

south ayrshire
health & social care
partnership

South Ayrshire Integration Joint Board

Annual Report and Financial Statements 2017/18

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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 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 2017/18 and the Vice Chair was drawn from Elected Members of the Council.

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 Director of Health and Social Care. The operational structure is divided into three principal service areas:

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

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

The Integration Joint Board, as part of its Strategic Plan for 2016-19 approved by the Integration Joint Board at its meeting on 17 June 2016, agreed the following vision for the Health and Social Care Partnership: "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 Criminal 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 2016-19 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 were as follows:

- Reduce the inequality gradient and in particular address health inequality.
- Protect children and vulnerable adults from harm.
- Ensure children have the best possible start in life.
- Support people to live independently and healthily in local communities.
- Prioritise preventative, anticipatory and early intervention approaches.
- Proactively integrate health and social care services and resources for adults and children.
- Develop local responses to local needs.
- Ensure robust and comprehensive partnership arrangements are in place.
- Support and develop our staff and local people.
- Operate sound strategic and operational management systems and processes.
- Communicate in a clear, open and transparent way.

The IJB's Operations for the Year

The IJB's operations for the year require to be seen within the context of the updated Strategic Needs Assessment produced in 2017-18 to support the development of a new IJB Strategic Plan for the three-year planning period from 2018-21.

This continues to show a number of significant demographic and other pressures across a range of activity areas. For example, the elderly population in South Ayrshire continues to be greater proportionally than in Scotland as a whole, the dependency ratio of older and younger people to the working age population is continuing to increase and South Ayrshire has the highest proportion of people aged over 100 in Scotland. This background is creating an increase in demand for care home places and for care at home. In the current challenging financial climate, these population based pressures are also increasing demand on acute hospital services locally with adverse impacts on admission, length of stay and discharge.

The needs assessment also highlights a significant demand on Children's Health and Care Services as a consequence of issues emanating from child poverty, fuel poverty and other factors associated with deprivation. The position is localised and is most acute in particular localities, such as Ayr North and Girvan and South Carrick.

Higher rates for dementia, depression and learning disability than in Scotland as a whole all contribute to significant pressure for services and are current areas of focus for the HSCP, as are issues relating to child and adult protection.

The strategic objectives and policy priorities agreed by the IJB in its Strategic Plan are designed to address these and other health and wellbeing issues within the limited resources at its disposal.

For example in 2017-18 it has approved new strategies and action plans covering Looked After Children in South Ayrshire, Adult Community Mental Health and Adults with a Learning Disability. It has also approved eligibility criteria for the provision of services and support to carers and young carers, as require by the new Carers (Scotland) Act 2016.

In addition, together with its partner Integration Joint Boards in North and East Ayrshire, it has approved a Transformational Change Improvement Plan for Health Services in Ayrshire developed by the NHS Board.

In response to the needs of children, young people and their families and carers, the IJB has taken steps to implement the provisions of the Community Planning Partnership's Children's Services Plan for 2017-2020 and, specifically, it has created a mechanism to give young people a voice through the creation of a Champion's Board for looked after children and young people. Additionally, the staff in the HSCP have played a key role, with others in partner organisations, in improving services for children and young people, locally, by implementing the recommendations from a Joint Inspection of Children's Services in 2016 and from which good progress was demonstrated and reported in 2017-18 through a follow-up inspection.

Further good progress has been made to transform health and social care services in South Ayrshire through other on-going work to recommission services purchased from the third and independent sectors in areas such as learning disability, mental health and care at home. Other transformational work is underway in primary care services, in improving the collective response to unscheduled care and in Allied Health Professions, for example, in improving access to MSK services. Significant work has also been undertaken to redefine the role of the Biggart Community Hospital and the services provided, with more emphasis being placed on the rehabilitation of individuals to permit them to return home and continue to live or to be cared for in the community.

The HSCP has established 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 Group which meets regularly and are active participants in a number of provider and other forums.

The Service Review Programme in 2017-18 saw a review commissioned of internally provided Learning Disability day and respite facilities and this will report in 2018-19. A review commissioned of Self-directed Support and the approach to choice and control will see this being "rebooted" in South Ayrshire in a way that is likely to be transformational in terms of approach, systems, policies and procedures, particularly within Social Work. A review of short-breaks and respite in 2017-18 has led to the development of a new policy statement which will be taken forward in 2018-19 and see the recommissioning of related services.

Investment continues to be made on improving information systems with work continuing to implement a new system for Social Work and the commencement of an exercise to implement work scheduling and call monitoring in the care at home service.

Significant attention has been paid to putting arrangements in place to encourage individuals living in South Ayrshire to self-manage their health and wellbeing. This has seen investment in a range of community based initiatives, including South Ayrshire Life, a community information system; in participatory budgeting to support community based groups; in locality planning to establish local priorities and local needs; investment in the Third Sector Interface, Voluntary Action South Ayrshire, and a range of associated organisations, including Ayr United Football Academy and the HOPE project; in Community Led Support and the creation of new service access points; and in the employment of a number of community links practitioners working in GP practices to assist people to manage their issues in a non-medical way and within their local communities where they are, for example, feeling lonely and isolated.

As indicated, the financial environment in 2017/18 continued to be challenging with demand for services continuing to rise. Against this background the IJB successfully managed its financial resources. It delivered an underspend of £0.968m, which will be available for use in 2018/19.

Our budget includes funds for Unscheduled Care within our main hospitals at Ayr and Crosshouse. These hospitals faced a 4% increase in emergency admissions

during 2017/18. This resulted in additional beds being opened to meet demand. 129 such beds were open in March 2018, 40 of which were at Ayr. Work is now underway to close these additional beds and to see more people supported within their communities.

During 2017/18 the Integration Joint Board approved the following which enhance the performance and communication of the Integration Joint Board:

- A Communications Strategy and Plan.
- A Complaints Handling Procedure.
- A Risk Management Strategy.
- Approval of a consultation exercise on a new Strategic Plan for 2018-21.
- An enhanced performance report

Our comprehensive performance reports can be found [here](#) on our public website.

The requirement for cost reductions was considerable and the reported underspend reflects our commitment to deliver excellent services which represent value for money. The underspend was 0.5% of the overall budget.

The month 12 finance position was:

| | 2017/18 Budget | | |
|---|----------------|----------------|----------------|
| | Combined | | |
| | Budget | M12 Actual | Variance |
| | £'000 | £'000 | £'000 |
| Community Care & Health | | | |
| Older People | 38,369 | 39,537 | (1,168) |
| Physical Disabilities | 3,535 | 3,558 | (23) |
| Biggart Hospital | 4,701 | 4,971 | (270) |
| Girvan Hospital | 1,161 | 1,157 | 3 |
| Community Nursing | 4,481 | 4,361 | 119 |
| Total Community Care & Health | 52,246 | 53,585 | (1,339) |
| Primary Care | | | |
| Prescribing | 25,256 | 25,256 | 0 |
| General Medical Services | 14,721 | 14,617 | 104 |
| Total Primary Care | 39,976 | 39,872 | 104 |
| Mental Health Services | | | |
| Learning Disabilities | 19,353 | 19,242 | 111 |
| Mental Health Community Teams | 5,893 | 5,921 | (27) |
| Addictions | 1,760 | 1,660 | 100 |
| Total Mental Health Services | 27,006 | 26,822 | 184 |
| Hosted Services | | | |
| Continence /Community Store | 634 | 559 | 76 |
| TEC | 540 | 240 | 300 |
| Family Nurse Partnership | 528 | 518 | 10 |
| AHPs | 19,603 | 19,690 | (87) |
| Total Hosted Services | 21,304 | 21,006 | 298 |
| Children and Criminal Justice Services | | | |
| C&F Social Work Services | 20,547 | 20,458 | 89 |
| Criminal Justice | 1,859 | 1,837 | 22 |
| Health Visiting | 2,136 | 1,892 | 244 |
| Total Children and Criminal Justice Services | 24,542 | 24,187 | 355 |
| Integrated Care Fund/ Delayed Discharge | 2,129 | 1,616 | 513 |
| Support Services | | | |
| Directorate | 2,384 | 2,221 | 163 |
| Other Services | 2,171 | 1,820 | 351 |
| Payroll management target | 257 | 0 | 257 |
| Total Support Services | 4,812 | 4,041 | 771 |
| Scheme of Assistance | 721 | 640 | 81 |
| Inter Agency Payments | 0 | 0 | (0) |
| Partnership Total | 172,737 | 171,769 | 968 |
| Recharges from other Partnerships | 19,170 | 19,170 | 0 |
| Acute Hospitals | 21,461 | 21,461 | 0 |
| IJB Total | 213,368 | 212,400 | 968 |

In preparing the Comprehensive Income and Expenditure Statement recharges of Lead Partnership services from other Ayrshire Partnerships have been allocated across services provided rather than reported as a single line.

Each of the three Ayrshire IJBs reported a balanced position on the services they host on behalf of each other.

Notable variances are described below.

Community Care and Health

Older People

- Care home places overspent by £0.5m. Demand exceeded the 850 places planned for the year.
- In house home care overspent by £0.5m. This was caused by additional hours and overtime working at enhanced rates covering vacancies and sickness.

Biggart Hospital

- Biggart overspent by £0.3m. This overspend arose in the first part of the financial year. It was largely eliminated in later months following the implementation of a new care model and investment in out of hospital services.

Hosted Services

Technology Enabled Care (TEC)

- TEC underspent by £0.3m. This was because of the time required to procure, test and implement the new technologies. These funds will be carried forward for use by the TEC programme in 2018/19.

Children and Criminal Justice Services

Health Visiting

- Health visiting underspent by £0.2m. Targeted funds from Scottish Government were added to the budget; however it will take time to fully recruit to the service.

Integrated Care Fund/Delayed Discharges

- This underspent by £0.5m. Expenditure is project based in nature. The under spend was caused by slippage on projects and in recruitment to posts.

Support Services

Directorate

- The underspend of £0.2m arose as funding from Scottish Government for the Carers Act and War Pensions was not utilised in full.

Other Services

- These underspent by £0.4m. This was caused by an underspend on Direct Payments and Self Directed Support development budgets. The latter will be carried forward for use in 2018/19.

Payroll Management Target

- This is a vacancy control measure and overachieved by £0.3m.

The IJB's Position at 31 March 2018

At 31 March 2018 the resources that are available to the IJB in 2018/19 total £0.968m. These are:

- £0.299m for Technology Enabled Care. Expenditure will be incurred in 2018/19.
- £0.044m for Physiotherapy. Expenditure will be incurred in 2018/19.
- £0.078m for aids and adaptations. Expenditure will be incurred in 2018/19.
- £0.023m for a specific Carer's Act post in 2018/19, continuing into 2018/19
- £0.037m to enable reviews in Mental Health and Learning Disabilities.
- £0.069m on Alcohol and Drug Partnership expenditure which will be incurred in 2018/19
- £0.013m for Self Directed Support development funding. Expenditure will be incurred in 2018/19.

These items total £0.563m.

A general underspend of £0.405m will also be carried forward. This financial planning reserve will assist in managing high cost low volume expenditure and unexpected costs in 2018/19.

The IJB's Strategy and Business Model

The Strategic Plan agreed by the IJB aims to support the people of South Ayrshire to have the best start in life and to live independently, healthily and safely in their local communities and where they can expect Community Planning Partners to work with them, collaboratively, to address health, economic and social inequalities. The IJB will put in place plans and arrangements that will support the growth of community and 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 for key areas of activity such as Learning Disability and Mental Health, for example.

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. The Strategic Plan was originally written for the period 2015-18 and has been refreshed and rolled on for one year. The IJB approved a new 3 year strategic plan on the 27th June 2018.

The IJB's 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 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. It is believed that this structure should enhance the needs of an individual being met by a complete package of care rather than a range of individual components.

There is continual monitoring of the activity e.g. bed occupancy, number of care home placements, and number of packages of care. At times 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.

The Integration Joint Board approved 2017/18 financial directions to South Ayrshire Council and NHS Ayrshire & Arran Health Board setting out the funding available for the delegated services.

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.

Key Risks and Uncertainties


The Integration Joint Board has approved, as part of its suite of governance documents, a Risk Management Strategy and this includes the publication and approval of a Strategic Risk Register which is updated by the Board normally on a six monthly basis.

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 our existing teams.

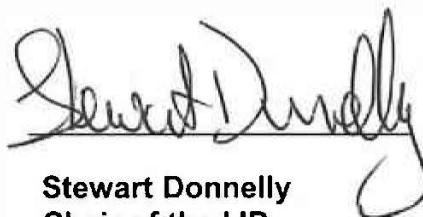
The funding of the IJB is reliant on agreement with South Ayrshire Council and NHS Ayrshire & Arran Health Board. They in turn have their funding set primarily by the Scottish Government. Funding will not rise to meet the expected increase in demand arising from an increasingly elderly population. Redesign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

Analysis of the Financial Statements

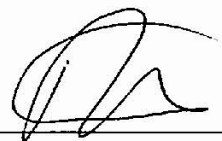
The financial statements for 2017/18 are set out on pages 21-38 and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*). The Notes to the financial statements on pages 28-35 explain the basis for the recognition, 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
26 September 2018



Stewart Donnelly
Chair of the IJB
26 September 2018



Rob Whiteford
Chief Finance Officer
26 September 2018

Statement of Responsibilities

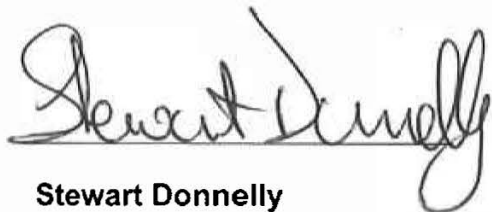
Responsibilities of the Integration Joint Board

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 Performance and Audit Committee on the 26th September 2018.

Signed on behalf of the South Ayrshire Integration Joint Board.



Stewart Donnelly
Chair of the IJB

26 September 2018

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 2018 and the transactions for the year then ended.



Rob Whiteford
Chief Finance Officer

26 September 2018

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 and Vice-Chair changed during 2017/18. The Chair of the IJB was Councillor Rita Miller from April 2017 until May 2017. The Vice-Chair of the IJB was Stewart Donnelly from April 2017 until May 2017; Stewart Donnelly is the Employee Director, NHS Ayrshire and Arran. In May 2017, the Chair passed to Stewart Donnelly and the Vice-Chair was nominated by South Ayrshire Council as Councillor Julie Dettbarn following the local elections held on 4th May 2017.

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, Robert Whiteford, 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. No additional remuneration is received in relation to his role as Chief Finance Officer of the IJB.

| Total 2016/17 £ | Senior Employees | Salary, Fees & Allowances £ | Total 2017/18 £ |
|--------------------------------|---|--|--------------------------------|
| 109,770 | Tim Eltringham Chief Officer 1 April 2017 to 31 March 2018 | 110,547 | 110,547 |
| 109,770 | Total | 110,547 | 110,547 |

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 31/03/17 | For Year to 31/03/18 | | Difference from 31/03/17 | As at 31/03/18 |
| Tim Eltringham | 21,120 | 21,336 | Pension | 2,899 | 51,619 |
| Chief Officer 1 April 2017 to 31 March 2018 | | | Lump sum | 1,000 | 100,867 |
| Total | 21,120 | 21,336 | Pension | 2,899 | 51,619 |
| | | | Lump Sum | 1,000 | 100,867 |

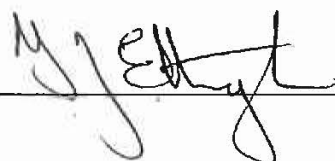
Disclosure by Pay Bands

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 2016/17 | Remuneration Band | Number of Employees in Band 2017/18 |
|-------------------------------------|---------------------|-------------------------------------|
| 1 | £105,000 - £109,999 | 0 |
| 0 | £110,000 - £114,999 | 1 |

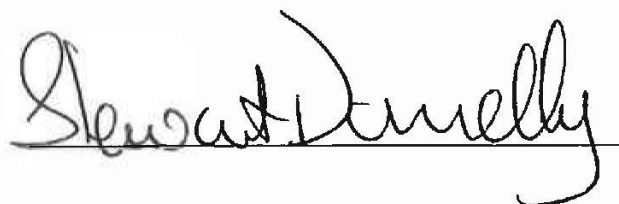
Exit Packages

There have been no exit packages.



Tim Eltringham
Chief Officer

26 September 2018



Stewart Donnelly
Chair of the IJB

26 September 2018

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 2018 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 2017/18 (the 2017/18 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the South Ayrshire Integration Joint Board as at 31 March 2018 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 2017/18 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)). 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 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. 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.

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 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 achieve 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.

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

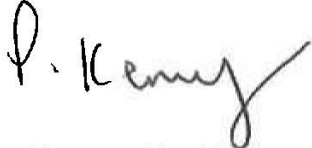
We are required by the Accounts Commission to report to you if, in our opinion:

- 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.

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 approved by the Accounts Commission, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



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

110 Queen Street,

Glasgow,

G1 3BX,

United Kingdom

27th September 2018

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 2017/18 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.

- Significant progress has been made on the development and approval of a locality planning framework for South Ayrshire which will be 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 can meet to discuss local needs and priorities and seek to have these reflected in the Partnership's Strategic Plan. The six locality planning groups first met in the autumn of 2015, have been meeting regularly, have identified their initial priorities, have appointed their office bearers and have each awarded grants from a Small Grants Fund provided through the Integrated Care Fund.
- A Register of Members Interests has been established for IJB Members and IJB Members have been invited to sign the Code of Conduct for Members of Devolved Public Bodies. It was agreed that training would be made available for all of the IJB after the 2017 elections. Since the inception of the IJB there have been regular briefing sessions allowing Board members to develop their understanding of the issues 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 2017/18 was presented to the IJB Performance and Audit Committee on 18 June 2018.
- The Performance and Audit Committee received an annual report against the current Partnership Performance Framework at its June 2018 meeting. This provided a range of performance indicators grouped under the Partnership's Strategic Objectives as at 31st March, 2018. 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 PSIAS: "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. Agreement has been reached on the reliance that the IJB Chief Internal Auditor can place 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
- An officers' Health and Care Governance Group has been set up which will provide assurance to the Integrated Joint Board on the delivery of safe, effective, person centred care in line with the Integrated 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 2017/18 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, as appropriate.

- 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 Internal Audit and Corporate Fraud service of South Ayrshire Council operates in accordance with United Kingdom PSIAS which came into force with effect from 1 April 2013. The section undertakes an annual programme of work approved by the Audit and Governance Committee Panel acting in its role as the Council's Audit Committee. PSIAS requires authorities to have a quality review programme in place and to comply with this, Internal Audit at South Ayrshire Council was peer reviewed by the Chief Internal Auditor at East Renfrewshire Council, who confirmed that the services generally conforms with the standards.
- The Performance Appraisal and Audit section of South Ayrshire Council operates in accordance with United Kingdom PSIAS which came into force with effect from 1 April 2013. The section undertakes an annual programme of work approved by the Audit and Governance Committee Panel acting in its role as the Council's Audit Committee.
- All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility within the Partnerships to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. Performance Appraisal and Audit is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters (including non-compliance with audit recommendations) arising from internal audit work are currently reported to South Ayrshire Council's Chief Executive and to the Council's Audit Committee.
- The Internal Audit service of NHS Ayrshire and Arran is provided by PriceWaterhouseCoopers (PwC). In 2018/19 Grant Thornton will provide the service.
- PwC's Internal Audit methodology is aligned to PSIAS. The NHS Ayrshire & Arran Audit Plan for 2017/18 was agreed with management and approved by the NHS Ayrshire & Arran Audit Committee. All internal audit reviews have been completed in accordance with the approved Internal Audit Plan, subject to any amendments formally approved by the Audit Committee. All reports are presented at the Audit Committee in addition to any other relevant governance committees within NHS Ayrshire & Arran, as appropriate. Any control weaknesses identified are agreed with management, along with a responsible officer and target date for agreed action to be taken. Follow up work is undertaken each year on previously agreed actions where the risk rating is

medium or above. Management's progress implementing these actions is formally reported to the Audit Committee.

- The IJB has approved Financial Regulations, a Reserves Policy, and an Expenses Policy.
- An initial budget was approved by the IJB in June 2017.
- 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 new 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 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 2017/18. 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 18 June 2018, with the key conclusions being 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 2017/18.

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. None of the issues to be addressed in the action plan are significant.

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

26 September 2018



Stewart Donnelly
Chair of the IJB

26 September 2018

Comprehensive Income and Expenditure Statement

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

| Gross Expenditure | Gross Income | 2016/17 Net Expenditure | | Gross Expenditure | Gross Income | 2017/18 Net Expenditure |
|----------------------|------------------|--------------------------------------|--|----------------------|------------------|--------------------------------------|
| £000 | £000 | £000 | | £000 | £000 | £000 |
| 54,375 | 0 | 54,375 | Community Care & Health | 58,606 | | 58,606 |
| 59,794 | 0 | 59,794 | Primary Care | 60,579 | | 60,579 |
| 40,022 | 0 | 40,022 | Mental Health Services | 40,974 | | 40,974 |
| 22,004 | 0 | 22,004 | Children and Criminal Justice Services | 24,483 | | 24,483 |
| 2,343 | 0 | 2,343 | Integrated Care Fund/ Delayed Discharge | 1,616 | | 1,616 |
| 4,783 | 0 | 4,783 | Support Services | 4,657 | | 4,657 |
| 22,416 | 0 | 22,416 | Acute Hospitals | 21,461 | | 21,461 |
| 22 | 0 | 22 | IJB Operational Costs | 24 | | 24 |
| 205,759 | 0 | 205,759 | Cost of Services | 212,400 | 0 | 212,400 |
| | 0 (207,038) | (207,038) | Taxation and Non-Specific Grant Income (Note 6) | | (213,368) | (213,368) |
| 205,759 | (207,038) | (1,279) | Surplus or Deficit on Provision of Services | 212,400 | (213,368) | (968) |
| | | (1,279) | 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 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 2017/18 | General Fund Balance |
|---|----------------------------|
| | £000 |
| Opening Balance at 31 March 2017 | (1,279) |
| Total Comprehensive Income and Expenditure | (968) |
| Reserves Used in 2017/18 | 1,279 |
| <hr/> (Increase) or Decrease in 2017/18 | <hr/> 311 |
| <hr/> Closing Balance at 31 March 2018 | <hr/> (968) |

| Movements in Reserves During 2016/17 | General Fund Balance |
|--|----------------------------|
| | £000 |
| Opening Balance at 31 March 2016 | 0 |
| Total Comprehensive Income and Expenditure | (1,279) |
| Adjustments between accounting basis and funding basis under regulations (*) | 0 |
| <hr/> Increase or Decrease in 2016/17 | <hr/> (1,279) |
| <hr/> Closing Balance at 31 March 2017 | <hr/> (1,279) |

Balance Sheet

The Balance Sheet shows the value of the IJB’s assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

| 31-Mar 2017 £000 | Notes | 31-Mar 2018 £000 |
|---|--------------|---------------------------------|
| <u>1,279</u> Short term Debtors | 7 | <u>968</u> |
| 1,279 Current Assets | | 968 |
| <u>1,279 Net Assets</u> | | <u>968</u> |
| (1,279) Usable Reserve: General Fund | 8 | (968) |
| <u>(1,279) Total Reserves</u> | | <u>(968)</u> |



**Rob Whiteford
Chief Finance Officer**

26 September 2018

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial statements summarise the authority's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018.

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 2017/18, 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 commissions 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.

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Reserves

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

The IJB's 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 financial statements.

3. Critical Judgements and Estimation Uncertainty

There are no material estimation uncertainties or critical judgements included within the financial statements.

4. Events After the Reporting Period

The Annual Accounts will be authorised for issue, subject to audit, by the Chief Finance Officer on 26 September 2018. 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 2018, 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

| 2016/17 | 2017/18 |
|--|----------------|
| £000 | £000 |
| 84,806 Services commissioned from South Ayrshire Council | 92,888 |
| 120,782 Services commissioned from Ayrshire & Arran NHS Board | 119,342 |
| 144 Other IJB Operating Expenditure | 146 |
| 5 Insurance and Related Expenditure | 0 |
| 22 Auditor Fee: External Audit Work | 24 |
| (207,038) Partners Funding Contributions and Non-Specific Grant Income | (213,368) |
| (1,279) Surplus or Deficit on the Provision of Services | (968) |

6. Taxation and Non-Specific Grant Income

| 2016/17 | 2017/18 |
|--|------------------|
| £000 | £000 |
| 68,401 Funding Contributions received from South Ayrshire Council | (73,359) |
| 138,637 Funding Contributions received from NHS Ayrshire and Arran | (140,009) |
| 207,038 Taxation and Non Specific Grant Income | (213,368) |

The funding contribution from the NHS Board shown above includes £21.5m (£22.4m 2016/17) 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. Short Term Debtors

| 2016/17 | 2017/18 |
|--------------------------------------|----------------|
| £000 | £000 |
| 1,279 Funding South Ayrshire Council | 968 |
| 1,279 Short Term Debtors | 968 |

8. 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.

| 2016/17 | | | | 2017/18 | | | |
|-------------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|--|
| Balance at 1 April 2016 | Transfers Out 2016/17 | Transfers In 2016/17 | Balance at 31-Mar-17 | Transfers Out 2017/18 | Transfers In 2017/18 | Balance at 31-Mar-18 | |
| £000 | £000 | £000 | £000 | £000 | £000 | £000 | |
| 0 | 0 | (275) | (275) | 275 | 299 | 299 | |
| 0 | 0 | (50) | (50) | 50 | 44 | 44 | |
| 0 | 0 | (37) | (37) | 37 | 0 | 0 | |
| | | | | | 78 | 78 | |
| | | | | | 23 | 23 | |
| | | | | | 37 | 37 | |
| | | | | | 69 | 69 | |
| | | | | | 13 | 13 | |
| 0 | 0 | (362) | (362) | 362 | 563 | 563 | |
| 0 | 0 | (917) | (917) | 917 | 405 | 405 | |
| 0 | 0 | (1,279) | (1,279) | 1,279 | 968 | 968 | |

9. 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 Allied Health Professionals; Community Equipment Services, Continence Services, Family Nurse Partnership and Technology Enabled Care services. It commissions services on behalf of the other IJBs and recovers 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.

| 2016/17 | 2017/18 |
|--|----------------|
| £000 | £000 |
| 17,097 Expenditure on Agency Services | 17,121 |
| (17,097) Reimbursement for Agency Services | (17,121) |
| 0 Net Agency Expenditure excluded from the CIES | 0 |

10. 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 accounts are presented to provide additional information on the relationships.

Transactions with NHS Ayrshire and Arran Health Board

| 2016/17 £000 | 2017/18 £000 |
|--|------------------------|
| (138,637) Funding Contributions received from the NHS Board | (140,009) |
| 120,796 Expenditure on Services Provided by the NHS Board | 119,354 |
| 72 Key Management Personnel: Non-Voting Board Members | 73 |
| <hr/> | |
| (17,769) Net Transactions with NHS Ayrshire & Arran Health Board (20,582) | |
| <hr/> | |

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

| 2016/17 £000 | 2017/18 £000 |
|---|------------------------|
| 0 Debtor balances: Amounts due from the NHS Board | 0 |
| 0 Creditor balances: Amounts due to the NHS Board | 0 |
| <hr/> | |
| 0 Net Balance with NHS Ayrshire & Arran Health Board 0 | |
| <hr/> | |

Transactions with South Ayrshire Council

| 2016/17 | 2017/18 |
|--|----------------|
| £000 | £000 |
| (68,401) Funding Contributions received from the Council | (73,359) |
| 84,819 Expenditure on Services Provided by the Council | 92,900 |
| 72 Key Management Personnel: Non-Voting Board Members | 73 |
| 16,490 Net Transactions with South Ayrshire Council | 19,614 |

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

| 2016/17 | 2017/18 |
|--|----------------|
| £000 | £000 |
| 1,279 Debtor balances: Amounts due from the Council | 968 |
| 0 Creditor balances: Amounts due to the Council | 0 |
| 1,279 Net Balance with South Ayrshire Council | 968 |

11. 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.