



# Item No. 12

Meeting Date Wednesday 14<sup>th</sup> June 2017

## Glasgow City Integration Joint Board Finance and Audit Committee

**Report By:** Chief Officer, Finance and Resources

**Contact:** Sharon Wearing

**Tel:** 0141 287 8838

### UNAUDITED ANNUAL ACCOUNTS

<b>Purpose of Report:</b>	To present to Finance and Audit Committee the Unaudited Annual Accounts.
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<b>Recommendations:</b>	The IJB Finance and Audit Committee is asked to: a) consider the Unaudited Annual Accounts.
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#### Relevance to Integration Joint Board Strategic Plan:

The annual accounts identify the financial performance of the IJB. This includes the level of usable funds which are being held in reserve to manage unanticipated financial pressures from year to year which could otherwise impact on the ability to deliver the Strategic Plan.

#### Implications for Health and Social Care Partnership:

<b>Reference to National Health &amp; Wellbeing Outcome:</b>	None
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<b>Personnel:</b>	None
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<b>Carers:</b>	None
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<b>Provider Organisations:</b>	None
<b>Equalities:</b>	None
<b>Financial:</b>	These are the Unaudited Annual Accounts of the IJB for 2016/17.
<b>Legal:</b>	The Unaudited Annual Accounts form part of the Local Authority Accounts (Scotland) Regulations 2014.
<b>Economic Impact:</b>	None
<b>Sustainability:</b>	None
<b>Sustainable Procurement and Article 19:</b>	None
<b>Risk Implications:</b>	The Annual Accounts identify the usable funds held in reserve to manage unanticipated pressures from year to year.
<b>Implications for Glasgow City Council:</b>	None
<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	None

## 1. Introduction

- 1.1 On 10 October 2014 the Local Authority Accounts (Scotland) Regulations 2014 came into force, a copy of the regulations can be found at:  
[http://www.legislation.gov.uk/ssi/2014/200/pdfs/ssi\\_20140200\\_en.pdf](http://www.legislation.gov.uk/ssi/2014/200/pdfs/ssi_20140200_en.pdf)
- 1.2 The Scottish Government also provided additional guidance on the application of these regulations a copy of which can be found at:  
<http://www.gov.scot/Resource/0045/00456007.pdf>
- 1.3 These regulations superseded the 1985 regulations and provide clearer definitions of the roles and responsibilities of Board Members and Officers in respect of the authorisation and approval of a section 106 organisation's annual accounts.

- 1.4 These regulations apply to any annual accounts with a financial year that begins from 1 April 2014 and therefore will govern the preparation of the IJB's 2016/17 annual accounts.

## **2. Financial Governance and Internal Control**

- 2.1. The regulations require the Annual Governance Statement to be approved by the IJB or a committee of the IJB whose remit includes audit and governance following an assessment of both the effectiveness of the internal audit function and the internal control procedures of the IJB.
- 2.2 The Finance and Audit Committee will consider the performance of internal audit and internal control procedures together with the Annual Governance Statement prior to inclusion in the unaudited annual accounts.
- 2.3 In order to comply with these regulations it is proposed that, in addition to consideration by the Finance and Audit Committee, the Annual Governance Statement and associated reports be referred to the IJB for approval prior to inclusion in the IJB's unaudited annual accounts.

## **3. Unaudited Accounts**

- 3.1 The regulations require that the unaudited accounts are submitted to the auditor no later than the 30 June immediately following the financial year to which they relate.
- 3.2 The IJB or committee whose remit includes audit and governance must meet to consider the unaudited annual accounts as submitted to the external auditor no later than 31 August immediately following the financial year to which the annual accounts relate.
- 3.3 Scottish Government guidance states that best practice would reflect that the IJB or committee whose remit includes audit and governance should consider the unaudited accounts prior to submission to the external auditor.
- 3.4 In line with best practice it is proposed the unaudited accounts be considered by the Finance and Audit Committee prior to submission to the external auditor by 30 June each year.

## **4. Right to Inspect and Object to Accounts**

- 4.1 The right to inspect and object to the accounts remain unchanged through these regulations. The timetable for the public notice and period of inspection has been standardised with the inspection period starting no later than 1 July in the year the notice is published.

## **5. Approval of Audited Accounts**

- 5.1 The regulations require that the audited annual accounts should be considered and approved by the IJB or a committee of the IJB whose remit includes audit and

governance having regard to any report made on the audited annual accounts by the proper officer<sup>1</sup> or external auditor by the 30 September immediately following the financial year to which the accounts relate. In addition any further report by the external auditor on the audited annual accounts should also be considered by the IJB or committee of the IJB whose remit includes audit and governance.

- 5.2 The Finance and Audit Committee will consider the external auditors report and proposed audit certificate (ISA 260 report) prior to inclusion in the audited annual accounts. Subsequently, the external auditor's Board Members Report and the audited annual accounts will be presented to the IJB for approval and referred to the Finance and Audit Committee for monitoring of the action plan.
- 5.3 In order to comply with the regulations it is proposed that the ISA260 and Board Members Report, together with a copy of the audited annual accounts, is considered by the Finance and Audit Committee and thereafter referred to the IJB for approval prior to the 30 September in the year immediately following the financial year to which they relate.
- 5.4 The sequence of events to approve the IJB's annual accounts is given in appendix 2.

## **6. Publication of Audited Accounts**

- 6.1 The regulations require that the annual accounts of the IJB be available in both hard copy and on the website for at least five years together with any further reports provided by the external auditor that relate to the audited accounts.
- 6.2 The annual accounts of the IJB must be published by 31 October and any further reports by the external auditor by 31 December immediately following the year to which they relate.

## **7. Key Documents**

- 7.1 The regulations require a number of key documents to be signed by the Chair of the IJB, the Chief Officer and the Proper Officer. These are detailed in Appendix 1

## **8. Recommendations**

The IJB Finance and Audit Committee is asked to:

- a) consider the Unaudited Annual Accounts.

<sup>1</sup> The Proper Officer is set out in Section 95 of the Local Government (Scotland) Act 1973. In Glasgow City IJB this role is fulfilled by the Chief Officer, Finance and Resources.

**Documents within Annual Accounts for signing**

<b>Section</b>	<b>Signatory</b>
Management Commentary	Chair of the IJB Chief Officer Chief Officer, Finance & Resources
Statement of Responsibilities	Chair of the IJB Chief Officer, Finance & Resources
Remuneration Report	Chair of the IJB Chief Officer
Annual Governance Statement	Chair of the IJB Chief Officer
Balance Sheet	Chief Officer, Finance & Resources

### Approval Process and Timetable

The proposed sequence of events for the sign-off of the IJB's Annual Accounts for the year ended 31 March 2017 is as follows:

#### *Finance & Audit Committee at its meeting on 14 June 2017*

- Consider the performance of the Internal Audit function, internal control procedures and the Annual Governance statement for inclusion within the unaudited annual accounts
- Consider the unaudited annual accounts themselves

#### *IJB at its meeting on 21 June 2017*

- Approve Annual Governance statement and associated reports for inclusion in the statutory accounts
- Approve the submission of the unaudited annual accounts to Audit Scotland

#### *Finance & Audit Committee at its meeting on 6 September 2017*

- Consider the Report of the External Auditors, the Board Members' Report and the audited annual accounts

#### *IJB at its meeting on 20 September 2017*

- Approve the audited annual accounts



**DRAFT Unaudited  
Annual Accounts  
For the Year Ended 31 March 2017**



Annual Accounts  
31 March 2017

**Table of Contents**

Management Commentary .....	1
Statement of Responsibilities .....	13
Remuneration Report .....	14
Annual Governance Statement .....	17
Comprehensive Income and Expenditure Statement .....	23
Movement in Reserves Statement.....	24
Balance Sheet .....	25
Notes to the Annual Accounts .....	26
Independent Auditor's Report ( <i>Last Year's version</i> ) .....	35



## Management Commentary

### (i) The Role and Remit of the IJB

The Glasgow City Integration Joint Board ('the IJB') was established as a body corporate by order of Scottish Ministers, and became operational from 6 February 2016.

The Glasgow City IJB has responsibility for the strategic planning and commissioning of a wide range of health and social care services within the Glasgow City area. The functions delegated to the IJB are detailed in the Integration Scheme available at:

<https://www.glasgow.gov.uk/CHttpHandler.ashx?id=32960&p=0>

and, in summary, these include all community health and social care services provided to children, adults and older people, homelessness services, criminal justice and a number of housing functions.

The purpose of the IJB is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time.

The vision of the IJB is for the City's people to flourish, with access to health and social care support when they need it. This will be done by transforming health and social care services for better lives. The IJB believes that stronger communities make healthier lives. It will do this by:

- Focusing on being responsive to Glasgow's population and where health is poorest
- Supporting vulnerable people and promoting social well being
- Working with others to improve health
- Designing and delivering services around the needs of individuals, carers and communities
- Showing transparency, equity and fairness in the allocation of resources
- Developing a competent, confident and valued workforce
- Striving for innovation
- Developing a strong identity
- Focusing on continuous improvement.

A full profile of the city was set out in the Strategic Plan. Some of the key characteristics include the following:

#### *Population*

The 2016 population for Glasgow City was 615,070, 11.4% of the total population of Scotland (Source: National Records of Scotland 2017). Although the population fell sharply towards the end of the 20th Century, it has been increasing again since 2004. It has risen from 593,245 in 2011 (Source: National Census) and this growth is expected to continue.

## Management Commentary (*continued*)

### *Deprivation*

Glasgow City contains 3 in 10 of the 15% most deprived data zones in Scotland, the highest proportion for any local authority. 116 of these most deprived data zones are in the North East of the city, while the North West has 83 and South 89. Around 40% of Glasgow's entire population live in one of these 288 data zones, with around 54% of these people living in the North East of the City.

### *Health and Social Care Needs*

- Although increasing, life expectancy at birth in Glasgow is currently 72.6 years for males and 78.5 years for females (compared to the Scottish averages of 76.6 and 80.8).
- Healthy Life Expectancy for males in Glasgow is 56 years and for females 59 years.
- Around 8.7% of the Glasgow population live in 'bad' or 'very bad' health, with 31% of Glasgow's population, around 184,000 people, suffering with one or more long term health conditions.
- Around 9.3% of people in the City carry out unpaid caring duties.
- It is estimated that up to 75,000 people in Glasgow experience common mental health problems such as depression or anxiety, with around 6,000 people experiencing a more severe and enduring mental illness.
- Glasgow has over 69,000 residents estimated to be problem alcohol drinkers, and has the highest rate of alcohol related hospital admissions in Scotland.
- Glasgow has an estimated 13,000 problem drug users, most of whom also consume alcohol on a daily basis.

## **(ii) The IJB's Operations for the Year**

Operationally, work during 2016/17 had a strong focus on the delivery of the IJB's Transformation Programme in support of integration and the Strategic Plan. The Transformation Programme consists of a range of activities across the entirety of the business of the HSCP. The Transformation Programme is monitored via an Integration Transformation Board, chaired by the Chief Officer, the aims of which are to:

- Deliver transformational change in health and social care services in Glasgow in line with the Integration Joint Board's vision and Strategic Plan, and the National Health and Wellbeing Outcomes.
- Monitor and evaluate the short, medium and long term impacts of the transformational change programme.
- Monitor and realise financial savings arising from Transformational Change programme.
- Engage with stakeholders and promote innovation within and beyond the Glasgow City Health and Social Care Partnership.

## Management Commentary (*continued*)

The IJB reviewed a mid-year update on progress of the Transformation Programme in October 2016. Good progress continues to be made, demonstrating best value for the IJB, Council and Health Board, with an end-of-year assessment due to be completed and reported to the IJB Finance and Audit Committee in mid-2017. Budget savings targets in respect of the IJB's Transformation Programme were fully achieved in 2016/17. Individual reports at a care group level were reported to the February and March 2017 IJBs and can be found here:

<https://www.glasgow.gov.uk/index.aspx?articleid=19044>

Operational highlights for 2016/17 include:

- the investment in the 13 new children's homes in the city, which contributed to bringing a reduction in placement breakdowns in 2016, and the promotion of positive engagement in education, college and work;
- the implementation of a major transformation programme within Children's Services, with an objective to shift investment from high cost, residential forms of care towards family-based, wrap-around support for children and young people, to enable them to remain within their families and community, wherever possible. During 2016/17 we were able to reduce the number of children and young people in high cost care substantially from 116 in March 2016 to 90 by May 2017, with the numbers in care shifting overall by 10% from 1,500 to 1,347, reducing the financial pressure within the service. At the same time, we have been working with the Third Sector and Education Services to develop a wider family support strategy, with a focus on intervening early to prevent children and young people from needing more intensive forms of care, which aims to improve their longer term outcomes;
- the commencement of the NHS Greater Glasgow and Clyde-wide review of Out of Hours services on which Glasgow City IJB is leading;
- IJB approval for taking forward the creation of integrated neighbourhood older people's teams based around the GP clusters and natural local communities;
- continued development of intermediate care provision and implementation of new 72-hour delayed discharge targets;
- the redesign of homelessness purchased services as part of a transformation programme, using a co-produced approach in preparation for the development of alliance commissioning;
- the IJB approval and subsequent development of a full business case for the UK pilot of the Safer Consumption Facility and Heroin Assisted Treatment;
- the opening of the new Maryhill Health and Care Centre, and the IJB approval of full business cases for new health and social care centres in Gorbals and Woodside and to the development of a business case for a new health and social care facility in the North East of the city;

## Management Commentary (*continued*)

- the development of two new fit-for-purpose wards at the Stobhill site, procured through the Hub West Design, Build, Finance and Maintain route to conclude the in-patient redesign programme in North Glasgow, was approved and is progressing with completion expected in 2019. Refurbishment, at a cost of £8m is also underway for four wards on the Gartnavel Royal and Stobhill sites with completion anticipated later in 2017;
- further investment in social care services. The Scottish Government directed £250m from the national Health budget to Integration Authorities in 2016/17 for social care. Glasgow City IJB's share of this funding was £33.3m. Half of this was allocated to support additional spend on expanding social care to support the objectives of integration, including increasing thresholds at which charges begin for all non-residential services, to address poverty. The balance was provided to help meet a range of existing costs faced by the IJB in the delivery of effective and high quality health and social care services in the context of reducing budgets. This includes the impact of delivering the Scottish Living Wage for all social care workers;
- the Proof of Concept initiative has been working with a small number of social care providers to develop more flexible and innovative models of service provision, with more use of community-based assets and local social networks and more of a focus on achieving service user outcomes.

Routine performance management arrangements have been implemented within the Partnership during 2016/17. Detailed joint performance reports are now produced quarterly for internal scrutiny by citywide and locality management teams.

These reports are also scrutinised by the IJB's Finance and Audit Sub-Committee, which adopts a particular focus on specific services, in order to enable it to undertake a more in-depth review of performance, with relevant strategic leads invited to attend and discuss their respective areas. A strategic overview of performance is also maintained by the IJB, which receives a quarterly performance report which focuses upon a smaller set of more strategic performance indicators.

The range of mechanisms in place to scrutinise performance at city-wide and locality levels, as well as by the Integration Joint Board enables areas of good practice to be shared across the city and performance improvement plans to be developed in response to identified areas of underperformance, which are monitored on an ongoing basis.

## Management Commentary (*continued*)

In addition to the quarterly reports, the first Annual Performance Review was approved by the Integration Joint Board on 21 June 2017 and published on 31 July 2017 [<insert link>](#) in line with statutory guidance. In this report, we review our performance for 2016/17 against agreed local and national performance indicators and against the commitments within our first Strategic Plan.

Strong performance has been achieved in a number of areas including the following:

- Alcohol Brief Interventions
- Delayed discharges
- Carers' assessments
- Allocation of children's health plan indicators
- Waiting times for drug and alcohol referrals
- Compliance with preferred prescribing lists and costs
- Anticipatory care plans and
- Deaths in acute hospitals.

Areas where we will seek improvement during 2017/18 include the following:

- Supported living packages
- Emergency admissions
- A&E attendances
- Young people in aftercare known to be in employment, education or training
- Homelessness services
- Community Payback Order Completions and
- Sickness absence,

### **(iii) The IJB's Position at 31 March 2017**

The financial position for public services continues to be challenging, and the IJB must operate within significant budget restraints and pressures. The Comprehensive Income and Expenditure Statement (see page 23) describes expenditure and income by care group across the IJB, and shows that a surplus of £19,309,000 was generated in 2016/17, of which £11,880,000 was earmarked for specific commitments in 2017/18. Within the IJB's 2016/17 funding was a budgeted contingency amount of £3,500,000, which was intended to be transferred to reserves if not required during the year. In addition, there was an underspend of £3,000,000 relating to the phased introduction of additional supported living services in the second half of the financial year, which did not reach anticipated levels in 16/17.

## Management Commentary (*continued*)

In terms of the IJB's 2017/18 budget, Glasgow City Council set its budget in February 2017, confirming its contribution to the IJB and incorporating a savings target which has been included in the IJB's financial plans for 2017/18. By June 2017, the NHS Greater Glasgow and Clyde contribution to the IJB had yet to be agreed. However, the Scottish Ministers have directed that NHS Boards' contributions to Integration Authorities for delegated health functions be maintained at least at 2016/17 cash levels. In simple terms, this means that budgets for allocation from NHS Boards to Integration Authorities for 2017/18 must be at least equal to the recurrent budgeted allocations in 2016/17. The allocation should include the total of the sum set aside for delegated services provided in large hospitals.

A wide-ranging programme of service reforms and efficiencies has been identified to address budget pressures in 2017/18 and to support achievement of the National Health and Wellbeing Outcomes. Progress on achievement of this programme will be reported in the 2017/18 Annual Performance Report.

As part of the Scottish Government budget announcement in December 2016, the Scottish Government and COSLA also set out their expectations in terms of IJBs' priorities for 2017-18, which may have further cost impacts for Glasgow. They include:

- reduce occupied hospital bed days associated with avoidable admissions and delayed discharges, focussing investment in care alternatives that can help people to continue living independently in their own homes and communities for as long as possible
- increase provision of good quality, appropriate palliative and end of life care, particularly in people's own homes and communities and also, where appropriate, in hospices
- enhance primary care provision, with particular focus on developing and expanding multidisciplinary team; sustainability of provision; development of GP clusters and responsiveness to a new GP contract
- reflect delivery of the new Mental Health Strategy
- where children's services are integrated, continue to invest in prevention and early intervention, particularly in the early years, with the expectation that work will continue to deliver 500 more health visitors by 2018
- support delivery of agreed service levels for Alcohol and Drugs Partnerships' work
- ensure provision of the living wage to adult care workers and plan for sustainability of social care provision
- continue implementation of Self Directed Support and
- prepare for commencement of the Carers (Scotland) Act 2016 on 1 April 2018.

## Management Commentary *(continued)*

This is against a backdrop of significant demographic change where demographic changes in Glasgow City will likely result in increasing demand for community health and social care services. This is particularly the case for the child and older person populations:

- Glasgow's total population is expected to rise around 1,600 per year, from 599,640 in 2014 to 639,847 in 2039; it will rise by 2.9% from 599,640 in 2014 to 616,938 in 2024 (National Records of Scotland, 2014-base population projections)
- the child population aged 0-17 is expected to increase by 5% from 109,067 in 2014 to 114,491 in 2024
- the adult population aged 18-64 is expected to increase by 0.5% from 407,027 in 2014 to 409,177 in 2024 and
- the older person population aged 65 and over is expected to increase by 11.6% from 83,546 in 2014 to 93,270 in 2024 and
- the older person population aged 85 and over is expected to increase by 12.5% from 10,499 in 2014 to 11,811 in 2024.

### **(iv) The IJB's Strategy and Business Model**

Integration of health and social care presents the IJB and the HSCP with a number of opportunities, which we are working towards throughout the lifetime of the Strategic Plan. These include:

- Sustaining existing good quality services
- Removing artificial divisions between health and social care
- Minimising duplication and waste by improved coordination between health and social care services
- The ability for a range of non-health agencies to act in concert to prevent illness and promote better health
- A renewed focus on families and communities, as well as individuals
- Delivering transformational change in service provision, leading to positive health and well-being outcomes for Glasgow's citizens
- Improving connections between strategic and locality planning
- The opportunity to develop and embed a shared culture and identity across the Partnership, breaking down traditional organisational barriers
- Opportunities to engage with Primary Care and Acute Services to support effective service planning and delivery
- Joining up of Information and Communication Technology systems and processes to improve business and intelligence reporting

## Management Commentary (*continued*)

The key priorities for the IJB - to support delivering transformational change in the way health and social care services are planned, delivered and accessed in the city - are:

### *Early intervention, prevention and harm reduction*

We are committed to working with a broad spectrum of city partners to improve the overall health and well-being of the population of Glasgow. We will continue our efforts to promote positive health and well-being, early intervention, prevention and harm reduction. This includes promoting physical activity, acting to reduce exposure to adverse childhood experiences as part of our commitment to 'Getting it Right for Every Child', and improving the physical health of people who live with severe and enduring mental illness. We will seek to ensure that people get the right level of advice and support to maintain independence and minimise the occasions when people engage with services at a point of crisis in their life.

### *Providing greater self-determination and choice*

We are committed to ensuring that service users and their carers are given the opportunity to make their own choices about how they will live their lives and what outcomes they wish to achieve.

### *Shifting the balance of care*

Services have transformed over recent years to shift the balance of care away from institutional, hospital-led services towards services better able to support people in the community and promote recovery and greater independence wherever possible. Glasgow has made significant progress in this area in recent years, and we aim to continue to build on our successes in future years.

### *Enabling independent living for longer*

Work will take place across our all Care Groups to assist people to continue to live healthy, meaningful lives as active members of their community for as long as possible.

### *Public Protection*

We will work to ensure that people, particularly the most vulnerable, are kept safe from harm and that risks to individuals or groups are identified and managed appropriately.

The scale of the City of Glasgow and NHS Greater Glasgow and Clyde area is significant but this also creates the opportunity to work closely with the five other Health and Social Care Partnerships within the Health Board area to improve outcomes across all Partnerships



## Management Commentary (*continued*)

As a Health and Social Care Partnership there are a number of key things we must do to enable effective integration.

- Across health and social care we have found ways to effectively share information, ensuring that it is safe, and we must continue to build on this. Sharing information will be key to providing effective joint services.
- A joint approach to service reform will create opportunities to ensure that transformational change can take place in a truly integrated way, taking account of impacts across health and social care services.
- We will use our property estate to encourage joint and flexible use of our accommodation.
- Information technology is crucially important in supporting our staff in their work and in sharing information. We want health and social care workers to be able to work from any building across the estate and we are developing a joint strategy to ensure that this can be achieved.

The Strategic Plan outlines how we will go about delivering on our priorities. Specific plans for each the 3 Glasgow Localities, can be found at:

<https://www.glasgow.gov.uk/index.aspx?articleid=17849> .

The purpose of locality plans is to show how the Integration Joint Board's Strategic Plan is to be implemented in each locality and how the locality plans to respond to local needs and issues.

Locality plans initially span a one year period, focused on the key actions localities will take forward to implement the Integration Joint Board's Strategic Plan and respond to local needs and issues.

Locality plans for 2016/17 were presented to the Integration Joint Board in September 2016 and followed a period of engagement locally with stakeholders, users, carers, third sector organisations, staff, GPs and others. Locality plans for 2017/18 have since been developed taking into account progress with actions in last year's locality plans, including improvement targets for key performance indicators.

Locality plans have been overseen by each locality's senior management team and the city wide Operational Management Team. Implementation of actions will be the responsibility of each locality management team.

## Management Commentary (*continued*)

Localities have given a commitment to feedback locally on progress as part of an on-going process of engagement and involvement, and within the framework of the IJB's Participation and Engagement Strategy. Locality plans are draft at this stage and will be subject to a further process of engagement with the new Locality Engagement Forums being established as a key part of the implementation of the Participation and Engagement Strategy locally.

Care Group level plans have been developed by the IJB's six Strategic Planning Groups and appropriate planning structures within Children's Services, Criminal Justice and Health Improvement. As well as the Strategy Maps, the individual Strategic Planning Groups have developed their own Action Plans which provide more details of the activities to be carried out over the lifetime of the plan. The Strategy Maps outlines how each care group will deliver the 9 National Outcomes in the medium and long term, and the main objectives of that care group. A review of the plan will begin in early 2018. A Strategic Planning Forum, chaired by the Chief Officer, Planning, Strategy & Commissioning/Chief Social Work Officer, meets twice yearly to ensure that links are made across the strategic and planning related functions within the partnership; to facilitate and co-ordinate activities between and across the strategic functions to ensure development activities do not happen in isolation; and, to monitor delivery of actions related to the Strategic Plan.

The transformational change activities referred to previously deliver the priorities contained within the strategic plan across a range of activities across the entity of the business, with oversight and decision-making through the Integration Transformation Board.

The business of the IJB and HSCP are managed through an architecture of strategic and financial management and core leadership groups that ensure cross-care and cross-locality working. The structure includes Executive and Senior Management Groups; Executive and Operational Management Teams; Workforce Planning, ICT, and Capital Boards; Core Leadership Groups (Adults, Older People and Children's Services); Functional Planning groups e.g. Strategy, Planning and Commissioning Senior Management Team; and Locality Management Groups. The HSCP business architecture is currently under review, and due to conclude within 2017/18.

There are well developed structures to ensure clinical and care governance issues are considered and influence strategic planning and transformational change, as well as providing reassurance on clinical and care standards and quality assurance.

## Management Commentary (*continued*)

Front-line service delivery continues to be carried out by the Council and Health Board, under direction from the IJB. As required by the Public Bodies (Joint Working) (Scotland) Act 2014, directions from the IJB to the Council and Health Board are made in writing – within Glasgow this is enabled through the Chief Officer writing to the Chief Executives of the Council and Health Board following each meeting of the IJB, giving details of each direction agreed by the IJB.

Directions from the IJB to the Council and Health Board ensure and control front-line service delivery in as much as they outline what the IJB requires both bodies to do, the budget allocated to this functions, and the mechanism(s) through which the Council or Health Board's performance in delivering those directions will be monitored.

### (v) **Key Risks and Uncertainties**

The IJB approved its Risk Management Strategy, available at <https://www.glasgow.gov.uk/CHttpHandler.ashx?id=32335&p=0>, in February 2016. The IJBs Risk Register, and the separate registers which currently remain in place for social care and NHS services, are reviewed regularly by HSCP Senior Management Team and by the IJB Finance and Audit Committee. The full IJB also reviews its own risk register on a twice-yearly basis.

The key risks identified within the IJB Risk Register are:

- an inability to budget within allocated resources;
- budget settlements being lower than anticipated;
- an inability to agree either Council or NHS contributions to the IJB budget;
- HR issues arising from differing terms and conditions between Council and NHS employees;
- resource issues due to excessive bureaucracy required to satisfy governance arrangements and reporting needs of IJB, Council and Health Board

A range of wider issues presents some degree of uncertainty to the IJB, particularly in terms of future planning relating to finance, the workforce and the scale and scope of the IJB. Examples include:

- Potential reform(s) of NHS boards and local government
- The national and local political landscape
- Impacts of Brexit, such as uncertainty regarding the future employment rights of health and social care staff from EU countries

Savings of approximately £35m have been applied to the IJB budget in 2017/18, and the Integration Transformation Board will regularly monitor achievement of management actions to deliver these savings.

## Management Commentary *(continued)*

This list is not exhaustive, and the specific impacts of each potential issue cannot be reliably quantified at this point. The IJB and its senior officers continue to monitor such developments and will take the appropriate actions when and where necessary.

### **(vi) Analysis of the Financial Statements**

The Comprehensive Income and Expenditure Statement (see page 18) describes expenditure and income by care group across the IJB, and shows that, from a net funding allocation from NHS Greater Glasgow and Clyde, and Glasgow City Council of £1,138,045,000, a surplus of £19,309,000 was generated in 2016/17, of which £11,880,000 was earmarked for specific commitments in 2017/18. The balance of £7,429,000 will be carried forward as a general contingency to manage unanticipated budget pressures in future years.

### **(vii) Significant changes compared with the prior year**

The IJB was established on 6 February 2016. Integrated delivery of health and care services did not commence until 1 April 2016. Consequently, the 2016/17 financial year is the first fully operational financial year for the IJB and the figures within the annual accounts reflect this.

.....  
**David Williams**  
*Chief Officer*

20 September 2017

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**Trisha McAuley**  
*Chair*

20 September 2017

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**Sharon Wearing**  
*Chief Officer, Finance & Resources*

20 September 2017



## Statement of Responsibilities

### *Responsibilities of the Integration Joint Board*

The Integration Joint Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Integration Joint Board, that officer is the Chief Officer, Finance & Resources;
- 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); and
- approve the statement of accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Glasgow City Integration Joint Board on 20 September 2017

.....  
**Trisha McAuley**  
*Chair*

20 September 2017

### *Responsibilities of the Chief Officer, Finance & Resources*

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

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

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

The Chief Officer, Finance & Resources has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities;

I certify that the financial statements give a true and fair view of the financial position of the Glasgow City Integration Joint Board as at 31 March 2017 and the transactions for the year then ended.

.....  
**Sharon Wearing**  
*Chief Officer, Finance & Resources*

20 September 2017

## Remuneration Report

### (i) Introduction

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

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

### (ii) Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by Glasgow City Council and Greater Glasgow & Clyde NHS Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair and Vice Chair appointments and any taxable expenses paid by the IJB are shown below.

Name	Post(s) Held	Nominated by	Taxable Expenses 2016/17 £	Taxable Expenses 2015/16 £
<b>A Graham</b>	Chair April 2016 to February 2017	Glasgow City Council	-	-
	Vice Chair February 2017 to 3 May 2017			
<b>T McAuley</b>	Vice Chair April 2016 to February 2017	Greater Glasgow & Clyde NHS Board	-	-
	Chair February 2017 to date			
<b>Total</b>			-	-

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

## Remuneration report (*continued*)

### (iii) Remuneration: Officers of the IJB

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

#### *Chief Officer*

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer adheres to the legislative and regulatory framework of the employing partner organisation. In the case of Glasgow City HSCP, this is Glasgow City Council. The remuneration terms of the Chief Officer's employment are approved by the IJB.

#### *Other Officers*

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

Total 2015/16 £	Senior Employees	Salary, Fees & Allowances £	Compensation for Loss of Office £	Total 2016/17 £
20,335 (FYE 135,318)	<b>D Williams</b> Chief Officer April 2016 to date	135,770	-	135,770
13,494 (FYE 89,798)	<b>S Wearing</b> Chief Officer, Finance & Resources April 2016 to date	94,841	-	94,841
	<b>Total</b>	<b>230,610</b>	-	<b>230,610</b>

FYE = Full Year Equivalent

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

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

Remuneration report *(continued)*

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31 March 2016 £	For Year to 31 March 2017 £		Difference from 31 March 2016 £000	As at 31 March 2017 £000
<b>D Williams</b> Chief Officer	26,116	26,593	Pension Lump sum	3 -	19 -
<b>S Wearing</b> Chief Officer, Finance & Resources	17,331	18,876	Pension Lump sum	4 4	40 81
<b>Total</b>	<b>43,447</b>	<b>45,469</b>	<b>Pension Lump Sum</b>	<b>7 12</b>	<b>59 81</b>

**(iii) Remuneration policy**

The board members are entitled to payment of travel and subsistence expenses relating to approved duties. Payment of voting board members' allowances will be the responsibility of the members' individual Council or Health Board, and will be made in accordance with their own Schemes. Non-voting members of the IJB will be entitled to payment of travel expenses. During the year to 31 March 2017, no voting or non-voting board member has claimed any expenses.

The remuneration of the senior officers is set by the contractual arrangements of the appropriate employing organisation.

.....  
**David Williams**  
 Chief Officer

20 September 2017

.....  
**Trisha McAuley**  
 Chair

20 September 2017



## Annual Governance Statement

### 1. Scope of responsibility

- 1.1 The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.
- 1.2 In discharging these responsibilities, the Chief Officer has a reliance on the NHS and Local Authority's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.
- 1.3 The IJB has adopted governance arrangements consistent where appropriate with the six principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "*Delivering Good Governance in Local Government*". This statement explains how the IJB has complied with the governance arrangements and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.

### 2. Purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the objectives set out in the Glasgow City Strategic Plan. The governance framework will be continually updated to reflect best practice, new legislative requirements and the expectations of stakeholders.
- 2.2 The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks facing the organisation. The system aims to evaluate the nature and extent of failure to achieve the organisation's policies, aims and objectives and to manage risks efficiently, effectively and economically. As such it can therefore only provide reasonable and not absolute assurance of effectiveness.

## Annual Governance Statement (*continued*)

### 3. Governance framework

3.1 The Board of the IJB comprises the Chair and 15 voting members; eight are Council Members nominated by Glasgow City Council and eight are Board members of NHS Greater Glasgow and Clyde. There are also a number of non-voting professional and stakeholder members on the IJB Board. Stakeholder members currently include representatives from the third and independent sector bodies and service users. Professional members include the Chief Officer and Chief Officer, Finance and Resources. The IJB, via a process of delegation from NHS Greater Glasgow and Clyde and Glasgow City Council, and its Chief Officer has responsibility for the planning, resourcing and operational delivery of all integrated health and social care within its geographical area.

3.2 The main features of the Partnership's system of internal control are summarised below.

- The overarching strategic vision and objectives of the IJB are detailed in the IJB's Corporate Statement which sets out the key outcomes the IJB is committed to delivering with its partners, as set out in its Strategic Plan and Annual Financial Statement.
- Services are able to demonstrate how their own activities link to the IJB's vision and priorities through their Corporate Improvement Plans.
- Performance management, monitoring of service delivery and financial governance is provided by the Finance and Audit Committee. It reviews and reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget.
- The Participation and Engagement Strategy sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB is undertaken with its health service and local authority partners and through existing community planning networks. The IJB publishes information about its performance regularly as part of its public performance reporting.
- The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within Standing Orders, Scheme of Delegation, Financial Regulations and Standing Financial Instructions; these are scheduled for regular review.
- Effective scrutiny and service improvement activities will be supported by the formal submission of reports, findings and recommendations by Audit Scotland, the external auditors, Inspectorates and the appointed Internal Audit service to the IJB's Senior Management Team, the main Board and the Finance and Audit Committee.

## Annual Governance Statement *(continued)*

- The IJB follows the principles set out in COSLA’s *Code of Guidance on Funding External Bodies and Following the Public Pound* for both resources delegated to the Partnership by the Health Board and Local Authority and resources paid to its local authority and health service partners.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Officer Finance and Resources. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the IJB.
- The IJB’s approach to risk management is set out in the risk management strategy, the risk management policy and the Corporate Risk Register. Regular reporting on risk management is undertaken and reported annually to the Senior Management Team and Finance and Audit Committee.
- Committee members observe and comply with the Nolan seven Principles of Public Life. Comprehensive arrangements are in place to ensure Board members and officers are supported by appropriate training and development.
- Staff are made aware of their obligations to protect client, patient and staff data. The NHS Scotland *Code of Practice on Protecting Patient Confidentiality* has been issued to all staff.

The system of internal control has been in place for 2016/17.

### **4. Compliance with best practice**

- 4.1 The IJB complies with the CIPFA Statement on “*The Role of the Chief Financial Officer in Local Government 2010*”. The IJB’s Chief Officer, Finance & Resources has overall responsibility for the IJB’s financial arrangements and is professionally qualified and suitably experienced to lead the IJB’s finance function and to direct finance staff.
- 4.2 The Partnership complies with the requirements of the CIPFA Statement on “*The Role of the Head of Internal Audit in Public Organisations 2010*”. The IJB’s appointed Chief Internal Auditor has responsibility for the Partnership’s internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service generally operates in accordance with the CIPFA “*Public Sector Internal Audit Standards 2013*”.
- 4.3 The IJB’s Finance and Audit Committee operates in accordance with CIPFA’s *Audit Committee Principles in Local Authorities in Scotland* and *Audit Committees: Practical Guidance for Local Authorities*

## Annual Governance Statement *(continued)*

### **5. Review of Adequacy and Effectiveness**

- 5.1 The IJB has responsibility for conducting at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the Internal Auditors and the Chief Internal Auditor's annual report, and reports from External Auditors and other review agencies and inspectorates.
- 5.2 The review of the IJB's governance framework is supported by a process within Glasgow City Council and NHS Greater Glasgow and Clyde. Within Glasgow City Council a self-assessment governance questionnaire and certificate of assurance is completed by all Service Directors on an annual basis. The responses to these are considered as part of the review of the Council's governance framework. A similar process is in operation within NHS Greater Glasgow and Clyde where Service Managers were provided with a "Self assessment Checklist" to complete and return as evidence of review of key areas of the internal control framework. The Senior Management Team then considered the completed evaluations and provided a Certificate of Assurance for their services.
- 5.3 In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

### **6. Significant governance issues**

- 6.1 The Chief Internal Auditor has confirmed that there are no significant governance issues that require to be reported specific to the IJB for 2016/17.
- 6.2 At its meeting in March 2017, the Board was provided with a report on the financial allocations and budget for 2017/18. The Board accepted the Chief Officer, Finance and Resources, recommendation not to accept the NHS Greater Glasgow and Clyde part of the allocated budget. This means that there is significant uncertainty over the IJB's overall budget moving into 2017/18. The 2017/18 Internal Audit plan includes a planned audit of the financial planning arrangements in place for the Integration Joint Board which will cover this area.

## Annual Governance Statement (*continued*)

### **7. Update on Significant Governance Issues Previously Reported**

7.1 There were no significant governance issues in 2015/16 specific to the IJB. However the Council's governance statement referred to an audit of Business Continuity and IT Disaster Recovery Management, which was subject to an unsatisfactory audit opinion and identified a number of improvement actions for the Council and its ICT partner ACCESS. During 2016/17, a number of actions have been undertaken to strengthen the Council's resilience:

- Remedial action has taken place to improve Disaster Recovery arrangements at the Council's data centre;
- There has been a successful migration to a new purpose built back-up site, providing more storage capacity and scalability to meet future Disaster Recovery and resilience needs, and
- An IT Disaster Recovery policy is now in place and Business Continuity is now a standing agenda items at both the Council's IT Asset and ICT Advisory Boards.

7.2 Work is ongoing to determine the Council's priority applications and the required recovery timescales for these. A new Business Continuity Management Framework has been agreed and is expected to go live in June 2017. A programme of Business Continuity Plan testing has also been developed, with the first Council wide test scheduled for June 2017. Internal Audit will review the effectiveness of the new arrangements as part of the 2017/18 audit plan.

### **8. Internal audit opinion**

8.1 Based on the audit work undertaken, the assurances provided by the Chief Officers of the IJB, Executive Directors of Glasgow City Council Services, and the Senior Management Teams of services within NHS Greater Glasgow and Clyde, and excluding the issues noted above, it is the Chief Internal Auditor's opinion that reasonable assurance can be placed upon the control environment which operated during 2016/17.

Annual Governance Statement *(continued)*

**9. Certification**

9.1 Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and action plans are in place to identify identified areas for improvement.

.....  
**David Williams**  
*Chief Officer*

20 September 2017

.....  
**Trisha McAuley**  
*Chair*

20 September 2017

Comprehensive Income and Expenditure Statement  
for the year ended 31 March 2017

2015/16			Notes	2016/17		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
-	-	-	- Children and Families	155,094	(2,273)	152,821
-	-	-	- Prisons Healthcare and Criminal Justice	24,116	(19,230)	4,886
-	-	-	- Older People	247,758	(43,541)	204,217
-	-	-	- Addictions	48,963	(1,662)	47,301
-	-	-	- Carers	2,072	(222)	1,850
-	-	-	- Elderly Mental Health	29,067	(981)	28,086
-	-	-	- Learning Disability	68,849	(14,993)	53,856
-	-	-	- Physical Disability	29,721	(2,093)	27,628
-	-	-	- Mental Health	106,149	(15,235)	90,914
-	-	-	- Homelessness	76,400	(33,467)	42,933
-	-	-	- Prescribing	127,352	-	127,352
-	-	-	- Family Health Services	180,808	(8,772)	172,036
-	-	-	- Sexual Health Services	11,149	(1,397)	9,752
53	-	53	Other Services	61,788	(14,144)	47,644
53	-	53	<b>Cost of services directly managed by Glasgow City IJB</b>	<b>1,169,286</b>	<b>(158,010)</b>	<b>1,011,276</b>
-	-	-	- Set-aside for delegated services provided in large hospitals	120,801	-	120,801
-	-	-	- Services hosted by other NHS GGC IJBs	23,421	(1,490)	21,931
-	-	-	- Services hosted by Glasgow City IJB for other IJBs	(46,325)	6,628	(39,697)
-	-	-	- Assisted garden maintenance and Aids and Adaptations	3,290	-	3,290
53	-	53	<b>Total cost of services to Glasgow City IJB</b>	<b>1,270,473</b>	<b>(152,872)</b>	<b>1,117,601</b>
(53)	-	(53)	Taxation and Non-Specific Grant Income	(1,291,226)	154,316	(1,136,910)
-	-	-	<b>Surplus on provision of services and total comprehensive (income) and expenditure</b>	<b>(19,980)</b>	<b>671</b>	<b>(19,309)</b>

The IJB was established on 6 February 2016. Integrated delivery of health and care services did not commence until 1 April 2016. Consequently the 2016/17 financial year is the first fully operational financial year for the IJB and the figures above reflect this.

## Movement in Reserves Statement

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

<b>Movements in Reserves During 2016/17</b>	General Fund Balance £000
Opening Balance at 31 March 2016	-
	<hr/>
Total Comprehensive Income and Expenditure	19,309
	<hr/>
Increase in 2016/17	19,309
	<hr/>
<b>Closing Balance at 31 March 2017</b>	<b>19,309</b>
	<hr/> <hr/>

The balance on reserves at 6 February 2016 (when the IJB was established) and at 31 March 2016 was £nil.



**Balance Sheet**  
*as at 31 March 2017*

31 March 2016 £000	Notes	31 March 2017 £000
5	5	19,309
<b>5</b>	<b>Current Assets</b>	<b>19,309</b>
(5)	6	-
<b>(5)</b>	<b>Current Liabilities</b>	<b>-</b>
-	Provisions	-
<b>-</b>	<b>Long-term Liabilities</b>	<b>-</b>
<b>-</b>	<b>Net Assets</b>	<b>19,309</b>
-	Usable Reserve: General Fund	19,309
<b>-</b>	<b>Total Reserves</b>	<b>19,309</b>

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2017 and its income and expenditure for the year then ended.

The unaudited annual accounts were authorised for issue on 21 June 2017 and the audited annual accounts were authorised for issue on 20 September 2017.

.....  
**Sharon Wearing**  
*Chief Officer, Finance & Resources*

20 September 2017

## Notes to the Annual Accounts

### 1 Accounting policies

#### *General Principles*

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

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

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

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

#### *Accruals of Income and Expenditure*

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

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

#### *Funding*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *Cash and Cash Equivalents*

Although the IJB has formally opened a bank account, it neither holds any funds nor incurs any expenditure. All transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

#### *Employee Benefits*

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

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

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

#### *Provisions, Contingent Liabilities and Contingent Assets*

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

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

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

#### *Reserves*

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

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

## Notes *(continued)*

### 1 **Accounting policies** *(continued)*

#### *Indemnity Insurance*

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

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

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

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

#### *Critical judgements and estimation uncertainty*

A critical judgement made in the financial statements relating to complex transactions is in respect of the values included for services hosted within Glasgow City IJB for other IJBs within the NHS Greater Glasgow & Clyde area. At the end of the financial year, an assessment of the costs associated with activity for these services related non-Glasgow City residents is made and an appropriate share of the costs is removed from the accounts of Glasgow City IJB and transferred to those of the other IJBs. The costs removed are based upon budgeted spend such that any overspend or underspend remains with the hosting IJB.

### 2 **Events after the reporting period**

The Annual Accounts were authorised for issue by the Chief Officer, Finance & Resources on 20 September 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Notes (continued)

**3 Expenditure and income analysis by nature**

2015/16 £000		2016/17 £000
(53)	Partners' funding contributions and non-specific grant income	(1,136,910)
-	Fees, charges and other service income	(152,872)
48	Employee costs	309,844
-	Premises costs	25,488
-	Transport costs	5,717
-	Supplies and services	70,222
-	Third party costs	395,183
-	Transfer payments	28,054
-	Capital financing costs	973
-	Prescribing	133,201
-	Family health services	180,972
-	Set-aside for delegated services provided in large hospitals	120,801
5	Fees payable to Audit Scotland in respect of external audit services	18
-	<b>Surplus on the provision of services</b>	<b>(19,309)</b>

**4 Taxation and Non-Specific Grant Income**

2015/16 £000		2016/17 £000
27	Net funding contribution from Glasgow City Council	401,509
26	Net funding contribution from NHS Greater Glasgow & Clyde	735,401
53		<b>1,136,910</b>

The funding contribution from the NHS Board shown above includes £120,801,000 in respect of 'set-aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB, however, has responsibility for the consumption of, and level of demand placed on, these resources.

Notes (continued)

**5 Debtors**

2015/16 £000		2016/17 £000
	3 Funding due from Glasgow City Council	19,295
	2 Funding due from NHS Greater Glasgow & Clyde	14
<b>5</b>		<b>19,309</b>

**6 Creditors**

2015/16 £000		2016/17 £000
<b>5</b>	Central Government Bodies	-

**7 Usable reserve: general fund**

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

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

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

2015/16			2016/17			
Balance at 1 April 2015 £000	Transfers out £000	Transfers in £000	Balance at 31 March 2016 £000	Transfers out £000	Transfers in £000	Balance at 31 March 2017 £000
-	-	-	- Earmarked	-	11,880	11,880
-	-	-	- Contingency	-	7,429	7,429
-	-	-	<b>General fund</b>	-	19,309	<b>19,309</b>

Notes (continued)

**8 Agency income and expenditure**

On behalf of all IJBs within the NHS Greater Glasgow and Clyde area, the IJB acts as the lead manager for a number of delegated services. It commissions services on behalf of the other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs, and the consequential reimbursement, are removed from the Comprehensive Income and Expenditure Statement, since the IJB is not acting as principal in these transactions.

The net amount of expenditure and income relating to these agency arrangements is shown below.

Expenditure on agency services	2015/16		Net Expenditure	2016/17		
	Income from agency services	£000		£000	Expenditure on agency services	Income from agency services
£000	£000	£000	£000	£000	£000	£000
-	-	-	-	2,063	(2,063)	-
-	-	-	-	3,623	(3,623)	-
-	-	-	-	8,796	(8,796)	-
-	-	-	-	4,545	(4,545)	-
-	-	-	-	2,545	(2,545)	-
-	-	-	-	987	(987)	-
-	-	-	-	10,579	(10,579)	-
-	-	-	-	6,559	(6,559)	-
-	-	-	-	<b>39,697</b>	<b>(39,697)</b>	-
			<b>Services hosted by Glasgow City IJB for other IJBs</b>			

Notes (continued)

**8 Agency income and expenditure (continued)**

Similarly, other IJBs within the NHS Greater Glasgow and Clyde area act as the lead manager for a number of delegated services on behalf of Glasgow City IJB. The payments that are made by the other IJBs on behalf of Glasgow City IJB, and the consequential reimbursement, are included in the Comprehensive Income and Expenditure Statement, since this expenditure is incurred for the residents of Glasgow City.

The net amount of expenditure and income relating to those agency arrangements is shown below.

2015/16			2016/17		
Expenditure on agency services £000	Income from agency services £000	Net Expenditure £000	Expenditure on agency services £000	Income from agency services £000	Net Expenditure £000
-	-	-	3,206	(3,206)	-
-	-	-	395	(395)	-
-	-	-	3,247	(3,247)	-
-	-	-	2,797	(2,797)	-
-	-	-	6,057	(6,057)	-
-	-	-	237	(237)	-
-	-	-	163	(163)	-
-	-	-	5,829	(5,829)	-
-	-	-	<b>21,931</b>	<b>(21,931)</b>	-
			<b>Services hosted by other NHS GGC IJBs</b>		



Notes (continued)

**9 Related party transactions**

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

*Transactions with NHS Greater Glasgow & Clyde*

2015/16 £000		2016/17 £000
26	Funding Contributions received from the NHS Board	735,401
-	Expenditure on Services Provided by the NHS Board	(635,947)
(26)	Key management personnel: non-voting board members	(545)
-	<b>Net transactions with the NHS Board</b>	<b>98,909</b>

Key Management Personnel: the non-voting Board members employed by the NHS Board and recharged to the IJB include representatives of primary care, nursing and non-primary services; and a staff representative. NHS Greater Glasgow & Clyde did not charge for any support services provided in the year ended 31 March 2017 (2016: nil).

*Balances with NHS Greater Glasgow & Clyde*

2015/16 £000		2016/17 £000
2	Debtor balances: amounts due from the NHS Board	14
2	<b>Net balance with the NHS Board</b>	<b>14</b>

Notes (continued)

**9 Related party transactions (continued)**

*Transactions with Glasgow City Council*

2015/16 £000		2016/17 £000
27	Funding Contributions received from the Council	401,509
-	Expenditure on Services Provided by the Council	(480,636)
(27)	Key management personnel: non-voting board members	(473)
<b>- Net transactions with Glasgow City Council</b>		<b>(79,600)</b>

Key Management Personnel: the non-voting Board members employed by the Glasgow City Council and recharged to the IJB include the Chief Officer, the Chief Financial Officer, the Chief Social Work Officer and a staff representative. Details of the remuneration for some specific post-holders are provided in the Remuneration Report. Glasgow City Council did not charge for any support services provided in the year ended 31 March 2017 (2016: nil).

*Balances with Glasgow City Council*

2015/16 £000		2016/17 £000
3	Debtor balances: amounts due from the Glasgow City Council	19,295
<b>3</b>	<b>Net balance with Glasgow City Council</b>	<b>19,295</b>

**10 New standards issued but not yet 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. The IJB considers that there are no such standards which would have significant impact on its annual accounts.

**11 Value added tax**

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



## Independent Auditor's Report (*Last Year's version*)

### **Independent auditor's report to the members of Glasgow City Integration Joint Board and the Accounts Commission for Scotland**

I certify that I have audited the financial statements of Glasgow City Integration Joint Board for the period to 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Statement of Income and Expenditure, 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 (IFRSs) 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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of the Chief Officer; Finance & Resources and auditor**

As explained more fully in the Statement of Responsibilities, the Chief Officer, Finance & Resources is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My 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 me 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 Glasgow City Integration Joint Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Officer; Finance & Resources and the overall presentation of the financial statements. In addition, I 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.



### **Opinion on financial statements**

In my 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 Glasgow City Integration Joint Board as at 31 March 2016 and of the income and expenditure of the Glasgow City Integration Joint Board for the period of account;
- 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 my 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 period of account for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I am required to report by exception**

I am required to report to you if, in my 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
- I have not received all the information and explanations I require for my 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.

I have nothing to report in respect of these matters.

David McConnell  
Assistant Director  
Audit Scotland  
102 West Port  
Edinburgh  
EH3 9DN

20 September 2017