



**Clackmannanshire
Council**



**CLACKMANNANSHIRE AND STIRLING HEALTH
AND SOCIAL CARE PARTNERSHIP
INTEGRATION JOINT BOARD ACCOUNTS FOR THE
PERIOD 3 OCTOBER 2015 TO 31 MARCH 2016**



**Clackmannanshire
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Accounts For The Period 3 October 2015 to 31 March 2016

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Accounts For The Period 3 October 2015 to 31 March 2016

1. Management Commentary

Introduction

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

Following approval from Clackmannanshire and Stirling Councils and the Forth Valley Health Board (NHS Forth Valley), the Integration Scheme, the formal legal partnership agreement between the three constituent organisations, was submitted to Scottish Ministers on 24 June 2015. On 3 October 2015 Scottish Ministers legally established the Clackmannanshire and Stirling Integration Joint Board. The Integration Joint Board is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

As health and social care functions in Clackmannanshire and Stirling were not formally delegated to the Integration Joint Board until 1 April 2016, 2015/16 was a 'Shadow Year' to allow the Integration Joint Board to implement the necessary preparations for local implementation of integrated health and social care services.

This publication contains the financial statements for the period 3 October 2015 to 31 March 2016.

Principal Activities

Over the shadow period from 3 October 2015, in anticipation of health and social care functions being formally delegated to the Integration Joint Board on 1 April 2016, the Integration Joint Board's principal role has been ensuring the necessary processes, policies and plans are in place to allow local implementation of integrated health and social care services in terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and its supporting regulations and deliver on the commitments set out within the Integration Scheme.



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During 2015/16 the key activities of Clackmannanshire and Stirling Integration Joint Board included:

- Appointment of its permanent Chief Officer (July 2015) and Interim Chief Finance Officer (October 2015) to develop the Integration Authority and have oversight of the joint budget. Establishing a Strategic Planning Group (SPG) to ensure the interests of different local stakeholder groups are represented in relation to health and social care within the strategic planning process.
- Development of its Strategic Plan which describes how the Clackmannanshire and Stirling Health and Social Care Partnership will move towards delivering on our vision – setting out the context, challenges, priorities and action plans for the period 2016-2019.
- Putting in place sound financial governance and assurance arrangements for the Integration Joint Board in line with national guidance.
- Carrying out a due diligence process to consider the social care budget being delegated from the Councils and health budget delegated from NHS Forth Valley to the Integration Joint Board from 1 April 2016, in order for the Integration Joint Board to carry out its delegated functions, and to meet anticipated levels of demand to ensure the Partnership can proceed on a sound financial basis.
- Preparation to manage the effective delegation of the prescribed functions to the Integration Joint Board from 1 April 2016.
- Issuing of Directions to Clackmannanshire Council, NHS Forth Valley and Stirling Council for their respective delegated functions from 1 April 2016, as set out in the Integration Scheme. The Directions are the mechanism by which the Integration Joint Board instructs the constituent authorities to carry out the delegated functions. These documents set out how the Integration Joint Board expect the constituent bodies to deliver each function, and spend Integration Joint Board resources, in line with the Strategic and Financial Plans.

On 1 April 2016 health and social care functions in Clackmannanshire and Stirling were formally delegated to the Integration Joint Board.

This delegation of functions and services in scope means the Integration Joint Board taking responsibility for the strategic planning and commissioning of adult social care service provision, of Community and Family Health Services relating to in-scope functions, and for large hospital services planning with partners who will continue to manage and deliver the services as part of the pan Forth Valley structures.

Accounts for Period 3 October 2015 to 31 March 2016

The Accounts report the financial performance of the Integration Joint Board. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the Integration Joint Board's vision and its core outcomes as expressed within the Strategic Plan. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2015/16 Accounts have been prepared in accordance with the Code and the Local Authority Accounts (Scotland) Regulations 2014.

Performance

The Integration Joint Board is embedding a performance management culture throughout the Partnership. Over the next year we will work towards creating a framework of performance information which will analyse data, track progress and identify action to be taken as required. Regular performance management reports will be provided to the Integration Joint Board, The Strategic Planning Group (SPG) and the operational management teams.

The Partnership also embraces scrutiny including external inspection and self-assessment, and, in addition, benchmarking will be used to compare our performance with other organisations to support change and improvement.

Financial information will be part of this performance management framework with regular reporting of financial performance to the Integration Joint Board.

Financial Outlook, Risks and Plans for the Future

On 1 April 2016 health and social care functions in Clackmannanshire and Stirling were formally delegated to the Integration Joint Board. The Board has a significant financial challenge ahead to deliver improved outcomes for patients/service users, unpaid carers and communities in a climate of growing demand with finite resources.

Additional funding of £250m was allocated by the Scottish Government for Health and Social Care Partnerships for 2016/17 to help address cost pressures in social care including the impact of changes in demography and implementation of the Living Wage from 1 October 2016.

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

In addition to economic performance, other factors will influence the availability of funding for the public sector including local government elections, the Commission on Local Tax Reform, consequences arising from the outcome of the EU referendum, financial powers arising from implementing the Scotland Act 2012, recommendations arising from the Smith Commission, the introduction of a Single Tier Pension Scheme in 2016 and the demographic challenges that the Partnership is facing.

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

- Continued economic uncertainty; and resultant effect on public spending, in the wake of the result of the EU referendum;
- Increasing demand for health and social care services linked to demographic change including an ageing and increasing population with multiple and complex long term conditions;
- The health inequalities between the affluent and more deprived areas and the challenges of deprivation, housing and employment;
- The wider financial environment, with further budget pressures anticipated in future years;
- The need to maintain and improve the quality of services and improve outcomes for service users, unpaid carers and communities; and
- Workforce challenges including the ageing workforce and issues around recruitment and retention of elements of the health and social care workforce.

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

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

This will ensure a joint contribution to encouraging, supporting and maintaining the health and wellbeing of people who live in our community. This will mean that the Integration Joint Board can address the challenges faced.



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It is recognised that if there are no changes to the way that services are planned and delivered with partners across all sectors, current service provision will not be sufficient to meet the future health and social care needs of the population. We must therefore embed new ways of working and seek to focus resources away from expensive bed based models of care into community based services. We need to critically appraise and challenge our current models of service delivery to ensure our combined resources are focused on areas of greatest need delivering the best outcomes to our service users and patients, and that crucially we harness the capacity of local communities to support the wider preventative, health and wellbeing outcomes.

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

The Partnerships strategic plan and associated documents can be accessed here:
<http://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/consultation-feedback/>

Significant further work is now taking place across the Partnership area to develop the detailed implementation and locality plans to address the challenges ahead.



Conclusion

In this shadow year, 2015/16, the Partnership has successfully prepared for the delegation of functions on 1 April 2016.

Going forward, the Clackmannanshire and Stirling Health and Social Care Partnership has a significant financial challenge ahead to deliver better outcomes for its patients and service users, in line with its Strategic and Financial Plans, in a climate of growing demand within finite resources.

In order to achieve this we must identify and implement more innovative ways to deliver customer focused services cost effectively, by driving service improvement and organisational change within the Partnership through a structured approach to managing change, optimising the use of change and improvement competencies and developing and sharing best practice throughout the Partnership. We will work with staff, managers, services, partners and our communities to lead and support service redesign reviews, to identify and implement innovative, cost effective and person centred, outcomes focused service delivery models and pathways, and contribute to the delivery of the Partnership's Strategic Plan within resources available.

Where to Find More Information

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

<http://nhsforthvalley.com/about-us/health-and-social-care-integration/clackmannanshire-and-stirling/>

Councillor Les Sharp
Chairperson
22 September 2016

Shiona Strachan
Chief Officer
22 September 2016

Ewan C. Murray
Chief Finance Officer
22 September 2016



2. Annual Governance Statement

Introduction

The 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 has put in place arrangements for governance which includes systems of internal control. These are designed to manage risk to a reasonable level, but cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

During 2015/16 the Clackmannanshire and Stirling Integration Joint Board was operating within a governance framework suitable for the implementation phase of the Integration Joint Board and has also developed governance frameworks for the period when the Integration Joint Board becomes responsible for functions from 1st April 2016. On that basis the governance statement is set out to describe the position in terms of the 2015/16 governance framework and the work undertaken to prepare for 2016/17; an assessment of where we are now, and an indication of the areas for further development in our governance.

The Integration Joint Boards Audit Committee considered the Annual Internal Audit Report and at it's meeting on 1 September 2016. Overall, the Chief Internal Auditor concluded that:

- The Integration Joint Board had adequate and effective internal controls in place proportionate to its responsibilities in 2015/16; and
- There are no concerns around the consistency of the Annual Governance Statement with information that I am aware of from my work.

2015/16 Governance Framework

The Integration Joint Board's governance framework for 2015/16 was built around the following:-

- The appointment of a permanent Chief Officer in July 2015 and an Interim Chief Finance Officer in October 2015;
- Regular meetings of the Integration Joint Board (Transitional Board to September 2015) and then formally constituted as a legal body from October 2015;
- The establishment of and regular meetings of a Strategic Planning Group throughout the year to develop of the Integration Joint Board's Strategic Plan;
- Appointment of Internal Auditors for financial year 2015/16 (Stirling Council Internal Audit Service);



- Appointment of External Auditors for the period from 3 October 2015 to 31 March 2016 under the Audit Scotland framework of appointment (Grant Thornton UK LLP); and
- Completion of a financial assurance process regarding proposed devolved budgetary resources.

Preparation for 2016/17

- In October 2015, the Scottish Government approved the Health and Social Care Partnerships Integration Scheme thus formally constituting the Partnership and the Integration Joint Board with the intention of it being responsible for functions from 1 April 2016.
- In March 2016, the Integration Joint Board approved a Strategic Plan that is the main document determining the strategic direction of the Partnership for period 2016-2019. The approval of the Strategic Plan and agreement of the initial 2016/17 budget allowed compilation of Clackmannanshire and Stirling's Annual Financial Statement setting out the available budgets.
- The Integration Joint Board has approved a series of final or draft documents or actions that will aid its governance from 2016/17 as follows:-
 - Integration Scheme
 - Financial regulations
 - Standing Orders
 - Code of Conduct
 - Agreeing establishment of an Audit Committee
 - Directions to Partners
 - Complaints Handling
 - Performance Framework
 - Clinical and Care Governance Framework
 - Agreement of Internal Audit arrangements
 - Integrated Workforce Plan
 - Risk Management Strategy

As these agreements have been reached a number of them will be reviewed in coming year to ensure they remain fit for purpose as the Integration Joint Board's role develops.

Assessment of Arrangements for 2016/17

The process of developing the Integration Joint Board's governance framework was ongoing throughout 2015/16 and this will continue into 2016/17. The Integration Joint Board has also undertaken a review of its overall governance framework using a self assessment checklist compiled by the Integration Joint Board's 2015/16 Chief Internal Auditor.



The Integration Joint Board will also undertake to consider self-assessment checklists included in Audit Scotland audits of Health and Social Care Integration published in December 2015 and March 2016.

Developments in 2016/17

There are a number of areas of development required in 2016/17, many of these follow on from work already undertaken or will flow from Internal Audit recommendation or the outcomes of other assessments. The developments will include:-

- Establishment and initial meetings of an Audit Committee;
- Appointment of Standards Officer and approval of a Code of Conduct for Integration Joint Board Members;
- Establishment of a leadership group and further development of joint management arrangements;
- Further development and monitoring of the Strategic Risk Register;
- Approval of 2016/17 Internal Audit plan;
- Development of Performance Management Arrangements in line with the agreed framework;
- Progressing Clinical and Care Governance arrangements in line with the agreed framework;
- The Integration Joint Board will seek to address any gaps in governance identified by the completion of the self –assessment checklist; and
- Approval of SASPI (Scottish Accord in the Sharing of Personal Information) protocols.

While there remain a number of areas of governance that are work in progress it is the view of the Chief Officer and Chairperson that at the end of the March 2016 the progress with governance arrangement was sufficient to allow the IJB to successfully take on its agreed responsibilities. It is also the accepted position of the Chief Officer and Chairperson that a number of reviews and revisions will be required to Integration Joint Board Governance arrangements during 2016/17.

Management of Risk

Throughout 2015/16 the Integration Joint Board has monitored the risk associated with the implementation phase of Health and Social Care Integration via a Forth Valley wide Programme Board which provided regular updates to the Integration Joint Board from the Programme Manager. This included reviewing risks associated with financial governance issues, partnership development, and reporting frameworks.



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The Integration Joint Board has agreed a strategic risk register and this will form the basis of risk management and monitoring arrangements going forward.

A significant Financial Assurance process was undertaken 2015/16. This process reviewed the resources being devolved to the IJB and sought to assess the adequacy of the proposed devolved budgets.

The most significant financial risks faced by the Integration Joint Board over the short and medium term are deliverability of devolved savings and efficiency programmes from Clackmannanshire Council, NHS Forth Valley and Stirling Council, the costs associated with increasing demand for health and social care services largely driven by changing demography; the financial implications of the implementation of the Living Wage within the context of the initial 2016/17 budget settlement and risks associated with Partnership Funds (funds received from the Scottish Government) in future years.

Additionally, the alignment of business planning and budget setting cycles across the Local Authorities and NHS Board presents a challenge for the Integration Joint Board.

Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Clackmannanshire and Stirling Integration Joint Board's systems of governance and that the development of governance arrangement to date demonstrates compliance with generally accepted standards of good corporate governance. It is also noted that the Integration Joint Board fully expects to review and continue to develop its systems of governance during 2016/17 to reflect developments in 2016/17 and further shared learning as part of a process of continuous improvement.

Chief Officer <i>Shiona Shvachon</i>	Chairperson <i>[Signature]</i>
Date <i>22 Sept 2016</i>	Date <i>22.09.16.</i>

3. Remuneration Report

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) require Local Authorities and Integration Joint Board's in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

Voting Board Members

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

Voting board members do not meet the definition of a 'relevant person' under legislation. However, in relation to the treatment of joint boards, Finance Circular 8/2011 states that best practice is to regard Convenors and Vice-Convenors as equivalent to Senior Councillors. The Chair and Vice Chair of the Integration Joint Board should therefore be included in the IJB remuneration report if they receive remuneration for their roles. For Clackmannanshire and Stirling Integration Joint Board, neither the Chair nor Vice Chair receive remuneration for their roles. The Integration Joint Board does not pay allowances or remuneration to voting board members; voting board members are remunerated by their relevant Integration Joint Board partner organisation.

For 2015/16 no voting board members received any form of remuneration from the Integration Joint Board. Non-voting members of the Board and Strategic Planning Group were reimbursed for travel expenses incurred in the period. The level of these reimbursements totalled £234.

Current Voting Membership of the Integration Joint Board is as follows:

Clackmannanshire Council

Councillor Les Sharp (Chairperson)
Councillor Bobby McGill
Councillor Kathleen Martin

NHS Forth Valley

John Ford (Vice Chair), Non Executive Member of NHS Forth Valley Board
Jane Grant, Chief Executive
Alex Linkston, Chair of NHS Forth Valley
Fiona Gavine, Non Executive Member of NHS Forth Valley Board
Graham Foster, Director of Public Health and Strategic Planning
Joanne Chisholm, Executive Member of NHS Forth Valley Board



Stirling Council

Councillor Johanna Boyd
Councillor Christine Simpson
Councillor Scott Farmer

Integration Joint Board Chief Officer

The appointment of an Integration Joint Board Chief Officer is required by section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB is not however empowered to directly employ the Chief Officer; therefore the contract of employment must be with one of the partner organisations. Given the specific legal requirement to appoint a Chief Officer and the special legal regime that applies to the employment contract arrangements, for the purposes of the Remuneration Report, the Integration Joint Board Chief Officer should be regarded as an employee of the Integration Joint Board.

For Clackmannanshire and Stirling Integration Joint Board, the Chief Officer is therefore treated as an employee of the Integration Joint Board, although their contract of employment is with Clackmannanshire Council. The statutory responsibility for employer pension liabilities sits with Clackmannanshire Council as the employing partner organisation. There is therefore no pension liability reflected on the Integration Joint Board balance sheet for Clackmannanshire and Stirling Integration Joint Board's Chief Officer.

Senior Officers

Other officers and staff are not regarded as employees of the Integration Joint Board and are employed through Clackmannanshire Council, NHS Forth Valley or Stirling Council.



The salary and pension entitlement of the Relevant Person is shown in the following tables. This reflects the Relevant Persons earning from date of commencement to 31 March 2016.

2014/15 Total	Name and Post Title	Taxable Salary £	2015/16 Other Fees and allowances £	Total Earnings In Year £
n/a	Chief Officer: S Strachan	66,598	0	66,598

Note: The taxable salary illustrated above is an apportionment based on the proportion of the year the officer was in post. The officers full year salary is £88,798 per annum.

The pension entitlement for the Chief Officer for the year to 31 March 2016 is shown in the table below, together with the contribution made by Clackmannanshire Council to the pension during the year.

Name and Post Title	Accrued Pension Benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		In Year Pension Contribution For Year to 31 March 2016 £'000
	Pension £	Lump Sum £	Pension £	Lump Sum £	
Chief Officer: S Strachan	1,000	0	n/a	n/a	13,986

Joined Fund July 2015 - No transfer of previous accrued benefits has yet been made.



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4. Statement of Responsibilities for the Annual Accounts

The Integration Joint Board’s Responsibilities

The IJB is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Chief Finance Officer has been designated as that officer for the Joint Board.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Ensure that 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 the audited Annual Accounts were approved for signature at a meeting of the Integration Joint Board on 21 September 2016

Councillor Les Sharp.......... Integration Joint Board Chairperson

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper accounting 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 this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates which were reasonable and prudent
- complied with legislation; and
- complied with the 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; and
- 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 Integration Joint Board at the reporting date and the transactions of the Integration Joint Board for the year ended 31 March 2016.

The audited financial statements were authorised for issue on 21 September 2016.



Ewan C. Murray
Chief Finance Officer
21 September 2016



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5. Independent Auditor's Report

Independent Auditor's report to the members of Clackmannanshire and Stirling Integration Joint Board and the Accounts Commission for Scotland

We certify that we have audited the financial statements of Clackmannanshire and Stirling Integration Joint Board for the period ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement and Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, We do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Chief Finance Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.



Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the body as at 31 March 2016 and of the income and expenditure of the body for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.



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Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- We have not received all the information and explanations we require for our audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Joanne Brown, (for and on behalf of Grant Thornton UK LLP)
7 Exchange Crescent
Edinburgh
EH3 8AN
27 September 2016



6. The Statement of Accounts

Statement of Income and Expenditure

This statement shows the accounting cost of providing services and managing the Integration Joint Board during the year. It includes, on an accruals basis, all of the Integration Joint Board's day-to-day expenses and related income.

2014-2015				2015-2016			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
0	0	0	Corporate and Democratic Core		80	80	0
0	0	0	(Surplus) or deficit on the provision of services		80	80	0
0			Total Income and Expenditure		0		

The costs detailed in the Statement of Income and Expenditure relate to staff costs and expenses of non-voting Board members.

Balance Sheet

The balance sheet shows the value as at 31 March 2016 of the assets and liabilities recognised by the Integration Joint Board. The net assets of the Integration Joint Board are matched by the reserves held by the Integration Joint Board.

31 March 2015 £'000		Note	31 March 2016 £'000
0	Short-term Debtors	4	5
0	Current Assets		5
0	Short-term Creditors	5	-5
0	Current Liabilities		-5
0	Net Assets		0
0	Useable Reserves		
0	Total Reserves		0

Ewan C. Murray
Chief Finance Officer
21 September 2016

7. Notes to the Financial Statements

Note 1 Accounting Policies

The Financial Statements for the year ended 31 March 2016 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Integration Joint Board. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention.

Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statements are authorised for issue.

There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted.

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

Prior Period Adjustments

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Statement of Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Partnership's financial performance. Where there has been a change in accounting policy, that change will be applied retrospectively. Where there has been a change in accounting estimate, that change will be applied



prospectively. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so. There were no prior period adjustments.

Provisions

Provisions are made where an event has taken place that gives the IJB a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Statement of Income and Expenditure. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

Reserves

Reserves are created by appropriating amounts out of the revenue balances. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Statement of Income and Expenditure.

VAT

Value Added Tax (VAT) payable is included as an expense to the extent that it is not recoverable from HM Revenue and Customs. The costs reflected in the Comprehensive Income and Expenditure Statement have been adjusted with regards to the Special Legal Regime applying to Chief Officers under Section (10)1 of the Public Bodies (Joint Working) (Scotland) Act 2014. This deems the transactions relating to Chief Officers to be outside the scope of VAT.

Note 2 Accounting Standards Issued not Adopted

The code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/2017 code:

- Amendment to IAS1 Presentation of Financial Statements (Disclosure Initiatives)
- Changes to the format of the Comprehensive Income and Expenditure Statement

The code requires implementation from 1 April 2016 and there is no impact on the 2015/2016 financial statements.



Note 3 Events after the balance sheet date

The Chief Finance Officer, being the officer responsible for the IJB's financial affairs, signed the unaudited Annual Accounts on 30 June 2016. 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 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 4 Debtors

31 March 2015 £'000		31 March 2016 £'000
<u>0</u>	Related Parties : Constituent Authorities	<u>5</u>
<u>0</u>	Total Debtors	<u>5</u>

Note 5 Creditors

31 March 2015 £'000		31 March 2016 £'000
<u>0</u>	Other entities and individuals (External Audit Fee)	<u>5</u>
<u>0</u>	Total Creditors	<u>5</u>



Note 6 Related Parties

The Integration Joint Board's related parties are those bodies or individuals that have the potential to control or significantly influence the Integration Joint Board, or to be controlled or significantly influenced by the Integration Joint Board, or where those individuals or bodies and the Integration Joint Board are subject to common control. The Integration Joint Board is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties.

Disclosure of this information allows readers to assess the extent to which the Integration Joint Board 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 them.

All of the Integration Joint Board's funding is provided by Clackmannanshire Council, NHS Forth Valley and Stirling Council. The expenditure for the period was funded from partnership funding provided by Scottish Government. This funding was allocated via NHS Forth Valley however is deemed to be provided equally by the constituent authorities.

Income	£'000
Clackmannanshire Council	26.7
NHS Forth Valley	26.6
Stirling Council	26.7
TOTAL	80

Expenditure	£'000
Clackmannanshire Council	58
NHS Forth Valley	22
Stirling Council	0
TOTAL	80



**Clackmannanshire
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NHS
Forth Valley

Note 7 External audit costs

Fees payable to Grant Thornton UK LLP in respect of external audit services undertaken in accordance the letter of appointment were £5,125. There were no fees paid to Grant Thornton UK LLP in respect of any other services.

Note 8 Contingent assets and liabilities

A contingent asset or liability arises where an event has taken place that gives the Integration Joint Board a potential obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Integration Joint Board. Contingent assets or liabilities also arise where a provision would otherwise be made but, either it is not probable that an outflow of resource will be required or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts when they are deemed to be material.

Note 9 Clinical and Medical Negligence

Clackmannanshire and Stirling Integration Joint Board commissions clinical services to patients under the statutory responsibility of NHS Forth Valley. In connection with this, it is responsible for any claims for medical negligence arising from the services it commissions, up to a specific threshold per claim. For claims in excess of this threshold NHS Forth Valley and IJB are members of the 'Clinical Negligence and Other Risks Indemnity Scheme' (CNORIS). This is a risk transfer and financing scheme which was established in 1999 for NHS organisations in Scotland, the primary objective of which is to provide a cost effective risk pooling and claims management arrangement for those organisations which it covers.

The Regulations governing the CNORIS Scheme were amended on 3 April 2015 so that Integration Joint Boards and Local Authorities could apply to the Scottish Ministers to become members of the Scheme.

CNORIS provides indemnity to member organisations in relation to Employer's Liability, Public/Product Liability and Professional Indemnity type risks (inter alia) no less wider than that generally available within the commercial insurance market.

Clackmannanshire Council (through RMP Risk Management Partners), NHS Forth Valley (through CNORIS) and Stirling Council (through Risk Management Partners Ltd) already have relevant insurance cover in place. This will remain in place to cover the employees who are employed by and the services that are delivered by those organisations.



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Clackmannanshire and Stirling Integration Joint Board have joined the CNORIS scheme to cover for Board members at this stage with effect from 1st April 2016 therefore there are no historic claims relating to the Integration Joint Board. The cost of this cover is presently set at £3,000 per annum per Integration Joint Board.

The Integration Joint Board is required to make provision for any claims notified by the NHS Central Legal Office according to the value and probability of settlement. Where a claim is 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.

Note 10 Going Concern

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

