

south ayrshire
health & social care
partnership

South Ayrshire Integration Joint Board

Annual Report and Accounts 2018/19

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Management Commentary

The Role and Remit of the Integration Joint Board (IJB)

South Ayrshire Integration Joint Board was established as a body corporate by order of the Scottish Ministers on 1 April 2015, as part of the establishment of the framework for the integration of health and social care in Scotland, under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB has responsibility for providing social care and defined health care services for the residents of South Ayrshire, encompassing an area of 242 square miles and a population of 112,470. It borders onto Dumfries and Galloway, East Ayrshire and North Ayrshire. In addition, the IJB provides specific health care services across Ayrshire by means of lead partnership arrangements agreed in the Integration Scheme between NHS Ayrshire and Arran and South Ayrshire Council.

South Ayrshire Council and the NHS Ayrshire and Arran Health Board, as the Parties to the Integration Scheme, each nominate four voting members to sit on the IJB. The Council nominates Elected Members and the Health Board Non-Executive Directors. A Health Board nominee was the Chair of the IJB in 2018/19 and the Vice Chair was drawn from Elected Members of the Council. The positions of Chair and Vice Chair will rotate in 2019/20.

A number of non-voting Representative Members sit on the Integration Joint Board and contribute to its proceedings. These representatives are chosen from the Third Sector, the Independent Sector, Carers, Services Users, and Council and NHS Board staff. A GP Stakeholder Member has also been appointed.

Management support to the IJB is led by the Chief Officer and Director of Health and Social Care. The operational structure is divided into two principal service areas:

- Community Health and Care Services; and
- Children's Health, Care and Justice Services.

The main purpose of integration is to improve the wellbeing of families, communities and the 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 Integration Joint Board as part of its Strategic Plan for 2018-21, approved by the Integration Joint Board at its meeting on 27 June 2018, agreed the following vision for the Health and Social Care Partnership and that this would remain unchanged from its previous Strategic Plan: "Working together for the best possible health and wellbeing of our communities".

The Integration Scheme puts in place a framework designed to deliver the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under Section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014. It similarly seeks to deliver against National Outcomes for Children and Families and

for those in the Justice System and to do all of this in a way that is consistent with the National Delivery Principles set out in Section 4 and Section 31 of the 2014 Act. The 2018-21 Strategic Plan sets out a number of Strategic Objectives and Policy Priorities with accompanying Implementation and Resource Plans, Performance Framework and Strategic Risk Assessment, all designed to ensure a direction of travel by the Partnership consistent with National Objectives. The Partnership's agreed Strategic Objectives for the planning period are as follows:

- We will protect vulnerable children and adults from harm;
- We will work to provide the best start in life for children in south Ayrshire;
- We will improve outcomes for children who are looked after in South Ayrshire;
- We will reduce health inequalities;
- We will shift the balance of care from acute hospitals to community settings;
- We will support people to exercise choice and control in the achievement of their personal outcomes;
- We will manage resources effectively, making best use of our integrated capacity; and
- We will give all of our stakeholders a voice.

The provisions of Section 44 of the Public Bodies (Joint Working) (Scotland) Act, 2014 require that Integration Schemes are reviewed after a period of 5 years. The South Ayrshire Scheme came into effect on 1st April, 2015. In accordance with this requirement, South Ayrshire Council and NHS Ayrshire and Arran have agreed to work with the Integration Joint Board to review the Integration Scheme during the course of 2019-20. The review will be carried out in accordance with the arrangements for the preparation of a new integration scheme as set out in Section 46 of the Act.

The IJB's Strategy and Business Model

The Mission Statement agreed by the IJB for the planning period 2018-21 is as follows:

“The IJB through the Health and Social Care Partnership will express its mission in this planning period through an approach rooted in the following principles:

- Support and services will be co-produced – ‘doing with’ not ‘doing to;’
- Partnership with communities sharing all resources;
- People will be treated as equals and assets and strengths will be built upon;
- People will have access to good information and advice pre-crisis points;
- The system will be outcome focused, proportionate and responsive; and
- Bureaucracy will be the minimum it needs to be.”

The IJB has put in place plans and arrangements that will support the growth and development of primary care services and will work with communities and partners to find innovative ways to accomplish this in what are challenging financial circumstances. Through the adoption of this approach and a policy agenda focussed on the needs of the individual, the IJB's priority, while continuing to support our Acute Hospitals will be to shift the balance of care from hospitals and other institutions to local communities.

The Strategic Plan is supported by a number of distinct strategy documents and commissioning plans. Such documents approved in 2018-19, for example, include a South Ayrshire Dementia Strategy and a Corporate Parenting Plan.

A Performance Framework has been designed to offer accountability against the objectives and tasks agreed in the Strategic Plan. The Performance Framework is monitored by regular reports to the Performance and Audit Committee of the IJB. Progress against strategy implementation plans is recorded through the Pentana system and is reported to the IJB Performance and Audit Committee every six months.

The IJB's preferred focus continues to be on an approach based on early intervention, prevention, anticipatory care planning, the innovative use of technology, choice and control for individuals over the way in which their care is provided and joint working with communities through locality planning to ensure that people are able to support their own health and wellbeing by means of the resources and support networks available within their local communities. The Partnership's Community Led Support Programme and activity managed through the Third Sector Interface VASA and other organisations such as the Carers Centre supports this approach. This includes support for South Ayrshire Life – a community information directory.

Current financial issues for the IJB and the challenge in setting a balanced budget for 2019-20 militate against this preventative approach. The increasing demand for older people's services, and in social care services for children and young people, has resulted in the IJB taking the decision to raise the level at which people will be eligible for statutory social care support in services for adults and older people to "critical" – the highest level possible under its approved Eligibility Criteria.

The IJB is a Community Planning Partner and is a key player in the work of this Partnership through the children's health and care functions that have been delegated to it by the Council and the Health Board. It is focussed on the development and care of children and families in need of support and protection and, as a corporate parent, in improving the outcomes and the potential of looked after children and young people.

The management structures within the partnership are integrated at a senior level with individual managers having responsibility for both health and social care throughout all adult and children services. In 2018-19 there has been considerable change within the senior management structures in both Community Health and Care Services and Children's Health and Care and Justice Services. New Heads of Service have been appointed and there has been additional change at senior manager/manager level with the implementation of new structures designed to better support the transformational agenda and to provide the required leadership. While this will begin to deliver on this objective in 2019-20, it has resulted in significant challenges in capacity in 2018-19, some of which is reflected in published performance information. In 2018-19 the decision was also taken to decentralise the Allied Health Profession (AHP) function to the Partnerships in North and East Ayrshire. South Ayrshire will manage AHPs operating in its own area, but no longer act in the role of lead partnership across the whole of Ayrshire.

There is continual monitoring of activity. For example bed occupancy rates, the number of care home placements, and the number of packages of care. This can be challenging due to the absence of integrated information systems. Regular financial information is shared based on the known activities and this forms the basis of regular reports to the IJB on the projected performance against budget. Currently capacity to provide the volume of information require to support business activity and the developing transformational agenda is challenging and is an issue for the IJB and the Parties to address in terms of Section 4.4.6 of the Integration Scheme as part of the exercise to review the Scheme.

The Integration Joint Board approved 2018/19 directions to South Ayrshire Council and NHS Ayrshire & Arran Health Board in connection with the implementation of its Strategic Plan for 2018-21 and the funding available in year to deliver the Strategic Objectives and Implementation Plan contained therein.

In support of its business model the Integration Joint Board has put in place a governance framework and a range of governance policies. These are published on its website at <https://www.south-ayrshire.gov.uk/health-social-care-partnership/meetingpapers.aspx>. These governance responsibilities also include responsibility for delegated Justice functions relating to Social Work.

The IJB's Operations for the Year

Summary

The operation of the Partnership in 2018-19 has in large part been dominated by the challenging financial position. This saw the IJB require additional funding of £3.3m in order to break even at the year-end, brought about by demographic pressures and increasing demand for services in both adult and children's social care. This additional funding is repayable over the next four years. Further information is provided in the Financial Commentary section.

However, the year has also seen significant progress being made by the IJB and the Health and Social Care Partnership in a number of areas.

Strategic Plan, Strategies and new Plans

The IJB approved a new Strategic Plan for the period 2018-21 based around its existing Vision, a new Mission Statement and eight Strategic Objectives all designed to support the delivery of national and local outcomes. The Strategic Objectives will be delivered through an Implementation Plan, progress against which is monitored every six months by the Performance and Audit Committee. The Strategic Plan can be found [here](#) on our public website.

A South Ayrshire Dementia Strategy for 2018-23 was approved by the IJB which is outcomes based. Outcomes will be delivered through an Implementation Plan which will support the development of services and supports locally.

In Children's Health and Care Services, a Corporate Parenting Plan was approved by the IJB for the period 2018-21. This sets outcomes to be met by all Corporate Parents through a series of agreed action items, progress against which will be assessed at regular intervals by the IJB Performance and Audit Committee.

As reflected in the Strategic Plan, the IJB approved a Primary Care Improvement Plan for the period 2018-21 that demonstrates how South Ayrshire and the other two partnerships in Ayrshire will implement the new GMS contract. The Plan sets out a clear direction of travel and acts as a core framework for the HSCPs and NHS Board to reform primary care services.

The IJB submitted its draft Records Management Plan for consideration by the Keeper of Records as required by the Public Records (Scotland) Act 2011. This is currently being scrutinised and it is expected that it will be approved by the Keeper later in 2019.

In South Ayrshire approximately 70% of all care at home services are provided on a commissioned basis from the Independent Sector. The IJB approved a Commissioning Plan in 2018-19 for the recommissioning of these services. The South Ayrshire British Sign Language (BSL) Plan designed to promote and support British Sign Language locally in accordance with the provisions of the British Sign Language (Scotland) Act 2015 was approved.

Community Health and Care Services

An Older People's Position Paper setting out options for the future provision of older people's services in South Ayrshire, based on an assessment of information from the IJB Strategic Needs Assessment, was considered by the IJB. The IJB agreed that a further paper be presented setting out how appropriate options might be taken forward.

Children's Health and Care Services

A Joint Functional Family Therapy approach with the North and East Ayrshire Partnerships to address a need for specialist early intervention family support designed to improve family resilience and ensure that more families remain together, was approved by the IJB.

The Champion's Board continues to provide a voice for looked after children and young people in South Ayrshire in the development and provision of services.

Social Care Services

A review of the roll-out of Self-Directed Support in South Ayrshire was undertaken by In Control Scotland. The outcomes of the review were accepted by the IJB and an Action Plan is being implemented to "re-boot" Self-Directed Support. Most importantly, this will put in place a system that permits the allocation of upfront budgets which the current system based on an Equivalency Model does not. The new system will be a Resource Allocation System (RAS) which will come into effect early in 2020-21.

A Short Breaks Statement was approved and published by the IJB as required by the Carers (Scotland) Act 2016 to support the caring relationship and promote the health and wellbeing of the carer, the supported person and other family members affected by the caring situation.

Health Services

A Pan-Ayrshire Community Phlebotomy Service supported by all of the IJBs in Ayrshire was launched in 2018-19. The development work on this was led by the South Ayrshire IJB Clinical Director.

In 2018-19 the decision was also taken to decentralise the Allied Health Profession function to the Partnerships in North and East Ayrshire. From 2019-20, South Ayrshire will manage AHPs operating in its own area, but will no longer act in the role of lead partnership across the whole of Ayrshire.

New Housing Developments

The IJB and the Council's Leadership Panel endorsed a joint approach which will see resources invested through the (Strategic Housing Investment Plan (SHIP) to create new housing accommodation for older people, young people leaving the care system and for people with mental health issues and learning disabilities. In 2018-19 significant progress has been made in the likely provision of core and cluster accommodation for both people with learning disabilities and people with mental health issues. Four sites are actively being progressed in Girvan and in Ayr, one in partnership with Ayrshire Housing a local Registered Social Landlord. The Girvan

development of 11 flats and one common area/staff base was acquired in 2018-19 and will be occupied in 2019-20.

Infrastructure Improvements

The major ICT infrastructure project to replace the outdated Social Work/Social Care SWIS information system with Carefirst proceeded at pace in 2018-19 with implementation in Justice Services and in Children's Health and Care. It is expected that other primary modules for Community Care and Finance will be implemented by June 2020.

Governance

The IJB Performance and Audit Committee considered, in year, the report from the Ministerial Strategic Group for Health and Community Care on the Review of Progress with the Integration of Health and Social Care, together with an update on the progress that has been made locally against the six themes outlined in the report. The discussions of the Committee and this initial local analysis formed the basis of the information included in the Government issued Self-Assessment of progress which was returned early in 2019-20 after receiving approval.

The Partnership's Strategic Planning Group (Strategic Planning Advisory Group) received regular reports throughout the year on the work being taken forward in each of the six localities by Locality Planning Groups. [link]

The Strategic Planning Advisory Group also considered two new Strategy documents; one for Social Isolation and Loneliness and also an Adult Carers Strategy and agreed that these should proceed to public consultation prior to their submission to the IJB for approval.

The HSCP continues to have good working relationships with partner organisations from across the sectors. Representatives from a number of these sit on the Board, contribute to the work of its Strategic Planning Advisory Group and are active participants in a number of provider and other forums. The Partnership strengthened its clinical and care governance arrangements in 2018-19 with the creation of an Officers Group for this purpose to support the work of the Clinical and Care Governance Committee.

Transformation

2018-19 saw the continuation of transformation activity within South Ayrshire designed to achieve a shift in the balance of care locally in areas such as Care at Home, Intermediate Care and at Biggart Community Hospital in Prestwick.

Performance

Comprehensive performance reports can be found [here](#) on our public website. Summary performance against the National Outcomes in 2018-19 was as follows:

	Indicator	Title	South Ayrshire	Scotland
Outcome Indicators	NI - 1	Percentage of adults able to look after their health very well or quite well	94% (2017/18)	93% (2017/18)
	NI - 2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	82% (2017/18)	81% (2017/18)
	NI - 3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	77% (2017/18)	76% (2017/18)
	NI - 4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	85% (2017/18)	74% (2017/18)
	NI - 5	Total % of adults receiving any care or support who rated it as excellent or good	85% (2017/18)	80% (2017/18)
	NI - 6	Percentage of people with positive experience of the care provided by their GP practice	88% (2017/18)	83% (2017/18)
	NI - 7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	87% (2017/18)	80% (2017/18)
	NI - 8	Total combined % carers who feel supported to continue in their caring role	36% (2017/18)	37% (2017/18)
	NI - 9	Percentage of adults supported at home who agreed they felt safe	85% (2017/18)	83% (2017/18)
	NI - 10	Percentage of staff who say they would recommend their workplace as a good place to work	74% (2018)	74% (2018)

Data Indicators	NI - 11	Premature mortality rate per 100,000 persons	419 (2018)	432 (2018)
	NI - 12	Emergency admission rate (per 100,000 population)	17,824 Calendar year 2018	12201 Calendar year 2018
	NI - 13	Emergency bed day rate (per 100,000 population)	159,165 Calendar year 2018	118,646 Calendar year 2018
	NI - 14	Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)	125 Calendar year 2018	102 Calendar year 2018
	NI - 15	Proportion of last 6 months of life spent at home or in a community setting	87%	89%
	NI - 16	Falls rate per 1,000 population aged 65+	24.0 Calendar year 2018	22.6 Calendar year 2018
	NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	80%	82%
	NI - 18	Percentage of adults with intensive care needs receiving care at home	65% (2017)	61% (2017)
	NI - 19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population)	1,383 (2018/19)	805 (2018/19)
	NI - 20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	27% Calendar year 2018	22% Calendar year 2018
	NI - 21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	NA	NA
	NI - 22	Percentage of people who are discharged from hospital within 72 hours of being ready	NA	NA
	NI - 23	Expenditure on end of life care, cost in last 6 months per death	NA	NA

This shows a good standard of performance in community services when compared against Scotland as a whole, with people particularly rating the care and support that they receive highly. A new strategy for carers will provide a framework locally for the development and strengthening of the support they receive.

Performance continues to be mixed in the national context when considering the utilisation of acute hospital services. For example, delayed discharges continue to be an issue locally. This continues to be a challenge in 2019-20. The HSOP, working together with partners, has put in place an extensive transformation programme to help improve performance in this area.

Key Risks and Uncertainties

The Integration Joint Board has approved, as part of its suite of governance documents, a Risk Management Strategy. This includes the publication and approval of a Strategic Risk Register which is updated by the Board on a six monthly basis. It was last updated and approved by the IJB on 17th April, 2019. The Strategic Risk Register can be found [here](#) on our public website.

The key risks can be summarised as:

- Financial constraints affecting delivery of the Strategic Plan
- Demographic factors including the age of our population
- The high level of delayed discharges and unplanned admissions to hospital

In addition the provision of Health and Social Care services is reliant on the availability of an appropriate workforce. In several services it is challenging to recruit and retain suitably qualified staff. This places pressure on service delivery and on existing teams. An initial workforce Plan for the Partnership has been approved by the IJB. The implementation of this will be taken forward in 2019-20 and updates on progress will be submitted on a six monthly basis to the IJB Performance and Audit Committee.

The funding of the IJB is reliant on agreement with South Ayrshire Council and NHS Ayrshire & Arran Health Board. They in turn have their funding set primarily by the Scottish Government. Funding will not rise to meet the expected increase in demand arising from an increasingly elderly population. Redesign and transformation continues to be required to enable services to be provided in the most cost effective manner within the resource available. The financial position facing the IJB has been highlighted as a high level risk in its Strategic Risk Register.

There is also political uncertainty including the impact of the EU withdrawal. Both partner bodies have established EU withdrawal groups. These groups have reviewed business continuity and resilience plans, focussing on key areas including workforce, medicines and the supply chain. Both groups consider all advice from UK and Scottish Governments.

Looking forward

South Ayrshire Health and Social Care Partnership, in common with others, faces significant financial challenges and is required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic

outlook. This is especially relevant given the financial position in 2018/19 and the requirement to repay the additional funding provided.

Funding available to the Scottish Government will reduce in real terms and consequently funding available to Councils and Health Boards is likely to reduce. At the same time demand for health and social care services, legislative requirements and user expectations of services continue to increase.

This anticipated continued reduction in funding, together with the demographic challenges in South Ayrshire, represents a key risk.

The development of a Medium Term Financial Strategy, which to date has been precluded by the absence of appropriate finance capacity, is now essential and will be developed in 2019/20. The IJB will use the Scottish Government Health and Social Care Medium Term Financial Framework to inform this strategy locally.

For this strategy to be effective transformational change proposals are essential. These will require:

- Fundamental reconfiguration of services to ensure sustainable service delivery within delegated budgets.
- Agreed timescales for implementation:
- Matching of resources to activity.
- Phased implementation of priorities.

A balanced budget for 2019/20 was approved by the IJB on the 5th of July 2019 and can found [here](#) on our public website.

The IJB will work with partners and stakeholders to implement the recommendations in the Ministerial Strategic Group Review of Progress with Integration of Health and Social Care, having already conducted a comprehensive self assessment on our current progress.

Conclusion

2018/19 was an extremely challenging financial year for the IJB. In order to reach a breakeven position we used £3.3m of additional funding and £1.0 million of reserves from 2017/18. The IJB holds no reserves for use in 2019/20 and must address its underlying overspend together with repayment of the additional funding. This will inevitably mean delivery of a challenging efficiency programme and service transformation in order to return to financial balance.

Financial Commentary

Partnership services include the full range of community-based health and care services delegated by the partner organisations under the terms of the Integration Scheme. South Ayrshire Health and Social Care Partnership has the lead partnership role in Ayrshire for the Community Equipment Store, Continence team, Family Nurse Partnership and Technology Enabled Care.

The financial environment in 2018/19 was extremely challenging with demand for services continuing to rise. Unprecedented demand for placements for vulnerable children and increasing demand for adult social care services resulted in the IJB utilising all of its reserves and requiring £3.3 million of additional funding. This funding has been provided by South Ayrshire Council on a temporary basis and is repayable.

The initial budget was approved in June 2018 and made clear the high level of risk inherent within the assumptions and proposals. This risk materialised as services for Older People overspent by £1.6 million, although the £1.6 million overspend on Children's Services was not anticipated.

Partnership services saw continued demand growth in 2018/19. This increased demand coupled with the requirement to deliver cash releasing efficiency savings represented a significant budget pressure for the Partnership over the course of the financial year. Our month 4 financial monitoring report forecast an overspend of £4.0 million, and recovery options were presented to the IJB in October. The options selected for implementation were partially successful and reduced the need for additional funding to £3.3 million.

The month 12 finance position was:

Table 1	2018/19		
	Integrated Budget		
	Budget	M12	Variance
	£'000	£'000	£'000
Community Care & Health			
Older People	39,340	40,924	(1,584)
Physical Disabilities	3,333	3,430	(97)
Biggart Hospital	4,646	5,050	(404)
Girvan Hospital	1,198	1,229	(31)
Community Nursing	4,562	4,723	(161)
Intermediate Care and Rehabilitation	251	251	0
AHPs	5,938	5,498	440
Total Community Care & Health	59,268	61,105	(1,837)
Primary Care			
Prescribing	24,819	24,819	0
General Medical Services	14,721	14,644	77
Total Primary Care	39,540	39,463	77
Mental Health Services			
Learning Disabilities	19,604	19,678	(74)
Mental Health Community Teams	5,784	5,482	302
Addictions	1,869	1,807	62
Total Mental Health Services	27,257	26,967	290
Hosted Services			
Community Store	256	416	(160)
TEC	157	80	77
Family Nurse Partnership	823	682	141
Continence Team	431	417	14
Total Hosted Services	1,667	1,595	72
Children and Criminal Justice Services			
C&F Social Work Services	21,725	23,322	(1,597)
Criminal Justice	103	62	41
Health Visiting	2,231	2,163	68
Total Children and Criminal Justice Services	24,059	25,547	(1,488)
Integrated Care Fund/ Delayed Discharge	1,834	1,735	99
Support Services			
Directorate	5,098	4,944	154
Other Services	658	718	(60)
Payroll management target	(638)	0	(638)
Total Support Services	5,118	5,662	(544)
Scheme of Assistance	846	841	5
Inter Agency Payments	0	0	0
Partnership Total	159,589	162,915	(3,326)
Recharges from other Partnerships	39,229	39,130	99
Recharges to other Partnerships	(1,158)	(1,108)	(50)
Acute Hospitals	24,396	24,396	0
IJB Total	222,056	225,333	(3,277)
Additional Funding	3,277	0	3,277
IJB Total	225,333	225,333	0

The following sections explain the key variances.

Community Care and Health

Older People

Older People's services overspent by £1.6m. This was driven by high levels of demand for residential and nursing home placements together with similarly high demand for Care at Home packages.

Biggart Hospital

Biggart Hospital overspent by £0.4m. This was caused by additional beds being opened to relieve pressure on Ayr Hospital, together with a high reliance on bank and agency nursing.

Prescribing

The Integration Scheme sets out that whilst the Primary Care prescribing budget will be delegated to the IJB, prescribing will be managed by NHS Ayrshire & Arran across the three Ayrshire Partnerships. There is therefore no variance on prescribing.

Children and Criminal Justice Services

Children and Families Social Work Services

These services overspent by £1.6 million. During the year there was unprecedented demand for secure and residential outwith authority placements. By nature these are high cost low volume, with individual cases costing up to £0.3 million. Placements are approved by the multidisciplinary Getting it Right for Every Child (GIRFEC) Authority Resource Forum. This area of the service continues to represent a key financial risk for the IJB going forward due to unpredictable demand for high cost placements.

Support Services

Payroll Management Target

This reflects savings from vacancy management and staff turnover. The target is challenging and under achieved by £0.6 million as vacancies and turnover were lower than anticipated.

Lead Partnership and Hosted Services

On behalf of all IJBs within the NHS Ayrshire & Arran area, the North Ayrshire IJB acts as the lead partner for Specialist Mental Health Services with East Ayrshire being the lead partner for Primary Care.

These are treated as an agency arrangement. Over and underspends on hosted services have been allocated on an NRAC fair share basis in 2018/19.

The net impact of these arrangements was a minor underspend of £0.05 million.

Additional Funding

£3.3 million was received from South Ayrshire Council. This is temporary and repayable.

Set Aside Budget (Acute Hospitals)

The 2018/19 budget delegated by NHS Ayrshire & Arran includes the Set Aside resource of £24.4 million. In year variations are the responsibility of NHS Ayrshire and Arran, therefore expenditure is fully matched by income for the IJB. The IJB has responsibility for planning services that are used in an unscheduled way. The aim is to ensure that we work across the health and care system to deliver the best, most effective care and support. Service areas most commonly associated with unplanned use are included in the 'Set Aside' budget. Set Aside budgets relate to the strategic planning role of the IJB. Key areas within this budget are:

- Accident and emergency services
- Inpatient services for general medicine
- Geriatric medicine
- Rehabilitation services
- Respiratory services

The expenditure of £24.4 million was £0.5 million higher than the fair share determined by the National Resource Allocation Committee (NRAC) formula. This means that South Ayrshire used £0.5 million more than its share of the overall Set Aside budget in Ayrshire.

The IJB, in common with our colleagues in the East and North, are working with Scottish Government to further develop and improve the operation of the set aside budget.

The IJB's position at 31 March 2019

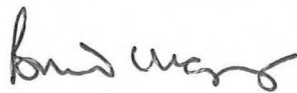
The IJB holds no reserves for use in future years. All reserves were used in 2018/19 to minimise the level of additional funding required. The IJB is owed £0.267 million by NHS Ayrshire and Arran, which it in turn owes to South Ayrshire Council.

Analysis of the Financial Statements

The financial statements for 2018/19 are set out on pages 33-35 and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*). The Notes to the financial statements on pages 30-38 explain the basis for the recognition, measurement and disclosure of transactions and other events in the Annual Accounts, to ensure that they present a 'true and fair view' of the IJB's financial performance. An explanation of each of the financial statements which follow and their purpose are shown at the top of each statement.



Tim Eltringham
Chief Officer
4 September 2019



Cllr Brian McGinley
Chair of the IJB
4 September 2019



Rob Whiteford
Chief Finance Officer
4 September 2019

Statement of Responsibilities

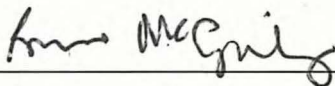
Responsibilities of the Integration Joint Board

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

I confirm that these Annual Accounts were approved for signature at a meeting of the Board of South Ayrshire Integration Joint Board on 4th September 2019.

Signed on behalf of the South Ayrshire Integration Joint Board



Cllr Brian McGinley
Chair of the IJB

4 September 2019

Responsibilities of the Chief Finance Officer

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

In preparing the Annual Accounts, the chief finance officer has:

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

The chief finance officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the South Ayrshire Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.



Rob Whiteford
Chief Finance Officer

4th September 2019

Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff. There are no employees of the IJB; the staff in the Health and Social Care partnership is employed by South Ayrshire Council or NHS Ayrshire and Arran Health Board.

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.

Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by South Ayrshire Council and NHS Ayrshire & Arran Health Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative. The Chair of the IJB during 2018/19 was Stewart Donnelly. Stewart is the Employee Director of NHS Ayrshire and Arran. The Vice-Chair from April 2018 to May 2018 was Councillor Julie Dettbarn and Councillor Brian McGinley for the remainder of the financial year.

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. No person in the post of Chair or Vice-Chair received taxable expenses in the year.

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

Remuneration: Officers of the IJB

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

Chief Officer

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

Other Officers

No other staff are appointed by the IJB under a similar legal regime.

The chief finance officer is appointed by the Integration Joint Board and is employed by NHS Ayrshire and Arran as their Assistant Director of Finance – Operational Services. NHS Ayrshire and Arran meets the full cost of this remuneration.

Total 2017/18 £	Senior Employees	Salary, Fees & Allowances £	Total 2018/19 £
110,547	T Eltringham Chief Officer	112,078	112,078
110,547	Total	112,078	112,078

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.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/18	For Year to 31/03/19		Difference from 31/03/18	As at 31/03/19
T. Eltringham Chief Officer					
	21,336	21,631	Pension	3,128	54,747
			Lump sum	1,397	102,264
Total	21,336	21,631	Pension	3,128	54,747
			Lump Sum	1,397	102,264

Disclosure by Pay Bands

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

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
1	£110,000 - £114,999	1

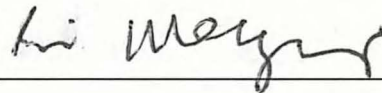
Exit Packages

There have been no exit packages in 2017/18 or 2018/19.



Tim Eltringham
Chief Officer

4 September 2019



Cllr Brian McGinley
Chair of the IJB

4 September 2019

Independent auditor's report to the members of South Ayrshire Integration Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of South Ayrshire Integration Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. 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 2018/19 (the 2018/19 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the South Ayrshire Integration Joint Board as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 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.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is three years. We are independent of the South Ayrshire Integration Joint Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the South

Ayrshire Integration Joint Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about South Ayrshire Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Chief Finance Officer and South Ayrshire Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the South Ayrshire Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The South Ayrshire Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual accounts

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

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 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pat Kenny, CPFA (for and on behalf of Deloitte LLP)

110 Queen Street

Glasgow

G1 3BX

United Kingdom

4 September 2019

Annual Governance Statement

Introduction

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

Scope of Responsibility

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

To meet this responsibility the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on NHS Ayrshire & Arran Health Board and South Ayrshire Council 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.

The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either South Ayrshire Council or NHS Ayrshire & Arran Health Board, as well as non-voting members including a Chief Officer appointed by the Board.

The main features of the governance framework in existence during 2018/19 were:

- The Integration Scheme established between South Ayrshire Council and NHS Ayrshire & Arran Health Board to integrate Health and Social Care services is the constitutional basis of the South Ayrshire IJB. The Integration Scheme sets out financial contributions by partners to Integration Joint Boards.
- South Ayrshire IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- The IJB, as required under the Local Government Act 2003, makes arrangements to secure Best Value, through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, effectiveness, the need to meet the equal opportunity requirements, and contributing to the achievement of sustainable development.

- A locality planning framework has been established in South Ayrshire which is at the centre of efforts towards changes in the balance of care by growing capacity in local communities, developing local assets and through locality planning groups providing six forums, locally, where local people and professionals from across the sectors meet to discuss local needs and priorities and seek to have those reflected in the Partnership's Strategic Plan. The six locality planning groups meet regularly have identified priorities and have each awarded grants from a Small Grants Fund provided through the Integrated Care Fund as part of a larger Participatory Budgeting process. As locality planning has now been in place for 4 years, progress will be reviewed in 2019-20 and the outcomes from this exercise will be reported to the Strategic Planning Advisory Group.
- A Register of Members Interests has been established for IJB Members and IJB Members have been asked to sign the Code of Conduct for Members of Devolved Public Bodies. Since the inception of the IJB there have been regular briefing sessions allowing Board members to develop their understanding of the issues facing the IJB in an informal setting.
- The main decisions of the IJB are made by the Board. There is a Performance and Audit Committee established to support the decision making of the IJB.
- The Performance and Audit Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2013 (PSIAS) and regularly monitors the performance of the IJB's Internal Audit service. In addition to regular reports to the IJB Performance and Audit Committee, the Chief Internal Auditor prepares an annual report to the Audit and Performance Committee including an assurance statement containing a view on the framework of governance, risk management and control. The Internal Audit Annual Report 2018/19 was presented to the IJB Performance and Audit Committee on 7 June 2019.
- The Performance and Audit Committee will receive an annual report against the current Partnership Performance Framework at its August 2019 meeting. This will provide a range of performance indicators grouped under the Partnership's Strategic Objectives as at 31st March, 2019. The Performance Framework has been enhanced and will be subject to further change as pathways, approaches and services change. The performance report will also provide information on progress on implementation of the Strategic Plan.
- The IJB complies with the requirements of the United Kingdom Public Sector Internal Audit Standards 2013: "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".
- The Chief Internal Auditor of the IJB is also the Chief Internal Auditor of South Ayrshire Council. The Chief Internal Auditor of the IJB is invited to attend the Audit Committee of NHS Ayrshire & Arran Health Board and has full access to all

audit papers and internal audit reports. The IJB Chief Internal Auditor places reliance on the work of the internal audit of NHS Ayrshire & Arran Health Board.

- In relation to the development of its governance arrangements, the IJB has established a Strategic Planning Advisory Group (Strategic Planning Group) as required by regulation to advise it on the content of its Strategic Plan and to provide support and comment within the Partnership on the development of policies across the full range of delegated functions
- A Health and Care Governance Committee has been established supported by an officers' Health and Care Governance Group which provides assurance to the Integration Joint Board on the delivery of safe, effective, person centred care in line with the Integration Joint Board's statutory duty for the quality of health and care services.
- The IJB complies with the requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government 2010". The IJB's Chief Finance Officer (Section 95 Officer) 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.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2018/19 this included the following:

- The IJB uses the systems of South Ayrshire Council and NHS Ayrshire and Arran Health Board to manage its financial records. The operational delivery of services within the NHS Ayrshire and Arran Health Board and South Ayrshire Council, on behalf of the IJB, will be covered by their respective internal audit arrangements as at present. The IJB's Chief Internal Auditor is professionally qualified and suitably experienced to make the assessment on the internal control system of the IJB. The IJB's system of internal controls is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

Development and maintenance of the systems is undertaken by the NHS Ayrshire and Arran Health Board and South Ayrshire Council as part of the operational delivery of the Health and Social Care Partnership. In particular the system includes comprehensive budgeting systems, setting targets to measure financial and other performance, regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets and formal project management disciplines.

- The Executive Director of Finance, NHS Ayrshire and Arran Health Board and the Head of Finance and ICT, South Ayrshire Council have provided assurances that the charges for the services commissioned reflect the income and

expenditure recorded in their financial systems and that they are complete and accurately reflect appropriate charges.

- The IJB has approved Financial Regulations, a Reserves Policy, and an Expenses Policy.
- An initial budget was approved by the IJB in June 2018.
- The IJB is presented with financial reports on four occasions during the year to advise on the projected expenditure in the current year against the funding available. These reports explain the major variations on budget.
- The IJB has approved a number of governance related documents including: Standing Orders and a Scheme of Delegation. The Financial Regulations set out the interaction of the parties to the working of the IJB and in particular the use of the Parties' standing financial instructions as appropriate.
- The internal audit functions of both Parties carry out continuous auditing of the core financial systems (ledger, payroll, creditors and debtors).
- 'Whistleblowing' arrangements are dealt with by procedures in the Parties.
- A Social Work Complaints Procedure has been introduced to comply with the guidance produced by the Scottish Government. Complaints relating to health care are dealt with through NHS Ayrshire & Arran Health Board procedures.

The IJB complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (PSIAS). The Chief Internal Auditor reports directly to the Performance and Audit Committee with the right of access to the Chief Finance Officer, Chief Officer and Chair of the Performance and Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Performance and Audit Committee.

Review of Adequacy and Effectiveness

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

This review has been carried out by the Chief Internal Auditor of the IJB during 2018/19. As part of this review all pertinent audit reports of the IJB and the Parties to the IJB, internal and external, were scrutinised to assess the risk and gain reassurance that any remedial action required has been acted upon.

The results of the review were reported to the IJB Performance and Audit Committee on 7 June 2019, with the key conclusions being that that reasonable assurance can be provided over the framework of governance, risk management and control and that adequate controls were in place, and were operating throughout the IJB in 2018/19.

Action Plan

Following consideration of the review of adequacy and effectiveness an action plan has been agreed to ensure continual improvement of the IJB's governance. Key areas of focus are:

Significant Case Review

A Significant Case Review (SCR) was undertaken in 2018-19 which investigated social work involvement with Sharon Greenop from Troon who was murdered in 2016. This review reported in 2019-20. It has led to significant changes in practice, internal procedures and new arrangements being put in place around the management and oversight of clinical and care governance. A review of these new governance arrangements led by the Health Board Director of Nursing will be completed by 30th September, 2019. The Care Inspectorate has recently reviewed the progress made by the HSCP on the implementation of the agreed Action Plan arising from the SCR. The report from the Care Inspectorate on its findings is awaited.

Review of the Integration Scheme

Governance issues will be considered as part a review of the South Ayrshire Integration Scheme being undertaken in 2019/20 by South Ayrshire Council and NHS Ayrshire and Arran.

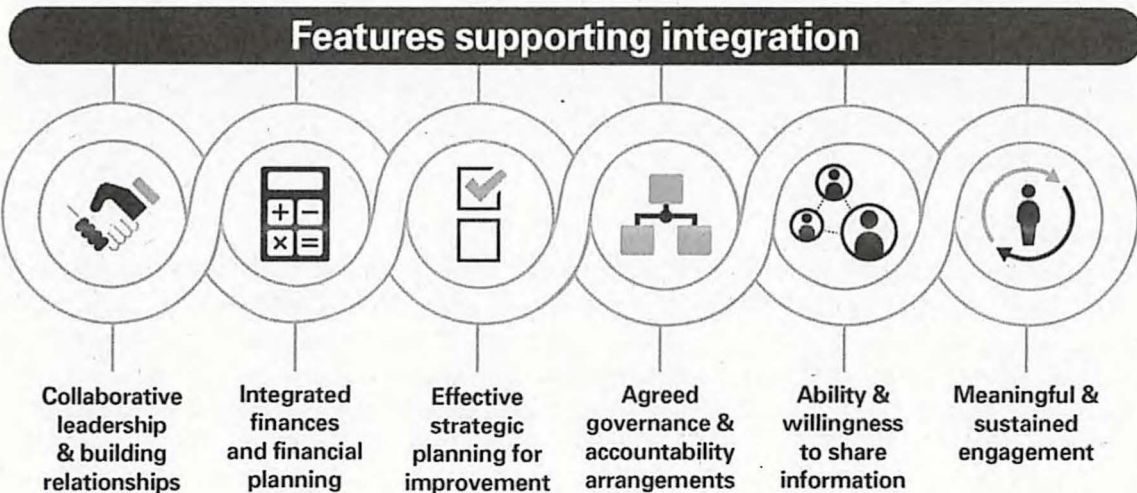
The Public Bodies (Joint Working) (Scotland) Act, 2014 in Section 44 requires that Integration Schemes are reviewed after a period of 5 years. The Act states: 'The Local Authority and the Health Board must carry out a review of the scheme before the expiry of the relevant period for the purpose of identifying whether any changes to the scheme are necessary or desirable.' Section 46 of the Act sets out the arrangements to be followed by the Local Authority and the Health Board in the preparation of a new integration scheme.

The review of the Integration Scheme will be completed in 2019 and will be submitted to the Scottish Government for consideration by 31st December. If agreed by Scottish Ministers, any updated Scheme should come into effect from 1st April, 2020, following completion of the necessary Parliamentary process.

A greater need for clarity in relation to some of the provisions of the existing Scheme concerning governance and finance has been expressed by IJB Members and other stakeholders. It is intended that the review will address the issues identified and will strengthen the governance of the IJB and the Partnership going forward.

MSG Review Self-Assessment

In 2019, the IJB and representatives of the Parties completed the Scottish Government Ministerial Strategic Group (MSG) for Health and Community Care self-evaluation template on the Review of Progress with Integration of Health and Social Care. This template considers local progress on key features of integration as illustrated below:



This shows that progress in South Ayrshire against these key features has been mixed in the period since the inception of the IJB in 2015. In areas relating Meaningful and Sustained Engagement the IJB has rated its performance as “exemplary.” In others, such as Collaborative Leadership and Building Relationships & Integrated Finances and Financial Planning, it has rated its progress to date in these areas as being “partly established.”

An action plan with agreed end dates has been prepared which will take forward a planned programme of work designed to address identified areas for improvement. Progress on this will be reported regularly during the year to the IJB Performance and Audit Committee and to scrutiny groups within the two Parties.

Conclusion and Opinion on Assurance

While recognising that improvements are required, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB’s governance arrangements.

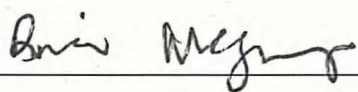
We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB’s principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment.



Tim Eltringham
Chief Officer

4 September 2019



Cllr Brian McGinley
Chair of the IJB

4 September 2019

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

Gross Expenditure	2017/18			2018/19	
	Gross Income (Restated)	Net Expenditure (Restated)		Gross Expenditure	Gross Income
£000	£000	£000		£000	£000
58,606		58,606	Community Care & Health	62,771	62,771
60,579		60,579	Primary Care	63,235	63,235
40,974		40,974	Mental Health Services	40,805	40,805
24,483		24,483	Children and Criminal Justice Services	25,887	25,887
1,616		1,616	Integrated Care Fund/ Delayed Discharge	1,735	1,735
4,657		4,657	Support Services	6,478	6,478
21,461		21,461	Acute Hospitals	24,396	24,396
24		24	IJB Operational Costs	25	25
212,400	0	212,400	Cost of Services	225,332	225,332
	(212,089)	(212,089)	Taxation and Non-Specific Grant Income (Note 6)	(224,364)	(224,364)
212,400	(212,089)	311	Deficit on Provision of Services	225,332	(224,364)
		311	Total Comprehensive Income and Expenditure		968

There are no statutory or presentation adjustments which affect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not provided in these annual financial statements.

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.

Movements in Reserves During 2018/19	General Fund Balance
	£000
Opening Balance at 1 April 2018	968
Total Comprehensive Income and Expenditure	(968)
(Decrease) in 2018/19	(968)
Closing Balance at 31 March 2019	0

Movements in Reserves During 2017/18	General Fund Balance (Restated)
	£000
Opening Balance at 1 April 2017	1,279
Total Comprehensive Income and Expenditure	(311)
(Decrease) in 2017/18	(311)
Closing Balance at 31 March 2018	968

Balance Sheet

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date.

31-Mar 2018		Notes	31-Mar 2019
£000			£000
<u>968</u>	Short term Debtors	7	<u>267</u>
968	Current Assets		267
<u>0</u>	Short-term Creditors	8	<u>(267)</u>
0	Current Liabilities		(267)
<u>968</u>	Net Assets		<u>0</u>
968	Usable Reserve: General Fund	9	0
<u>968</u>	Total Reserves		<u>0</u>



Rob Whiteford
Chief Finance Officer

4th September 2019

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarise the IJB's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019.

The South Ayrshire 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 2018/19, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The financial statements 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.

Funding

The IJB is funded through funding contributions from the statutory funding partners, South Ayrshire Council and NHS Ayrshire & Arran Health Board. Expenditure is incurred as the IJB commission specified health and social care services from the funding partners for the benefit of service users in South Ayrshire.

Cash and Cash Equivalents

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

Employee Benefits

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

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

Reserves

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

The IJB's 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.

Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. The NHS Ayrshire and Arran Health Board and South Ayrshire 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 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.

2. Accounting Standards issued not adopted

The Code requires the disclosure of information about accounting changes that will be required by new accounting standards that are not yet due to be adopted. There are none which are relevant to the IJB's financial statements.

3. Critical Judgements and Estimation Uncertainty

In applying the accounting policies set out at note 1 above, the IJB has had to make a critical judgement relating to the values included for Set Aside services. The Set Aside figure included in the financial statements is based upon Information Services Division Scotland (ISD) 2017/18 activity data at 2016/17 prices with a 1% uplift applied. As such, the Set Aside sum may not reflect activity in 2018/19. There are no areas of estimation uncertainty.

4. Events After the Reporting Period

The Annual Accounts will be authorised for issue, subject to audit, by the Chief Finance Officer on 4 September 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. Expenditure and Income Analysis by Nature

Restated 2017/18 £000	2018/19 £000
92,888 Services commissioned from South Ayrshire Council	96,985
119,342 Services commissioned from Ayrshire & Arran NHS Board	128,174
146 Other IJB Operating Expenditure	148
24 Auditor Fee: External Audit Work	25
(212,089) Partners Funding Contributions and Non-Specific Grant Income	(224,364)
311 Deficit on the Provision of Services	968

6. Taxation and Non-Specific Grant Income

Restated	
2017/18	2018/19
£000	£000
(72,080) Funding Contributions received from South Ayrshire Council	(75,794)
(140,009) Funding Contributions received from NHS Ayrshire and Arran	(148,570)
(212,089) Taxation and Non Specific Grant Income	(224,364)

The funding contribution from the NHS Board shown above includes £24.4 million (£21.5 million 2017/18) 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.

7. Debtors

2017/18	2018/19
£000	£000
968 Amounts owed by South Ayrshire Council	0
0 Amounts owed by NHS Ayrshire and Arran	267
968 Short Term Debtors	267

8. Creditors

2017/18	2018/19
£000	£000
0 Creditor Balances: Amounts owed to South Ayrshire Council	267
0 Short Term Creditors	267

9. 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 financial planning balance to plan ahead to meet the cost of potential commitments which may occur in the short to medium term. 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.

The IJB held £0.968 million of reserves at the 31st March 2018. These were fully utilised in 2018/19. The IJB holds no reserves at the 31st March 2019.

<u>2017/18</u>				<u>2018/19</u>			
Balance at 1 April 2017	Transfers Out 2017/18 Restated £000	Transfers In 2017/18 Restated £000	Balance at 31-Mar-18 Restated £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance at 31-Mar-19 £000	
275	(275)	299	299	(299)	0	0	Technology Enabled Care
50	(50)	44	44	(44)	0	(0)	Physiotherapy
37	(37)	0	0	0	0	0	Various
		78	78	(78)	0	0	Aids and adaptations
		23	23	(23)	0	0	Carer's Act post
		37	37	(37)	0	0	MH/LD Review posts
		69	69	(69)	0	0	ADP
		13	13	(13)	0	0	SDS development
362	(362)	563	563	(563)	0	0	Total Earmarked
917	(512)	0	405	(405)	0	0	Financial
1,279	(874)	563	968	(968)	0	0	Total Reserves

10. Agency Income and Expenditure

On behalf of all IJBs within the NHS Ayrshire & Arran Health Board area, the IJB acts as the lead manager for Community Equipment Services, Continence Services, Family Nurse Partnership and Technology Enabled Care 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 not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB is not acting as principal in these transactions. The amount of expenditure and income relating to the agency arrangement is shown below.

2017/18 £000	2018/19 £000
17,121 Expenditure on Agency Services	1,158
(17,121) Reimbursement for Agency Services	(1,158)
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0 Net Agency Expenditure excluded from the CIES	0

These amounts have reduced from £17.1 million to £1.2 million as the South IJB no longer acts as lead manager for Allied Health Professionals. This change took effect on the 1st April 2018.

11. Related Party Transactions

The IJB has related party relationships with NHS Ayrshire & Arran Health Board and South Ayrshire 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 financial statements are presented to provide additional information on the relationships.

Transactions with NHS Ayrshire and Arran Health Board

2017/18 £000	2018/19 £000
(140,009) Funding Contributions received from the NHS Board	(148,570)
119,342 Expenditure on Services Provided by the NHS Board	128,173
12 Auditor Fee: External Audit Work	13
73 Key Management Personnel: Non-Voting Board Members	74
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(20,582) Net Transactions with NHS Ayrshire & Arran Health Board	(20,310)

Key Management Personnel: The non-voting Board member employed by South Ayrshire Council and recharged to the IJB is the Chief Officer. Details of the remuneration for the Chief Officer are provided in the Remuneration Report.

Support services were not delegated to the IJB through the Integration Scheme and are instead provided by the parent organisations free of charge as a 'service in kind'. The support services provided by NHS Ayrshire and Arran Health Board mainly consist of: provision of the Chief Finance Officer, financial management, human resources, ICT, payroll and internal audit.

Balances with NHS Ayrshire & Arran Health Board

2017/18	2018/19
£000	£000
0 Debtor balances: Amounts due from the NHS Board	267
0 Creditor balances: Amounts due to the NHS Board	0
0 Net Balance with NHS Ayrshire & Arran Health Board	267

Transactions with South Ayrshire Council

(Restated) 2017/18	2018/19
£000	£000
(72,080) Funding Contributions received from the Council	(75,794)
92,888 Expenditure on Services Provided by the Council	96,984
12 Auditor Fee: External Audit Work	13
73 Key Management Personnel: Non-Voting Board Members	74
20,893 Net Transactions with South Ayrshire Council	21,277

Key Management Personnel: The non-voting Board member employed by South Ayrshire Council and recharged to the IJB is the Chief Officer. Details of the remuneration for the Chief Officer are provided in the Remuneration Report.

Support services were not delegated to the IJB through the Integration Scheme and are instead provided by the parent organisations free of charge as a 'service in kind'. The support services provided by South Ayrshire Council mainly consist of: provision of the Chief Internal Auditor, financial management, human resources, legal committee services, ICT, payroll and internal audit.

Balances with South Ayrshire Council

2017/18	2018/19
£000	£000
968 Debtor balances: Amounts due from the Council	0
0 Creditor balances: Amounts due to the Council	(267)
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968 Net Balance with South Ayrshire Council	(267)
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12. VAT

The IJB is not registered for VAT and as such the VAT is settled or recovered by the partner agencies.

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

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

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

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.

13. Prior Year Restatement

In 2017/18 reserves brought forward and utilised in the year of £1.279 million were included as income in the Comprehensive Income and Expenditure Statement. This should have been accounted for as a movement in reserves rather than being recognised as income. Prior year figures have therefore been restated to correct this. There is no effect on the operational financial position of the IJB, with the General Fund balance brought forward remaining at £968,000

The impact on each account line affected in 2017/18 is as follows:

Statement	Line	As previously Reported £000	Adjustment £000	Restated £000
Comprehensive Income and Expenditure Statement	Taxation and Non Specific Grant Income	(£213,368)	£1,279	(£212,089)
Comprehensive Income and Expenditure Statement	(Surplus)/ Deficit on the provsion of services	(£968)	£1,279	£311
Comprehensive Income and Expenditure Statement	Total Comprehensive Income and Expenditure	(£968)	£1,279	£311
Movement in Reserves Statement during 2017/18	Total Comprehensive Income and Expenditure	(£968)	£1,279	£311
Movement in Reserves Statement during 2017/18	Decrease in 2017/18	(£968)	£1,279	£311
Note 5 Expenditure and Income Analysis by nature	Partners Funding Contributions and Non-Specific Grant Income	(£213,368)	£1,279	(£212,089)
Note 6 Taxation and Non Specific Grant Income	Funding Contributions received from the Council	(£73,359)	£1,279	(£72,080)
Note 11 Related Party Transactions	Funding Contributions received from the Council	(£73,359)	£1,279	(£72,080)