

Report

Edinburgh Integration Joint Board Unaudited Annual Accounts 2016/17

Integration Joint Board

16th June 2017



Executive Summary

1. This paper presents the unaudited 2016/17 annual accounts for Edinburgh Integration Joint Board (EIJB). They will be submitted to external audit before 30 June 2017 with final sign off by the IJB in September.

Recommendations

2. The committee is asked to note the:
 - draft financial statements submitted; and
 - proposed timescale for completion.

Background

3. Integration Joint Boards are required to produce annual accounts. The draft financial statements and timescale for finalising are discussed in the main report below.

Main report

4. It is the responsibility of the Chief Financial Officer, as the appointed “proper officer”, to prepare the financial statements in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This means:
 - maintaining proper accounting records; and
 - preparing financial statements which give a true and fair view of the state of affairs of the board as at 31 March 2017 and its expenditure and income for the year.

5. In Scotland the following deadlines are laid out in the Code:
 - The proper officer is required to submit the unaudited accounts to the appointed auditor by **30 June**;
 - The authority or a committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited annual accounts as submitted to the auditor by **31 August**;
 - The Local Authority Accounts (Scotland) Regulations 2014 require the authority to aim to approve the annual accounts for signature by **30 September**; and
 - To publish them by **31 October**.
6. In accordance with these requirements, the unaudited accounts were considered at the Audit and Risk Committee on 2 June 2017 and, following scrutiny by the IJB, will be submitted to external audit. Dates for consideration and scrutiny of the final accounts will be finalised following confirmation of the membership of the IJB and Audit and Risk Committee. As above, these will need to align with the deadline of 30 September 2017 for signature.
7. Scott-Moncrieff has been appointed as external auditors of EIJB. As such they will give an independent opinion on the financial statements as well as review and report on the arrangements in place to ensure the proper conduct of financial affairs and to manage performance and use of resources.
8. On conclusion of the audit the following documents will be presented by Scott-Moncrieff:
 - **Annual Audit Report:** draws significant matters arising from the audit to the attention of those charged with governance prior to the signing of the independent auditor's report; and
 - **Independent auditors' report:** provides audit opinion on the financial statements.
9. The unaudited (or draft) financial statements for the Edinburgh Integration Joint Board for 2016/17 are attached as an appendix to this report.

Key risks

10. None identified.

Financial implications

11. The financial results deal principally with the financial governance on operational management of existing resources and no resource implications arise specifically from this report.

Involving people

12. The draft financial statements have been produced with the support and co-operation of both City of Edinburgh Council and NHS Lothian personnel.

Impact on plans of other parties

13. As above.

Background reading/references

14. None.

Rob McCulloch-Graham

Chief Officer, Edinburgh Health and Social Care Partnership

Report author

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Edinburgh Integration Joint Board

Unaudited Annual Accounts 2016/17

The Annual Accounts of Edinburgh Integration Joint Board for the year ended 31 March 2017, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and Service Reporting Code of Practice.

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MANAGEMENT COMMENTARY

Introduction

This management commentary provides an overview of the key messages relating to the objectives and strategy of the Edinburgh Integration Joint Board (EIJB). It considers our financial performance for the year ended 31st March 2017 and provides an indication of the issues and risks which may impact upon our finances in the future.

Role and remit

EIJB was established as a body corporate by order of Scottish Ministers on 27th June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014. As a separate and distinct legal entity from City of Edinburgh Council and NHS Lothian, we are responsible for the planning of future direction and overseeing the integration of health and social care services for the citizens of Edinburgh through the Edinburgh Health and Social Care Partnership.

The arrangements for EIJB's operation, remit and governance are set out in the integration scheme which has been approved by the City of Edinburgh Council, NHS Lothian and the Scottish Government. On the 1st April 2016, functions and associated budget resources for relevant IJB functions were delegated to EIJB from NHS Lothian and the City of Edinburgh Council for the financial year 2016/17.

EIJB meets monthly and is made up of ten voting members: five elected members appointed by City of Edinburgh Council; and five NHS Lothian non-executive directors appointed by NHS Lothian. Non voting members of the Board include the EIJB Chief Officer, Chief Finance Officer, representatives from the third sector and citizen members. Service and staffing representatives are also on the Board as advisory members.

Strategic Plan

Edinburgh's population of almost half a million, accounts for 9% of the total population of Scotland and is projected to increase faster than any other area of the country; with a higher rate of growth in some age groups than others. Whilst this growth has many social and economic advantages, it also presents challenges. Although a relatively affluent city, Edinburgh has areas of significant inequality and 'deprivation' and one of our key priorities is to lead, where possible, on tackling health and social inequalities.

Our 3 year strategic plan was approved by the Board on 11th March 2016 and sets out how the health and social care services delegated by the City of Edinburgh Council and NHS Lothian will be developed and changed over the three years from April 2016 using the resources available to meet the changing needs of the population and achieve better outcomes for people. Using our budget of around £600 million, delegated from NHS Lothian and the City of Edinburgh Council, we fund community health and social care services, including GP practices and some elements of acute hospital services.

We intend to deliver our vision for a caring, healthier and safer Edinburgh through taking actions to transform how Council and NHS services and staff teams work together, with other partners, those who use services and communities. Our key priorities (as set out in the strategic plan) and 12 areas of focus to deliver these are shown in the diagram below:



Operational Review

We will be publishing an annual performance report at the end of July 2017 setting out our performance:

- against a range of national and local indicators, including the nine national health and wellbeing indicators;
- in delivering the actions we set out in the strategic plan;
- in managing our budget and delivering best value; and
- through the eyes of others including the people who use our services, our staff and external bodies who inspect our services or make awards

IT WOULD BE THE INTENTION TO UPDATE THIS TO REFLECT THE FINAL PERFORMANCE REPORT.

A brief summary of progress made in delivering the actions within the strategic plan is given below:

We have developed and started to implement a new locality based structure that will enable us to assess, treat and support more people closer to home

We are developing new services that will support people in crisis to stay at home rather than be admitted to hospital

We are working with partners to increase the amount of accommodation and support available in the community to allow people to move out of long stay hospital accommodation

We have reached agreement with both the Council and NHS Lothian on financial settlements and delivered a balanced budget in 2016/17

Financial Plan

Strong financial planning and management needs to underpin everything that we do to ensure that our limited resources are targeted to maximise the contribution to our objectives. A financial assurance process was undertaken on the 2016/17 funding contributions made available by NHS Lothian and the City of Edinburgh Council. Through this, baseline pressures of £5.8 million were identified in the delegated NHS budget with the council contribution assessed as representing a balanced plan, albeit incorporating a requirement to deliver savings of £15.0 million.

Based on this, the IJB budgeted to deliver partnership services at a cost of £596 million. Funding adjustments during the year increased this budget to £676 million.

Annual Accounts 2016/17

The annual accounts report the financial performance of EIJB. The main purpose is to demonstrate the stewardship of the public funds that have been entrusted to us for the delivery of our vision and strategic priorities. The requirements governing the format and content of IJBs' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). These annual accounts have been prepared in accordance with this Code.

Financial Performance

EIJB's financial performance is presented in the comprehensive income and expenditure statement, which can be seen on page 19. The balance sheet (page 20) is also presented and sets out the liabilities and assets at 31st March 2017.

During the year we worked closely with NHS Lothian to identify measures to mitigate the funding shortfall described above and, at the year end, the full value of the pressure had reduced to £2.5 million. This was funded by NHS Lothian through their achievement of an overall breakeven position. The cost of NHS delivered services therefore matched the income available. Similarly, following an additional contribution of £1.1m from the City of Edinburgh Council, the health and social care services they provided also achieved a break even position. The combination these one off contributions allowed the IJB to achieve a balanced position for 2016/17.

In addition to this we are in a position to carry forward £3.69m of our £20.2m allocation from the social care fund. This money will be used in 2017/18 to support investments aligned to our strategic plan priorities.

Whilst a balanced position was delivered for 2016/17, significant pressures were nonetheless apparent, notably:

- **Prescribing** remains the most significant single financial issue facing delegated NHS services. Pressures on the GP prescribing budget gave rise to an in year overspend of £2.2 million. Significant efforts have been taken to improve this for 2017/18, including prioritisation of additional funding and the introduction of a new pan Lothian effective prescribing fund of £2 million;
- **Nursing** in services for older people where high levels of: vacancies; patient acuity requiring 1:1 close observations; sickness; and the use of bank nurses to achieve safe minimum staffing levels are impacting on costs;
- Delivery of **efficiencies** remains a challenge with £8.1 million of savings relating to services delivered by the City of Edinburgh Council being met on a one off basis in 2016/17. Consequently, these will be carried forward to 2017/18; and
- Continued growth in **demand** reflecting a growing elderly population who are living longer with more complex needs.

It will be important moving forward to 2017/18 and future years that expenditure is managed within the financial resources available and this will require close partnership working between EIJB as service commissioner and the City of Edinburgh Council and NHS Lothian as providers of services.

Financial Outlook, Risks and Plans for the Future

Like many other public sector organisations, we face significant financial challenges and, due to the continuing difficult national economic outlook and increasing demand for services, will need to operate within tight fiscal constraints for the foreseeable future. Pressures on public sector expenditure are expected to continue, both at a UK and Scottish level, meaning NHS Lothian and City of Edinburgh Council will face continued funding pressures for the foreseeable future. This in turn will impact on their ability to resource the functions delegated to the IJB.

Our financial plan for 2017/18 was approved on 24th March 2017 and recognises the relationship between delivery of ongoing financial balance, our ability to make investments in line with strategic plan priorities and the requirement to deliver an ambitious savings programme.

This plan recognises the additional funding, totalling £357m across Scotland, to address social care pressures over the period 2016/17 to 2017/18. Whilst this has been welcomed, we continue to face considerable challenges, many of which have significant financial consequences. Examples include:

- increased demand for services alongside reducing resources;
- impact of demographic changes;
- delays in accessing appropriate services, including social care assessments, reviews and timely discharge from hospital;
- impact of welfare reform on the residents of Edinburgh;
- impact of the living wage and other nationally agreed policies;
- risk that the savings programme does not deliver within the required timescales or achieve the desired outcomes; and
- costs associated with meeting new legislative requirements without adequate resources being put in place.

These risks mean that money is tighter than ever before. It is therefore crucial that we focus on early intervention, prevention and recovery if we are to work within the total annual budget of just over £600 million. Moving into 2017/18, we are working to proactively address the funding challenges presented while, at the same time, providing services for the residents of Edinburgh. Our priorities for the coming year include:

<p>Embedding the locality model to ensure that citizens receive the right care in the right place at the right time – assessment, treatment and support in the community becomes the default model avoiding unnecessary admissions to hospital and reducing delays/waiting times across the system. We will do this through:</p> <ul style="list-style-type: none"> • Growing the care and support capacity within the community including the embedding of the care at home contract • Developing a primary care strategy which will maximise the contribution of the primary care workforce to ensure GP sustainability <p>Enabling transformation by:</p> <ul style="list-style-type: none"> • Increasing the use of Technology Enabled Care • Improving the end user experience of ICT • Developing a three year sustainable financial strategy • Developing an integrated workforce and organisational development strategy 	<p>Shifting the balance of care including:</p> <ul style="list-style-type: none"> • Producing a frail elderly strategy, including review of interim care, development of intermediate care and use of Liberton and other hospital sites • Working with housing providers to deliver the ambitions set out in the Housing Contribution Statement • Completing phase 1 of the Royal Edinburgh Hospital reprovion • Developing a business case for Royal Edinburgh Hospital phase 2 • Completing the move from Murray Park <p>Responding to national and local requirements, including:</p> <ul style="list-style-type: none"> • the National Health and Social Care Delivery Plan • Implementing the Carers Act and producing a new carers strategy • British sign language plan and See Hear Strategy • Lothian Hospitals Plan including views on acute receiving unit
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Chief Officer
[Date]

Vice-Chair
[Date]

Chief Finance Officer
[Date]

STATEMENT OF RESPONSIBILITIES

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENTS OF ACCOUNT

Responsibilities of the Edinburgh Integration Joint Board

The Edinburgh Integration Joint Board is required:

- to make arrangements for the proper administration of its financial affairs and to secure that it has an officer responsible for the administration of those affairs. In this Integration Joint Board, that officer is the Chief Finance Officer;
- to manage its affairs to achieve best value in the use of its resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- to approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Edinburgh Integration Joint Board on [Date].

Vice-Chair of the Edinburgh Integration Joint Board

[Date]

Responsibilities of the Chief Finance Officer

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

In preparing the financial statements I am responsible for:

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

I am also required to:

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

Statement of Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Edinburgh Integration Joint Board at the reporting date, and its income and expenditure for the year ended 31 March 2017.

Chief Finance Officer

[Date]

REMUNERATION REPORT

The Chief Officer of the Edinburgh Integration Joint Board (EIJB) is a joint appointment between City of Edinburgh Council, NHS Lothian and the EIJB. The terms and conditions, including pay for the post, are those set by the City of Edinburgh Council, who employ the post holder directly and recharge the costs to EIJB and NHS Lothian.

The EIJB Interim Chief Financial Officer is appointed by the EIJB and is supplied without charge by NHS Lothian.

The voting members of the EIJB are appointed by the respective partner bodies (NHS Lothian and City of Edinburgh Council). The voting members from NHS Lothian and City of Edinburgh Council in the period April 2016 to March 2017 were:

G. Walker (Chair) (<i>resigned 31.01.17</i>)	NHS	R. Henderson (Vice Chair)	CEC
M. Ash (<i>appointed 20.01.17</i>)	NHS	E. Aitken	CEC
S. Allan	NHS	J. Griffiths	CEC
K. Blair (<i>resigned 18.11.16</i>)	NHS	S. Howat	CEC
C. Hirst (<i>appointed 01.02.17</i>)	NHS	N. Work	CEC
A. Joyce	NHS		
R. Williams	NHS		

G. Walker resigned on 31 January 2017, because of his term as a non-executive director on NHS Lothian ending. G Walker was appointed as a non-voting additional member from 1 February 2017.

No expenses policy has yet been set by the EIJB. Councillors and NHS Non-Executive Directors are able through their parent bodies to reclaim any expenses. In the period to 31 March 2017, no expense claims were made in relation to work on the EIJB. The Chair of the EIJB was in receipt of additional remuneration in 2016/17 relating to his duties for the EIJB £6,758 (2015/16 £6,160). No allowances were paid to other voting members in this period. The remuneration and pension benefits received by all voting members in 2016/17 are disclosed in the remuneration reports of their respective employer.

Remuneration Paid to Senior Officers

	Period to 31/3/2017			Period to 31/03/2016
	Salary, fees and allowances (£)	Taxable expenses (£)	Total remuneration (£)	Total remuneration (£)
R. McCulloch-Graham, EIJB Chief Officer (from 26/10/2015)	148,901	-	-	63,806
<i>Full year equivalent</i>				<i>148,901</i>

Pension benefits

Pension benefits for the Chief Officer of the EIJB are provided through the Local Government Pension Scheme (LGPS). For local government employees, the Local Government Pension Scheme (LGPS) became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

The scheme's normal retirement age is linked to the state pension age (but with a minimum age of 65).

From 1 April 2009, a five-tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership

The contribution rates for 2016/17 were as follows:

Whole Time Pay rate

<u>Whole Time Pay</u>	<u>Contribution rate</u>
On earnings up to and including £20,500 (2016 £20,500)	5.50%
On earnings above £20,500 and up to £25,000 (2016 £20,500 to £25,000)	7.25%
On earnings above £25,000 and up to £34,400 (2016 £25,000 to £34,400)	8.50%
On earnings above £34,400 and up to £45,800 (2016 £34,400 to £45,800)	9.50%
On earnings above £45,800 (2016 £45,800)	12.00%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service.

The value of the accrued benefits has been calculated based on the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

The pension entitlements of the Chief Officer for the period to 31 March 2017 are shown in the table below, together with the employer contribution made to the employee's pension during the year. No accrued pension benefits are included in the table below as the employee has been a member of the pension scheme for less than 2 years.

	In-Year Contribution			Accrued Pension Benefits	
	For year to 31/03/17 £	For period to 31/3/16 £		at 31/3/17 £	at 31/3/16 £
R. McCulloch- Graham, Chief Officer (from 26/10/2015)	31,716	13,654	Pension	n/a	n/a
			Lump Sum	n/a	n/a

The Chair of the EIJB is not a member of the Local Government Pension Scheme or the NHS Pension scheme; therefore, no pension benefits are disclosed.

All information disclosed in the tables in this remuneration report will be audited by Scott-Moncrieff. The other sections of the report will be reviewed by Scott Moncrieff to ensure that they are consistent with the financial statements.

Chief Officer
[Date]

Vice-Chair
[Date]

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

The Edinburgh integration Board (EIJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and that arrangements are in place to secure best value.

In discharging this responsibility, The EIJB and the Chief Officer have put in place arrangements for governance which includes robust internal controls, including the management of risk.

Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the EIJB is controlled and directed. It enables the EIJB to monitor the progress with its strategic priorities and to consider whether those objectives have led to the delivery of appropriate services and value for money.

A key element of the EIJB's governance framework is its formal committee and sub-groups. These groups provide additional layers of governance, scrutiny and rigour to the business of the EIJB. Their different roles covering the wide spectrum of the EIJB's business, allows increased scrutiny and monitoring and the focus and capability to provide the EIJB with the necessary assurance.

Edinburgh Integration Joint Board

The EIJB has been responsible for health and social care functions in Edinburgh since 1 April 2016. The Board consists of 10 voting members of which five are non-executive directors of NHS Lothian and five are councillors from the City of Edinburgh Council. There are also a number of non-voting members both appointed due to the statutory requirements and to provide more varied experience and knowledge to the Board.

Strategic Planning Group

The Strategic Planning Group (SPG) was formally established in May 2016. It is chaired by the vice-chair of the EIJB, and the chair of the EIJB is the vice-chair. This ensures a strong link with the leadership of the EIJB but allows an increased focus. The SPG reviews business cases to ensure they are robust and meet the aims of the strategic plan, provides assurance to the EIJB on whether there has been appropriate consultation and engagement in line with statutory responsibilities. The SPG also oversees the delivery of the strategic plan. The annual review of the Strategic Plan has also commenced and is focussing on the financial plan, directions and annual performance.

Audit and Risk Committee

The Audit and Risk Committee is a key component of creating a strong governance culture. Its role is to assist the EIJB in ensuring that there is a robust framework in place to provide assurance on risk management,

governance and internal control. It also scrutinises internal and external audits and can make recommendations to the EIJB on any matter within its remit.

A work programme including annual approval of IJB Accounts, Internal Audit Charter, Internal Audit Plan and Chief Internal Auditor Opinion has been established. The Committee also annually considers the External Audit Plan and External Auditor's Opinion.

Performance and Quality sub-group

The EIJB has agreed to integrate performance reporting from both the City of Edinburgh Council and NHS Lothian. A performance and quality sub-group was also established which was to provide assurance to the EIJB on the quality of the service being provided. This has recently been reviewed to ensure continuous improvement, in line with the requirements to deliver best value. The sub-group will focus on the delivery of the annual performance report and the review and monitoring of this twice a year.

Flow Board

The Flow Board was specifically created to improve the situation regarding delayed discharge. Delayed discharge had been identified as a significant issue requiring concerted partnership efforts to support improved performance.

Professional Advisory Group

The EIJB has also retained the Professional Advisory Group. This group was created in 2012 and provides professional guidance to the EIJB. It has membership on the Strategic Planning Group and the Performance and Quality Sub-Group.

Officers

As required by the legislation the EIJB has appointed a Chief Officer and a Chief Finance Officer. It has also appointed a Chief Internal Auditor and had put in place an interim Chief Risk Officer to establish risk management in the EIJB. A replacement Chief Risk Officer is expected to be put in place in the near future. The EIJB has also appointed a Standards Officer.

Governance Documentation

The EIJB has agreed the following governance documentation:

- Financial Regulations – Section 95 of the Local Government (Scotland) Act 1973 requires all IJBs to have adequate systems and controls in place to ensure the proper administration of their financial affairs. The EIJB has agreed a set of financial regulations which are supported by a series of financial directives and instructions with clear lines of delegation to the Chief Finance Officer to carry out that function.
- A Code of Conduct for the members of the EIJB has been agreed and made available to all members. Compliance with the Code of Conduct is regulated by the Standards Commission for Scotland. Training is provided to members on the Code of Conduct.

- A set of Standing Orders has been agreed which sets out the rules governing the conduct and proceedings at the EIJB and its committees. The Standing Orders includes rules on the notice of meetings and how voting and debate should be conducted.

Board and Committee Processes

The EIJB and the Audit and Risk Committee both have a rolling actions log which helps the groups monitor the implementation of decisions.

A formal referral process for relevant audit reports has been agreed with the Council's Chief Internal Auditor and the City of Edinburgh Council's Governance, Risk and Best Value Committee. A similar approach has been sought with NHS Lothian. This ensures that audit information can be shared between the three organisations.

A deputation process has been agreed by the EIJB which allows and encourages groups to directly address the Board on issues under consideration.

Risk Management

The EIJB created a risk register in July 2016 which prioritised and scored inherent risks was developed by the IJB Senior Management Team, supported by PwC. The risk register has been continually updated, including having specific development sessions where all members could take part in a discussion on risk appetite. As a result of consideration in the development session, a revised Risk Register was presented to the Audit and Risk Committee on 2 September 2016 alongside actions to ensure the Risk Register remained current and dynamic. These actions included assigning ownership to each risk and submitting the register to the Audit and Risk Committee on a quarterly basis.

The IJB Senior Management Team, supported by PwC, met in February 2017 to further develop the risk register with the aim of fully assigning ownership of each risk. A resultant risk register has been produced which lists 49 risks across the IJB, Edinburgh Health and Social Care Partnership, NHS Lothian and City of Edinburgh Council.

A risk register is in place for the restructure of services overseen by the Locality Implementation Group.

Procurement

The Health and Social Care Partnership Procurement Board exercises oversight of all proposals to award, extend or terminate contracts with third party providers.

Complaints

A review of complaint handling was undertaken in July 2016. The results of this transferred the management of complaints. Further work is necessary to develop a single recording system for the management and co-ordination of complaints to ensure a more efficient and robust system.

Review of Effectiveness

The EIJB has responsibility for reviewing the effectiveness of the governance arrangements including the internal controls.

The Chief Officer has completed an annual assurance questionnaire for the EIJB and the health and social care partnership.

Standing Orders are reviewed annually in a report to the EIJB, to ensure they are up to date and relevant.

The Health and Social Care Partnership's contract management framework is subject to annual internal review.

A quarterly Internal Audit update detailing Internal Audit activity on behalf of the EIJB is submitted to the Audit and Risk Committee.

The Chief Internal Auditor provides an annual audit opinion.

Regular finance monitoring reports are presented to the EIJB and Council and NHS committees. Monitoring arrangements have been effective in identifying variances and control issues and taking appropriate action. This has included allocating funds to offset unachieved saving plans.

The report on the Joint Inspection of Services for Older People identified a number of areas of concern and identified recommendations. It did highlight though that the EIJB had appropriate governance arrangements in place to support the integration of health and social care and that demonstrated a commitment to engage with the community.

Major business continuity risks are reviewed regularly and three business continuity audits have been undertaken in the previous year. Feedback on these has been positive.

Further development

The EIJB has information governance responsibilities under legislation, including the Data Protection Act 1998, the Freedom of Information (Scotland) Act 2002 and the Public Records (Scotland) Act 2011. Arrangements are being developed to ensure EIJB compliance with statutory requirements. Failure to do so could result in reputational damage and financial penalties

Further work is ongoing to review the risk register, embed ongoing review and scrutiny and better reflect the structural changes of integration. The risk register will aim to improve the delineation between EIJB risks and

NHS Lothian and the City of Edinburgh Council risks. The Audit and Risk Committee is expected to agree a further formal refresh of the Risk Register on 2 June 2017.

Work is currently taking place to review internal controls and procedures as part of the continuing work on integration. This review will consider effectiveness, update where necessary and identify any gaps.

Work is ongoing to review the current audit capacity to ascertain whether the current resources allocated to audit work are adequate to provide robust assurance for the EIJB.

Certification

It is our opinion that in light of the foregoing, reasonable assurance, subject to the matters raised above, can be placed on the effectiveness and adequacy of the EIJB's systems of governance.

Chief Officer
[Date]

Vice-Chair
[Date]

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**FOR THE YEAR ENDED 31 MARCH 2017**

2015/16			2016/17	
Net Expenditure £000		Gross expenditure £000	Gross income £000	Net Expenditure £000
	Note			
0	Health services	486,291	-486,291	0
0	Social care services	189,596	-189,596	0
0	Corporate services	277	-277	0
0	(Surplus) / deficit on provision of services	676,164	-676,164	0
0	Taxation and non-specific grant income and expenditure			-3,690
0	Net income and expenditure			-3,690

BALANCE SHEET

The Balance Sheet shows the value as of the assets and liabilities recognised by the board. The net assets of the Board are matched by the reserves held by the Board.

BALANCE SHEET AS AT 31 MARCH 2017

31/03/2016 £000		Notes	31/03/2017 £000
	Current assets		
47	Short term debtors	4	3,714
	Current liabilities		
-47	Short term creditors	5	-24
0	Net assets		3,690
0	Usable reserves	6	-3,690
0	Total reserves		-3,690

I certify that the Statement of Accounts present a true and fair view of the financial position of the Edinburgh Integration Joint Board as at 31 March 2017 and its income and expenditure for the period.

The unaudited financial statements were issued on [Date].

Chief Finance Officer

[Date]

NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

1.1 General Principles

The Annual Accounts for the year ended 31 March 2017 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) and the Service Reporting Code of Practice. This is to ensure that the accounts 'present a true and fair view' of the financial position and transactions of the Edinburgh Integration Joint Board (EIJB).

1.2 Accruals of Income and Expenditure

The revenue accounts have been prepared on an accruals basis in accordance with the Code of Practice

1.3 VAT Status

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

1.4 Going Concern

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

1.5 Funding

Edinburgh Integration Joint Board receives contributions from its funding partners, namely NHS Lothian and the City of Edinburgh Council to fund its services.

Expenditure is incurred in the form of charges for services provided to the EIJB by its partners.

1.6 Provisions, Contingent Liabilities and Assets

Contingent assets are not recognised in the accounting statements. Where there is a probable inflow of economic benefits or service potential, this is disclosed in the notes to the financial statements.

Contingent liabilities are not recognised in the accounting statements. Where there is a possible obligation that may require a payment, or transfer of economic benefit, this is disclosed in the notes to the financial statements

The value of provisions is based upon the Board's obligations arising from past events, the probability that a transfer of economic benefit will take place and a reasonable estimate of the obligation.

1.7 Employee Benefits

The Chief Officer is regarded as an employee of the EIJB although their contract of employment is with City of Edinburgh Council. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

The post is funded by the EIJB however the statutory responsibility for employer pension liabilities rests with the employing partner organisation (City of Edinburgh Council).

The remuneration report presents the pension entitlement attributable to the post of the EIJB Chief Officer but that the EIJB has no formal ongoing pension liability. Edinburgh Integration Joint Board will be expected to fund employer pension contributions as they become payable during the Chief Officer's period of service. On this basis, there is no pensions liability reflected on the EIJB balance sheet for the Chief Officer.

1.8 Cash and Cash Equivalents

The EIJB does not hold a bank account or any cash equivalents. Payments to staff and suppliers relating to delegated services will be made through cash balances held by the partner organisations (NHS Lothian and City of Edinburgh Council). On this basis, no Cash Flow statement has been prepared in this set of Annual Accounts.

1.9 Reserves

Reserves are created by appropriating amounts out of revenue balances. The EIJB has one usable reserve, the General Fund. This fund can be used to mitigate financial consequences of risks and other events impacting on the Boards resources. Monies within this fund can be earmarked for specific purposes.

When expenditure to be funded from a reserve is incurred, it is charged to the appropriate service in that year and thus included in the Comprehensive Income and Expenditure Statement. Movements in reserves are reported in the Movement of Reserves Statement.

1.10 Support Services

Support services are not delegated to the EIJB through the Integration scheme, and are instead provided by NHS Lothian and the City of Edinburgh Council free of charge, as a 'service in kind'. Support services provided mainly comprise the provision of financial management, human resources, legal services, committee services, ICT, payroll and internal audit services.

2. RELATED PARTY TRANSACTIONS

The Edinburgh Integration Joint Board was established on 27 June 2015 as a joint board between City of Edinburgh Council and NHS Lothian. In 2015/16 there were no financial transactions made relating to delegated health and social care functions as functions were not delegated by partners to the Integration Joint Board until 1 April 2016. The income received from the two parties was as follows:

	31/03/2017	31/03/2016
	£000	£000
NHS Lothian	-486,410	-52
City of Edinburgh Council	-189,754	-45
Total	-676,164	-97

Expenditure relating to the two parties was as follows;

	31/03/2017	31/03/2016
	£000	£000
NHS Lothian	486,398	50
City of Edinburgh Council	189,698	42
Total	676,096	92

Details of creditor and debtor balances with the partner bodies are set out in the subsequent notes (4 and 5).

3. CORPORATE EXPENDITURE

	31/03/2017	31/03/2016
	£000	£000
Staff Costs	206	92
Other Fees	47	0
Audit Fees	24	5
Total	277	97

Staff costs relate to the EIJB Chief Officer and EIJB Chair.

EIJB were in receipt of NHS Lothian and City of Edinburgh Council support services in 2016/17 and 2015/16. NHS Lothian and the City of Edinburgh Council have agreed to provide support services, without an onward of recovery. Support services to a value of £x.xxxm have been provided. In 2015/16, in the absence of an SLA or any reliable means of estimating the cost of this support, no charge was made to the EIJB from the parent bodies for these services. This included the provision of an interim Chief Finance Officer, strategic planning services, accommodation, HR and transactional services. These services were provided by both the Council and NHS Lothian.

4. SHORT TERM DEBTORS

	31/03/2017	31/03/2016
	£000	£000
Central Government Bodies	12	3
Other Local Authorities	3,702	44
Total	3,714	47

5. SHORT TERM CREDITORS

	31/03/2017	31/03/2016
	£000	£000
Central Government Bodies	0	-5
Other Local Authorities	0	-42
Other Bodies	-24	0
Total	-24	-47

6. MOVEMENT IN RESERVES

	31/03/2017	31/03/2016
	£000	£000
Usable reserves – General Fund brought forward	0	0
Surplus on the provision of services	-3,690	0
Other comprehensive income and expenditure	0	0
Total comprehensive income and expenditure	-3,690	0
Balance, as at 31 March carried forward	-3,690	0

7. POST BALANCE SHEET EVENTS

No material events have occurred post the balance sheet reporting date.

8. CONTINGENT LIABILITIES and ASSETS

There are no contingent liabilities or assets to disclose.

9. SEGMENTAL REPORTING

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

HEALTH SERVICES	Budget £000	Actual Expenditure £000	Variance £000
Core services			
Community AHPs	5,961	5,992	-31
Community hospitals	10,064	10,959	-895
District nursing	10,611	10,349	262
GMS	72,916	72,699	217
Mental health	9,614	9,408	206
Prescribing	77,974	80,167	-2,193
Resource transfer	51,078	51,072	6
Other	12,278	12,170	108
Total core services	250,496	252,816	-2,320
Hosted services			
AHPs	6,830	6,464	366
Complex care	1,780	2,301	-521
GMS	5,781	5,796	-15
Learning disabilities	8,875	8,878	-3
Lothian unscheduled care service	5,986	5,986	0
Mental health	25,484	24,740	744
Oral health services	9,355	9,200	155
Rehabilitation medicine	4,004	3,745	259
Sexual health	3,072	3,010	62
Substance misuse	4,646	5,271	-625
Other	6,566	6,763	-197
Total hosted services	82,379	82,154	225

HEALTH SERVICES	Budget £000	Actual Expenditure £000	Variance £000
Set aside services			
Accident and emergency (outpatients)	6,533	6,419	114
Cardiology	17,076	16,960	114
Gastroenterology	5,762	5,529	233
General medicine	32,178	32,764	-584
Geriatric medicine	18,882	18,677	205
Infectious disease	8,296	8,186	110
Rehabilitation medicine	2,017	2,152	-135
Therapies	6,063	6,177	-114
Other	4,027	4,312	-285
Total set aside services	100,834	101,176	-342
Non Cash Limited			
Therapies	26,447	26,447	0
Ophthalmology	9,067	9,067	0
Pharmacy	13,947	13,947	0
Total Non Cash Limited	49,461	49,461	0
Corporate			
Other	664	684	-20
Reserves	2,457	0	2,457
Total corporate	3,121	684	2,437
Total Health Services	486,291	486,291	-
SOCIAL CARE SERVICES			
External purchasing	127,855	126,604	1,251
Care at home	14,336	14,422	-86
Community equipment	1,518	1,542	-24
Day services	14,748	14,829	-81
Health improvement / health promotion	1,631	1,598	33
Information and advice	3,623	3,782	-159
Intermediate care	1,611	1,619	-8
Local area co-ordination	1,480	1,329	151
Reablement	7,810	8,669	-859
Residential care	22,104	22,594	-490
Social work assessment and care management	11,509	11,994	-485
Resource Allocation	-21,290	-21,431	141
Telecare	700	717	-17
Other	821	1,328	-507
Additional contribution from City of Edinburgh Council	1,140	-	1,140
Total Social Care Services	189,596	189,596	-
TOTAL ALL SERVICES	675,887	675,887	-

10. INDEPENDENT AUDITOR'S REPORT

The Statement of Accounts is subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Nick Bennett, Audit Partner
Scott-Moncrieff
Exchange Place
3 Semple Street
EDINBURGH
EH3 8BL