
To: Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

On: 19 June 2020

Report by: Chief Finance Officer

Heading: Review of Integration Joint Board Financial Governance Arrangements

1. Purpose of Report

- 1.1. The purpose of this report is to present the Integration Joint Board (IJB) Audit, Risk and Scrutiny Committee, with an updated set of Financial Governance Arrangements, for consideration and approval.
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2. Recommendation

It is recommended that the IJB Audit, Risk and Scrutiny Committee:

- Approve the updated Financial Regulations (Appendix 1); and
 - Approve the updated IJB Reserves Policy (Appendix 2).
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3. Background

- 3.1. In line with the provisions set out in the Public Bodies (Joint Working)(Scotland) Act 2014, the IJB is required to have its own set of Financial Governance Arrangements.
- 3.2. The IJB's Financial Governance Arrangements were first approved by the Shadow IJB on 18 September 2015 for implementation from 1 April 2016. A revised Reserves Policy was approved on 24 November 2017.
- 3.3. The Financial Governance arrangements are part of the governance arrangements established to support the IJB. These arrangements set out the financial governance regulations under which the IJB operates and identifies the roles and responsibilities of the IJB, Chief Officer and Chief Finance Officer.

- 3.4. Included within the IJB Financial Governance Arrangements are:

3.4.1. *Financial Regulations*

As a separate legal entity, Renfrewshire IJB requires its own set of Financial Regulations which incorporate an appropriate set of controls. The IJB's Financial Regulations reference but do not cover aspects which relate to operational service delivery as these continue to be reflected in the Financial Regulations of Renfrewshire Council and the Standing Financial Instructions of NHS Greater Glasgow and Clyde (NHSGGC).

3.4.2. *Reserves Policy*

Section 106 of the Local Government (Scotland) Act 1973 as amended, empowers the IJB to hold reserves which must be accounted for in the financial accounts and records of the

Partnership Board. The IJB Reserves Policy provides the detail to support the governance of IJB reserves.

4. Proposed Changes

- 4.1. The attached Financial Regulations and Reserves Policy have been reviewed, and a number of changes made which reflect both the maturity of the IJB and updated management and reporting arrangements which have evolved since the IJB was first established.
- 4.2. In addition, in order to provide for greater clarity, the Chief Finance Officer has taken the opportunity to amalgamate the previous set of Financial Regulations and Financial Governance Manual to form the attached revised set of Financial Regulations.
- 4.3. As part of the review of the Financial Governance arrangements of the IJB, the Chief Finance Officer carried out an in-depth review of the Financial Governance arrangements of a number of other IJB's, in order to benchmark against other IJB's and to ensure best practice. The results of this review have been used to inform the revised Financial Regulations and Reserves Policy attached.
- 4.4. Additionally, some of the terms used have been updated, for example the previous Audit Committee is now referred to as the Audit, Risk and Scrutiny Committee as approved by the IJB at its meeting of 20 January 2020, along with revised Terms of Reference.
- 4.5. The proposed revised Financial Regulations and Reserves Policy are attached as appendices to this report.

Implications of the Report

1. **Financial** – This report and attached appendices support the financial governance framework within which the IJB operates.
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – The Financial Regulations support the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014.
5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights** – none
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – Effective financial governance and assurance is a key component of good risk management.
11. **Privacy Impact** – none.

List of Background Papers – Financial Governance Arrangements (Shadow IJB, 19 June 2015)

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Renfrewshire IJB Financial Regulations June 2020

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Renfrewshire Integration Joint Board positively promotes the principles of sound corporate governance within all areas of its business. These Financial Regulations are an essential component of the corporate governance of Renfrewshire Integration Joint Board.

Section A: Introduction and General Issues

1. What the Regulations Cover

- 1.1. The Public Bodies (Joint Working)(Scotland) Act 2014 established the framework for the integration of health and social care in Scotland. Renfrewshire Health and Social Care Partnership (HSCP) is governed by Renfrewshire Integration Joint Board (IJB), which was established by Parliamentary Order on 27 June 2015 following approval of the Renfrewshire Integration Scheme by the Scottish Ministers.
- 1.2. Renfrewshire Council and NHS Greater Glasgow & Clyde (NHSGGC) have delegated functions and resources to the IJB. The IJB will direct Renfrewshire Council and NHSGGC on how resources will be spent in line with the approved Strategic plan, and, allocate resources back to Renfrewshire Council and NHSGGC in accordance with this direction. The IJB will retain responsibility for oversight and management of expenditure within the allocated budgets.
- 1.3. Both Renfrewshire Council and NHSGGC operate under Financial Regulations/Standing Orders for the operational delivery of services. As this service delivery will continue to be carried out within Renfrewshire Council and NHSGGC, these Financial Regulations relate specifically to the affairs of the IJB, and, therefore are more limited and focused in scope. All operational and transactional finance matters for the delivery of Renfrewshire HSCP will comply with Renfrewshire Council's Financial Regulations and NHSGGC's Standing Financial Instructions (SFIs) both of which are subject to regular review and update. These Financial Regulations should be read in conjunction with Renfrewshire Council's Financial Regulations and NHSGGC's SFIs.
- 1.4. As detailed in paragraph 1.1., above, the IJB is a legal entity in its own right created by Parliamentary Order, following ministerial approval of the Integration Scheme. It is accountable for the stewardship of public funds and is expected to operate under public sector best practice governance arrangements, proportionate to its transactions and responsibilities. Stewardship is a major function of management and, therefore, a responsibility placed upon the appointed members and officers of the IJB.
- 1.5. The main objective of these Financial Regulations is to detail the financial responsibilities and policies and procedures that govern the IJB. Representatives and Committees of the IJB must comply with these Financial Regulations in dealing with the financial affairs of Renfrewshire IJB.
- 1.6. The IJB has appointed a Chief Officer who will be the accountable officer of the IJB in all matters except finance where there will be joint accountability with the Chief Finance Officer. The Chief Officer is accountable to the Chief Executives of Renfrewshire Council and NHSGGC.

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- 1.7. The IJB has appointed a Chief Finance Officer who is the proper officer for the purposes of Section 95 of the Local Government (Scotland) Act 1973. The Chief Finance Officer has a statutory duty to ensure that proper financial administration of the financial affairs of the IJB is maintained. The IJB has regard to the current CIPFA [guidance](#)¹ on the role of the Chief Finance Officer in Local Government.
 - 1.8. Under the Scottish Government Regulations, for all IJB's in Scotland, the Chief Officer, supported by the Chief Finance Officer must ensure that there are adequate systems and controls in place for the proper management of its financial affairs.
 - 1.9. These Financial Regulations detail the responsibilities of the IJB for its own financial affairs.
 - 1.10. These Financial Regulations also set out the respective responsibilities of the Chief Officer and the Chief Finance Officer of the IJB, who will follow these Regulations at all times in relation to the conduct of the IJB's own financial affairs.
 - 1.11. The IJB will give Directions to Renfrewshire Council and NHSGGC which are designed to ensure resources are spent in accordance with the Strategic Plan and Integration Scheme.
 - 1.12. If it is believed that anyone has broken, or may break, these Regulations, this must be reported immediately to the Chief Finance Officer, who may then discuss the matter with the Chief Officer to determine what action should be taken. Any breach or non-compliance with these Regulations must, on discovery, be reported immediately to the Chief Officer or the Chief Finance Officer of the IJB. They must then consult with the Renfrewshire Council and NHSGGC Chief Executive or another nominated or authorised person as appropriate, to decide what action should be taken.
 - 1.13. For the avoidance of doubt the breach of or non-compliance with these Regulations may result in disciplinary action being taken against the relevant individuals in line with the policies of the employing organisation.
 - 1.14. The Chief Officer and other authorised persons will ensure that all expenditure within the Integration budget meets proper accounting standards.
 - 1.15. The IJB or the IJB's Audit, Risk and Scrutiny Committee will consider and approve any alterations to these Financial Regulations on an ad hoc basis as required for specific issues. The Financial Regulations will be the subject of regular review and/ or updated with any relevant legislative changes.

¹ <http://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government>

2. Corporate Governance

2.1. Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the IJB. The basic principles of corporate governance are as follows:

- **Openness** Anyone with an interest in the affairs of the IJB should have confidence in the decision-making and management processes and the individuals involved in them. This confidence is gained through openness in its affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.
- **Integrity** There should be honesty, selflessness, and objectivity and high standards of conduct in how the IJB's funds and affairs are managed. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of Board members and officers involved in the running of its affairs.
- **Accountability** There needs to be a clear understanding by everyone involved in the IJB's affairs of their roles and responsibilities. There should also be a process which provides appropriate independent examination of the decisions and actions of those involved, including how the IJB's funds and performance are managed.

2.2. These financial regulations are an essential part of the corporate governance of the IJB.

2.3. Members of the IJB are required to follow any formally agreed national codes of conduct.

3. Responsibilities under these Financial Regulations

IJB Responsibilities

3.1. The IJB are responsible for ensuring that proper accounting records are kept, which disclose at any time, the true and fair financial position and enable the preparation of financial statements that comply with the applicable Code of Practice. The IJB are also responsible for ensuring that procedures are in place to ensure compliance with all statutory obligations.

3.2. The IJB will continuously work to secure best value for money, economy, efficiency and effectiveness in how the organisation directs its resources.

Chief Officer Responsibilities

3.3. The Chief Officer is the accountable officer of the IJB. The Chief Officer will discharge their duties in respect of the delegated resources to the IJB by:

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- Ensuring that the Strategic Plan meets the requirement for economy, efficiency and effectiveness; and
 - Giving Directions to Renfrewshire Council and NHSGGC that are designed to ensure resources are spent in accordance with the Strategic Plan.
- 3.4. The Chief Officer has a direct line of accountability to the Chief Executives of Renfrewshire Council and NHSGGC for the delivery of integrated services. The Chief Officer is responsible for ensuring that progress is being made in achieving the national outcomes and for any locally delegated responsibilities for health and wellbeing and for measuring, monitoring and reporting on the underpinning measures and indicators (including financial) that will demonstrate progress.
- 3.5. The Chief Officer is responsible for ensuring that the decisions of the IJB are carried out.
- 3.6. The Chief Officer shall ensure that the Financial Regulations and all associated documents are made known to appropriate staff members and shall ensure full compliance with them.
- 3.7. The Chief Officer shall prepare budgets following consultation with the Chief Finance Officer. The Chief Officer is also responsible for the preparation of Service Plans and relevant business cases relating to the Services. The Chief Officer shall ensure that the Chief Finance Officer is informed of financial matters that will have a significant impact on the Services, seeking financial advice where necessary.

Chief Finance Officer Responsibilities

- 3.8. The Chief Finance Officer is responsible for governance of the IJB's financial resources, ensuring the Partners utilise these in accordance with the Strategic Plan and that the Strategic Plan delivers best value. Further details regarding the role of the Chief Finance Officer are included in Appendix 1.
- 3.9. The Chief Finance Officer shall ensure that suitable accounting records are maintained and is responsible for the preparation of the Board's Financial Statements following the Code of Practice on Local Authority Accounting in the UK.
- 3.10. The Chief Finance Officer shall ensure that these Financial Regulations are reviewed and kept up-to-date.
- 3.11. The Chief Finance Officer shall provide the Chief Officer and the IJB with an Annual Governance Statement.
- 3.12. The Chief Finance Officer shall be entitled to report upon the financial implications of any matter coming before the IJB. To allow the Chief Finance Officer to fulfil this obligation, the Chief Officer will consult with the Chief Finance Officer on all matters involving a potential financial implication that is likely to result in a report to the IJB.

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- 3.13. The Chief Finance Officer shall ensure that arrangements are in place to properly establish the correct liability, process and accounting for VAT. For major works, service transformation and other changes in service delivery, the Chief Finance Officer must be consulted on the financial impacts, including VAT implications.
 - 3.14. The Chief Finance Officer (in consultation with the Chief Officer) will advise the IJB on the financial implications of the IJB's activities. The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and appropriate information to enable them to effect control over expenditure and income.

4. The Framework for Financial Administration

- 4.1. The Financial Regulations set out the responsibilities of IJB Members, the Chief Officer and the Chief Finance Officer within the context of the IJB's financial management framework.
- 4.2. The Chief Finance Officer will monitor how the Financial Regulations operate within the IJB, and, will provide the IJB with a written framework which governs its financial affairs.

5. Reviewing the Financial Regulations

- 5.1. The IJB, or the IJB's Audit, Risk and Scrutiny Committee will consider and approve any alterations to these Financial Regulations. The IJB may also withdraw any elements of these Financial Regulations. If so, this will come into force from the first working day after the end of the IJB meeting at which the change or withdrawal was approved.

6. Legal Advice

- 6.1. Renfrewshire Council and NHSGGC will provide legal advice regarding these Financial Regulations as required in relation to the functions delegated to the IJB.

Section B: Specific Areas

7. Strategic Plan and Integrated Budget / Financial Plan

- 7.1 Legislation requires that the IJB produces a Strategic Plan which sets out the services for Renfrewshire over the medium term (3 years). This Strategic Plan should incorporate a medium-term financial plan for the resources within the scope of the Strategic Plan, which will comprise both the Integrated Budget and the Set Aside budget for large hospital services used by the IJB population.
- 7.2 The format of the Strategic Plan will be determined by the Chief Officer taking into account legislative requirements in terms of consultation and approval processes and national guidance in terms of content.
- 7.3 The IJB will approve the Strategic Plan which sets out arrangements for planning and directing the functions delegated to it by Renfrewshire Council and NHS GGC. The Strategic Plan will cover a three-year period linked to the budgets allocated to each operational partner for operational service delivery in line with the Plan, recognising that these may need to be indicative. The IJB will publish its Strategic Plan as soon as practicable after it has been approved by the IJB.
- 7.4 The Chief Officer and the Chief Finance Officer will prepare the integrated budget based on the Strategic Plan and present it to Renfrewshire Council and NHS GGC for consideration, and, agreement as part of the annual budget setting process.

Determination of Budgets

- 7.5 Delegated baseline budgets were the subject of due diligence in the shadow year of the IJB. These were based on a review of recent past performance, and, existing and future financial forecasts for the Health Board, and the Council, for the functions which were delegated.
- 7.6 In the case of any additional functions to be delegated to the IJB, after the original date of integration, these services will also be the subject of due diligence, based on a review of recent past performance and existing and future financial forecasts for Renfrewshire Council and NHS GGC for the functions which are to be delegated. This is required to gain assurance that the associated delegated budgets will be sufficient for the IJB to fund these additional delegated functions.
- 7.7 The Chief Finance Officer will develop a draft proposal for the Integrated Budget based on the Strategic Plan and forecast pressures, and, present it to Renfrewshire Council and NHS GGC for consideration as part of their respective annual budget setting process. The draft proposal will incorporate assumptions on the following:
- Activity changes
 - Cost inflation
 - Efficiencies
 - Performance against outcomes
 - Legal requirements
 - Transfer to or from the amounts set aside by the Health Board

- 7.8 This will allow Renfrewshire Council and NHSGGC to determine the final approved budget for the IJB. This should be formally advised in writing by the respective Directors of Finance to the IJB by 11th March each year.
- 7.9 Any material in-year budget changes proposed by either Party must be agreed by the IJB.
- 7.10 The IJB will approve a budget allocation and provide direction to the Parties in line with Scottish Government Guidance.
- 7.11 The IJB has strategic planning responsibility along with the Health Board for Set Aside. The method for determining the amount set aside for hospital services will follow guidance issued by the Integrated Resources Advisory Group and be based initially on the notional direct costs for the relevant populations use of in scope hospital services as provided by the Information Services Division (ISD) Scotland. The NHSGGC Board Director of Finance and IJB Chief Finance Officer will keep under review developments in national datasets or local systems that might allow timelier, or, more locally responsive information, and if enhancements can be made, propose this to the IJB. A joint strategic commissioning plan will be developed and will be used to determine the flow of funds as activity changes:
- Planned changes in activity and case mix due to interventions in the Joint Strategic Commissioning Plan;
 - Projected activity and case mix changes due to changes in population need;
 - Analysis of the impact on the affected hospital budget, taking into account cost-behaviour i.e. the lag between reduction in capacity and the release of resources.
- 7.12 The process for making adjustments to the set aside resource to reflect variances in performance against plan will be agreed by the IJB and NHSGGC. That process shall include prior consultation with Renfrewshire Council. In the event that the process identifies adjustments that will affect the cost of adult social care and Renfrewshire Council's financial contribution to the budget of the IJB, those adjustments cannot be made without Renfrewshire Council's prior written approval"

Unplanned Costs

- 7.13 Neither Party may reduce the payment in-year to the IJB to meet exceptional unplanned costs within either the Council or the Health Board without the express consent of the IJB and the other Party

8. Management of Integrated Budgets - Guiding Principle

Background

- 8.1 Renfrewshire IJB is responsible for managing Renfrewshire Council and NHSGGC service budgets and will be accountable to each agency for their management. The majority of these service budgets are from general funding allocations and are therefore governed by the SFIs/Financial Regulations of each partner agency, however, some require to be managed separately.
- 8.2 This section establishes a set of principles which should be applied within the context of the established budget and service planning process currently operated by Renfrewshire Council and NHSGGC, which will take into account the IJB Strategic Plan.
- 8.3 A number of considerations are key in establishing these guiding principles:
- Budget responsibility should where possible, follow the ability to commit resources/control expenditure. The CFO will have a key responsibility in ensuring that budget holders are fully aware of their responsibilities;
 - The requirement for policies and procedures in respect of control, routine monitoring and reporting of performance in line with IJB and partner expectations. Financial performance will be a standing item on the IJB agenda;
 - The need to provide for budget flexibility in the event of changes in demand;
 - Where ring-fencing restrictions are in place, there may be limited scope for virement of these resources;
 - The need to have clear and proportionate arrangements which support effective service delivery within the budget available;
 - The need to manage the business of the IJB and the implementation of its Strategic Plan ensuring best value in the use of its resources and safeguarding its assets;
 - The SFIs and/or Financial Regulations of each partner organisation and those of the IJB will cover virement within and across agency boundaries.

Budget Categories

- 8.4 A range of budget categories are allocated to the IJB, these are as follows:

Directly Managed

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, and, where there are no specific conditions attached due to the nature of the funding source.

Directly Managed Ring fenced

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, but where there are specific conditions

attached. The nature of the funding source and the conditions attached dictate that the use of funding is ring fenced for specific purposes.

Hosted Services

Budgets where NHSGGC and/or Renfrewshire Council have allocated budget management responsibility to the IJB, but where one Joint Board is responsible for managing the service on behalf of one or more other Joint Boards. Where this arrangement applies, the responsible IJB will be expected to manage overall service expenditure within available funds. An example of a budget which is managed within Renfrewshire HSCP under a hosted arrangement is podiatry.

Centrally Managed

Budgets which continue to be managed centrally by either NHSGGC and/or Renfrewshire Council due to type and/or scale.

Set Aside

The budget for in-scope hospital services used by the partnership population for NHSGGC.

9. Non-Recurring Funding

9.1 HSCP's may receive non-recurring funding in any one year from either parent body which will relate to a specific activity and must account for such funding as required. It must not be utilised for purposes other than the basis of the funding, nor should HSCP's plan for any recurrence of such funding. Typical examples include:

- Project funding, including any invest to save initiatives; and
- One-off allocations to assist with specific cost pressures such as the impact of winter pressures, specific utility or fuel cost spikes.

10. Accounting Arrangements / Financial Reporting

Accounting Arrangements and Annual Accounts

10.1 All accounting procedures and records of the IJB will be as specified in applicable legislation and regulations. Financial Statements will be prepared following the Code of Practice on Local Authority Accounting in the UK. Statements will be signed as specified in regulations made under Section 106 of the Local Government (Scotland) Act 1973.

10.2 The financial statements must be completed to meet the audit and publication timetable specified in regulations made under section 106 of the Local Government (Scotland) Act 1973. It is the primary responsibility of the Chief Finance Officer to meet these targets and of the Chief Officer to provide any relevant information to

ensure that NHSGGC and Renfrewshire Council meet their respective statutory audit and publication requirements for their individual and group financial statements.

- 10.3 The Chief Finance Officer will prepare the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The CODE), reporting the IJB's financial performance for the year to 31 March to the IJB. The approved Accounts must also be forwarded to the Controller of Audit no later than the 30th June of the same year, or such date as decided by the Controller of Audit.
- 10.4 The accounts of the IJB will be hosted by Renfrewshire Council.
- 10.5 The Chief Finance Officer must provide any information necessary for the closure of the Accounts and within prescribed timescales. The format of the Accounts and the relevant notes to the Accounts of Renfrewshire Council and NHSGGC will be in line with national CIPFA and/or LASSAAC guidance.
- 10.6 Recording of all financial information in respect of the IJB will be in the financial ledger of the Council.
- 10.7 Any transaction specific to the IJB e.g. expenses, will be processed via the Council ledger, with specific funding being allocated by the IJB to the Council for this.
- 10.8 The transactions relating to operational delivery will continue to be reflected in the financial ledgers of the Council and Health Board with the information from both sources being consolidated for the purposes of reporting financial performance to the IJB.
- 10.9 The Chief Officer and Chief Finance Officer will be responsible for the preparation of the annual accounts and financial statement in line with proper accounting practice, and financial elements of the Strategic Plan and such other reports that the IJB might require.
- 10.10 The IJB Chief Finance Officer will provide reports to the Chief Officer on the financial resources used for operational delivery and strategic planning. In order to agree the in-year transactions and year-end balances between Renfrewshire Council, NHSGGC and the IJB, the Chief Finance Officer will engage with the Directors of Finance of Renfrewshire Council and NHSGGC to agree an appropriate process.

11. Managing Financial Performance

Introduction

- 11.1 The purpose of this section is to outline provisions for managing the in-year financial performance of the Integrated Budget. This includes the requirement that

the Chief Officer receives financial performance information for their operational role in Renfrewshire Council and NHSGGC as well as their strategic role in the IJB.

Budget Management

- 11.2 The IJB will direct the resources it receives from Renfrewshire Council and NHSGGC in line with its Strategic Plan, ensuring that planned activity can reasonably be met from the available resources viewed as a whole and achieve a year end breakeven position. This is essential for the financial stability of the IJB itself and for Renfrewshire Council and NHSGGC.
- 11.3 Budget holders will be accountable for all budgets within their control as directed by the IJB in line with the Strategic Plan. The IJB will ensure appropriate arrangements are in place to support good financial management and planning.
- 11.4 The Chief Finance Officer with relevant HSCP finance staff will use the financial ledger and other IT systems within Renfrewshire Council and NHSGGC to produce financial reports and forecasts in order to monitor the overall financial performance of the IJB's functions, in relation to the approved Revenue Budgets.

Budget Monitoring

- 11.5 The Directors of Finance of Renfrewshire Council and NHSGGC, and, the IJB Chief Officer and Chief Finance Officer will establish a process of regular in-year reporting and forecasting to provide the Chief Officer with management accounts for both arms of the operational budget and for the IJB as a whole.
- 11.6 Monthly financial monitoring reports will be issued by the Chief Finance Officer to the Chief Officer. Financial Reports will include subjective and objective analysis of budgets and actual/projected outturn, and such other financial monitoring reports as might be required.
- 11.7 Whilst Renfrewshire Council and NHSGGC will each continue with their own schedule of in-year financial reporting and forecasting requirements, reporting to the IJB will be in line with the schedule of IJB meetings.
- 11.8 The Chief Finance Officer will provide each meeting of the IJB with budget monitoring reports along with explanations for any significant variations from budget and the actions planned to deal with them. Budget monitoring reports will also be provided to Renfrewshire Council and NHSGGC from an operational perspective, as required.
- 11.9 The IJB will receive a financial report at each IJB meeting. These reports will be timely, relevant and reliable and will include information, analysis and explanation in relation to:
- Reviewing budget savings proposals;
 - Actual income and expenditure;

- Projected outturns and annual budget;
- Explanations of significant variances;
- Reviewing action required in response to significant variances;
- Identifying and analysing financial risks;
- Use of reserves; and
- Any adjustments to the annual budget (e.g. new funding allocations).

Reports to IJB

- 11.10 All reports to the IJB and sub-committees thereof must specifically identify the extent of any financial implications. These must have been discussed and agreed with the IJB Chief Finance Officer prior to lodging of reports.

Managing Overspends

- 11.11 The Chief Officer will deliver the outcomes within the total delegated resources and where there is a forecast overspend against an element of the operational budget, the Chief Officer should take immediate and appropriate remedial action to endeavour to prevent the overspend and to instruct an action plan. If this does not resolve the overspend position, then the Chief Officer, the Chief Finance Officer of the IJB and the Directors of Finance of Renfrewshire Council and NHSGGC must agree a recovery plan to balance the overspending budget, which should be approved by the IJB. This plan should include clear options and target savings with named persons responsible for delivering them, which are closely monitored and controlled.
- 11.12 In the event that the recovery plan is unsuccessful and an overspend materialises at the year-end, uncommitted reserves held by the IJB, in line with the reserves policy, would firstly be used to address any overspend. If after application of reserves an overspend remains, Renfrewshire Council and NHSGGC may consider making additional funds available, on a basis to be agreed taking into account the nature and circumstances of the overspend, with repayment in future years on the basis of the revised recovery plan.
- 11.13 If the revised plan cannot be agreed or is not approved by the IJB, mediation will require to take place in line with the dispute resolution arrangements set out in the Integration Scheme.

Managing Underspends

- 11.14 Where an underspend materialises against the agreed budget, with the exception of ring fenced budgets, this will be retained by the IJB and will be used to either fund additional capacity in-year, in line with its Strategic Plan or be carried forward to fund capacity in subsequent years of the Strategic Plan subject to the terms of the IJB's Reserves Strategy.

12. Role of Budget Holders

- 12.1 The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and are provided with accurate, timeous and appropriate information to enable them to effect control over expenditure and income.
- 12.2 Budget holders are ultimately responsible for the budgets assigned to them and will be held accountable for all such budgets within their control.
- 12.3 The IJB will ensure arrangements are put in place to hold budget holders to account, particularly where financial problems or potential overspends have been identified. This should consist of formal meetings held on a regular basis chaired by the Chief Officer and/or Chief Finance Officer, where the Budget Holder will be expected to report on areas of concern and propose corrective actions.
- 12.4 Budget holders have a responsibility to formally report any major financial problems identified within the service to the Chief Finance Officer who can instruct appropriate action and report to the IJB if required.
- 12.5 Budget holders should alert and consult the Chief Finance Officer where no budget is available but where expenditure is essential to the discharge of the functions of the IJB.
- 12.6 Budget holders should at all times comply with Renfrewshire Council and NHSGGC's Financial Regulations/SFIs, standing orders, schemes of delegation etc.

13. Virement

Background

- 13.1 Virement is defined by CIPFA as “the transfer of an underspend on one budget head to finance additional spending on another budget head in accordance with the Financial Regulations”. In effect, virement is the transfer of budget from one main budget heading (employee costs, supplies and services etc) to another, or a transfer of budget from one service to another.
- 13.2 The retention of existing organisational frameworks in Scotland means that Renfrewshire Council and NHSGGC will continue to exist as separate legal entities with statutory responsibility for the management of the resources allocated to them under the agreed governance arrangements of the IJB.
- 13.3 To support the establishment of joint working arrangements, there is a need to provide a scheme of virement for the IJB to allow flexible use of resources across agency boundaries where this is required, in line with the joint strategic plan. The current mechanism used for resource transfer will be followed for this purpose.

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- 13.4 The purpose of this framework is to promote the flexible use of resources in support of the achievement of service aims and objectives while maintaining overall financial stability for the IJB, Renfrewshire Council and NHSGGC.

Proposed Scheme of Virement

Range of services and budgets

- 13.5 The services which come within the scope of this scheme of virement are: resources covered by the Strategic Plan of the IJB; this includes the amount in respect of delegated adult social care services, the amount covered by delegated primary and community health care services; and, for those delegated hospital services and the amount set aside by NHSGGC for services provided in large hospitals for the population of the IJB.
- 13.6 The IJB budget will comprise both new and existing funds. In the short term there will be limited room for manoeuvre where costs are fixed in nature (e.g. permanent staffing budgets), however, there is a need to provide for the option to use resources flexibly where the opportunity arises.
- 13.7 Where budgets have specific conditions attached to their use by the Scottish Government, the operation of virement arrangements will require to ensure that funding continues to be deployed in a way which satisfies these conditions.

Exercise of Virement

- 13.8 Decisions regarding the deployment of new monies and the redeployment, if applicable, of existing monies including any sustained underspend(s), will typically be made in the context of the annual budget setting process with respect to the Strategic planning process. These may reflect policy decisions agreed by the IJB to change the balance of care from the joint strategic plan or to reengineer services in a more limited way.
- 13.9 The outcome may be that the IJB seek to vire resources across partners, to enable implementation of strategic plans. The payment mechanism will be the current resource transfer arrangements.

Guiding Principles

- 13.10 The guiding principles of this scheme are set out below:
- Budget responsibility should as far as possible, follow ability to commit resources/control expenditure;
 - The need to achieve real delegation of responsibility to appropriate level, but also to recognise the statutory responsibilities of Renfrewshire Council and NHSGGC to manage the overall envelope(s) of resources available to them;

- The need to provide for sufficient short-term financial stability for services experiencing sudden changes in demand, to allow these to respond flexibly to such changes; and
- The need to limit ring-fencing restrictions where possible to allow scope for genuine virement of resources where appropriate.

Procedural Arrangements

- 13.11 Where the decision to vire may have an impact on service provision by another HSCP, virement proposals will require the support and commitment of the head of that service along with the relevant Chief Finance Officer as a necessary precondition of submission. It is important that all parties are agreed to what is being proposed. Commitment of all parties, evidenced by authorised signatures, will be necessary before virement proposals are submitted for processing.
- 13.12 Any proposal impacting on the balance of funding between the partner organisations will require approval of the IJB, and the Directors of Finance of Renfrewshire Council and NHSGGC.

Overspends/Underspends

- 13.13 Where resources have been vired from one partner to another, and an overspend arises in relation to the resources transferred, it is the responsibility of the IJB's Chief Officer and Chief Finance Officer to manage this within the context of the IJB's overall services budget and advise each partner, as appropriate, regarding how this overspend will be managed or contained.
- 13.14 Where resources have been vired from one partner to another and an underspend arises in relation to resources transferred, it is the responsibility of the IJB's Chief Officer and Chief Finance Officer to manage this within the context of the IJB's overall services budget and advise each partner, as appropriate, regarding how this underspend will be managed taking into account the reserves policy in place for the IJB.
- 13.15 All virement proposals should take cognisance of existing contractual arrangements and any other conditions attached to funding.

14. Capital: Assets, Planning and Expenditure

- 14.1 The IJB does not receive a capital funding allocation. Capital projects are funded by either Renfrewshire Council or NHSGGC, therefore, any Capital expenditure will be controlled in accordance with their financial regulations. In addition, no property assets will transfer to the IJB and will remain in the ownership of the parent body i.e. Capital and assets and their associated running costs will continue to sit with the Parties.

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- 14.2 As the IJB will not directly own any property or assets, nor receive any capital allocations, grants or have the power to borrow or invest in capital expenditure, the Chief Officer of the IJB is recommended to consult with Renfrewshire Council and NHSGGC to make best use of existing resources and develop capital programmes.
 - 14.3 The Strategic Plan considers all of the resources available to deliver the objectives approved within the Integration Scheme, including assets owned by the Health Board on behalf of Scottish Ministers, and local authority.
 - 14.4 The Chief Officer (when relevant) should attend and/or be a member of both partners' Capital Planning Groups.
 - 14.5 Where new capital investment is required to deliver the Strategic Plan both partners should consider the relevant Business Plan.

Business Case Preparation and Guidance

- 14.6 Where the Chief Officer identifies the need for new investment within the Strategic Plan, a business case should be developed for the proposal for both partners to consider. Options may include one or both of the partners approving the project from its capital budget or where appropriate using the hub initiative as the procurement route to deliver the capital investment. This is a matter for local agreement.
- 14.7 Existing documented procedures for developing business cases to source capital funding should be utilised. Where a project is funded via NHSGGC, their documentation and process will be followed. Where a project is funded via Renfrewshire Council their documentation and process will be followed. Where joint bids are being made, the approval of both partners through their respective processes will be required. Approval levels with the partner organisations will be determined by the appropriate Schemes of Delegation.
- 14.8 Business Cases will be prepared by the Chief Officer and Chief Finance Officer and submitted to Renfrewshire Council's Capital Planning Group or NHSGGC's Capital Planning Group for approval.

Control of Capital Expenditure

- 14.9 As the IJB does not receive a capital funding allocation, Capital projects are funded by either Renfrewshire Council or NHSGGC and expenditure will be controlled in accordance with their financial regulations.
- 14.10 The IJB will receive financial monitoring reports from both partners which will include information on capital expenditure against approved schemes relevant to the services delegated to the IJB.

15. Legality of Expenditure

- 15.1 The Chief Officer and the Chief Finance Officer will ensure that the IJB only commits to expenditure that it is legally able to commit to and is within scope of the approved Integration Scheme and Strategic Plan. Where this is not clear, the Chief Finance Officer will consult the Accountable Officer of NHSGGC and and/or the Director of Finance and Resources of Renfrewshire Council.
- 15.2 The Chief Officer should ensure that no expenditure is incurred or included within the Strategic Financial Plan unless it is within the power of the IJB. In cases of doubt, the Chief Officer should consult the respective legal advisers of Renfrewshire Council or NHSGGC before incurring expenditure. The legality of expenditure on new service developments, initial contributions to other organisations and responses to emergency situations which require expenditure must be clarified prior to being incurred.
- 15.3 No expenditure will be incurred by the IJB unless it has been included within the approved Integration budget and Strategic Plan except:
- Where additional funding has been approved by the NHSGGC and/or Renfrewshire Council and the integrated budget/strategic plan has been updated appropriately;
 - Where a supplementary budget has been approved by the IJB; and
 - In emergency situations in terms of any scheme of delegation.

16. Financial Assurance

Audit Committee

- 16.1 The IJB is required to make appropriate and proportionate arrangements for overseeing the system of corporate governance and internal controls. For this purpose, the IJB has established an audit committee (the Audit, Risk and Scrutiny Committee). This Committee should operate in accordance with Financial Reporting Council professional guidance for Audit Committees, and, should ensure that an effective assurance process is in place that assesses the objectives, risks and performance of the Partnership. This will include consideration of any reports from auditors.
- 16.2 It will be the responsibility of the IJB to agree the membership having regard to the agreed remit, skills and good practice for an audit committee. It is anticipated that members of the IJB will serve in this capacity.

Internal Audit

- 16.3 It is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.

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- 16.4 Renfrewshire Council and NHSGGC shall decide upon the internal audit service to review internal control systems operated within the IJB and decide upon which Chief Internal Auditor and internal audit team from either Renfrewshire Council or NHSGGC shall be the incumbent. Internal audit shall independently and objectively examine, evaluate and report on the adequacy of internal control, governance and risk management arrangements within the IJB. The guidance developed on Internal Audit for the partnerships across the Board area should be followed.
- 16.5 The operational delivery of internal audit services within Renfrewshire Council and NHSGGC will be covered by their respective internal audit arrangements.
- 16.6 A Chief Internal Auditor will be appointed to act as the IJB Chief Internal Auditor, in addition to their role as Chief Internal Auditor of their respective authority.
- 16.7 The Internal Audit Service will undertake their work in compliance with the Public Sector Internal Audit Standards.
- 16.8 On, or before the start of each financial year, the IJB Chief Internal Auditor will prepare and submit a strategic risk-based Audit Plan, to the IJB for approval. The internal audit plan will consider:
- The Strategic Plan and planning process;
 - The financial plan underpinning the Strategic Plan; and
 - Relevant issues raised from the NHSGCC and Renfrewshire Council.
- 16.9 The IJB Chief Internal Auditor will report to the IJB on the annual audit plan, delivery of the plan and recommendations and will provide an annual internal audit report including the audit opinion.
- 16.10 Internal audit reports carried out as part of the IJB internal audit plan will be submitted to the Chief Officer and the IJB Audit, Risk and Scrutiny Committee for review.
- 16.11 Relevant internal audit activity carried out by partners will also be submitted to the IJB Audit, Risk and Scrutiny Committee for information and noting. This activity will be agreed with partner auditors.

External Audit

- 16.12 The Accounts Commission will appoint the External Auditors to the IJB. This is specified under Section 13 of the legislation.
- 16.13 The Chief Finance Officer will ensure the presentation of all External Audit reports including reports on the audited Annual Accounts to the IJB and/ or the IJB's Audit, Risk and Scrutiny Committee, to ensure that they are compliant with relevant statutory provisions and Accounting Codes of Practice.

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- 16.14 The Chief Finance Officer will make appropriate arrangements for the public inspection of the IJB's Accounts.
- 16.15 The External Auditor appointed to the IJB, will be required to submit an annual report to the IJB's Audit, Risk and Scrutiny Committee.
- 16.16 In order to carry out their functions in full the External Auditor will be given access to:
- All records, assets, personnel and premises, including those of partner organisations where it relates to their business with the IJB;
 - All records, documents and correspondence relating to any financial and other transactions of the IJB and those of partner organisations where it relates to their business with the IJB; and
 - Require and receive such explanations as are necessary concerning any matter under examination.

17. Risk Management and Insurance

Responsibility for Insurance and Risk

- 17.1 The IJB, while being a legal entity in its own right, has neither replaced nor assumed the rights or responsibilities of either Renfrewshire Council or NHSGGC as the employers of the staff delivering integrated services; or for the operation of buildings or services under the operational remit of those staff. Renfrewshire Council and NHSGGC will 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 functions themselves that each has delegated to the IJB.
- 17.2 The IJB will make appropriate insurance arrangements for all activities of the IJB in accordance with the risk management strategy.
- 17.3 The Chief Officer will arrange, taking such specialist advice as may be necessary, that adequate insurance cover is obtained for all normal insurable risks arising from the activities of the IJB for which it is the general custom to insure. This will include the provision of appropriate insurance in respect of members of the IJB acting in a decision-making capacity.
- 17.4 The Chief Officer is responsible for ensuring that there are adequate systems in place for the prompt notification in writing to the Chief Finance Officer of any loss, liability, damage or injury which may give rise to a claim, by or against the IJB.
- 17.5 The NHSGGC Director of Finance and Director of Finance and Resources of Renfrewshire Council will ensure that the Chief Officer has access to professional support and advice in respect of risk management.

Indemnity Insurance / Clinical and Medical Negligence

- 17.6 The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding IJB Board member and officer responsibilities through the Scottish Government CNORIS scheme. Renfrewshire Council and NHSGGC have responsibility for claims in respect of the services for which they are statutorily responsible and that they provide.
- 17.7 Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB's participation in the Scheme is, therefore, analogous to normal insurance arrangements.

Risk Strategy and Risk Register

- 17.8 The Chief Officer will be responsible for establishing the IJB risk strategy and profile and developing the risk reporting arrangements; this will include arrangements for a risk register. The Risk Management strategy will be approved by the IJB Audit, Risk and Scrutiny Committee.
- 17.9 Renfrewshire Council and NHSGGC will continue to identify and manage within their own risk management arrangements any risks they have retained under the integration arrangements. The partners will continue to report risk management to the existing committees including the impact of the integration arrangements.

Notification of Insurance Claims

- 17.10 The Chief Officer and the Chief Finance Officer will put in place appropriate procedures for the notification and handling of any insurance claims made against the IJB.

18. Economy, Efficiency and Effectiveness (Best Value)

- 18.1 The Chief Officer will ensure that arrangements are in place to maintain control and clear public accountability over the public funds delegated to the IJB. This will apply in respect of:
- the resources delegated to the IJB by Renfrewshire Council and NHSGGC; and
 - the resources paid to Renfrewshire Council and NHSGGC by the IJB for use as directed and set out in the Strategic Plan.
- 18.2 The IJB has a duty to put in place proper arrangements for securing Best Value in the use of resources and delivery of services. There will be a process of strategic planning which will have full board member involvement, in order to establish the systematic identification of priorities and realisation of Best Value in the delivery of services.

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- 18.3 It will be the responsibility of the Chief Officer to deliver the arrangements put in place to secure Best Value and to co-ordinate policy in regard to ensuring that the IJB provides Best Value.
- 18.4 The Chief Officer will be responsible for ensuring implementation of the strategic planning process. Best Value should cover the areas of human resource and physical resource management, commissioning of services, financial management and policy, performance and service delivery process reviews.

19. Grant Funding Applications

- 19.1 Where opportunities arise to attract external funding, relevant officers shall consider the conditions surrounding the funding to ensure they are consistent with the aims and objectives of the IJB and the Strategic Plan.
- 19.2 All grant funding to be secured by the IJB from external bodies is required to receive approval from the Chief Finance Officer prior to an application being made, to ensure financial implications and match funding requirements are considered.
- 19.3 The Chief Finance Officer shall ensure that arrangements are in place to:
- receive and properly record such income in the accounts;
 - ensure the audit and accounting arrangements are met; and
 - ensure the funding requirements are considered prior to entering into any agreements.

20. Board Members' Expenses

- 20.1 Payment of voting Board Members' allowances will be the responsibility of the Members' individual Council or Health Board, and, will be made in accordance with their own Schemes.
- 20.2 Members are entitled to payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on the IJB's agreed expenses claim form (Appendix 2) and as far as practicable to provide receipts in support of any expenses claimed.
- 20.3 Non-voting members of the IJB will be entitled to payment of travel and other expenses, such as the cost of replacement care where they have caring responsibilities. Non-voting members are required to submit claims on the IJB's agreed expenses claim form and as far as practicable to provide receipts in support of any expenses claimed. The costs relating to expenses incurred by the non-voting members of the IJB will be shared equally by Renfrewshire Council and NHS GGC.
- 20.4 The Chief Finance Officer will ensure that a record is maintained of all expenses paid under the Scheme, detailing name, amount and nature of payment.

21. Reserves Policy

- 21.1 Section 106 of the Local Government (Scotland) Act 1973 as amended, and, The Public Bodies (Joint Working) (Scotland) Act 2014 empower the IJB to hold reserves which must be accounted for in the financial accounts and records of the IJB.
- 21.2 A policy on reserves has been prepared by the Chief Finance Officer and was approved by the IJB. The policy is reviewed regularly as part of the medium-term financial strategy process. The approved reserves policy and strategy includes the level of reserves required and their purpose. The level of reserves held by the IJB is subject to ongoing review dependent on the financial position of the IJB.

22. VAT

- 22.1 HMRC have confirmed that there is no VAT registration requirement for IJBs under the VAT act 1994 as it will not be delivering any services that fall within the scope of VAT.
- 22.2 Should the activities of the IJB change in time and it becomes empowered to provide services, then it is essential the VAT treatment of any future activities or services delivered are considered in detail by the Chief Finance Officer to establish if there is a legal requirement for the IJBs to register for VAT.
- 22.3 The Chief Officer and Chief Finance Officer must remain cognisant of possible VAT implications arising from the delivery of the Strategic Plan. The Partner organisations should be consulted in early course on proposals which may have VAT related implications for them.

The Role of the CFO

The Chief Finance Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must have access to appropriate financial information and analysis.

Core CFO responsibilities:

Developing and implementing organisational strategy :

- Contributing to the effective leadership of the authority, maintaining focus on its purpose and vision through rigorous analysis and challenge.
- Contributing to the effective corporate management of the authority, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.
- Supporting the effective governance of the authority through development of corporate governance arrangements, risk management and reporting framework; and
- Leading development of a medium-term financial strategy and the annual budgeting process for the IJB to ensure financial balance and a monitoring process to ensure its delivery.

Responsibility for financial strategy:

- Agreeing the financial framework with sponsoring organisations and planning delivery against the defined strategic and operational criteria.
- Maintaining a long-term financial strategy to underpin the authority's financial viability within the agreed performance framework.
- Implementing financial management policies to underpin sustainable long-term financial health and reviewing performance against them.
- Co-ordinating the planning and budgeting processes.

Influencing decision making:

- Ensuring that opportunities and risks are fully considered, decisions are aligned with the overall financial strategy and appropriate briefings are provided to the IJB.
- Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions. (This will require a strong working relationship with Directors of Finance and related Chief Financial Officers).
- Ensuring that clear, timely, accurate advice is provided to the Chief Officer/IJB in setting the funding plan/budget.
- Ensuring that advice is provided to the scrutiny function in considering the funding plan/budget.

Financial information for decision makers:

-
- Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.
 - Responsibility for the consolidation of appropriate management accounts information received from Health Board and Local Authority.
 - Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.

Value for money:

- Challenging and supporting decision makers, especially on affordability and Best Value, by ensuring policy and operational proposals with financial implications are signed off by the finance function.
- Reporting to the IJB on the efficiency programmes being delivered within the Operational Units
- Co-ordinating appropriate Benchmarking Exercises.

Safeguarding public money:

- Implementing effective systems of internal control that include standing financial instructions.
- Ensuring that the authority has put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.
- Ensuring that delegated financial authorities are respected.
- Promoting arrangements to identify and manage key business risks, risk mitigation and insurance.
- Implementing appropriate measures to prevent and detect fraud and corruption.
- Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.

Assurance and scrutiny:

- Reporting performance of both the authority and its partnerships to the board and other parties as required.
- Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance is accurate, clear, relevant, robust and objective.
- Supporting and advising the Audit Committee and relevant scrutiny groups. This now needs to include a review of the Statement of Internal Controls.
- Ensuring that clear, timely, accurate advice is provided to the Chief Officer/ IJB and the scrutiny functions on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.
- Ensuring that the financial statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.
- Certifying the annual statement of accounts.
- Ensuring that arrangements are in place so that other accounts and grant claims (including those where the authority is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes
- Liaising with the external auditor.

Leading and Directing the Finance Function: - arrangements will depend on local agreement

- To receive assurance from Directors of Finance that efficient and effective professional services from the finance staff in both Health and Local Authorities is being delivered.

-
- Identifying and equipping managers and the Leadership Team with the financial competencies and expertise needed to manage the business both currently and in the future.



NHS GREATER GLASGOW & CLYDE
CLAIM FOR EXPENSES INCURRED IN ATTENDING
RENFREWSHIRE INTEGRATION JOINT BOARD (IJB)
(NON-EMPLOYEES)

Name _____
 Address _____

Details and location of meetings attended

Date Attended	Details of Journey (including names of any passengers)	Travelling Expenses			
		Mileage	Passenger Mileage	Public Transport Expenses	Parking Fees Tolls etc
TOTAL					

CERTIFICATION	AMOUNT CLAIMED	
I declare that the allowances claimed were incurred solely on journeys in the service of the NHS.	Public Transport Expenses	<input type="text"/>
Signature _____	Other Transport Expenses	<input type="text"/>
Date _____	Mileage	Miles @ 24p <small>(public transport/commuting rate)</small>
I certify that the above journeys and associated expense were necessarily incurred in the interest of the NHS.	Passenger Mileage	Miles @ 2p
Certified _____		
Designation _____	Total	<input type="text"/>
Financial Code <u>G69839</u>		

Please return completed form to:

James Higgins
 Renfrewshire HSCP
 Renfrewshire House
 Cotton Street
 Paisley
 PA1 1AL



Renfrewshire IJB Reserves Policy June 2020

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1. Background

- 1.1 To assist Local Authorities (and similar bodies) in developing a framework for reserves, CIPFA have issued guidance in the form of the Local Authority Accounting Panel (LAAP) Bulletin 99 – Local Authority Reserves and Balances. This guidance outlines the framework for reserves, the purpose of reserves and some key issues to be considered when determining an appropriate level of reserves. As the Integration Joint Board (IJB) has the same legal status as a Local Authority, i.e. a section 106 body under the Local Government (Scotland) 1973 Act, and, is classified as a local government body for accounts purposes by the Office of National Statistics (ONS), it is able to hold reserves which should be accounted for in the financial accounts and records of the IJB.
- 1.2 Section 106 of the Local Government (Scotland) Act 1973 as amended, empowers the IJB to hold reserves which must be accounted for in the financial accounts and records of the IJB.
- 1.3 In line with national guidance and good financial governance, this Reserves Policy establishes a framework within which decisions will be made regarding the level of reserves held by the IJB, and the purposes for which they will be maintained and used. Reserves will be subject to ongoing review dependent on the financial position of the partnership.

2. Purpose

- 2.1 The purpose of this Reserves Policy is to:
- Outline the legislative and regulatory framework underpinning the creation, use or assessment of the adequacy of reserves;
 - Explain the purpose of holding a reserve;
 - Identify the principles to be employed by the IJB in assessing the adequacy of the IJB's reserves;
 - The role of the Chief Finance Officer with regards to reserves; and
 - Set out arrangements relating to the creation, amendment and use of the reserves and balances.

3. Statutory / Regulatory Framework for Reserves

- 3.1 The IJB may only hold reserves for which there is a regulatory power to do so. In Scotland, the legislative framework which allows the IJB to hold reserves is as follows:

Usable Reserve

General Reserves
Repair and Renewals Reserves

Powers

Local Government Scotland Act 1973
Local Government Scotland Act 1975

- 3.2 The IJB is entitled to hold reserves in order to meet the needs of the partnership. These are classified as either usable or unusable.
- 3.3 A usable reserve represents resources which the IJB can use for the delivery of services, and, cannot be used to provide services or for day to day running costs. Each usable reserve may have different restrictions upon its potential use, dependent upon both legislation and decisions by the IJB. In common with local authorities, the IJB can have reserves within a usable category.
- 3.4 As the IJB does not have any capital assets of its own, it can only currently hold two types of reserve – a General Fund and a Renewal and Repair Fund. This position will change if the IJB holds capital assets in the future:

- **General Fund** – this type of reserve has no specific purpose other than, as a contingency fund, to cushion the organisation’s finances against any unexpected short-term problems in cash flow. It can also be used as a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.
 - **Earmarked Reserves** - are intended to fund specific commitments at a relevant point in the future. They remain an important mechanism which will allow the IJB to manage available resources on a flexible basis between financial years and over the medium and longer term, ensuring that the IJB appropriately plans for its financial commitments over the long term and that the application of financial resources are driven by decisions underpinned by best value and which best support the IJB to achieve its strategic objectives. In Scotland, under Local Government rules, the IJB cannot have a separate Earmarked Reserve within the Balance Sheet but can highlight elements of the General Reserve balance required for specific purposes. For each earmarked reserve the following should be applied and reported:
 - the reason/purpose of the reserve;
 - how and when the reserve can be used; and
 - a process and timescale for review of the reserve to ensure continuing relevance and adequacy.
- **Renewal & Repair Fund** – this type of reserve is earmarked to renew and/or repair capital items.

4. Use of Reserves and Role of Chief Finance Officer

- 4.1 The Chief Finance Officer is responsible for ensuring that Reserve Funds are maintained and used only as described in this policy. Upon approval of the use of the funds the Chief Finance Officer will maintain records of the use of funds and plan for replenishment. The Chief Finance Officer will ensure, where possible, the fund is maintained at a level considered prudent to mitigate financial risk and provide regular reports to the IJB on balances held in the fund.
- 4.2 Authority for the draw-down of IJB Reserve Funds has been delegated to the Chief Finance Officer by the IJB, up to a maximum of £500,000 in consultation with the Chief Officer, Chair and or Vice Chair of the IJB. The draw-down of any reserve balances will be reported to the IJB at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds and where possible plans for replenishment to restore the level of reserves.
- 4.3 The Chief Finance Officer will annually discuss what additional risk factors might be considered for the IJB and the impact of budgeting on general reserve levels.
- 4.4 This policy will be reviewed by the Chief Finance Officer where requested by the IJB or more frequently if warranted by internal or external events or changes. Changes to the policy will be recommended by the Chief Finance Officer to the IJB.
- 4.5 The Chief Finance Officer is responsible for advising on the targeted optimum levels of reserves the IJB would aim to hold. The IJB, based on this advice, should then approve the appropriate level of reserves as part of the annual budget setting process, depending on the resources available.

5. Adequacy of Reserves

- 5.1 There is no guidance on the minimum level of reserves that should be held. In determining the level of reserves to be held, the Chief Finance Officer must take account of the strategic, operational and financial risks facing the IJB over the medium term and the IJB’s overall approach to risk management.

- 5.2 In light of the size and scale of the IJB's responsibilities, over the medium term, it is considered that it would be an aspiration to achieve a level of general reserves which represents approximately 2% of the net budget of the IJB. This will be in addition to any identified ear marked reserves which are excluded from this calculation. The % to be held will be dependent on the year end position and ability at that time to transfer monies into a reserve for future use.
- 5.3 This value of reserves will be reviewed annually as part of the IJB Budget and Strategic Plan; and depending on the financial environment at that time. The level of other earmarked funds will be established as part of the annual financial accounting process.
- 5.4 The proposed 2% is an optimum level of reserves to be built up over time, recognising prudent financial planning and budgetary constraints.

6. Reporting Framework

- 6.1 The Chief Finance Officer has a fiduciary duty to ensure proper stewardship of public funds.
- 6.2 The level and utilisation of reserves will be formally approved by the IJB based on the advice of the Chief Finance Officer. To enable the IJB to reach a decision, the Chief Finance Officer should clearly state the factors that influenced this advice.
- 6.3 As part of the budget report the Chief Finance Officer should state:
- the current value of the Reserve Funds, the movement proposed during the year and the estimated year-end balance and the extent that balances are being used to fund recurrent expenditure;
 - the adequacy of general reserves in light of the IJB's medium-term financial strategy and the overall financial environment;
 - an assessment of earmarked reserves and advice on appropriate levels and movements during the year and over the medium term; and
 - inf the reserves held are under the prudential target, the IJB should consider actions to meet the target through the annual budget setting process.

7. Accounting and Disclosure

- 7.1 As part of the Annual Accounts for the IJB, a Movement in Reserves Statement and a description of the purpose of the statement, either in the explanatory fore note or on the face of the statement (or both) will be included.
- 7.2 Expenditure should not be charged directly to any reserve. Any movement within Revenue Reserves is accounted for as an appropriation and is transparent. Entries within a reserve are specifically restricted to 'contributions to and from the revenue account' with expenditure charged to the service revenue account.

8. Risk Sharing

- 8.1 It is the responsibility of the IJB to identify and address its operational and financial risks and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the IJB's overall approach to risk management.
- 8.2 Part of the management process involves taking appropriate action to mitigate or remove risks, where this is possible. This in turn may lead to a lower level of reserves being required, and it would be appropriate to reduce the levels of balances held where appropriate action to mitigate or remove risks has been successfully undertaken. (LAAP Bulletin 99)

- 8.3 The assessment of risks will include external risks, such as a legislative change, as well as internal risks, for example, the ability to deliver planned efficiency savings.
- 8.4 In line with national guidance, financial risk will be managed through the financial management process and the use of reserves.
- 8.5 In order to assess the adequacy of reserves when setting the budget, the Chief Finance Officer will take account of the strategic, operational and financial risks facing the IJB.