

PERTH & KINROSS INTEGRATION JOINT BOARD

1 JULY 2016

UNAUDITED ANNUAL ACCOUNTS 2015/16

Report by Chief Finance Officer

PURPOSE OF REPORT

This report presents the IJB'S Unaudited Annual Accounts for the financial year 2015/16 in accordance with Local Authority Accounts (Scotland) Regulations 2014.

1. BACKGROUND

1.1 The Perth & Kinross Integration Joint Board is regulated and governed by the Local Government (Scotland) Act (1973), specifically S106 along with the 2014 regulations. The Act requires the IJB to produce a set of annual accounts that will comply with the Act and the regulations as above.

The regulations also require members of the IJB to consider the unaudited accounts at a meeting to be held no later than 31 August. However, best practice is for the Committee charged with audit or governance, to have formally considered the unaudited Annual Accounts prior to submitting them to the appointed auditor and making them available for public inspection.

1.2 The timetable for the production, audit and presentation of these accounts is as follows:-

Milestone	Deadline
Agreement of in-year transactions and year end balances with Perth & Kinross Council and NHS Tayside.	30 April 2016
Draft Annual Accounts produced and accepted by the IJB and submitted for Audit	1 July 2016
External Audit inspection of Annual Accounts and lodging of objections.	29 July 2016
Annual Accounts approved by the IJB and signed.	26 August 2016
Publication of audited 15/16 Annual Accounts.	30 October 2016

1.3 The Draft Annual Accounts for the IJB have therefore been prepared for the year ended 31 March 2016 and are attached for acceptance by the IJB prior to submission for external audit.

1.4 The Draft Accounts have been prepared for the period from formal constitution of the IJB on 3 October 2015 to 31 March 2016. However the devolvement of budgets from Perth & Kinross Council and NHS Tayside takes place on 1st April 2016. Therefore the transactions recorded in the Draft Annual Accounts for 2015/16 are minimal.

2. CONCLUSION AND RECOMMENDATION

It is recommended that the Board:

- 2.1 Accepts the Draft 2015/16 Annual Accounts and that these are now submitted for External Audit.
- 2.2 Agrees to consider the IJB's audited Annual Accounts for 2015/16 at its meeting on the 26th August 2016.

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Date of Paper: 1 July 2016

Appendix 1: Unaudited Annual Accounts for the year ended 31 March 2016

Perth and Kinross Health and Social Care Integration Joint Board**Annual Accounts for the year ended 31 March 2016****Contents**

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UNAUDITED

MANAGEMENT COMMENTARY

INTRODUCTION

The purpose of the Management Commentary is to inform all users of these accounts and help them to understand the most significant aspects of Perth & Kinross Health and Social Care Partnership's financial performance from its establishment on 3 October 2015 to 31 March 2016, and the year-end financial position as at 31 March 2016.

The Perth & Kinross Health and Social Care Partnership (Integration Joint Board) is a body corporate, established by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014, on 3 October 2015.

The Parties (Perth & Kinross Council and Tayside Health Board) agreed the Integration Scheme of Perth & Kinross Health and Social Care Partnership, which sets out the delegation of functions by the Parties to the Integration Joint Board.

Under the Body Corporate model, the Health Board and Local Authority delegate the responsibility for planning and resourcing service provision of adult health and social care services to an Integration Joint Board (IJB).

As a separate legal entity the IJB has full autonomy and capacity to act on its own behalf and can, accordingly, make decision about the exercise of its functions and responsibilities as it sees fit.

The Perth & Kinross IJB Members for 2015/16 were as follows:

Voting Members:

Councillor Dave Doogan (chair)	Councillor Ian Campbell
Linda Dunion (vice chair)	Judith Golden
Councillor Kate Howie	Sheila Tunstall-James
Councillor Peter Barrett	Stephen Hay

Non-voting Members:

Robert Packham	Raymond Marshall
Jane Smith	Grant Mackie
Bill Atkinson	Helen McKinnon
Dr Neil Prentice	Bernie Campbell
Dr Morag Martindale	Maureen Summers
Jim Foulis	Ann Gourlay
Dr Drew Walker	Sue Cole
Dr Alistair Noble	

PURPOSE AND OBJECTIVES

All Integration authorities are required to prepare strategic plans which set out their integration arrangements to achieve or contribute to national health and well-being outcomes. The partnership has therefore developed a Strategic Commissioning Plan which was approved by the Integration Joint Board in March 2016. The plan describes our commitment in Perth and Kinross to change the way we support and deliver health and social care services to meet the many challenges facing individuals and our communities. It outlines the positive experiences that people have when services and support connect effectively, putting each person and their situation at the heart of the decisions and choices that are made. Importantly, the plan also focuses on the important role our communities, the Third and Independent Sector have in supporting and enabling people to live healthy, independent lives at home or in a homely setting.

The Strategic Commissioning Plan has 5 key priorities which can be aligned within the Perth & Kinross Community Planning Partnership (CPP) agreed outcomes as follows :-

Strategic Plan Key Priorities	CPP Outcomes
1. Prevention and early intervention	1. Longer Healthier lives for all
2. Person centred health, care and support	2. Older People living independently for longer
3. Work together with communities	3. High quality personalised care
4. Inequality, inequity and healthy living	
5. Making the best use of available facilities, people and resources	

The **vision** of the partnership is to work together to support people living in Perth and Kinross to lead healthy and active lives and live as independently as possible in their own homes, or in a homely setting with choice and control over the decisions they make about their care and support.

This will be achieved by:

- Developing Integration locality teams, so that all clinical, professional and non-clinical staff can work together in a coordinated way to improve access and the quality of services.
- Ensuring that people are at the centre of all decisions, including carers and families
- Combining staff and resources to deliver a wider range of care within communities and supporting people to be cared for at home.
- Improving the health of communities through wider partnership working to:
 - identify the health and care needs
 - focus on health promoting activity
 - taking action to improve well-being, life circumstances and lifestyles and actively addressing health and care inequalities

National Outcomes

A national outcomes framework (set out below) has been developed to assess progress towards achieving these. In Perth and Kinross we see health and social care integration as a vehicle to improve the wellbeing of local people. By involving people and their communities in decisions which affect them and through more joined up working and delivery of services earlier to prevent ill health, it is intended we will meet the 9 national outcomes set out below. The actions in the Strategic Plan are reflect these 9 national outcomes and our 5 local strategic priorities.



Perth & Kinross is one of three Health and Social Care Partnerships that have responsibility for services previously planned for and delivered by NHS Tayside, some of which operate on a Tayside wide basis. As a result, the services that Perth & Kinross Integration Joint Board is responsible for planning fall into three groups:

- Services that are managed through the Perth & Kinross Health and Social Care Partnership
- Services that are managed by Angus or Dundee Health & Social Care Partnerships on behalf of all three organisations – these are referred to as “hosted” services
- Services that are managed by NHS Tayside but used by one or more of the Health and Social Care Partnerships where it is not sensible to split the resources available among them without destabilising the services, these are referred to as ‘set aside Hospital Services’.

The table below summarises the main services for which the Perth & Kinross Integration Joint Board (IJB) has a strategic planning responsibility.

UNAUDITED

Partnership services

Community Care Services	Community Health Services	Hospital Services
<ul style="list-style-type: none"> • Social work services for adults with physical disability and older people • Services and support for adults with learning disabilities. • Mental health services • Drug and alcohol services • Adult protection and domestic abuse services • Carers support services • Health improvement services • Housing support services (in Sheltered Housing) • Aids and adaptations equipment and telecare • Residential care homes / nursing care home placements • Care at home • Reablement services • Respite and day care 	<ul style="list-style-type: none"> • District nursing services • Substance misuse services • Primary medical services • General dental services • Ophthalmic services • Community geriatric medicine • Primary medical services to patients out-of-hours • Community palliative care services • Community learning disability services • Community mental health services • Community continence services • Community kidney dialysis services • Public Health promotion • Allied health professionals • Community hospitals 	<ul style="list-style-type: none"> • Accident and Emergency services provided in a hospital • Inpatient hospital services relating to the following areas: <ul style="list-style-type: none"> • General medicine; • Geriatric medicine; • Rehabilitation medicine; • Respiratory medicine; and • Psychiatry of learning disability. • Palliative care services provided in a hospital • Inpatient hospital services provided by GP's • Services provided in a hospital in relation to an addiction or dependence on any substance • Mental health services provided in a hospital, except secure forensic mental health services • Pharmaceutical services

Hosted services

The services to be managed by each Health & Social care Partnership (HSCP) on a pan Tayside basis are set out below.

Dundee	Angus	Perth and Kinross
<ul style="list-style-type: none"> •Psychology services •Sexual and Reproductive Health services •Homeopathy service •Specialist Palliative Care •The Centre for Brain Injury Rehabilitation (CBIRU) •Eating disorders •Dietetics •Medical Advisory Service •Tayside Health Arts Trust •Keep Well •Psychotherapy 	<ul style="list-style-type: none"> •Locality Pharmacy •Primary Care Services (excludes the NHS Board administrative, contracting and professional advisory functions) •GP Out of Hours •Forensic Medicine •Continence service •Speech and Language Therapy 	<ul style="list-style-type: none"> •Learning disability inpatient services •Substance misuse inpatient services •Public Dental Services/Community Dental Services •General Adult Psychiatry Inpatient Services •Prisoner Healthcare •Podiatry

The three NHS Tayside HSCPs are establishing a set of principles establishing how hosted services will be managed effectively and consistently, recognising that strategic planning responsibility for the services is retained by all three IJB's in respect of their own population.

A key element of delivering the priorities of the strategic plan is the way we **strategically commission health and social care services**. Through strategic commissioning we will plan, develop and deliver services for people through engagement with individuals, communities, the statutory, third and independent sectors at locality level, investing to achieve positive outcomes for individuals and communities over the long term. This means:

- Understanding the needs of the population and the long term demand for services
- Improving and modernising services to achieve better outcomes
- Achieving value for money
- **Agreeing where we should invest, reinvest and disinvest, spending our money wisely to meet agreed priorities**
- Facilitating and managing the market to ensure that providers understand our priorities and can deliver appropriate services

Principles based on promoting equality and inclusion will underpin the planning and monitoring for all health, social care and support services.

The way we provide or purchase services will need to fundamentally change over the next 3-5 years:

- Over the next 3 years our plans to review existing health and social care provision will help us decide how to transform services to make sure that all, irrespective of

their sector, enhance the quality of life for the individuals and their carers now and in the future.

- We will develop a market position statement to ensure that all stakeholders are aware of our plans and where services are commissioned externally, potential providers are able to plan and develop services that will meet the health and wellbeing needs of individuals and communities
- We will remodel, decommission some services and recommission others to meet our priorities

In the first year of the plan we have identified a number of specific key strategic priorities which are:

1. **Roll out locally based integration teams designed around GP clusters**, and enhanced care support, working in partnership with GPs, pharmacies and the voluntary sector to facilitate opportunities for personalised, joined up, planned care and support for people.
2. **Embed the role of GP clusters** to become an Integration part of health and social care in order to share information between partners and explore different and improved ways of working together
3. Review existing services and pilot an enhanced role for **community pharmacy, dentistry and optometry services** to ensure **closer integration with locality teams**
4. **Work with communities to develop the health and social care market**, encouraging and empowering them to make choices to improve their health and well being (**Communities First**)
5. **Review AHP services**, including workforce review and completing the integration of Occupational Therapy Services.
6. **Transform District Nursing**, including implement findings of community nursing services review and move towards models of care based on outcome focussed assessments and care plans
7. **Review pathways between hospital and the community** to ensure that individual care is provided at the right time and in the right place and reduce delayed discharges
8. Explore opportunities for **community hospitals as local community hubs** for health, social care and third and independent sector with a range of services and facilities to support health and wellbeing in local communities
9. **Review inpatient beds** across all health services to ensure a shift toward locality care as close to person's home as possible.
10. Review and implement changes to **care at home** to help people to remain at home for longer, and shift the balance from traditional services to community focussed services
11. Review **community care day** services to increase locally based opportunities for people to access support
12. Develop and finalise the **Integration workforce and organisational development plan** to engage, support and develop staff across all sectors

13. Review **Older People’s Residential Care Services** and implement changes to meet the demands of an increasing older population.
14. **Continue to work with housing partners to support people to live independently**
15. Implement the recommendations in the **Technology Enabled Care Strategy** technology in local services
16. **Review community care packages** to enhance the individual’s, their families, and community’s assets to create more resilience and which is financially sustainable
17. Review and evaluate all **services hosted** by the Perth and Kinross Partnership in order to establish future service arrangements
18. Develop interventions **for people who are at the highest risk of ill health**, to prevent illness including smoking, alcohol and drug use, oral health, sexual health, undernutrition and initiatives to reduce the number of people who are overweight or obese, targeting resources at those most at risk
19. Develop a **rolling 3 year savings plan for health**, supported by NHS Tayside transformation workstreams, ensuring all opportunities for joint transformation are delivered

Progress on the strategic plan is reported at each Integration Joint Board and the first annual review of the plan is to be submitted to the Scottish Government next spring.

PRINCIPAL RISKS AND UNCERTAINTIES

Perth & Kinross IJB has an approved Risk Management Policy & Strategy and has developed a Draft Risk Management Framework which sets out the key strategic risks for the IJB and the current internal controls and an improvement plan. The Risk Register will be reviewed by the IJB on a six monthly basis.

The principal strategic risk facing the partnership is in relation to delivering a significant saving set against the budgets being devolved by NHS Tayside along with a material reduction in spend required on supplementary staffing. The partnership and its officers continue to seek and explore all opportunities to set out a balanced financial position for 2016/17, however as at 1 July 2016 the budget for GP Prescribing and Inpatient Mental Health Services cannot be regarded as sufficient. This brings significant uncertainty for 2016/17. In addition an unanticipated level of demand for care home placements brings significant financial risk.

FINANCIAL PERFORMANCE

This section is presented as a commentary on the overall financial position of the Perth and Kinross IJB as shown within the Annual Accounts for the year ended 31 March 2016. It contains explanations of the major influences on the IJB’s income and expenditure in line with the Statement of Accounting Policies which sets out the basis upon which the financial statements have been prepared and explains the accounting treatment of both general and specific items.

	Actual £
Employee Costs	60,679
Supplies and Services	42,897
Transport	362
Third Party Payments	6,250
Total Expenditure	110,188
Perth & Kinross Council Income	(55,094)
NHST Income	(55,094)
Total Income	(110,188)

ANNUAL GOVERNANCE STATEMENT 2015/16

Introduction

Good governance is the key to success for the Integration Joint Board (IJB) in achieving the National Health and Wellbeing Outcomes and delivering the objectives in the IJB's Strategic Plan. It supports better informed decision making, the efficient use and management of our resources, high quality performance, greater scrutiny and accountability and ultimately results in better outcomes for the people living in our communities who receive health and social care services.

The purpose of this Governance Statement is to give assurance to the people of Perth & Kinross, Members of the IJB, the Partners and other stakeholders that we have effective arrangements in place to ensure that, as an IJB, we are doing the right things for the right people at the right time in an open, honest and accountable way.

The IJB is a body corporate, established by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB was established on 3rd October 2015 following approval of the Integration Scheme agreed between Perth and Kinross Council and NHS Tayside. The Scheme sets out the strategic and operational responsibilities of the Board and the functions for which it is responsible and which have been delegated to it by each of the Partners.

The IJB is in its infancy and only assumed financial and operational responsibility for Integration functions on 1 April 2016. The governance framework is therefore still in development and there has been no opportunity to fully test the effectiveness of the internal control mechanisms in place.

This Governance Statement seeks to provide assurance as to the controls that are currently in place and to identify and action improvement in respect of those control areas which

require further review and development to enable the IJB to achieve its outcomes and to identify, manage and mitigate key risks.

Scope of Responsibility

Perth & Kinross Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, safeguarding public funds and assets and making arrangements to secure best value in their use.

In discharging this responsibility, the Chief Officer must in place arrangements for governance which includes the system of internal control. This is designed to manage risk to a reasonable level, but cannot eliminate the risk to failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

The Purpose of the Governance Framework

The governance framework enables the IJB to monitor and evaluate the achievement of its objectives and to determine whether these have delivered appropriate, efficient and cost effective services and good outcomes for our communities. The system of internal control is a key element of an effective governance framework and is designed to manage the risk of any failure to achieve our outcomes.

The internal control system should manage risk through the continuing process of identification, prioritisation, evaluation and mitigation. Risk should be evaluated on the basis of likelihood and impact in both financial and non-financial terms.

These risks must be managed and mitigated proportionately and effectively, recognising that risk can never be eliminated completely and therefore only reasonable assurance can ever be given.

Our Governance Framework

By governance framework, we mean our culture and values and all the rules, resources, systems, processes and procedures that help us achieve our outcomes and provide services efficient and cost effective services.

We recognise that the following are fundamental elements of good governance within public sector organisations:-

- Vision, direction & purpose
- Leadership, Culture & Values
- Stakeholder Engagement
- Organisational Development
- Effective Decision Making
- Internal Controls
- Scrutiny & Accountability

Our governance arrangements to date are summarised as follows:-

- Our vision and purpose is the achievement of the intended outcomes for the citizens of Perth & Kinross documented in our Strategic Plan which was approved by the IJB on 23rd March 2016. It sets out a vision and describes how the IJB will achieve the National Health and Wellbeing Outcomes prescribed by Regulations under section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014.
- The IJB's agreed performance management framework is linked fully to the National Health and Wellbeing Outcomes.
- We recognise that effective stakeholder engagement is essential if we are to design and deliver services which best meet the needs of our communities. The IJB has a Participation and Engagement Strategy and a Participation and Engagement Group to support implementation.
- An operational framework establishing the Board is set out in the Integration Scheme which was approved by Ministers in October 2015.
- The IJB has a Scheme of Administration which sets out the role of the Board, the Chief Officer and Chief Finance Officer and provides an appropriate mechanism for decision-making and ensuring transparency and accountability.
- The IJB appointed a Chief Officer in accordance with section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. The Chief Officer reports directly to the Chief Executive Officers of both the Council and the Health board, and is a full member of the senior management teams of both Parties. The IJB is responsible for the operational oversight of Integration Services and through the Chief Officer is responsible for the operational management of Integration Services.
- A Chief Financial Officer of the IJB was also appointed in accordance with the Public Bodies (Joint Working) (Scotland) Act 2014, and is responsible for ensuring that the accounts are prepared in line with statutory timetables and that they meet the requirements of section 39 for the Public Bodies (Joint Working) (Scotland) Act 2014 and that they comply with proper accounting practice.
- The Chief Officer and Chief Finance Officer are supported by a management team which is split into three key services (Community Health, Social Care and Inpatient Mental Health) led by three Heads of Service. The management team (Chief Officers Group) meet weekly as a Senior Management Team. Individual Services also have their own Service Management Teams.
- The IJB has begun to develop and implement a suite of policies, procedures and /or management processes to ensure that there are appropriate internal controls in place in respect of :-

- Decision making
 - Financial management
 - Operational delivery
 - Performance Management
 - Risk Management
 - Code of Conduct
 - Conflicts of interest
 - Complaints handling
 - Scrutiny & Accountability
- The Integration Scheme stipulates that joint arrangements are put in place for clinical and care governance to include representatives of the relevant professional groups for all health and social care professions. A Clinical, Care and Professional Governance Framework which includes the establishment of a Local Joint CCPG Committee, was approved by the IJB on 15th January 2016. The CCPGC will ensure there is appropriate assurance for the Parties and the IJB on the standards for health and care services provided and provide advice as necessary in relation to the strategic planning of the IJB.

A Review of Effectiveness

The IJB has a responsibility for conducting a review of the effectiveness of its governance arrangements. In order to assess the effectiveness of the arrangements, assurance evidence should be gathered.

As stated above, the IJB was only established on 3 October 2015, and did not have full financial and operational responsibility for Integration functions in the financial year 2015-16. There has been little opportunity therefore to test the effectiveness of the current control system.

The following key governance documents are in place to enable the IJB to assume its strategic, financial and operational responsibilities from 1 April 2016 and to operate as a decision making body:-

- Standing Orders
- Scheme of Administration
- Code of Conduct
- Financial Regulations

Financial Regulations set out the responsibilities of the IJB and senior officers in relation to the proper administration of the IJB's finances and the role of Internal Audit and its rights of access across the IJB.

The IJB at its meeting on 23rd March 2016 considered a comprehensive Financial Assurance Review of the budgets to be devolved to the Board from 1st April 2016.

The Annual Budget to be devolved by Perth & Kinross Council for 2016/17 has been approved by the IJB.

The Annual Budget to be devolved by NHS Tayside has been approved on an indicative basis only by the IJB at this stage whilst further work is undertaken to assess the sufficiency of the budget. Notwithstanding this, sufficient assurance was available to enable the IJB to issue Directions to the Partners by 1 April 2016.

The Chief Internal Auditor of NHS Tayside and the Chief Internal Auditor of Perth & Kinross Council have jointly prepared an audit report in April 2016 in respect of the financial assurance provided. (Report nos: T18B/16 and PKC 15-24 refer)

Audit opinion at paragraph 9 states:

“We can provide assurance that in our opinion the due diligence processes undertaken on the initial sums for the Integration budget (i.e. exempting the Large Hospital Set Aside) comprehensively covered the requirements of the national financial assurance guidance. The information provided to the Perth & Kinross Integration Joint Board (IJB) at its November 2015 meeting and concluding in the January and February 2016 development events, provided a full and detailed picture of the financial position of the budgets in scope. In addition, in our opinion, the due diligence and summary of risks reports met all the requirements of the national financial assurance guidance in relation to risk assessment. We would commend the approach taken in providing the IJB members with an overall view of financial risks. “

Certification

The Annual Internal Audit report for 2015/16 notes that the IJB had adequate and effective internal controls in place proportionate to its responsibilities. In addition no concerns were raised around the consistency of the governance statement with the outcomes of their work.

It is our view that as far as possible the IJB has established an acceptable level of internal control, risk management and corporate governance framework on which it will develop and improve during 2016/17. This will include arrangements for Freedom of Information requests and records management; review of corporate support requirements; a review of compliance with the integration scheme; development of a code of corporate governance and training for members therein; further development of clinical, care and professional governance arrangements.

Robert Packham
Chief Officer
Perth & Kinross IJB

Dave Doogan
Chair
Perth & Kinross IJB

26 August 2016

STATEMENT OF RESPONSIBILITIES

The Integration Joint Board Responsibilities

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 authority has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Integration Joint Board at its meeting on 26 August 2016.

Signed on behalf of Perth and Kinross Integration Joint Board

Councillor Dave Doogan
Chairperson of Perth and Kinross IJB

26 August 2016

The Chief Finance Officer's Responsibilities

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

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

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation and the Code of Practice.
- Complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).
- Kept adequate 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 statement of accounts give a true and fair view of the financial position of the Integration Joint Board at the reporting date and the transactions of the Integration Joint Board for the year ended 31 March 2016.

Jane M Smith
Chief Finance Officer

26 August 2016

STATEMENT OF RESPONSIBILITIES FOR THE ANNUAL ACCOUNTS

This statement sets out the main financial responsibilities of the IJB.

PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments.

POST BALANCE SHEET EVENTS

No significant events occurred between the Balance Sheet date and the date the accounts were signed that would have a material impact on the 2015/16 Annual Accounts.

THE FINANCIAL STATEMENTS

Movement in Reserves Statement

The IJB has a reserves policy for future years. The Accounting Statements for 2015/16 do not include Movement in Reserves Statement as the IJB has nil reserves as at 31 March 2016.

Comprehensive Income and Expenditure Statement

This Statement shows the accounting costs in the financial year 2015/16 of providing services in accordance with generally accepted accounting practices. The IJBs Income and Expenditure is limited to an agreed list of transactions.

Balance Sheet

Perth and Kinross IJB's Accounting Statements do not include a Balance Sheet as the IJB has nil assets and nil liabilities reflecting activity undertaken to 31 March 2016 and the structure of the IJB.

Cash Flow Statement

No cash statement has been included as the IJB did not hold any cash or cash equivalents throughout the period 2015/16.

Notes to the Core Financial Statements

These notes are intended to provide the reader with further information which is not separately detailed in the core financial statements.

REMUNERATION REPORT

During the financial year 2015/16, Perth and Kinross Council employed nil employees. Both the Chief Officer and Chief Finance Officer were employed by NHS Tayside.

The Local Authority Accounts (Scotland) Amendment Regulations 2014 (SSI 2014/200) requires Integration Joint Boards and Local Authorities to include a Remuneration Report as part of the annual statutory accounts.

In accordance with this requirement this report sets out:-

- The number of employees whose remuneration was in excess of £50,000 per annum;
- The remuneration and pension rights of senior employees.

Perth and Kinross Council and NHS Tayside as a partnership determined the initial remuneration for senior employees with reference to the level of responsibility of the post.

The remuneration arrangements and performance appraisal for senior employees is governed by decisions of the NHS Tayside Remuneration Committee. Such decisions have been strictly in accordance with the provision of circulars issued by the Scottish Government Health and Social Care Directorate and are subject to regular audit scrutiny.

Remuneration policy is determined by the Cabinet Secretary for NHS Scotland employers and directed through official circulars. This is regulated through a National Performance Management Committee (NPMC), established to assure Ministers and public on the robustness of the performance management and appraisal processes for Executives across NHS Scotland and to ensure that any increases in pay are only made on evidence-based performance, and the National Evaluation Committee which holds responsibility for senior job grading - and is unique in the UK in this respect.

All decisions made by the Remuneration Committee are consistent with this policy framework. Performance assessment for this period is still under consideration (due to the cycle of business between Boards and SGHSCD) as any uplifts will not be sanctioned by the National Performance Management Committee or SGHSCD until the performance year has concluded including confirmation of the Annual Accounts - normally June.

Scottish Government annualised amendments to pay arrangements for 2014/15 in the Executive Senior Manager cohort based on performance in the year 2013/14 amended pay ranges in line with other staff groups. No provision has been made for non-consolidated payments. These changes include an increase to maximum and minimum pay points by 1%, and up to 3% progression subject to performance criteria. At the same time pay arrangements for the period 2015/16 based on performance for the year 2014/15 have also been announced mirroring the arrangements described above.

The remainder of the employment package is the same as other members of staff in respect of pension and other entitlements. Executives and senior managers above certain salary levels will pay higher proportionate contributions to the pension scheme. All executives were required to agree to new contracts when the revised pay arrangements were introduced in 2005. This included a standard contract with a 3 month notice period. There are no specific termination payments. These are in line with the Agenda for Change Handbook.

All executives and senior managers are direct employees or seconded from other organisations.

There were no payments to third parties for the services of a senior manager. No awards were made to past senior managers.

Remuneration of Senior Employees

The Following table provides details of the remuneration paid to Perth and Kinross IJB's Senior Officers. For 2015/16 this is the Chief Officer only.

Name and Post Title	Salary, Fees and Allowances	Total Remuneration 2015/16	Total Remuneration 2014/15
Senior Employee	£	£	£
R Packham Chief Officer	60,679	60,679	0

Note: R. Packham was in post from 2nd September 2015

Pension benefits – Senior Employees

The pension entitlements of senior employees for the year to 31 March 2016 are shown in the table below, together with the contribution made by NHS Tayside (as the employer) to each senior employee's pension during the year. All senior employees shown in the table are members of the NHS Superannuation Scheme and the accrued pension benefit figures shown are those that the individual has accrued as consequence of their total NHS, in whichever post(s), with Perth and Kinross IJB or has transferred into the Fund from another employer.

	In Year Pension Contributions paid by NHS Tayside to the Pension Fund Year to 31/3/16	In Year Pension Contributions paid by NHS Tayside to the Pension Fund Year to 31/3/15	Accrued Pension Benefit at 31/3/16	Accrued Pension Benefit 31/3/15
Name and Post Title	£	£	£	£
R Packham Chief Officer	TBC	TBC	TBC	TBC
Total				

Comprehensive Income and Expenditure Statement for the year 31 March 2016

2014/15				2015/16			
Gross Exp £	Gross Income £	Next (Income) / Exp £		Gross Exp £	Gross Income £	Next (Income) / Exp £	Net Budget £
0	0	0	Corporate & Democratic Core	110,188	0	110,188	110,188
0	0	0	Cost of Services	110,188	0	110,188	110,188
0	0	0	Taxation and Non-Specific Grant Income		(110,188)	(110,188)	
0	0	0	(Surplus)/Deficit on provision of Services	110,188	(110,188)	0	
		0	Total Comprehensive Income and Expenditure			0	

The accounts were issued for audit on the 1 July 2016

Jane M Smith CA
Chief Finance Officer

NOTES TO THE CORE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Statement of Accounts summarises the IJB's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The IJB is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, with Section 12 of the Local Government in Scotland Act 2003 requiring them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ACCRUALS OF INCOME AND EXPENDITURE

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

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior 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 Statement of Accounts is authorised for issue. Two types of events can be identified:-

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events. However, where a category of events would have a material effect, a disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the IJB when there is reasonable assurance that:-

- the IJB will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the IJB are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the person or body providing the grant or contribution.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants / contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

For 2015/16 income received from NHS Tayside and Perth & Kinross Council to support costs of services is treated as a “Capital Grant and Contribution”.

Overheads and Support Services

For the financial year 2015/16 all corporate support services provided by NHS Tayside and Perth & Kinross Council, and as described in the IJB’s Integration Scheme, are provided without charge by NHS Tayside and Perth & Kinross Council.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that is likely to require settlement by a transfer of economic benefits or service potential and where a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision

within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service where there is certainty that reimbursement will be receivable if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Clinical and Medical Negligence

The IJB is a member of the CNORIS (Clinical Negligence and other Risks Indemnity Scheme). Under this arrangement, the IJB is responsible for meeting negligence claims up to a certain threshold. Costs above the threshold are reimbursed to the IJB from a central fund as part of the CNORIS arrangements.

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

Value Added Tax (VAT)

The IJB is not VAT registered however for expenditure incurred on behalf of the IJB by partners; 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 Perth and Kinross 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. Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and NHS Tayside will charge the full cost to the IJB.

External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2014/15 £		2015/16 £
0	Fees payable to (external auditors) with regard to external audit services carried out by the appointed auditor for the year	5000

Related Parties

The IJB is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. Disclosure of these transactions allows readers to assess the extent to which the IJB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the IJB.

Scottish Government

The Scottish Government has significant influence over the general activities of the IJB – it is responsible for providing the statutory framework within which the IJB was constituted and will operate, through NHS Tayside and Perth & Kinross Council provides the majority of its funding and prescribes the terms of many of the transactions that the IJB has with other parties (e.g. Perth & Kinross Council, NHS Tayside).

Members

Members of the IJB Board have control over the IJB's financial and operating policies to the extent they are transacted through the IJB.

Other Public Bodies (subject to common control by Scottish Government)

The IJB undertakes material transactions with Perth & Kinross Council and NHS Tayside. Transactions and balances outstanding are detailed in Tables 1 & 2 below.

Transactions and balances are detailed in Tables 1 & 2 below :-

Table 1 - Related Parties

During the year, transactions with related parties arose as follows :-

2014/15 Expenditure £	2014/15 Income £		2015/16 Expenditure £	2015/16 Income £
		Other Public Bodies		
0	0	Perth & Kinross Council	55,094	(55,094)
0	0	NHS Tayside	55,094	(55,094)
0	0	Total	110,188	(110,188)

Table 2 - Related Parties (Debtors / Creditors)

Amounts at the end of the financial year, either due to or by the IJB, were all in accordance with normal business and there were no material issues as to the question of the amounts being properly due.

2014/15 Creditors £	2014/15 Debtors £		2015/16 Creditors £	2015/16 Debtors £
		Other Public Bodies		
0	0	Perth & Kinross Council	0	0
0	0	NHS Tayside	0	0
0	0	Total	0	0

