

Finance and Audit Committee

Report By: Chief Officer Finance and Resources
Contact: Sharon Wearing, Chief Officer Finance and Resources
Tel: 0141 287 8838

Subject: Unaudited Annual Accounts

Purpose of Report: To present to Finance and Audit Committee the Unaudited Annual Accounts.

Recommendations: Finance and Audit Committee is asked to consider the Unaudited Annual Accounts.

Implications for IJB:

Financial: These are the Unaudited Annual Accounts of the IJB 2015/16.

Personnel: None.

Legal: These Unaudited Accounts form part of the Local Authority Accounts (Scotland) Regulations 2014.

Risk Implications: N/A

Sustainability: N/A

Economic Impact: N/A

Sustainability:	N/A
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Sustainable Procurement and Article 19:	N/A
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Equalities:	N/A
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Implications for Glasgow City Council:	
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Implications for NHS Greater Glasgow & Clyde:	
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**Annual Accounts
31 March 2016**



Annual Accounts
31 March 2016

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Management Commentary

(i) Vision Purpose and Objectives

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

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

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

(ii) Financial Review

As noted above, the IJB was established on 6 February 2016. The financial information included within these financial statements is for the period from the date of establishment to 31 March 2016. Responsibility for the operation of those services delegated to the IJB only took place on 1 April 2016 and so the statement of income and expenditure only includes income and expenditure relating to the operation of the IJB.

(iii) Operational Review

Operationally, 2015/16 has seen the Health and Social Care Partnership achieve significant success in reducing delayed discharge from hospital, an achievement which has been championed by the Cabinet Secretary as an example of good practice. Strong and improving performance has been achieved in a number of areas including Carers, Children's Services, and business support functions, as well the production of the Integration Joint Board's Strategic Plan. Other operational highlights includes the:

- Expansion of intermediate step-up and step-down care models;
- Development of accommodation based strategy and community based models of housing and care;
- Establishment of integrated operational management arrangements;



- Expansion of agile working;
- Identification of opportunities for co-location of health and social work staff;
- Development of integrated performance management reporting.

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David Williams
Chief Officer

[] 2016

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Archie Graham
Chairman

[] 2016

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

[] 2016



Statement of Responsibilities for the Statements of Account

The Integration Joint Board is required:

- to make arrangements for the proper administration of its financial affairs, and to secure that it has an officer responsible for the administration of those affairs. In this Integration Joint Board, that officer is the Chief Officer, Finance & Resources;
- to manage its affairs to achieve best value in the use of its resources and safeguard its assets; and
- to approve the statement of accounts

Responsibilities of the financial officer

As financial officer I am responsible for the preparation of the Integration Joint Board's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'), is required to give a true and fair view of the financial position of the Integration Joint Board at the financial year end and its income and expenditure for the year then ended.

In preparing the financial statements I am responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- complying with the Code of Practice.

I am also required to:

- keep proper accounting records which are up to date; and
- take reasonable steps to ensure the propriety and regularity of the finances of the Integration Joint Board;

Statement of Accounts

The Statement of Accounts presents a true and fair view of the financial position of the Glasgow City Integration Joint Board as at 31 March 2016, and its income and expenditure for the year then ended.

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Sharon Wearing
Chief Officer, Finance & Resources

[] 2016



Remuneration report

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) requires local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual financial statements. The IJB does not directly employ any staff. All Health and Social Care Partnership officers are employed through either the Health Board or the Council and remuneration for senior staff is reported through those bodies. This report contains information on the remuneration of the IJB Chief Officer [and other senior officers] together with details of any taxable expenses relating to IJB voting members claimed in the year. IJB membership is non remunerated.

(i) Integration Joint Board

The members of the IJB are appointed by Glasgow City Council and NHS Greater Glasgow and Clyde

(ii) Senior officers

The Chief Officer is appointed by the IJB on consultation with the Health Board and Glasgow City Council. The Chief Officer is employed by Glasgow City Council and seconded to the IJB.

The financial officer is appointed by the IJB and employed by Glasgow City Council.

(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 period to 31 March 2016, 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.



(iv) Remuneration

The board members and senior officers received the following remuneration in the year:

	Salaries, fees and allowances	Taxable expenses	Total remuneration
	£000	£000	£000
David Williams	25-30	-	25-30

David Williams, the Chief Officer of the IJB, is regarded as an employee of the IJB although his contract of employment is with Glasgow City Council. While his post is funded by the IJB, the statutory responsibility for employer pension liabilities rests with Glasgow City Council.

Section (v), Pension benefits, of the remuneration report below, presents the pension entitlement attributable to the post of the IJB Chief Officer although the IJB has no formal ongoing pension liability. Instead the IJB will be expected to fund employer pension contributions as they become payable during the Chief Officer's period of service. On this basis, there is no pensions liability reflected on the IJB balance sheet for the IJB Chief Officer.



(v) Pension benefits

The senior officers are members of the appropriate pension scheme of their employing organisation. For Local Authority employees, this is the Local Government Pension Scheme which is a funded defined benefits scheme. For NHS employees, this is the National Health Service Superannuation Scheme for Scotland, which is a notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. Costs of the pension scheme contributions for the year to 31 March 2016 are shown in the table below:

Name and Post Title	In-year pension contributions 2016 £000	Accrued pension benefits		
		as at 31 March 2016 £000	Difference from 5 February 2016 £000	
David Williams, Chief Officer	4	Pension	16	-
		Lump Sum	-	-

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David Williams [] 2016
Chief Officer

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Archie Graham [] 2016
Chairman



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 Local Code 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.
- 2.3 The system of internal control has been in place at the IJB from 6 February to 31 March 2016 and up to the date of the approval of the Statement of Accounts.

3. Governance Framework

- 3.1 The Board of the IJB currently comprises the Chair and 14 members; eight are Council Members nominated by Glasgow City Council and seven are Board members of NHS Greater Glasgow and Clyde, with one vacancy for a Board



member of NHS Greater Glasgow and Clyde. 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 draft 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.
- 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.

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 and Resources has overall responsibility for the Partnership'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*

5. Review of 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 processes 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 Auditor has confirmed that there are no significant governance issues that require to be reported specific to the IJB.
- 6.2 Glasgow City Council’s Annual Governance Statement for 2015/16 included reference to an audit of Business Continuity and IT Disaster Recovery Management, which was subject to an unsatisfactory audit opinion.
- 6.3 On 15 December 2015 an incident involving the air handling unit and fire suppression system occurred in the Council’s primary data centre. The incident caused significant disruption to the Council’s ICT systems. Whilst key business operations were able to continue, such as payments processing and access to social care information, the incident caused significant disruption across the Council group. The Council continues to investigate the incident and conduct lessons-learned reviews. An Internal Audit into Disaster Recovery and Business Continuity controls concluded that the control environment was unsatisfactory and has identified a number of improvement actions for the Council and its ICT partner ACCESS. The incident has highlighted the need to improve the ICT disaster recovery and business continuity controls, including those for the CareFirst social care management system and associated applications.

7. Internal Audit Opinion

- 7.1 Based on the audit work undertaken, the assurances provided by Executive Directors (of Glasgow City Council Services) and the Senior Management Teams (of services within NHS Greater Glasgow and Clyde) and excluding the significant issue noted above, it is the Chief Auditor’s opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during the reporting period of 2015/16.



8. Certification

- 8.1 Subject to the above, and on the basis of the 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.

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David Williams [] 2016
Chief Officer

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Archie Graham [] 2016
Chairman



Statement of income and expenditure

	<i>Note</i>	Gross Expenditure £000	Gross Income £000	Net £000
Corporate services	3	54	(54)	-
(Surplus)/deficit on provision of services		54	(54)	-



Balance sheet
as at 31 March 2016

	<i>Note</i>	2016
		£000 £000
Current assets		
Short term debtors	4	6
		<u>6</u>
Creditors: Amounts falling due within one year	5	(6)
		<u> </u>
Net current assets		-
		<u> </u>
Financed by:		
Capital and reserves		
Usable reserves	6	-
Unusable reserves		-
		<u> </u>
Total reserves		-
		<u> </u>

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2016 and its income and expenditure for the year then ended.

The unaudited financial statements were authorised for issue on xx June 2016 and the audited financial statements were authorised for issue on xx September 2015

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Sharon Wearing
Chief Officer, Finance and Resources

[] 2016



Notes to the annual accounts (forming part of the accounts)

1 Accounting policies

General Principles

The financial statements summarise the transactions of Glasgow City Integration Joint Board ('IJB') for the 2015-2016 financial year and its position at the year end. The IJB is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Joint Venture between Glasgow City Council and NHS Greater Glasgow and Clyde.

Integration Joint Boards (IJB's) are specified as section 106 bodies under the Local Government (Scotland) Act 1973 and, as such, are required to prepare their financial statements in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.

Accounting convention

The financial statements are prepared under the historical cost convention as modified for the valuation of certain assets.

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.

Accruals of income and expenditure

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

VAT status

The Integration Joint Board is a non-taxable person and does not charge or recover VAT on its functions.

Related party transactions

As partners in the joint venture of Glasgow City Integration Joint Board, both Glasgow City Council and NHS Greater Glasgow and Clyde are related parties and material transactions with those bodies are disclosed in line with the requirements of IAS 24.

Debtors and creditors

Debtors and creditors have been assessed on the basis of goods and services supplied or received up to and including 31 March 2016 for which payment had not been received or made by that date.



Notes (continued)

Provisions

The Integration Joint Board provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

Contingent assets and liabilities

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

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

Corresponding amounts

The IJB was established on 6 February 2016 and hence the period to 31 March 2016 is its first period of operation. Consequently there are no corresponding amounts for previous years to be shown.

Pensions

Staff of the local authority and the NHS are members of the appropriate pension scheme of their employing organisation. Pension costs are charged as part of the charge made on the IJB for the services of these staff on the basis of the cost of contributions made by the employing organisation.

2 Related party transactions

The Glasgow City Integration Joint Board was established on 6 February 2016 as a joint venture between Glasgow City Council and NHS Greater Glasgow and Clyde. In the year, the following financial transactions were made with NHS Greater Glasgow and Clyde and Glasgow City Council relating to integrated health and social care functions:

(i) Income – payment for integrated functions	2016
	£000
NHS Greater Glasgow and Clyde	27
Glasgow City Council	27
	<hr/>
	54
	<hr/> <hr/>



Notes (continued)

(ii) Expenditure – payments for delivery of integrated functions

**2016
£000**

NHS Greater Glasgow and Clyde	27
Glasgow City Council	27
	<hr/> 54

3 Corporate expenditure

**2016
£000**

Staff costs	48
Audit fees	6
	<hr/> 54

Support to the IJB for the development of the Strategic Plan was provided by partner organisations for no consideration. The cost was identified as £16,347.

4 Short term debtors

**2016
£000**

NHS Greater Glasgow and Clyde	3
Glasgow City Council	3
	<hr/> 6



Notes (continued)

5 Short term creditors

	2016 £000
Central government bodies	6
	<hr/>
	6
	<hr/> <hr/>

6 Movement in reserves

	Usable Reserve General Fund £000
At 6 February 2016 and 31 March 2016	-
	<hr/> <hr/>