

WEST DUNBARTONSHIRE HEALTH & SOCIAL CARE PARTNERSHIP**Health & Social Care Partnership Board****Audit Committee**

Subject: Draft Statement of Accounts 2015/2016**1. Purpose**

- 1.1** The purpose of this report is to provide Audit Committee with a copy of the draft Annual Accounts for 2015/2016 and to highlight matters of interest.

2. Recommendations**2.1** Members are asked to:

- (a) note the contents of this report and the draft Final Accounts, subject to the understanding that the draft accounts may change depending upon the audit and a full report on the audited accounts will be submitted to HSCP Board in November 2016; and
- (b) agree delegated authority to the Audit Committee to formally approve the audited accounts on 14 September 2016, prior to submission to the Accounts Commission by 30 September 2016 in line with the approved Terms of Reference.

3. Background

- 3.1** The HSCP Board is required by law to produce its draft Statement of Accounts for audit by 30 June each year.

- 3.2** The Local Authority Accounts (Scotland) Regulations 2014 came into force on 10 October 2014, revoking the Local Authority Accounts (Scotland) Regulations 1985. The legislation introduces a number of changes to the Statements:

- (a) Renaming the Financial Statements to Statement of Accounts;
- (b) The requirement to include a Management Commentary which is intended to assist readers in understanding the Statement and the organisation that has prepared them;
- (c) The requirement for HSCP Boards formal consideration of the draft Management Commentary & Financial Statement of Accounts prior to 31 August each year. However, best practice is that the Statements should be reported to the HSCP Board for formal

consideration prior to submission to the Accounts Commission by 30 June each year;

- (d) The regulations require the notice for the public's right 'to inspect and object to the Statements' no later than 29 June 2016 and the Statements to be available for inspection no later than 4 July 2016; and
- (e) The requirement to 'aim' to approve the audited Annual Accounts for signature no later than 30 September 2016 (with publication no later than 31 October 2016).

3.3 A copy of the draft financial Statement of Accounts for the year ended 31 March 2016, is appended to this report as Appendix 1.

4. Main Issues

4.1 The draft accounts have now been prepared and passed to Audit Scotland to commence their audit process.

4.2 The draft accounts show that the HSCP Board has been successful in managing its expenditure within the income available for both Health & Social Care.

Management Commentary

4.3 The management commentary is in relation to objectives of the HSCP Board and its performance. The purpose of this commentary is to inform users of the Statement and help users assess if the HSCP Board has performed its duty to promote the success of the HSCP Board. The Commentary is on pages 3 to 7 of the Statements of Account.

General Fund - Revenue Position

5.0 In relation to the General Fund, as at 31 March 2016, the accounts showed a General Fund balance of £1.611m. Of this balance, £1.119m is earmarked for specified purposes, leaving an unearmarked balance of £0.492m.

5.1 The in-year surplus against original budget of £0.492m is the favourable variance against the overall budget in year.

5.2 The earmarked balance position as at 31 March 2016 has earmarked a number of service commitments for carry forward spend in financial year 2016 /17.

5.3 The HSCP General Fund is summarised in the following table:

		£'000
Unearmarked Balance		492
Earmarked Balance		
Integrated Care Fund	300	
Delayed Discharge	275	
GIRFEC NHS	205	
GIRFEC Council	25	
MSK Physio Ortho Quality Drive Project	47	
Ophthalmology Quality initiatives Project	21	
Transitional Funding for Criminal Justice	48	
DWP Conditions Management	200	1,119
		<u>£1,611</u>

5.4 The Health & Social Care operations have achieved a break even performance over the financial year in line with their statutory requirements.

Further steps in finalising

6.0 In line with the new expectation noted at 3.2 (e), to enable the HSCP Board to meet its requirement to 'aim' to approve the audited Annual Accounts for signature no later than 30 September 2016, Members are asked to agree that, following audit, the audited position be reported to Audit Committee in September 2016 for approval and HSCP Board in November 2016 for noting.

7. People Implications

7.1 There are no people implications.

8. Financial Implications

8.1 There are no financial implications

9. Professional Implications

9.1 None

10. Locality Implications

10.1 None

11. Risk Analysis

11.1 No risk analysis was required.

12. Impact Assessments

12.1 None

13. Consultation

13.1 This report was prepared in conjunction with Health and Council Colleagues and was agreed with the (NHS GG&C) Director of Finance and Section 95 Officer of West Dunbartonshire Council

14. Strategic Assessment

14.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support the Partnership Board and officers to pursue the strategic priorities of the Strategic Plan.

The report is in relation to a statutory function and is for noting. As such, it does not directly affect any of the strategic priorities.

14.2 This report links to the strategic financial governance arrangements of both parent organisations.

Jeanne Middleton – Chief Financial Officer

Date: 15 June 2016

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Appendices: **Appendix 1** Draft Financial Statement of Accounts
to 31 March 2016;

Background Papers: HSCP Year end Financial Performance Report 2015/16
(Budget versus actual);



wdhscp audit
committee - terms of

Audit Committee Terms of Reference

Wards Affected: n/a

**West Dunbartonshire
Health & Social Care Partnership**

West Dunbartonshire Health & Social Care Partnership Board

**Annual Accounts for
Year Ended 31 March 2016**

(9 month period - 1 July to 31 March 2016)

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EXPLANATORY AND ASSURANCE STATEMENTS

Management Commentary

This publication contains the financial statements for the first year of West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) for the year ended 31 March 2016.

The purpose of the Management Commentary is to provide clear information about the HSCP Board's Financial Statements and performance (including its financial position) during the year 2015/16 and as at financial year end being 31 March 2016.

The West Dunbartonshire Health & Social Care Partnership Board

The Public Bodies (Joint Working) Act (Scotland) 2014 sets out the arrangements for the integration of health and social care across the country. The Scottish Government-approved Integration Scheme for West Dunbartonshire details the 'body corporate' arrangement by which NHS Greater Glasgow & Clyde Health Board (NHS GG&C) and West Dunbartonshire Council agreed to formally delegate health and social care services for adults and children (including criminal justice social work services) to a third body, which is described in the Act as an Integration Joint Board. The Integration Joint Board for West Dunbartonshire is known as the West Dunbartonshire Health & Social Care Partnership Board (HSCP Board).

The HSCP Board's:

- Mission is to improve the health and wellbeing of West Dunbartonshire.
- Purpose is to plan for and ensure the delivery of high quality health and social care services to and with the communities of West Dunbartonshire.
- Core values are protection; improvement; efficiency; transparency; fairness; collaboration; respect; and compassion.

The HSCP Board is responsible for the operational oversight of West Dunbartonshire Health & Social Care Partnership (WD HSCP), which is the joint delivery vehicle for those integrated services delegated to it (except for any NHS acute hospital services, as these are managed directly by the Health Board). Staff who work within the management of WD HSCP continue to be employed by either the Health Board or the Council, retaining their respective terms and conditions. These arrangements for integrated service delivery are conducted within an operational service delivery framework established by the Health Board and Council for their respective functions, ensuring both those organisations can continue to discharge their retained governance responsibilities.

The constitution of the Health & Social Care Partnership Board is established through the Public Bodies (Joint Working) (Scotland) Act 2014. As confirmed within the approved Integration Scheme for West Dunbartonshire:

- The Council has formally identified three representatives to be voting members on the HSCP Board, to serve for a period of three years.
- The Health Board has formally identified three representatives to be voting members on the HSCP Board, to serve for a period of three years.

As agreed, the first chair of the HSCP Board was nominated by the Council; and the first vice-chair was nominated by the Health Board.

The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 states that when an integration joint board is established it must include the following non-voting members:

- The chief officer of the integration joint board.
- The proper officer of the integration joint board appointed under section 95 of the Local Government (Scotland) Act 1973(1) – known as the Chief Financial Officer.

The following professional advisors:

- The chief social work officer of the local authority.
- A registered medical practitioner whose name is included in the list of primary medical services performers prepared by the Health Board in accordance with Regulations made under section 17P of the National Health Service (Scotland) Act 1978(2).
- A registered nurse who is employed by the Health Board or by a person or body with which the Health Board has entered into a general medical services contract.
- A registered medical practitioner employed by the Health Board and not providing primary medical services.

- At least one member in respect of each of the following groups:
 - Staff of the constituent authorities engaged in the provision of services provided under integration functions.
 - Third sector bodies carrying out activities related to health or social care in the area of the local authority.
 - Service users residing in the area of the local authority.
 - Persons providing unpaid care in the area of the local authority.

Integration joint boards are also to incorporate representation from each of their area's agreed localities as detailed within their first year Strategic Plan. Given the delegations of the Integration Scheme, an additional two professional advisors were approved by the voting members for inclusion as non-voting members on the Partnership Board:

- A registered Allied Health Professional who is employed by the Health Board.
- A senior and appropriately qualified housing professional employed by the Council in its role as strategic housing authority.

The inaugural meeting of the new West Dunbartonshire Health & Social Care Partnership Board (HSCP Board) took place on the 1 July 2015; and it has been meeting regularly since.

At its 19th August meeting, the HSCP Board also approved its audit arrangements, which Audit Scotland confirmed were balanced and included the establishment of an Audit Committee for the HSCP Board. That Audit Committee subsequently had its first meeting on 30 September 2015, and it has been meeting regularly since.

The Strategic Plan

The Act places a duty on the HSCP Board to create a "strategic plan" for the integrated functions and budgets that it controls. This strategic plan must, as a minimum:

- Set out the arrangements for carrying out the integration functions in West Dunbartonshire over the period of the plan. The area must be divided into a minimum of two localities for this purpose, and the arrangements for each locality must be set out separately.
- Set out the way in which the arrangements for carrying out the functions are intended to achieve or contribute towards achieving the national health and wellbeing outcomes.

The first strategic plan of an Integration Joint Board must be prepared before the integration start date, which is the date on which the Health Board and the Local Authority delegate functions to the Integration Joint Board. Scottish Ministers prescribed in Regulations that functions had to be delegated by the 1 April 2016 at the latest,

At its first meeting, the HSCP Board approved its first Strategic Plan. The Strategic Plan confirmed the 1 July 2015 as being the integration start day on which the new delegated arrangements commenced for West Dunbartonshire.

Equality Duties

The Equality Act 2010 strengthens, harmonises and streamlines 40 years of equalities law in relation to the nine “protected characteristics” of age; disability; gender; race; religion and belief; sexual orientation; gender reassignment; pregnancy and maternity; and marriage and civil partnership (noting that the latter refers only to the need to eliminate discrimination in the area of employment). Given its legal status, the Partnership Board is obliged to play its part in addressing the general public sector duties outlined in the Equality Act 2010, i.e. to have due regard to:

- Eliminate discrimination, harassment and victimisation.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Integration Joint Boards have been added to the listed bodies under the Equality Act 2010 (Specification of Public Authorities) (Scotland) Order 2015 and became subject to the general duties on 1 April 2015; and Amendment Regulations making them subject to three specific duties which came into force on 11 June 2015. By the 30 April 2016 (and within every subsequent four years) each Integration Joint Board must have published a set of outcomes (minimum of two) that addressed one or more of the three public sector duties (and are not outcomes of the Health Board or Local Authority). Similarly, by 30 April 2016 (and within every subsequent two years) each Integration Joint Board must have published a report on the progress it has made to make the three general public sector duties integral to its functions and the progress made regarding the achievement of these specific outcomes.

The WD HSCP Mainstreaming Report was formally presented to and endorsed for publication by the HSCP Board's Audit Committee at its March 2016 meeting. Thereafter it was presented to and confirmed by the HSCP Board at its meeting of 25 May 2016. That mainstreaming report confirmed an initial set of equality outcome measures; and that streamlined equality impact assessment processes are a routine element of all reports considered by and any decisions recommended to the HSCP Board and its Audit Committee.

Performance Reporting

To ensure that performance is open and accountable, the Act requires that an Annual Performance Report is prepared and published by the HSCP Board, setting out an assessment of performance in planning and carrying out the integration functions for which it is responsible. The Annual Performance Report is primarily produced for the consideration of the HSCP Board itself; and it is primarily its responsibility to act upon the information and recommendations within it. The required content of the Annual Performance Report is set out in The Public Bodies (Joint Working) (Content of Performance Reports) (Scotland) Regulations 2014.

The Act obliges all Integration Joint Boards to publish a Performance Report covering performance over the reporting year no later than four months after the end of that reporting year (i.e. no later than the end of July). As the Act required that all Integration Joint Boards were to be fully operational, by 1 April 2016, then the first year for which they must report is 2016/17. However, where integration arrangements have commenced in advance of the 1 April 2016, the Integration Joint Board can consider publishing a report covering the period of establishment until the 1 April 2016, or to include an assessment of performance during this period in their 2016/17 Performance Report.

The HSCP Board's first Annual Performance Report was prepared for the period 1 July 2015 up to 31 March 2016 (i.e. for the same period as these annual accounts); and then presented and scrutinised at its meeting of 25 May 2016. Thereafter it was made publicly available on the WDHSCP website; and submitted to the Health Board, the Council, the local Community Planning Partnership Management Group and Scottish Government. That Annual Performance Report included information on financial performance (in accordance with the national Finance Guidance for Health and Social Care Integration) and best value (with reference to the national Best Value Guidance for Local Authorities).

Financial Performance

Financial performance is an integral element of the HSCP Board's overall performance management framework, with regular reporting and scrutiny of financial performance at the meetings of the HSCP Board and its Audit Committee. Moreover, the HSCP Board's Financial Performance Reports have been prepared throughout the financial for the period up to 31 March 2016 (i.e. for the same period as these annual accounts); and then presented and scrutinised at its meeting of 25 May 2016.

The HSCP Board is obliged to account for its spending and income in a way which complies with its legislative responsibilities. The Annual Accounts report the financial performance of the HSCP Board. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the HSCP Board's vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2015/16 Accounts have been prepared in accordance with this Code. Events from the Balance Sheet date (31 March 2016) until the date of signing the Statement of Accounts (30 June 2016) have been taken into consideration (note 8 page 25).

For the 2015/16 part Financial Year following to formal integration, the HSCP Board budgeted to deliver integrated services at a cost of £102.2m. In-year funding adjustments increased this budget to £118.9m.

This following section summarises the main elements of our financial performance for Financial Year 2015/16.

OVERVIEW OF CORE FINANCIAL STATEMENTS

The Statement of Accounts contains the financial statements of the HSCP Board for the year ended 31 March 2016, which holds all of the expenditure and income associated with the operating of all WD HSCP services.

The financial statements comply fully with the Code of Practice on the Local Authority Accounts (Scotland) Regulations 2014 which came into force on 10 October 2014.

The category of expenditure included in the financial statements is as follows:

- Revenue expenditure is recorded in the following main statements in these accounts with the purposes of these main statements summarised as follows:
 - *The Movement in Reserves Statement* shows how the Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the General Fund for the year.
 - *The Comprehensive Income and Expenditure Statement* shows the income and expenditure for all Health & Social Care services. It is shown below; and

The *Balance Sheet* on page 19 summarises the assets and liabilities of the HSCP Board. It is also a report on the HSCP Board's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms. The net assets of the HSCP Board (assets less liabilities) are matched by the reserves held by the HSCP Board.

Notes to The Core Statement of Accounts are provided on pages 19 to 25, which give further information and analysis relevant to each statement.

Comprehensive Income and Expenditure Statement

This account covers the day to day operational income and expenditure for each care group within WD HSCP. Income from the Health Board and Council was £105.825m with a net expenditure on services for the year of £105.333m (cost of services £105.333m).

In July 2015 a financial assurance exercise was carried out to consider the sufficiency of the budget provided for the HSCP Board by the Health Board and Council. The Financial Assurance Report stated the initial budget allocated to the HSCP Board was deemed sufficient to deliver on the outcomes highlighted within the Strategic Plan, and were subject to effective risk mitigation and the successful delivery of planned efficiency initiatives.

The set aside, or notional budget, for large hospital services is included in the HSCP Board total resources for 2015/16 and is reported separately from the table below. The latest notional income and expenditure budget is summarised within Health Care, as shown on page 18, and reflects an average of £13.040m per annum based on current service average consumption costs for the period 1 July to 31 March 2016.

Due to tight financial control over service spending, the HSCP Board was able to generate an in-year surplus from services of £0.492m against original budget for the period 1 July to 31 March 2016 (9 months). The HSCP's financial performance for the year is summarised in the following table overleaf.

	Budget	Spend Against Budget	Variance	
	£000's	£000's	£000's	£000's
Opening unearmarked balance				-
Older People Residential, Health and Community Care	27,680	27,977	(297)	
Homecare	9,612	10,055	(443)	
Physical Disability	1,815	1,927	(112)	
Children's Residential Care and Community Services (incl specialist)	14,865	15,052	(187)	
Strategy Planning and Health Improvement	1,824	1,561	263	
Mental Health Services - Adult & Elderly Community and Inpatients	8,505	8,520	(15)	
Addictions	3,020	3,017	3	
Learning Disabilities - Residential and Community Services	11,646	11,553	93	
Family Health Services (FHS)	18,372	18,372	0	
GP Prescribing	14,010	14,010	0	
Hosted Services	685	593	93	
Integrated Care Fund	1,458	1,458	0	
Resource Transfer	5,833	5,833	0	
HSCP Corporate and Other Services	4,824	4,949	(126)	
Gross Expenditure	124,147	124,876	(729)	
Income	(18,322)	(19,542)	1,221	
Total Net Expenditure	105,825	105,333	492	

Movement in Reserves to 31/03/16

Unearmarked Balance at 31 March 2016

492

The set aside, or notional budget, for large hospital services is included in the HSCP Board total resources for 2015/16 and is reported separately from the above on page 18 included within the Comprehensive Income and Expenditure Statement and explanatory note 2 on page 24 under Related Party Transactions.

The in-year surplus against original budget is £0.492m is the favourable variance against the overall budget in year and represents an un-earmarked balance at 31 March 2016.

The majority of the favorable variances are due to specific management action in areas such as general process and efficiency review; specific restructuring of service delivery, and implementation of agreed savings targets, including early implementation of efficiencies originally identified for 2016/17. The level of favorable variance has been reduced due to some areas of overspend.

During the year the Chief Officer and the Senior Management Team successfully mitigated the full value of the Social Care baseline budget pressure through a combination of improved cost control and tighter absence management arrangements; together with the use of one off monies received during the year for related activity. The Health services expenditure therefore matched income from the Health Board.

WD HSCP services saw continued demand growth. The Chief Officer and the Senior Management Team were able to reduce the cost of the packages across all services, although in some areas the increased demand led to in-year overspends against the original approved 2015/16 funding.

The main financial challenges faced in the financial year 2015/16 were as follows:

- **Children's Residential Schools** costs were higher than anticipated due to residential client placements in 2015/16;

- **External Residential Accommodation for Elderly** favourable variance is due to lower placement costs, new improvement money and income from property sales. The reduction is mainly a result of increased Self Directed support packages;
- **Residential Accommodation for the Elderly** costs, offset by above, were higher mainly due to staff absence and vacancies resulting in backfill pay cost pressures;
- **Residential Learning Disability** favourable variance is due to reduced client package costs;
- **Homecare** is reporting higher than budgeted costs due to increased number of homecare hours being delivered based on current client assessed needs. Also higher than estimated costs due to overtime costs and agency usage to cover for sickness and vacancies.

The Balance Sheet

The Balance Sheet on page 19 summarises the HSCP Board's assets and liabilities as at 31 March 2016, with explanatory notes provided in the full accounts.

Financial Outlook, Risks and Plans for the Future

The UK economy continues to show signs of recovery with inflation and unemployment falling and growth taking place in a number of sectors. Additional funding of £250m has been announced for Health and Social Care Partnerships for 2016/17 to address social care pressures. Despite this, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted to 2018/19.

In addition to economic performance, other factors will influence the availability and amount of funding allocated to health and social care, including local elections in 2017; the implications of financial powers assumed by the Scottish Parliament arising from the Scotland Act 2012; and the introduction of a Single Tier Pension Scheme in 2016.

The most significant risks faced by the HSCP Board over the medium to longer term stem from the central challenge to ensure the delivery and development of services that are safe, effective and (increasingly) seamless within a context of a changing population demographic; increased demands; heightened expectations; and an increasingly difficult financial environment.

Moving into 2016/17, the HSCP Board with the Chief Officer and the Senior Management Team are working to proactively address that challenge, building on the positive progress detailed within the Annual Performance Report for 2015/16. The next Strategic Plan will build upon what has been achieved to-date so as to deliver the HSCP Board's mission to improve the health and wellbeing of West Dunbartonshire. The Strategic Plan will incorporate a medium term financial plan (3 years) for the HSCP Board resources within scope and will publish an annual financial statement setting this out in the next Strategic Plan.

Conclusion

During its first year, in a challenging financial and operating environment, the HSCP Board has seen the successful delivery of the first Strategic Plan as detailed within the first Annual Performance Report 2015/16. The activity and outcomes delivered within that Annual Performance Report also underscore the HSCP Board's commitment to clinical and care governance; and particularly emphasises two key principles articulated within the National Framework for Clinical & Care Governance, namely:

- Values of openness and accountability are promoted and demonstrated through actions.
- All actions are focused on the provision of high quality, safe, effective and person-centred services.

In line with best value duties the HSCP Board's financial arrangements have secured continuous improvement in performance, while maintaining an appropriate balance between quality and cost. In achieving a balanced budget in financial year 2015/16, the Chief Officer, Chief Financial Officer and the other members of the Senior Management Team have managed the HSCP Board's affairs to secure economic, efficient and effective use of resources; equal opportunities requirements; and contributed to the achievement of sustainable development.

Acknowledgement

The production of the Annual Financial Statements is very much a team effort and I wish to record our thanks to both Finance staff and to colleagues in all services whose efforts have contributed to the completion of these Statement of Accounts.

Where to Find More Information

If you would like more information please visit the WD HSCP website at: www.wdhscp.org.uk

Gail Casey

HSCP Board Chair

Date: 30 September 2016

Keith Redpath

Chief Officer

Date: 30 September 2016

Jeanne Middleton

Chief Finance Officer

Date: 30 September 2016

Statement of Responsibilities

Responsibilities of the HSCP Board

The HSCP Board is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. For the HSCP Board, the proper officer is the Chief Financial Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts.

I confirm that the audited Annual Accounts were approved for signature at a meeting of the Audit Committee on 15 September 2016.

Gail Casey

HSCP Board Chair

Date: 30 September 2016

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the HSCP Board's annual accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), is required to present a true and fair view of the financial position of the HSCP Board at the accounting date and its transactions for the year.

In preparing these annual accounts, the Chief Financial Officer has:

- Selected appropriate accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice.
- Kept proper accounting records that 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 West Dunbartonshire Health & Social Care Partnership Board at the reporting date and the transactions of West Dunbartonshire Health & Social Care Partnership Board for the year ended 31 March 2016.

Jeanne Middleton

Chief Financial Officer

Date: 30 September 2016

ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement explains how the HSCP Board complies with the Code of Corporate Governance and meets the requirements of the 'Code of Practice for Local Authority Accounting in the UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control.

Scope of Responsibility

The HSCP Board 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. The HSCP Board is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes the system of internal control. This is designed to manage risk to a reasonable level, but cannot eliminate the risk to failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

A copy of the code adopted is available from the following Council and Health Board link at:

<http://www.west-dunbarton.gov.uk/media/2455272/wdc-local-code.pdf>
<http://www.nhsggc.org.uk/working-with-us/hr-connect/policies-and-staff-governance/policies/code-of-conduct-for-staff-includes-whistleblowing/>

The Governance Framework

The timeline below summarised the key milestones met in establishing the governance arrangements for the HSCP Board as of the 31 March 2016.

- 2010 – 2014 Community Health & Care Partnership in place
- 2014/15 Shadow Health & Social Care Partnership established by West Dunbartonshire Council and NHS GG&C Health Board (transition year)

West Dunbartonshire Integration Scheme 2015 agreed by West Dunbartonshire Council and NHS GG&C Health Board
- April 2015 Public Bodies (Joint Working) (Scotland) Act enacted
- May 2015 West Dunbartonshire Integration Scheme agreed by Scottish Ministers – including all community adult and children's health and care services plus criminal justice social work
- July 2015 West Dunbartonshire Health & Social Care Partnership Board established as Integrated Joint Board (Body Corporate – Integration Authority) for West Dunbartonshire.

West Dunbartonshire Health & Social Care Partnership Board approves Standing Orders, including Code of Conduct.

West Dunbartonshire Health & Social Care Partnership Board appoints Chief Officer and Chief Financial Officer.

West Dunbartonshire Health & Social Care Partnership Board

approves first Strategic Plan.

Strategic Plan 2015/16 confirms integration commencement (start Date of 1 July 2015).

Strategic Plan 2015/16 identifies locality areas of Alexandria and Dumbarton; and Clydebank.

- August 2015 West Dunbartonshire Health & Social Care Partnership Board agrees Financial Regulations.

West Dunbartonshire Health & Social Care Partnership Board agrees audit arrangements, including creation of Audit (Sub) Committee.

West Dunbartonshire Health & Social Care Partnership Board agrees Risk Management Policy and Strategy.

West Dunbartonshire Health & Social Care Partnership integrated clinical and care governance arrangements confirmed.
- Sept 2015 West Dunbartonshire Health & Social Care Partnership Board Audit Committee established.

Internal Audit Operational Agreement confirmed; and Audit Scotland confirmed by the Accounts Commission as the external auditors of the West Dunbartonshire Health & Social Care Partnership Board.
- Nov 2015 West Dunbartonshire Health & Social Care Partnership Board endorses WD HSCP Workforce and Organisational Development Strategy.

West Dunbartonshire Health & Social Care Partnership Board approves first Strategic Risk Register.
- Jan 2016 West Dunbartonshire Health & Social Care Partnership Board agrees Financial Reserves Policy.

West Dunbartonshire Health & Social Care Partnership Board Audit Committee approves the Scheme of Delegation arising from the Financial Regulations.

West Dunbartonshire Health & Social Care Partnership Board Audit Committee agrees Financial Reserves Policy.

West Dunbartonshire Health & Social Care Partnership Board Audit Committee agrees to the Partnership Board joining the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS).

West Dunbartonshire Health & Social Care Partnership Board Audit Committee endorses the integrated approach to business continuity developed by WD HSCP, the Health Board and the Council.

West Dunbartonshire Health & Social Care Partnership Joint Staff Forum constitution confirmed.

West Dunbartonshire Health & Social Care Partnership Board Audit Committee endorses WD HSCP Equalities Mainstreaming Report for public publication.

The governance framework created by the above – and subsequent – documents has established the systems and processes by which WD HSCP is directed and controlled; and the activities through which the Chief Officer and the Senior Management Team works with and accounts to the HSCP Board. It enables the HSCP Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the delivery of the Strategic Plan; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The System of Internal Financial Control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of these systems is undertaken by the Health Board and Council as part of the operational delivery of WD HSCP. In particular, these systems include:

- Financial regulations and codes of financial practice.
- Comprehensive budgeting systems.
- Regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital expenditure guidelines.
- Formal project management disciplines.

The HSCP Board's financial management arrangements conform to the governance requirements of the CIPFA statement *The Role of the Chief Financial Officer in Local Government (2010)*.

With regard to the entries taken from the Health Board and Council Accounts, the HSCP Board is not aware of any weaknesses within their internal control systems and has placed reliance on the individual Statements of Internal Financial Control where appropriate.

Review of Effectiveness

The HSCP Board has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Chief Officer and the Senior Management Team who have responsibility for development and maintenance of the governance environment; the annual report by the Chief Internal Auditor; and reports from Audit Scotland and other review agencies.

The Chief Internal Auditor reports directly to the HSCP Board's Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports were made to the HSCP Board's Audit Committee during 2015/16. The Chief Internal Auditor prepares an annual report to the Audit Committee, including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

Further Actions

There is already a commitment in place for an internal audit of the implementation of the Public Bodies (Joint Working) Act following the first year of the establishment of the Partnership Board to be undertaken by the Chief Internal Auditor during 2016/17 for the HSCP Board Audit Committee; the Health Board's Audit Committee; and the Council's Audit and Performance Review Committee. It has been agreed by the HSCP Audit Committee that the Chief Internal Auditor use the relevant recommendations made by Audit Scotland (in its national report on Health and Social Care Integration – December 2015) to inform and shape that planned internal audit.

Gail Casey

HSCP Board Chair

Date: 30 September 2016

Keith Redpath

Chief Officer

Date: 30 September 2016

REMUNERATION REPORT

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 2014/200) require local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

The HSCP Board does not directly employ any staff. All staff working within WD HSCP are employed through either the Health Board or Council; and remuneration for senior staff is reported through those bodies. The role of Chief Financial Officer for the HSCP Board is carried out by the HSCP Chief Financial Officer. The Health Board and the Council meets the full cost of this remuneration. This report contains information on the HSCP Board Chief Officer's remuneration together with details of any taxable expenses relating to HSCP Board voting members claimed in the year. HSCP Board membership is non-remunerated.

1 HSCP Board

The voting members of the HSCP Board were appointed through nomination by the Health Board and Council.

2 Senior Officers

The HSCP Board does not directly employ any staff. All staff working within WD HSCP are employed through either the Health Board or Council; and remuneration for senior staff is reported through those bodies.

The Chief Officer is appointed by the HSCP Board in consultation with the Health Board and Local Authority. The current Chief Officer (Mr Keith Redpath) is employed by the Health Board; holds an honorary contract with the Council; and is seconded to the HSCP Board.

This report contains information on the HSCP Board Chief Officer's full year remuneration together with details of nil taxable expenses relating to HSCP Board voting members claimed in 2015/16. HSCP Board membership is non remunerated as the HSCP Board does not pay allowances or remuneration to voting members. Mrs Casey is remunerated by the Council and Mrs Micklem is remunerated by the Health Board.

	Total Earnings in Year (Bands of £5,000)	Taxable Expenses	Total Remuneration (Bands of £5,000)
Keith Redpath, Chief Officer	£ 100 - 105	£ -	£ 100 - 105
* Gail Casey - Chair, HSCP Board	-	-	-
* Ros MickLem, Vice chair HSCP Board	-	-	-
	£100-105	£ -	£100-105

The figures shown above for Mr Redpath, under total remuneration, represents the contribution made by West Dunbartonshire Council and NHS Greater Glasgow & Clyde towards Mr Redpath's salary.

* Details of Mrs Casey's remuneration are included within the accounts of West Dunbartonshire Council.

* Details of Mrs Micklem remuneration are included within the accounts of NHS Greater Glasgow & Clyde Health Board

Remuneration Report (Cont'd)

Pension entitlement for the Chief Officer for the year to 31 March 2016 is shown in the table below, together with the contribution made by the employing body to this pension during the year.

Total accrued pension at age 60 at 31 March (bands of £5,000)	Real increase in pension At age 60 (Bands of £2,500)	Total accrued lump sum at age 60 at 31 March (bands of £5,000)	Real increase in lump sum At age 60 (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2016	Cash Equivalent Transfer Value (CETV) at 31 March 2015	Real increase in CETV in year
Keith Redpath Chief Officer				£'000	£'000	£'000
10 - 15	0 - 2.5	40 - 45	5.0 - 7.5	328	280	33

Mr. Redpath is a member of the NHS Superannuation Scheme (Scotland). The pension figures shown relate to the benefits that the person has accrued as a consequence of his total public sector service, and not just his current appointment. The contractual liability for employer pension's contributions rests with NHS Greater Glasgow & Clyde. On this basis there is no pension liability reflected on the HSCP Board balance sheet.

General Disclosure by Pay Bands

The regulations require the Remuneration Report to provide information on the number of persons whose remuneration was £50,000 or above. This information is provided in bands of £5,000.

Remuneration Bands	Number of Employees 31-Mar-16
£100,000-£104,999	1

Gail Casey

HSCP Board Chair

Date: 30 September 2016

Keith Redpath

Chief Officer

Date: 30 September 2016

FINANCIAL STATEMENT OF ACCOUNTS

Core Statement of Accounts:

The financial statement comprise of the following primary statements:

- Movement in the Reserves Statement.
- Comprehensive Income and Expenditure Statement.
- Balance Sheet.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the HSCP Board, analysed into unearmarked reserves and earmarked reserves.

	Unearmarked	Earmarked	Total Reserves
	£'000	£'000	£'000
2015/16			
Opening Balance at 1 April 2015	0	0	0
Movement in reserve 2015/16			
(Surplus) or deficit on provision of services	492	1,119	1,611
Net Increase/(Decrease)	492	1,119	1,611
Closing Balance at 31 March 2016	492	1,119	1,611

Comprehensive Income and Expenditure Statement

The statement shows the accounting cost, for 2015/16, of providing services in accordance the integrated delegated services and shows the income and expenditure delegated back to the Health Board and Council for the delivery of integrated services.

	2015-16	2015-16	2015-16
	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000
Health Care	60,506	(60,506)	(0)
Social Care Services	44,582	(45,075)	(492)
Health Care Acute Hospital Services	13,040	(13,040)	0
Corporate Services (HSCP Board)	244	(244)	0
Overall Surplus on provision of services	118,373	(118,865)	(492)
Overall Net income and expenditure	118,373	(118,865)	(492)

Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the HSCP Board. The net assets of the HSCP Board (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories:

1. Unearmarked Reserves i.e. those reserves that the HSCP Board may use to provide services in line with service planning within the relevant financial year
2. Earmarked Reserves – i.e. those reserves that the HSCP Board have ringfenced for a specific service purpose, and any statutory limitations

BALANCE SHEET

	Notes	31 March 2016 £'000
Current assets		
Short term debtors	4	1,628
Current liabilities		
Short term creditors	5	(17)
Net Assets		1,611
Usable Reserves	6	492
Restricted/ringfenced Reserves	6	1,119
Total Reserves		1,611

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

The unaudited financial statements were authorised for issue on 15 June 2016 and the audited financial statement were authorised for issue on 14 September 2016.

Jeanne Middleton

Chief Financial Officer

Date: 30 September 2016

NOTES TO THE FINANCIAL STATEMENT OF ACCOUNTS

1. Accounting Policies

1.1 General principles

The West Dunbartonshire Health & Social Care Partnership (HSCP) Board is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014; and is a Joint Venture between West Dunbartonshire Council and Greater Glasgow and Clyde Health Board.

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

The Annual Accounts summarise the HSCP Board's transactions for the 2015-2016 financial year and its position at the year end of 31 March 2016.

1.2 Accruals of expenditure and income

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

- All known specific and material sums payable to the IJB have been brought into account.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- Creditor for the relevant amount is recorded in the Balance Sheet.

1.3 Going Concern

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

1.4 Accounting Convention

The Accounts are prepared on an historical cost basis.

1.5 Funding

The HSCP Board receives contributions from its funding partners - namely West Dunbartonshire Council and Greater Glasgow and Clyde Health Board – that it then allocates against its commitments within its Strategic Plan. Expenditure is incurred in the form of charges for services provided to the HSCP Board by these partners.

1.6 Events After The Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts is authorised for issue. Two types of events can be identified:

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts are adjusted to reflect such events
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect

The draft Financial Statements were authorised for issue by the Chief Financial Officer on 30 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing as at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

1.7 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the HSCP Board's performance.

1.8 Related Party Transactions

As Partners in the Joint Venture of West Dunbartonshire Health & Social Care Partnership Board, both West Dunbartonshire Council and Greater Glasgow & Clyde Health Board are related parties and material transactions with those bodies are disclosed in Note 2 in line with requirements of IAS 24.

1.9 Support Services

Support Services are not delegated to the HSCP Board through the Integration Scheme and are instead provided by the Health Board and Council free of charge as a "service in kind". The support services provided is mainly comprised of: provision of the financial management; human resources; legal; committee services; ICT; payroll; internal audit; and the provision of the Chief Internal Auditor.

1.10 Provisions, contingent assets and liabilities

Provisions

Provisions are made where an event has taken place that gives the HSCP Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Income and Expenditure Statement in the year that the HSCP Board becomes aware of the obligation and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision held in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent assets and liabilities

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

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

1.11 Claims Handling, Liability and Indemnity

The HSCP Board, while having legal personality in its own right, has neither replaced nor assumed the rights or responsibilities of either the Health Board or the Council as the employers of the staff delivering integrated services; or for the operation of buildings or services under the operational remit of those staff. The Health Board and Council continue to indemnify, insure and accept responsibility for the staff that they each employ; their particular capital assets that integrated services are delivered from or with; and the respective services themselves that each has delegated to the HSCP Board. Liabilities arising from decisions taken by the HSCP Board will be equally shared between the Council and Health Board.

With specific respect to the HSCP Board's strategic planning responsibilities and decisions that it may make, during 2015/16 arrangements were made for members of the HSCP Board to join the Clinical Negligence & Other Risks Indemnity (CNORIS) scheme. The risks associated with Integration Joint Boards membership of CNORIS is considered low and therefore an annual contribution of £3,000, payable each financial year; has been set, with the Health Board having agreed to meet this cost for all of the IJBs within its area. The contribution level has been assessed at this level due to the limited risks anticipated in relation to the statutory status of IJBs; and CNORIS cover being provided mainly in relation to indemnity for IJB members and officials.

1.12 Reserves

Reserves are created by appropriating amounts out of revenue balances. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year so as to be included within the Income and Expenditure Statement. Movements in reserves are reported in the Movement in Reserves Statement.

1.13 Corresponding Amounts

The HSCP Board was established on 1 July 2015 and hence the period to 31 March 2016 is its first year of operation. Consequently there are no corresponding amounts for previous years to be shown.

1.14 Segmental Reporting – Hosted Services

Expenditure on services commissioned by the HSCP Board from its partner agencies is analysed over the following services:

	Budget	Spend Against Budget	Variance
	£000	£000	£000
Hosted Services			
Msk Physiotherapy	4,824	4,733	91
Retinal Screening	665	588	77
	<u>5,489</u>	<u>5,321</u>	<u>168</u>

1.15 VAT

The VAT treatment of expenditure in the HSCP Board's accounts depends on which partner agency 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 Health Board (NHS) is the provider agency, 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 Integrated Joint Board, which in this instance is the HSCP Board.

2 Related Party Transactions

The HSCP Board was established on 1 July 2015. In the year following financial transactions were made with the Greater Glasgow and Clyde Health Board and West Dunbartonshire Council relating to integrated health and social care functions:

	2015/16 £'000
Income – payments for integrated functions	
NHS Greater Glasgow & Clyde Health Board	73,546
West Dunbartonshire Council	45,075
Corporate - HSCP Board	244
TOTAL	£ 118,865

	2015/16 £'000
Expenditure – payments for delivery of integrated functions	
NHS Greater Glasgow & Clyde Health Board	73,546
West Dunbartonshire Council	44,583
Corporate - HSCP Board	244
TOTAL	£ 118,373

The set aside, or notional budget, for large hospital services is included in the HSCP Board total resources for 2015/16. The latest notional budget is included above within Health Care and reflects an average of £13m per annum based on current service average consumption costs for the period 1 July to 31 March 2016.

3. Corporate Expenditure

To 31 March 2016

	£'000
Staff costs	227
Administrative costs: Audit Fees	17
Total	£ 244

4. Short Term Debtors

To 31 March 2016

	£'000
Central Government bodies	17
Other Local Authorities	1,611
Total	1,628

5. Short Term Creditors

To 31 March 2016

	£'000
Central Government bodies	17
Other Local Authorities	0
Total	<u>17</u>

6. Movement in Reserves

The Council holds reserves on behalf of the HSCP Board on the Balance Sheet in respect of General Fund surpluses:

The General Fund balance stands at £1.611m on 31 March 2016, of which £1.119m is earmarked for ringfenced purposes, leaving an unearmarked balance of £0.492m.

6. Movement in reserves

To 31 March 2016

	£'000
Balance at 31 March brought forward	0
Surplus/(deficit) on provision of services	492
Earmarked reserves	1,119
Other comprehensive expenditure and income	-
Total comprehensive expenditure and income	<u>1,611</u>
Balance at 31 March carried forward	1,611

The main earmarked income held for future specific purposes:

	£'000
Earmarked Balance:	
Integrated Care Fund	300
Delayed Discharge	275
GIRFEC NHS	205
GIRFEC Council	25
MSK Physio	47
Ophthalmology	21
Criminal Justice - transitional funds	48
DWP Conditions Management	200
£	<u>1,119</u>

7. External Audit Costs

In 2015/16 the HSCP Board incurred the following fees relating to external audit in respect of external audit services undertaken in accordance with the Code of Audit Practice:

2015/16	£
Fees Payable	17,100

8. Post Balance Sheet Events

The draft Financial Statements were authorised for issue by the Chief Financial Officer on 30 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing as at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

9. Contingent Liabilities

There are no contingent liabilities at 31 March 2016.

Independent Auditor's Report

**To the members of West Dunbartonshire HSCP Board and the Accounts
Commission for Scotland**

To be provided by Audit Scotland