
To: Renfrewshire Integration Joint Board

On: 16 September 2016

Report by: Chief Finance Officer

Heading: IJB Audited Annual Accounts 2015/16

1. Summary

- 1.1 The 2015/16 Annual Accounts were submitted to the IJB for approval on 24 June 2016 and then submitted for audit to Audit Scotland.
- 1.2 The Assistant Director of Audit (Local Government) has provided an audit opinion which is free from qualification.
- 1.3 Under the Local Authority Accounts (Scotland) Regulations 2014, which came into force from 10 October 2014, the IJB must meet to consider the Annual Accounts and approve those accounts for signature no later than 30th September. In order to comply with these requirements the 2015-16 Annual Accounts are now attached for approval.
- 1.4 The Assistant Director of Audit (Local Government) has also provided a report to the IJB Audit Committee detailing matters arising over the course of the audit which was considered by the Committee on 16 September 2016.
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2. Recommendation

It is recommended that the IJB:

- 2.1 Approve the Annual Accounts for 2015/16 for signature in accordance with the Local Authority Accounts (Scotland) Regulations 2014.
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Implications of the Report

1. **Financial** – The 2015/16 Annual Accounts have been approved as providing a true and fair view of the financial position as at 31 March 2016.
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – An audit opinion free from qualification demonstrates the IJB's compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights** – The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the IJB's website.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** – none

List of Background Papers – None

Author: Sarah Lavers, Chief Finance Officer

**Renfrewshire Health and Social Care
Integration Joint Board (IJB)
Audited Accounts 2015/16**



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**Annual Accounts 2015-2016
Management Commentary**

Introduction

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. This established the framework for the integration of health and adult social care in Scotland, to be governed by Integration Joint Boards (IJB's) with responsibility for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

Following approval from Renfrewshire Council and the Greater Glasgow Health Board (NHS GGC), the Renfrewshire Integration Scheme, the formal legal partnership agreement between the two parent organisations, was submitted to the Scottish Ministers on 16 March 2015. On 27 June 2015, Scottish Ministers legally established Renfrewshire's Integration Joint Board (IJB). The IJB is responsible for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

As health and social care functions in Renfrewshire were not formally delegated to the IJB until 1 April 2016, 2015/16 was a 'Shadow Year' to allow the IJB to implement the necessary preparations for local implementation of integrated health and social care services.

This publication contains the financial statements for the first year, 'Shadow Year' of Renfrewshire IJB for the period 27 June 2015 to 31 March 2016.

Principal Activities

Over the shadow year, in anticipation of health and social care functions being formally delegated to the IJB on 1 April 2016, the IJB's principal role has been ensuring the necessary processes, policies and plans are in place to allow local implementation of integrated health and social care services in terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and deliver on the commitments set out within Renfrewshire's Integration Scheme.

During 2015/16 the key activities of Renfrewshire IJB included

- Appointment of its Chief Officer and Chief Finance Officer to lead integrated services and manage the joint budget;
- Agreeing the strategic Vision for the new IJB, to become a fully integrated organisation, drawing on the value of joint working in order to achieve the best possible outcomes for the people of Renfrewshire;
- Establishing a Strategic Planning Group (SPG) to ensure the interests of different local stakeholder groups are represented in relation to health and social care services within the strategic planning process.
- Development of its Strategic Plan which describes how the IJB will move towards delivering on our organisational vision – setting out the context, challenges, priorities and action plans for the new Health and Social Care Partnership for the period 2016-2019.
- Putting in place sound financial governance and assurance arrangements for the IJB in line with national guidance;
- Carrying out a due diligence process to consider the sufficiency of the social care budget being delegated from the Council and health budget delegated from NHS GGC to the IJB from 1 April 2016, in order for the IJB to carry out its delegated functions, and to meet anticipated levels of demand to ensure the Health and Social Care Partnership can proceed on a sound financial basis.
- Managing the effective delegation of the prescribed functions to the new IJB on 1 April 2016;
- Issuing Directions to the Council and NHS GGC for their respective delegated functions from 1 April 2016, as set out in Renfrewshire's Integration Scheme. The Directions are the mechanism by which the IJB instruct the constituent authority to carry out the delegated functions. These documents set out how the IJB expect the constituent bodies to deliver each function, and spend IJB resources, in line with the Strategic and Financial Plans.

On 1 April 2016 health and social care functions in Renfrewshire were formally delegated to the IJB.

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Management Commentary**

For some services this delegation of responsibility means the IJB taking full responsibility for planning, management and delivery of service provision, while for others – notably hospital based services and housing – this will mean planning with partners who will continue to manage and deliver the services as part of wider structures (e.g. NHS GGC Acute Sector) or via external delivery agencies (e.g. Registered Social Landlords and Housing Associations).

The Annual Accounts 2015/16

The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to us for the delivery of the IJB'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.

IJB's need to account for their spending and income in a way which complies with our legislative responsibilities.

For the 2015/16 'Shadow Year' prior to formal integration, the IJB budget to deliver Partnership Services was a net budget of £203m.

Financial Performance

The IJB is embedding a performance management culture throughout the Partnership. Over the next year we will work towards creating a framework of performance information which will analyse data, track progress and identify action to be taken as required. Regular performance management reports will be provided to the IJB, The Strategic Planning Group (SPG) and managers.

The IJB also embraces scrutiny including external inspection and self-assessment, and, in addition, benchmarking will be used to compare our performance with other organisations to support change and improvement.

Financial information will be part of this performance management framework with regular reporting of financial performance to the IJB.

Financial Outlook, Risks and Plans for the Future

On 1 April 2016 health and social care functions in Renfrewshire were formally delegated to the IJB.

The IJB has a significant financial challenge ahead to deliver better outcomes for its service users in a climate of growing demand with limited resources.

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 was allocated by the Scottish Government 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 of funding for the public sector including Scottish and then local elections in the next two years, financial powers arising from the Scotland Act 2012, recommendations arising from the Smith Commission, the introduction of a Single Tier Pension Scheme in 2016 and the demographic challenges that Renfrewshire is facing.

The most significant risks faced by the IJB over the medium to longer term can be summarised as follows:

- the health inequalities between the affluent and more deprived areas of Renfrewshire;
- the increased demand for services by vulnerable people with complex conditions;
- the pressure to shift the balance of care from hospital to community without new and additional resources;

**Annual Accounts 2015-2016
Management Commentary**

- the wider financial environment, with further budget pressures anticipated in future years;
- the impact of Welfare Reform on the residents of Renfrewshire and the wider impacts of child poverty;
- the need to maintain and improve the quality of our services.

It is recognised that if there are no changes to the way that services are planned and delivered with partners across all sectors, current service provision will not be sufficient to meet the future health and social care needs of the population. We must therefore embed new ways of working and seek to focus resources away from expensive bed based models of care into community based services. We need to critically appraise and challenge our current models of service delivery to ensure our combined resources are focused on areas of greatest need delivering the best outcomes to our service users and patients.

The IJB's Strategic Plan describes our plans for the future, and how we will move towards delivering on our organisational vision, setting out the context, challenges, priorities and action plans for the new Health and Social care Partnership for the period 2016-2019. Moving into 2016/17, we are working to proactively address the funding challenges presented while, at the same time, providing services for the residents of Renfrewshire.

Conclusion

In this shadow year, 2015/16, the Partnership has successfully overseen the delivery of all core services within existing resources. Going forward, Renfrewshire Health and Social Care Partnership (RHSCP) has a significant financial challenge ahead to deliver better outcomes for its service users, in line with its Strategic and Financial Plans, in a climate of growing demand with limited resources. In order to achieve, this we must identify and implement more innovative ways to deliver customer focused services cost effectively, by driving service improvement and organisational change within the HSCP through a structured approach to managing change, optimising the use of change and improvement competencies and developing and sharing best practice throughout the HSCP. We will work with staff, managers, services and partners to lead and support service redesign reviews, to identify and implement innovative, cost effective and customer focused service delivery models and pathways, and contribute to delivering the Partnership's Strategic and Financial Plans.

Where to Find More Information

If you would like more information please visit our IJB website at:

www.renfrewshire.gov.uk/integration

Councillor Iain McMillan
IJB Chair

16 September 2016

David Leese
Chief Officer

16 September 2016

Sarah Lavers CPFA
Chief Finance Officer

16 September 2016

**Annual Accounts 2015-2016
Annual Governance Statement**

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.

In discharging these responsibilities, the Chief Officer has a reliance on the NHS and Local Authority's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

This statement explains how the IJB has complied with the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.

2. Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks facing the organisation. The system aims to evaluate the nature and extent of failure to achieve the organisation's policies, aims and objectives and to manage risks efficiently, effectively and economically. As such it can therefore only provide reasonable and not absolute assurance of effectiveness.

3. Governance Framework

The IJB comprises voting and non-voting members, the voting members comprise 4 Council Members nominated by the local authority and 4 are NHSGGC Board members. The IJB via a process of delegation from the Health Board and Local Authority and its Chief Officer has responsibility for the planning, resourcing and operational delivery of all integrated health and social care within its geographical area.

Services were delegated to the IJB on 1 April 2016. As such, 2015/2016 was a shadow year for the IJB and during this year the governance framework was established. The main features of the governance arrangements are summarised below.

- The overarching strategic vision and objectives of the IJB are detailed in the IJB's draft Strategic Plan which sets out the key outcomes the IJB is committed to delivering with its partners.
- Performance management, monitoring of service delivery and financial governance is provided by the Health and Social Care Partnership to the IJB who are accountable to both the Health Board and the Local Authority. It reviews reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget.
- The Strategic Planning Group sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB is undertaken with its health service and local authority partners. The IJB publishes information about its performance regularly as part of its public performance reporting.
- The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within Standing Orders and Scheme of Administration, Contract Standing Orders, Scheme of Delegation, Financial Governance arrangements; these will be subject to regular review.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Audit Scotland, the external auditors, Inspectorates and the appointed Internal Audit service to the IJB's Senior Management Team and the main Board and Audit Committee.
- The IJB follows the principles set out in CoSLA's *Code of Guidance on Funding External Bodies and Following the Public Pound* for both resources delegated to the Partnership by the Health Board and Local Authority and resources paid to its local authority and health service partners.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Finance Officer. The system of internal financial control is based on a framework of regular management information and financial governance arrangements.
- The IJB's approach to risk management is set out in its risk management strategy, and the Corporate Risk Register. Regular reporting on risk management is undertaken and reported regularly to the Senior Management Team and the IJB.

**Annual Accounts 2015-2016
Annual Governance Statement**

4. Review of Adequacy and Effectiveness

The IJB has responsibility for conducting at least annually, a review of effectiveness of the system of internal control. The review is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor's annual report, and reports from external auditors and other review agencies and inspectorates.

The review of the IJB's governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes a "Self-assessment Checklist" as evidence of review of key areas of the IJB's internal control framework. The Senior Management Team has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control. There were no significant internal control issues identified by the review.

5. Roles and Responsibilities of the Audit Committee and Chief Internal Auditor

Board members and officers of the IJB are committed to the ensuring sound internal controls and the effective delivery of IJB services. The IJB's Audit Committee will operate in accordance with CIPFA's *Audit Committee Principles in Local Authorities in Scotland* and *Audit Committees: Practical Guidance for Local Authorities*.

The Audit Committee's core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process. The appointed Chief Internal Auditor provides an annual report to the Audit Committee and an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

The Chief Internal Auditor has conducted a review of all Internal Audit reports issued in the financial year and certificates of assurance from the partner organisations. In conclusion, although no system of internal control can provide absolute assurance nor can Internal Audit give that assurance, on the basis of audit work undertaken during the reporting period, there have been no significant issues requiring disclosure in the governance statement.

Furthermore, on the basis of the audit work undertaken during the reporting period and the assurances provided by the partner organisations, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control is operating effectively within the organisation.

6. Compliance with Best Practice

The IJB complies with the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2010*". The IJB's Chief Finance Officer has overall responsibility for the Partnership's financial arrangements and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

The Partnership complies with the requirements of the CIPFA Statement on "*The Role of the Head of Internal Audit in Public Organisations 2010*". The IJB's appointed Chief Internal Auditor has responsibility for the IJB's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service generally operates in accordance with the CIPFA "*Public Sector Internal Audit Standards 2013*".

7. Continuous Improvement

The partnership has developed a continuous improvement programme and during 2016/2017, it is planned to take forward 3 programmes of work to support the delivery of agreed outcomes in a financial stable manner:

- Delivery of 2016/17 Financial Plan and Integrated Care Fund
- Optimising integrated arrangements in line with national outcomes and shifting the balance of care (unlocking the benefits)

**Annual Accounts 2015-2016
Annual Governance Statement**

- Transition to new organisation (establishing HSCP business as usual arrangements)

8. Assurance

Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and action plans are in place to identify identified areas for improvement.

Chief Officer
16 September 2016

Chair
16 September 2016

**Annual Accounts 2015-2016
Remuneration Report**

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

1. Voting Board Members

Voting IJB members constitute councillors nominated as board members by constituent authorities and NHS representatives nominated by the NHS Board. The voting members of the Renfrewshire IJB were appointed through nomination by NHS GGC and Renfrewshire Council.

Voting board members do not meet the definition of a 'relevant person' under legislation. However, in relation to the treatment of joint boards, Finance Circular 8/2011 states that best practice is to regard Convenors and Vice-Convenors as equivalent to Senior Councillors. The Chair and Vice Chair of the IJB should therefore be included in the IJB remuneration report if they receive remuneration for their roles, for Renfrewshire IJB, neither the Chair or Vice Chair receive remuneration for their roles.

The IJB does not pay allowances or remuneration to voting board members; voting board members are remunerated by their relevant IJB partner organisation.

For 2015/16 no voting board members received any form of remuneration from the IJB.

2. IJB Chief Officer

The appointment of an IJB Chief Officer is required by section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB is not however empowered to directly employ the Chief Officer; therefore the contract of employment must be with one of the partner organisations. Given the specific legal requirement to appoint a Chief Officer and the special legal regime that applies to the employment contract arrangements, for the purposes of the Remuneration Report, the IJB Chief Officer should be regarded as an employee of the IJB.

For Renfrewshire IJB, the Chief Officer is therefore treated as an employee of the IJB, although his contract of employment is with NHS GGC, with his post funded by the IJB. The statutory responsibility for employer pension liabilities sits with NHS GGC as the employing partner organisation. There is therefore no pension liability reflected on the IJB balance sheet for Renfrewshire IJB's Chief Officer.

3. Senior Officers

Other officers and staff are not regarded as employees of the IJB and are employed through either NHS GGC or Renfrewshire Council; remuneration for these staff is reported through these bodies.

The annual salaries and pension entitlement of the Relevant Person (as defined by the Local Government Finance Circular 8/2011 and LASAAC guidance on accounting for the Integration of Health and Social Care 2015/16 paragraphs 50 and 51) is shown in the following tables in bandings of £5,000. These bandings include any backdated salary payments and contributions in respect of national insurance and pensions.

2014-15 Total	Name and Post Title	Taxable Salary (Bands of £5,000)	2015-2016 Other fees and allowances £'000	Total Earnings in Year (Bands of £5,000)
n/a	Chief Officer, Renfrewshire IJB : D Leese	105 - 110	0	105 - 110

**Annual Accounts 2015-2016
Remuneration Report**

The 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 NHS GGC to his pension during the year.

Name and Post Title	Accrued Pension Benefits as at 31 March 2016		Change in accrued pension benefits since 31 March 2015		In Year Pension Contribution For Year to 31 March 2016 £'000
	Pension	Lump Sum	Pension	Lump Sum	
	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £2,500)	
Chief Officer, Renfrewshire IJB : D Leese	15 - 20	50 - 55	2.5 – 5.0	7.5 - 10	17

Chief Officer
16 September 2016

Chair
16 September 2016

Annual Accounts 2015-2016

Statement of Responsibilities for the Annual Accounts

The Integrated Joint Board's Responsibilities

The IJB is required

- To make arrangements for the proper administration of its financial affairs and to secure that the proper officer has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Chief Finance Officer has been designated as that officer for the Joint Board.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To ensure that the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that the audited Annual Accounts were approved for signature at a meeting of the IJB on 16 September 2016.

Councillor Iain McMillan..... IJB Chair 16 September 2016

The Chief Finance Officer' Responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates which were reasonable and prudent;
- Complied with legislation; and
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the IJB at the reporting date and the transactions of the IJB for the year ended 31 March 2016.

Sarah Lavers CPFA
Chief Finance Officer
16 September 2016

**Annual Accounts 2015-2016
Independent Auditor's Report**

Independent auditor's report to the members of Renfrewshire Health and Social Care Integration Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Renfrewshire Health and Social Care Integration Joint Board for the nine months ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the chief finance officer and auditor

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the chief finance officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the chief finance officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the body as at 31 March 2016 and of the income and expenditure of the body for the nine months then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

**Annual Accounts 2015-2016
Independent Auditor's Report**

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government.

I have nothing to report in respect of these matters.

Brian Howarth
Assistant Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2016

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services and managing the IJB during the year. It includes, on an accruals basis, all of the IJB's day-to-day expenses and related income.

2014-2015				2015-2016		
Gross expenditure £m	Gross Income £m	Net expenditure £m	Note	Gross expenditure £m	Gross income £m	Net expenditure £m
-	-	-	Corporate and democratic core	0.267	0.267	-
-	-	-	(Surplus) or deficit on the provision of services	0.267	0.267	-
		-	Total comprehensive income and expenditure			-

Balance Sheet as at 31 March 2016

The balance sheet shows the value as at 31 March 2016 of the assets and liabilities recognised by the IJB. The net assets of the IJB are matched by the reserves held by the IJB.

31 March 2015 £m		Note	31 March 2016 £m
-	Short-term debtors	4	0.005
-	Current assets		0.005
-	Short-term creditors	5	(0.005)
-	Current liabilities		(0.005)
-	Net assets		-
-	Usable reserves		-
-	Total reserves		-

The unaudited accounts were issued on 24 June 2016 and the audited accounts were authorised for issue on 16 September 2016

Balance Sheet signed by:

Sarah Lavers CPFA
Chief Finance Officer

Note 1 Accounting Policies

The Financial Statements for the year ended 31 March 2016 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the IJB and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations. The accounts have been prepared under the historic cost convention and on a going concern basis.

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 where income 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.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements 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.

Events taking place after the date of authorisation for issue are not reflected in the Statements.

Prior Period Adjustments

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

Where there has been a change in accounting policy, that change will be applied retrospectively. Where there has been a change in accounting estimate, that change will be applied prospectively. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

Provisions

Provisions are made where an event has taken place that gives the IJB 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 Comprehensive Income and Expenditure Statement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

Reserves

Reserves are created by appropriating amounts out of the revenue balances. When expenditure to be financed from a reserve is incurred it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement

VAT

VAT payable is included as an expense to the extent that it is not recoverable from HMRC.

Note 2 Accounting Standards Issued not Adopted

The code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/2017 code:

- Amendment to IAS1 Presentation of Financial Statements (Disclosure Initiatives)
- Changes to the format of the Comprehensive Income and Expenditure Statement

The code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/2016 financial statements.

Note 3 Events after the balance sheet date

The Chief Finance Officer, being the officer responsible for the IJB's financial affairs, signed the unaudited Annual Accounts on x June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 4 Debtors

31 March 2015		31 March 2016
£m		£m
-	Central government bodies: NHS Scotland	-
-	Other local authorities	0.005
-	Public corporations and trading funds	-
-	HM Revenue and Customs	-
-	Other entities and individuals	-
-	Total debtors	0.005

Note 5 Creditors

31 March 2015		31 March 2016
£m		£m
-	Central government bodies: NHS Scotland	-
-	Other local authorities	-
-	Public corporations and trading funds	-
-	HM Revenue and Customs	-
-	Other entities and individuals	0.005
-	Total debtors	0.005

Note 6 Related parties

The IJB's related parties are those bodies or individuals that have the potential to control or significantly influence the IJB, or to be controlled or significantly influenced by the IJB, or where those individuals or bodies and the IJB are subject to common control. The IJB is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of this information allows readers to assess the extent to which the IJB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with them.

Greater Glasgow and Clyde NHS and Renfrewshire Council

Greater Glasgow and Clyde NHS and Renfrewshire Council provide all of the Board's funding and all costs are shared equally between these two partners.

Note 7 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2015-2016 were £0.005 million. There were no fees paid to Audit Scotland in respect of any other services.

Note 8 Contingent assets and liabilities

8.1 A contingent asset or liability arises where an event has taken place that gives the IJB a potential 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 IJB. Contingent assets or liabilities also arise where a provision would otherwise be made but, either it is not probable that an outflow of resource 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 when they are deemed to be material.

8.2 Clinical and Medical Negligence

Renfrewshire IJB provides clinical services to patients under the statutory responsibility of NHSGGC. In connection with this, it is responsible for any claims for medical negligence arising from the services it commissions, up to a specific threshold per claim. For claims in excess of this threshold NHSGGC and IJB are

members of the 'Clinical Negligence and Other Risks Indemnity Scheme' (CNORIS). This is a risk transfer and financing scheme which was established in 1999 for NHS organisations in Scotland, the primary objective of which is to provide a cost effective risk pooling and claims management arrangement for those organisations which it covers.

The Regulations governing the CNORIS Scheme were amended on 3 April 2015 so that Integration Joint Boards and Local Authorities could apply to the Scottish Ministers to become members of the Scheme.

CNORIS provides indemnity to member organisations in relation to Employer's Liability, Public/ Product Liability and Professional Indemnity type risks (inter alia) no less wider than that generally available within the commercial insurance market.

NHS Greater Glasgow and Clyde (through CNORIS) and Renfrewshire Council (through AIG) already have relevant insurance cover in place; this will remain in place to cover the employees who are employed by and the services that are delivered by those organisations.

Renfrewshire IJB have joined the CNORIS scheme to cover for Board members at this stage. The NHS Board is currently meeting the financial contribution on behalf of all NHS GGC IJB's, which is presently set at £3,000 per annum per IJB.

The IJB are required to make provision for any claims notified by the NHS Central Legal Office according to the value and probability of settlement. Where a claim is not provided for in full, the balance would be included as a contingent liability. The corresponding recovery from CNORIS in respect of amounts provided for would be recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.