Membership of the IJB during 2017/18 was as follows:

NHS Forth Valley

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

Falkirk Council

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

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

Remuneration: IJB Chair and Vice Chair

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

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



Remuneration: Officers of the IJB

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

Chief Officer

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

Other Officer

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

From 1 April 2017 to 30 June 2017 the Chief Finance Officer also undertook the role of Chief Finance Officer for Clackmannanshire and Stirling IJB. The remuneration figures for the Chief Finance Officer for that three month period, included in the table below, represent 50% of his remuneration.

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

Total 2016/17 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Total 2017/18 £
103,263	Patricia Cassidy Chief Officer	104,295	-	104,295
30,726	Ewan C Murray Chief Finance Officer 1 April to 30 June 2017	8,036	-	8,036
-	Amanda Templeman Chief Finance Officer From 1 July 2017	42,375	-	42,375
133,989	Total	154,706	-	154,706

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

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



Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/17	For Year to 31/03/18		Difference from 31/03/17	As at 31/03/18
	£	£		£000	£000
Patricia Cassidy	21,685	22,423	Pension	2	27
Chief Officer			Lump Sum	-	21
Ewan C Murray	4,585	1,197	Pension	-	3
Chief Finance Officer 1 April to 30 June 2017			Lump Sum	-	7
Amanda Templeman	-	11,883	Pension	2	12
Chief Finance Officer From 1 July 2017			Lump Sum	-	13

Disclosure by Pay Bands

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

Number of Employees in Band 2016/17	Remuneration Band	Number of Employees in Band 2017/18
1	£100,000 - £104,999	1

Exit Packages

There were no exit packages in relation to the Falkirk IJB in financial year 2017/18.

Julia Swan
Chair

25 June 2018

Patricia Cassidy
Chief Officer

25 June 2018



Annual Governance Statement

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

The Local Authority Accounts (Scotland) Regulations 2014 require a review at least once in each financial year of the effectiveness of the system of internal control and that an Annual Governance Statement is included in the Annual Accounts. Preparation of this statement also meets the requirements of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and the CIPFA/SOLACE framework "Delivering Good Governance in Local Government (2016)".

Scope of Responsibility

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

To meet this responsibility the IJB has established arrangements for governance of its affairs and the effectiveness of its functions, which includes arrangements for the management of risk. In discharging this responsibility, the Chief Officer has put in place arrangements for governance, which includes a system of internal control.

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

Any system of internal control can only provide reasonable and not absolute assurance of effectiveness.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the priorities and outcomes as set out in the Falkirk Strategic Plan.

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

The Governance Framework and Internal Control System

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



The main features of the governance framework in existence during 2017/18 are summarised below:

- Strategic decision making is governed by the IJB's key constitutional documents including the Integration Scheme, standing orders, scheme of delegation, financial regulations and reserves policy.
- A code of conduct is in place for all IJB Board members, including a register of interests.
- The IJB's vision, outcomes and priorities are set out in the Falkirk Integrated Strategic Plan for 2016-19, which contributes to the strategic priorities and outcomes contained in the Community Planning Partnership's Strategic Outcomes and Local Delivery Plan (SOLD).
- A Performance Management Framework is in place and the IJB regularly receives updates on performance.
- An Audit Committee was set up in 2016/17 with a remit which includes risk management, corporate governance and all matters relating to internal and external audit.
- A revised Clinical & Care Governance Framework has recently been approved and a new Clinical & Care Governance Committee has been created.

System of Internal Control

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2017/18 this included the following:

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

Review of Adequacy and Effectiveness

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Chief Officer and Senior Management who have responsibility for development and maintenance of the governance environment; the annual report by the Chief Internal Auditor and reports from External Auditors and other review agencies as appropriate.



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

The Chief Internal Auditor reports directly to the Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Finance Officer and Chair of the Audit Committee on any matter. The annual programme of internal audit work is based on a risk assessment. The Internal Audit plan for 2017/18 was approved by the IJB Audit Committee in September 2017. The Audit Committee will consider an Internal Audit progress report and the Annual Internal Audit Report for 2017/18 which will provide the Chief Internal Auditor’s opinion on the IJB’s internal control framework.

The Chief Internal Auditor’s Annual Internal Audit Report for 2017/18 will consider if reliance can be placed on the IJB’s governance arrangements and systems of internal control for 2017/18. Their review will cover Corporate, Staff, Care, Financial and Information Governance.

During 2017/18, a self-assessment of the IJBs governance arrangements was completed by the Chief Officer and Chief Finance Officer. This information was presented as an action plan to the Audit Committee and will be updated and monitored going forward.

The following areas were identified as areas for development in 2017/18:

	Area for Improvement Identified in 2016/17	Action Undertaken 2017/18
1	Review of the Scheme of Delegation to reflect the development of the Partnership	<p>The Scheme of Delegation was due to be updated in March 2018.</p> <p>Some NHS services are due to transfer to the IJB in September 2018. A decision was therefore taken to delay reviewing the Scheme until the details of the transfer are agreed and approved.</p>
2	Further development of Partnership arrangements, including operational delegation of NHS services and a comprehensive support services agreement.	<p>Work has been ongoing to agree the transfer of operational delegation of NHS services and identify the support services required by the Partnership.</p> <p>Further transfer of NHS services is expected to take place in September 2018.</p> <p>No agreement has yet been reached on the support services required by the Partnership although discussions are ongoing.</p>
3	The Clinical and Care Governance Framework will continue to be implemented. This will include development of the terms of reference for the Clinical and Care Governance Group and clarity on roles and responsibilities and lines	<p>Work on the Clinical and Care Governance Framework continued during 2017/18, including a review by Internal Audit, and on 6 April 2018 the IJB approved:</p> <ul style="list-style-type: none"> The terms of reference and membership of a new Clinical and Care Governance



	Area for Improvement Identified in 2016/17	Action Undertaken 2017/18
	of accountability.	<p>Committee</p> <ul style="list-style-type: none"> • A revised Clinical and Care Governance Framework. • A development session is planned in August and meeting dates have been set for the remainder of the year.
4	A risk management improvement plan will be developed and revised on a six monthly basis by the Leadership Group with updates provided to the IJB Audit Committee and IJB.	<p>Risk management support is provided by NHS Forth Valley and Falkirk Council. Due to pressures in each partner, and changes in personnel, there is no dedicated lead for risk for the Partnership. Discussions are ongoing with colleagues in both Partners to address this. Internal Audit have also offered to provide some advice and support on a risk management review.</p> <p>The Strategic Risk Register has been reviewed by the Leadership Group and this will be reported to the IJB Audit Committee.</p>
5	Changes to system for reviewing complaints about social work provision took effect on 1 April 2017. Further discussions are ongoing about monitoring arrangements for health and integrated functions where these apply to Falkirk residents.	Discussions are ongoing with NHS colleagues and it is anticipated health complaints, and complaints about integrated arrangements, will be presented in the Performance report to the IJB in Autumn 2018.
6	Financial monitoring and planning arrangements are being reviewed and refined to assist the partnership in monitoring financial performance and to support delivery of services within available budgets.	<p>Finance reports to the IJB were reviewed in 2017/18 and a revised structure adopted. Development work will continue into 2018/19 and reports will be adapted and refined to ensure the IJB's needs are being met.</p> <p>Structured meetings are in place with each partner on a monthly basis.</p> <p>Financial planning arrangements for 2018/19, and beyond, are under review with partners and a Medium Term Financial Plan will be presented to the IJB in 2018.</p> <p>Internal Audit carried out a Financial Governance review during 2017/18.</p>



Areas for Development in 2018/19

As noted in the table above, there are various actions from 2017/18 which will carry forward into 2018/19. The table below summarises further actions that have been identified.

	Area for Improvement Identified in 2017/18	Responsible Party	Completion Date
1	<p>Tied in with the review of the scheme of delegation is a requirement to have a formal agreement setting out the precise responsibilities of the IJB, NHS and Council in relation to operational activities and the exact nature of delegation. This should form part of an Assurance Framework.</p> <p>This will form part of the work underway on integrated structures.</p>	Chief Officer Chief Executives (NHS & LA)	September 2018
2	<p>The Strategic Plan is due to be reviewed for the period 2019 – 2021. This work has been reported to the IJB and the Strategic Planning Group and an indicative timetable has been prepared.</p> <p>The revised Strategic Plan will require to be published by April 2019.</p>	Chief Officer	April 2019
3	Social work complaints information is included in the IJB performance reports. Further work is required to report on complaints for NHS Forth Valley services that are in the scope of the IJB.	Programme Manager	April 2019
4	The Scottish Government has recently asked Integration Authorities to set out their plans for a review of Set Aside (large hospital services) arrangements. This work will commence in Summer 2018 and will be reported to the IJB.	Chief Officer	April 2019
5	A review of the terms of reference for the Strategic Planning Group is underway to ensure that this group is effective and able to fulfil its role as an advisory body to the IJB.	Programme Manager	April 2019
6	During 2018/19 work will commence on the transfer of data to a new social care management system. This will have a significant impact on all social care processes and procedures and will ultimately improve the management information available in the future.	Head of Adult Services	July 2019



Conclusion and Opinion on Assurance

Subject to the above, and on the basis of the assurances provided, we consider that the internal control environment operating during 2017/18 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. These will be supported by action plans going forward.

Julia Swan
Chair

25 June 2018

Patricia Cassidy
Chief Officer

25 June 2018



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	2016/17 Net Expenditure £000		Gross Expenditure £000	Gross Income £000	2017/18 Net Expenditure £000	Notes
	-						
24,987	-	24,987	Large Hospital Services	25,207	-	25,207	10
112,435	-	112,435	Community Health and Social Care Services	114,906	-	114,906	10
70,033	-	70,033	Primary Care Services	70,734	-	70,734	10
334	-	334	IJB Running Costs	351	-	351	
207,789	-	207,789	Cost of Services	211,198	-	211,198	
-	(212,630)	(212,630)	Taxation and Non-Specific Grant Income	-	(212,847)	(212,847)	4
207,789	(212,630)	(4,841)	(Surplus) or Deficit on Provision of Services	211,198	(212,847)	(1,649)	3
		(4,841)	Total Comprehensive Income and Expenditure			(1,649)	

There are no statutory 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 will be separately identified from the movements due to accounting practices, if required.

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

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



Balance Sheet

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

31 March 2017 £000		31 March 2018 £000	Notes
4,841	Short Term Debtors	6,703	5
4,841	Current Assets	6,703	
-	Short Term Creditors	(213)	6
-	Current Liabilities	(213)	
-	Provisions	-	
-	Long Term Liabilities	-	
4,841	Net Assets	6,490	
(4,841)	Usable Reserve: General Fund	(6,490)	8
-	Unusable Reserves	-	
(4,841)	Total Reserves	(6,490)	

The unaudited accounts were issued on 25 June 2018.

Amanda Templeman
Chief Finance Officer

25 June 2018



Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarise the authority's transactions for the 2017/18 financial year and its position at the year ended 31 March 2018.

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 2017/18, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

Accruals of Income and Expenditure

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

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

Funding

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



Cash and Cash Equivalents

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

Employee Benefits

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

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

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

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Reserves

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

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

The IJB has no unusable reserves.



Indemnity Insurance

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

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

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

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

VAT

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

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

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

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

2. Events After the Reporting Period

The Unaudited Annual Accounts were authorised for issue by the Chief Finance Officer on 25 June 2018. 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 2018, 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

2016/17 £000		2017/18 £000
61,510	Services commissioned from Falkirk Council	69,858
145,895	Services commissioned from NHS Forth Valley	140,989
50	Provisions	-
306	Other IJB Operating Expenditure	324
3	Insurance and Related Expenditure	3
25	Auditor Fee: External Audit Work	24
(212,630)	Partners Funding Contributions and Non-Specific Grant Income	(212,847)
(4,841)	Surplus of Deficit on the Provision of Services	(1,649)

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

4. Taxation and Non-Specific Grant Income

2016/17 £000		2017/18 £000
62,262	Funding Contribution from Falkirk Council	60,464
150,368	Funding Contribution from NHS Forth Valley	152,383
212,630	Taxation and Non-Specific Grant Income	212,847

The funding contribution from the NHS Board shown above includes £25,207,000 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 2017 £000	31 March 2018 £000
535 Falkirk Council	1,077
4,306 NHS Forth Valley	5,626
4,841 Debtors	6,703

6. Creditors

31 March 2017 £000	31 March 2018 £000
- NHS Forth Valley	213
- Creditors	213

7. Provisions

A provision for bad debts in relation to Adult Social Care of £50,000 is included in the 2017/18 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.



2016/17 Balance at 31 March 2017 £000		Transfers Out 2017/18 £000	2017/18 Transfers In 2017/18 £000	Balance at 31 March 2018 £000
(1,430)	Integration Fund	-	-	(1,430)
(2,340)	Partnership Funding	2,673	(2,741)	(2,408)
-	Leadership Funding	383	(1,000)	(617)
(322)	Primary Care and Mental Health Transformation Funds	31	(316)	(607)
(214)	Transforming Urgent Care	18	(196)	(392)
-	Services for Survivors	-	(90)	(90)
(47)	Sensory Strategy	-	(5)	(52)
-	Dementia Innovation Fund	-	(100)	(100)
-	Pharmacy First	-	(2)	(2)
-	Mental Health Innovation Fund	-	(112)	(112)
-	GP Cluster Model	-	(58)	(58)
(4,353)	Total Earmarked	3,105	(4,620)	(5,868)
-	Capital Grant	-	(88)	(88)
(275)	Housing Revenue Account	38	-	(237)
(213)	Contingency / General Reserve	213	(297)	(297)
(4,841)	General Fund	3,356	(5,005)	(6,490)

9. Related Party Transactions

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

Transactions with NHS Forth Valley

2016/17 £000		2017/18 £000
(150,368)	Funding Contributions received from the NHS Forth Valley	(152,383)
145,973	Expenditure on Services Provided by the NHS Board	140,990
	Integration Funding passed through Falkirk Council	10,110
89	Key Management Personnel: Non-Voting Board Members	176
(4,306)	Net Transactions with the NHS Forth Valley	(1,107)

Balances with NHS Forth Valley

31 March 2017 £000		31 March 2018 £000
4,306	Debtor balances: Amounts due from the NHS Board	5,626
-	Creditor Balances: Amounts due to the NHS Board	(213)
4,306	Net Balance with NHS Forth Valley	5,413



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

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

Transactions with Falkirk Council

2016/17		2017/18
£000		£000
(62,262)	Funding Contributions received from Falkirk Council	(60,464)
61,588	Expenditure on Services Provided by Falkirk Council	69,857
-	Integration Funding passed through Falkirk Council	(10,110)
89	Key Management Personnel: Non-Voting Board Members	175
(585)	Net Transactions with Falkirk Council	(542)

Balances with Falkirk Council

31 March		31 March
2017		2018
£000		£000
535	Debtor balances: Amounts due from Falkirk Council	1,077
535	Net Balance with Falkirk Council	1,077

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 IJB is analysed in the tables below.

HEALTH SERVICES	Unaudited Budget £000	Expenditure £000	Variance £000
<u>Set Aside Budget for Large Hospital Services</u>			
Accident and Emergency Services	6,331	6,584	(253)
In patient Hospital Services Relating to:			
General Medicine	3,119	3,076	43
Geriatric Medicine	4,436	4,700	(264)
Rehabilitation Medicine	1,426	1,477	(51)
Respiratory Medicine	1,175	1,177	(2)
Psychiatry of learning disability	1,334	1,368	(34)
Palliative Care (Hospital Based)	1,068	1,060	8
Mental Health Inpatient Services	6,318	6,858	(540)
Sub-Total	25,207	26,300	(1,093)
Adjustment to Budget for Overspend Funded by NHS	-	(1,093)	1,093
Sub Total	25,207	25,207	-
<u>Operational</u>			
District Nursing Services	4,164	4,244	(80)
Community Addiction Services	2,950	2,888	62
Community Based AHP Services	6,268	6,132	136
Public Dental Service	1,040	1,064	(24)
Services provided outwith a hospital in relation to geriatric medicine	1,102	994	108
Palliative Care (delivered in Community)	80	84	(4)
Community Learning Disability Services	800	575	225
Community Mental Health Services	5,307	5,054	253
Continence Services	191	159	32
Services Provided by health professionals that aim to promote public health	1,458	1,329	129
Community Hospitals	5,972	6,392	(420)
Resource Transfer	11,253	11,253	-
Joint Partnership Agreements	1,681	1,978	(297)
Partnership Funds (Transformation)	2,895	2,900	(5)
Shared Partnership Costs	176	176	-
Integration Fund	10,110	10,110	-
To Reserves	2,702	3	2,699
Sub Total	58,149	55,335	2,814
<u>Universal</u>			
Primary Medical Services (GMS Contract)	21,710	21,699	11
Primary Dental Services (GDS Contract)	8,608	8,582	26
Community Ophthalmic Services	2,946	2,946	-
Community Pharmaceutical Services	34,378	36,090	(1,712)
GP Out of Hours Services	1,385	1,417	(32)
Sub Total	69,027	70,734	(1,707)
TOTAL HEALTH SERVICES	152,383	151,276	1,107



SOCIAL CARE SERVICES	Unaudited Budget £000	Expenditure £000	Variance £000
Older People	3,322	3,252	70
Mental Health	576	478	98
Learning Disability	328	321	7
Physical Disability	702	687	15
Adult Support and Protection	99	95	4
Carers	48	35	13
Care at Home	30,492	30,515	(23)
Residential Care	22,600	22,667	(67)
Respite Care	1,205	1,175	30
Day Care/Services	4,272	4,301	(29)
MECS/Telecare/Telehealth	569	560	9
Housing with Care/Sheltered Accommodation	1,158	1,256	(98)
Shopping Service	24	42	(18)
Equipment and Adaptions	429	418	11
Advocacy	95	95	-
Sensory Team	358	289	69
Mental Health Team	295	245	50
Learning Disability Team	588	604	(16)
JLES	303	256	47
Day Care/Centre: MH	267	105	162
Sensory Resource Centre	79	70	9
Voluntary Organisations	554	442	112
Garden Aid	489	460	29
Housing Aids and Adaptations	1,200	1,250	(50)
Improvement Grants	327	239	88
Shared Partnership Costs	195	175	20
Provisions (Bad Debts)	-	-	-
Sub Total	70,574	70,032	542
Integration Fund	(10,110)	(10,110)	-
TOTAL SOCIAL CARE SERVICES	60,464	59,922	542
PARTNERSHIP TOTAL	212,847	211,198	1,649



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

To be inserted following the Audit process.



Glossary

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

Accounting Period

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

Assets

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

Balance Sheet

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

Comprehensive Income & Expenditure Statement (CIES)

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

Constituent Authorities

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

Creditor

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

Debtor

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



Events after the Reporting Period

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Should such events occur it may or may not be necessary to adjust the accounts. Guidelines are in place to determine whether an adjustment should be made to the accounts.

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

General Fund

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

Government Grants

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

Gross Expenditure

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

Gross Income

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

Liability

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

Movement in Reserves Statement

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

Net Expenditure

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



Notes to the Core Financial Statements

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

Provision

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

Related Parties

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

Remuneration

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

Reserves

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

Revenue Expenditure

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

