NORTH AYRSHIRE
INTEGRATION JOINT BOARD
(North Ayrshire Health and Social Care Partnership)

Annual Accounts 2016/17
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Introduction

This publication contains the financial statements for the second year of North Ayrshire Integration Joint Board (IJB) for the year ended 31 March 2017.

The Management Commentary outlines the key messages in relation to the IJB’s financial planning and performance for the year 2016/17 and how this has supported delivery of the IJB’s strategic priorities. This commentary also looks forward, outlining the future financial plans for the IJB and the challenges and risks that we will face as we strive to meet the needs of the people of North Ayrshire.

North Ayrshire IJB

Each of the three Ayrshire health and social care partnerships established their Integration Joint Boards on 1 April 2015. The IJB’s purpose is to improve the health and wellbeing of local people, create support within our communities and deliver joined-up care pathways for people who use health and social care services, particularly those who have complex care needs.

North Ayrshire Health and Social Care Partnership is the name given to the service delivery organisation for functions which have been delegated to the Integration Joint Board.

North Ayrshire is home to 136,000 people and covers an area of 340 square miles and includes the islands of Arran, Great Cumbrae and Little Cumbrae. The area provides a number of opportunities for those who live and work here. However we also face a number of significant challenges as North Ayrshire is one of the most deprived areas of Scotland. We have high levels of unemployment, significant number of people on low income and almost a third of our children live in poverty.

We know that the population of North Ayrshire is expected to fall over the next 10 years, and we expect that there will be fewer people aged 65 and under, reducing the number of working age adults. We also expect that the number of people aged 65+ will increase by 20%, with the highest increase (38%) in those aged 75 or over.

North Ayrshire Health and Social Care Partnership is facing significant challenges.

In 2016 the Partnership launched a refreshed Strategic Plan which outlines our ambitions for 2016 – 2018. The Strategic Plan sets the key strategic priorities which will ensure that we deliver our vision. It seeks to address the increasing health inequalities in North Ayrshire and focuses on improving the efficiency and quality of the services being provided, putting individuals, families and communities at the heart of the plan.

The vision of the North Ayrshire Health and Social Care Partnership (NAHSCP) is:

‘All people who live in North Ayrshire are able to have a safe, healthy and active life’

This vision is supported by five strategic priorities. The Partnership has worked hard during 2016/17 to deliver these priorities.

Exhibit 1: Priorities
North Ayrshire Council and NHS Ayrshire & Arran delegate responsibility for the planning of Services to the IJB. The IJB commissions services from North Ayrshire Council and NHS Ayrshire & Arran and is responsible for the operational oversight of Integrated Services. The Chief Officer is responsible for the operational management of Integrated Services.

The Chief Officer is supported by the Heads of Service for each service area and the senior management team.

Exhibit 2: Structure

The IJB Strategic Plan is supported by a variety of service strategies, investment and management plans that aid day to day service delivery. These plans and strategies identify what the IJB wants to achieve, how it will deliver it and the resources required to secure the desired outcome. The Strategic Plan also works to support the North Ayrshire Community Planning Partnership’s Single Outcome Agreement, the NHS Ayrshire & Arran Local Delivery Plan and delivery of the nine National Health and Wellbeing Outcomes set by the Scottish Government. This is vital to ensure that our limited resources are targeted in a way that makes a significant contribution to our priorities.

The Financial Plan

Strong financial planning and management underpins everything that we do to ensure that our limited resources are targeted to maximise the contribution to our objectives. The ability to plan based on the totality of resources across the health and care system to meet the needs of local people is one of the hallmarks of integrated care. Medium term financial planning is key to supporting this process and identifying the transformation which is required to provide sustainable services to the local community over the medium term.

In 2016/17 the IJB developed a Medium Term Financial Plan (MTFP) which is key to supporting the delivery of the strategic plan. It sets out our plans to start to deliver a shift in care from a hospital setting to a community setting within the resources available.

Organisational Performance

Why make changes if you cannot see the difference made? Changes to services have to make a difference to people’s lives and in North Ayrshire Health and Social Care Partnership we continually monitor our services and report and review them in various ways.

It is important that we report the right level of performance information at the right level of the organisation. In all of our performance monitoring and reporting, we show trend over time, where we are against target and how we compare with other geographical areas, where available. We monitor against all the agreed national indicators, including Local Government Benchmark Framework (LGBF), the NHS’ Local Delivery Plan HEAT targets, HSCP national indicators, as well as a range of local defined measures. All reports comprise of a series of key performance indicators and key actions, which link directly back to our strategic plan. Where an indicator or action are off-track, a commentary is provided on steps being taken to improve performance.

Performance is reported at a number of levels within the organisation including reports to the
Partnership’s Performance and Audit Committee, the IJB and ASPIRE (All Service Performance, Information, Review and Evaluation) reviews within each service area. We will produce our second Annual Performance Report in August 2017, and this will capture the main achievements on 2016/17 and our performance against national outcomes.

The Annual Accounts 2016/17

The Annual Accounts report the financial performance of the IJB. The main purpose is to demonstrate the stewardship of the public funds that have been entrusted to the IJB for the delivery of its vision and strategic priorities. The requirements governing the format and content of IJBs’ annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Annual Accounts 2016/17 have been prepared in accordance with this Code.

Financial Performance

Financial information is part of this performance management framework with regular reporting of financial performance to the IJB. This section summarises the main elements of our financial performance for 2016/17.

Exhibit 3: Financial Performance 2016/17

<table>
<thead>
<tr>
<th>2015/16 Budget (Fav)</th>
<th>2015/16 Actual (Fav)</th>
<th>Variance (Fav)</th>
<th>2016/17 Budget (Fav)</th>
<th>2016/17 Actual (Fav)</th>
<th>Variance (Fav)</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
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<td>£000</td>
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<td>57,797</td>
<td>57,633</td>
<td>(164)</td>
<td>Community Care &amp; Health</td>
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<td>60,982</td>
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<tr>
<td>67,714</td>
<td>67,864</td>
<td>150</td>
<td>Mental Health</td>
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<td>29,348</td>
<td>31,079</td>
<td>1,731</td>
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<td>47,393</td>
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<td>5,003</td>
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<td>28</td>
<td>Management &amp; Support Costs</td>
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<td>3,168</td>
<td>3,133</td>
<td>(35)</td>
<td>Change Programme</td>
<td>3,458</td>
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<td>435</td>
<td>365</td>
<td>(70)</td>
<td>Lead Partnership &amp; Set Aside</td>
<td>200</td>
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<tr>
<td>210,858</td>
<td>212,967</td>
<td>2,109</td>
<td>TOTAL EXPENDITURE</td>
<td>217,021</td>
<td>220,266</td>
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<tr>
<td>(210,858)</td>
<td>(212,967)</td>
<td>(2,109)</td>
<td>TOTAL INCOME</td>
<td>(217,021)</td>
<td>(217,021)</td>
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<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>NET EXPENDITURE</td>
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<td>3,245</td>
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Partnership Revenue Expenditure 2016/17

During 2016/17 the partnership was forecasting a projected overspend of £5.351m, across a range of services reflecting high levels of demand for services, the impact of absence on service delivery and the non delivery of savings.

The IJB approved a recovery plan which resulted in a reduction in this overspend to £3.245m at 31 March 2017. The mitigation put in place to reduce this overspend included:

- Tighter absence management arrangements;
- wait listing for services;
- applying eligibility criteria; and
- securing additional funding from partners.

Partnership services experienced continued demand growth, particularly in Community Care for Older People and Children and Families which led to in year overspends on commissioned services against the original approved 2016/17 funding. Unachieved savings also contributed to the overspend particularly within Learning Disability services.

Exhibit 3 details performance by IJB service for 2016/17.
A number of services experienced significant in-year budget pressures during 2016/17:

**Community Care and Health – Overspend of £1.318m** - The overspend mainly relates to demand in Care Homes, Respite and Care at Home. Care at home experienced a 30% increase in demand and service users had to be waitlisted.

**Mental Health Services – Overspend of £0.792m**
This overspend is within Community Packages and Direct Payments within Learning Disability and reflects current packages commissioned. Part of the overspend (£0.251m) is linked to the non-delivery of savings in 2016/17.

**Children Services and Criminal Justice – Overspend of £1.262m** - This overspend is mainly within Children’s Services and reflects an increased requirement to place children within Residential Schools.

**Lead Partnership**
Each of the three Ayrshire IJBs reported a balanced position on their lead/hosted service. This position was achieved by a range of actions including vacancy management; additional funding from NHS Ayrshire & Arran, application of non-recurring funding and consideration of how cost reduction targets would be met. The specific approach in each partnership was agreed by the relevant IJB.

**Set Aside Budget**
Exhibit 3 on page 4 reflects the budget managed by the IJB during the year, and excludes the Large Hospital Set Aside Budget of £23.406m which was allocated at the end of the year to the IJB. It also excludes the net impact of Lead Partnership services of £0.611m. This is the difference between what NAHSCCP charges to South and East for the Lead Partnership services it provides on their behalf and what South and East charge us for the Lead Partnership services they provide on our behalf. These are both reflected within the Accounts on Page 20.

The deficit of £3.245m relates primarily to social care and will be carried forward and is required to be recovered by the IJB.

The Integration Scheme outlines the roles and responsibilities of the partners and the IJB in respect of overspends. In the case of a forecast overspend a recovery plan should be developed and if it is not successful the Partners can consider making interim funds available with potential repayment in future years.

Although all of the overspend was on social care, application of the Integration Scheme to the £3.245m deficit would share the overspend as £2.607m for North Ayrshire Council and £0.638m for NHS Ayrshire & Arran. Both partners have confirmed that no further funding will be made available in respect of 2016/17.

Strong financial leadership will be required to ensure that future spend is contained within the budget resources available. A number of areas have been implemented or are programmed including:

- Refresh of the Medium Term Financial Plan (MTFP) in 2017/18;
- robust financial management arrangements;
- review of thresholds to manage demand within budget available; the budget approved for 2017/18 reflects additional investment to ensure resources are targeted at areas of greatest need including £1.5m in community care and health and residential schools;
- learning disability services are targeted for a fundamental review in 2017/18 to bring spend back within the budget set;
- a recovery plan for Mental Health was approved by the IJB on 16 March 2017 as part of the 2017/18 budget setting; and
- residential School Placements are also being targeted in 2017/18 via Challenge Fund investment to increase early intervention work within specific schools to reduce and prevent further placements.

**Financial Outlook, Risks and Plans for the Future**
In December 2016, the Scottish Government published the Health and Social Care Delivery
Plan which sets out the programme for further enhancing health and social care services. Critical to this is shifting the balance of where care and support is delivered from hospital to community care settings, and to individual homes when that is the best thing to do. This provides a clear impetus to the wider goal of 50% of the health budget being spent in the community by 2021.

In March 2017 the IJB approved a Medium Term Financial Plan which sets out the financial challenges facing the partnership.

The Medium Term Financial Plan;

- Provides the financial context for the Partnership;
- informs current and future decisions including where we start to shift the balance of care; and
- outlines a high level plan to start to bridge the financial gaps which have been identified moving forward.

North Ayrshire Council, working with the Partnership, has established a Challenge Fund which will be accessed by the Partnership to undertake transformation projects. This fund will deliver £4m of investment targeted at transforming the way in which services are delivered. It will be used to pilot new models for delivery which will seek to deliver innovative services for the local community, within a community setting, whilst also delivering a service which is financially sustainable moving forward.

The 2016/17 overspend will require to be recovered by the IJB and this will be reflected in the updated Medium Term Financial Plan which will be published during 2017/18. Plans are already in place to commence recovery in 2017/18. The partnership will continue to face high levels of demand for services, however, it is fundamental that services are commissioned within the resources made available and this will be the highest priority during 2017/18.

Although the UK economy has continued to demonstrate positive growth levels over the first part of 2017, this has been at a lower rate than previously anticipated. Consumer spending has slowed as a result of increasing inflation which has seen the Consumer Price Index exceed the Bank of England’s Monetary Policy Committee’s target of 2% in both February and March 2017, significantly eroding the purchasing power of the IJB’s budgets. In addition to this, pressure continues on public sector expenditure at a UK and Scottish level with significant reductions in government funding experienced for 2017/18 and further reductions anticipated for 2018/19 and 2019/20. In addition to economic performance, other factors which will influence the availability of funding for IJBs include financial powers arising from the Scotland Act 2012, the impact of welfare reforms and UK and Scottish Governments’ policies and the demographic challenges that North Ayrshire is facing.

Significant challenges remain moving forward. The most significant risks faced by the IJB over the medium to longer term can be summarised as follows:

- Impact of Budgetary Pressures on Service Users – pressures on funding could lead to service user assessed needs being unmet, resulting in NAHSCP being unable to fulfil its Statutory Duty;
- Infrastructure – delays in the implementation of an ICT Strategy leading to non-robust and inefficient information recording and sharing resulting in inefficient business models and duplication of effort;
- Culture and Practice - failure to embed the appropriate culture, standards and positive behaviours of staff across the partnership leading to failure in transforming the way we work resulting in not achieving the required transformational changes to move services forward;
- Delivery of the Change Programme - failure to join services together efficiently will result in an inefficient use of resources, lack of sustainability, delivery of poor quality services for users/patient and a failure to have teams meet our Partnership values;
- Governance - failure to comply with governance requirements such as Freedom of Information, Complaints and
other regulations laid down within the Public Bodies (Scotland) Act. This could lead to a breach of specific regulations resulting in enforcement action from governing bodies, adverse public reaction and/or prosecution;

- Procurement - failure to adequately plan for the procurement of services leading to a breakdown in the procurement process resulting in non-adherence to partner organisation Standing Orders, potential legal challenge, negative service user experience and uncertainty about achieving value for money;

- Demography and Inequality Pressures - failure to adequately plan for and respond to changes in our population profile and in the levels of poverty in North Ayrshire will result in more people experiencing higher levels of physical and mental ill health, resulting in increasing demand on services, and an inability of services to provide adequate care.

These risks mean that money is tighter than ever before. It is therefore crucial that we focus on early intervention, prevention and recovery if we are to work within the total annual partnership budget of just over £200m.

Moving into 2017/18, we are working to proactively address the funding challenges presented while, at the same time, providing services for the residents of North Ayrshire.

We have well established plans for the future, and the IJB Strategic Plan was updated during 2016/17. A new 3 year plan will be available in April 2018. The plan sets out our ambitions and priorities and how we will work with our local communities and partners to achieve them.

The Strategic Plan links closely to the vision of the North Ayrshire Community Planning Partnership and the Single Outcome Agreement and is underpinned by an annual action plan and performance indicators. Regular progress reports on the delivery of the Strategic Plan are provided to the Performance and Audit Committee and the IJB.

Conclusion

The second year as an integrated Health and Social Care Partnership has been both challenging and rewarding.

We have begun to see some of the benefits of integrated system working for example in supporting older people to remain at home or get home from hospital as soon as possible.

Our significant change programme continues with highlights including:

- The purchase of Red Cross House to enable the development of Learning Disability and Mental Health Services;
- a Rapid Response Pilot with the Scottish Ambulance Service to reduce the number of hospital admissions for older people;
- the expansion of Café Solace into Irvine;
- mental Health professional staff based in Ayrshire College, Kilwinning campus;
- TCAT project – Transforming Care After Treatment in partnership with Macmillan Cancer Support;
- the publication of Getting it Right for You – North Ayrshire Children’s Services Plan;
- launch of redesigned service - Brooksby Health and Therapy Team;
- Beechview Health and Therapy Team – launch of redesigned service;
- Care at Home – awarded 5 stars by Care Inspectorate;
- progression of the New Models of Care for Older People and those with Complex Needs;
- the introduction of the North Ayrshire Carers Appreciation Card;
- The Untitled ‘Bad Entertainment’ Exhibition with National Galleries Scotland opened in Harbour Arts Centre, Irvine;
- Family Nurse Partnership – first cohort graduation;
- Funky Films launched;
- Partnership Staff Awards;
- Mental Health Participatory Budgeting; and
- Local Connections, Better Outcomes – six locality staff events.
Our financial position presents us with a number of challenges, however we are clear that the deficit will need to be recovered over the medium term to deliver financial sustainability for the Partnership and plans for this are currently being developed.

It has been a busy but fruitful year, the pace of change is challenging so, while the potential for improvement over the next few months is significant, we will need to ensure plans are staged to ensure sustainability.

Where to find more information

If you would like more information on IJB strategies, plans and policies and our performance and spending, please refer to the following websites.

www.north-ayrshire.gov.uk/council/strategies-plans-and-policies
www.north-ayrshire.gov.uk/council/performance-and-spending

Stephen Brown
Interim Chief Officer
14 September 2017

Stephen McKenzie
IJB Chair
14 September 2017

Margaret Hogg
Chief Financial Officer
14 September 2017
Responsibilities of the IJB

The IJB is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief financial officer.

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland act 2003); and.

- approve the Annual Accounts.

I confirm that the unaudited Annual Accounts were approved for signature at a meeting of the IJB on 22 June 2017.

Stephen McKenzie
IJB Chair
14 September 2017
Responsibilities of the Chief Financial Officer

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

In preparing the Annual Accounts, the chief financial officer has;

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Code (in so far as it is compatible with legislation).

The chief financial officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the financial statements give a true and fair view of the financial position of the North Ayrshire IJB as at 31 March 2017 and the transactions for the year then ended.

Margaret Hogg
Chief Financial Officer
14 September 2017
Annual Governance Statement


Scope of Responsibility

North Ayrshire IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The IJB is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes the system of internal control. Reliance is placed on these controls which are designed to manage risk to a reasonable level, but cannot eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable but not absolute assurance of effectiveness.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the IJB is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the IJB to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of North Ayrshire IJB’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework

The main features of the governance framework that was in place during 2016/17 are summarised below:

• The IJB, comprising all IJB Board members, was the key decision making body. The Performance and Audit Committee considered all matters in relation to Internal and External Audit, Risk Management and Performance;

• Strategic decision-making is governed by the IJB’s key constitutional documents including the Integration Scheme, standing orders, scheme of administration, scheme of delegation to officers and financial regulations;

• The Integration Scheme sets out financial contributions by partners to Integration Joint Boards. This includes the Health Board and Council each considering funding their pay cost pressures and contracted inflation with shared responsibility for demographic cost pressures. In 2016/17, the Scottish Government funded £250 million of social care cost pressures through Health Boards;

• The IJB’s purpose and vision are outlined in the IJB Strategic Plan which links closely to the vision of the North Ayrshire Community Planning Partnership and the Single Outcome Agreement and is underpinned by an annual
action plan and performance indicators. Regular progress reports on the delivery of the Strategic Plan were provided to the Performance and Audit Committee and the IJB;

- The Performance Management Strategy focuses very firmly on embedding a performance management culture throughout the IJB. Regular reporting to Board Members takes place;
- The IJB has adopted a 'Code of Conduct' for all of its Board Members and employees, a register of interests is in place for all Board members and senior officers;
- The IJB has in place a development programme for all Board Members. Development programmes are also in place for the Senior Management Team and senior managers across the Partnership. Performance and Personal Development (PPD) schemes are in place for all staff, the aim of which is to focus all staff on their performance and development that contributes towards achieving service objectives;
- The IJB has established six locality planning forums, reflecting the previously agreed local planning areas. These provide Board Members, health and social care staff and local community representatives with the opportunity to be involved in considering the priorities for each area; and
- A Change Programme Board, chaired by the Chief Officer and with senior representation from all IJB services as well as third and independent sector partners, has oversight of all the IJB’s significant transformation projects.

The governance framework was in place during the year ended 31 March 2017.

The System of Internal Financial Control
The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of these systems is undertaken by NHS Ayrshire & Arran and North Ayrshire Council as part of the operational delivery of the Health and Social Care Partnership. In particular, these systems include:

- Financial regulations and codes of financial practice;
- comprehensive budgeting systems;
- regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- formal project management disciplines.

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

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

The Chief Internal Auditor reports directly to the IJB Performance and Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Performance and Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports were made to the IJB’s Performance and Audit Committee during 2016/17.

The internal audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2016/17, the service operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards.
The Chief Internal Auditor is responsible for forming an annual opinion on the adequacy and effectiveness of the systems of internal control.

It is the opinion of the Chief Internal Auditor that the systems of internal control relied upon by the IJB continue to provide reasonable assurance against loss.

Governance Developments during 2016/17

The IJB Strategic Plan 2015-2018 was reviewed and refreshed at its mid-point. The updated plan was approved in August 2016, renewing the IJB’s commitment to its 5 Strategic Priorities, recognising the importance and opportunity offered by the Locality Forums and focusing on the 4 main change programme themes.

Locality Forums continued to be developed and fully embedded in each of the 6 identified locality areas. These provide a mechanism for communities to influence service planning and feed into the strategic plan.

On 6 September 2016 the IJB agreed the process for making "directions" to North Ayrshire Council and NHS Ayrshire & Arran. The Public Bodies (Joint Working) (Scotland) Act 2014 requires Integration Joint Boards to agree a process to make directions. A direction is an instruction to one or both partners to deliver delegated functions. These are recorded and reviewed within the Governance Team of the Health and Social Care Partnership (HSCP).

The IJB approved a Risk Management Strategy in December 2016 and a Strategic Risk Register in March 2017.

A Health and Care Governance Framework was agreed by the IJB on 9 March 2017. This also covers governance arrangements in relation to complaints and customer feedback, risk management, health and safety, Internal Audit, workforce planning and public protection.

A Change programme is in place, covering four main themes of building teams around children, developing a wider range of primary care services, supporting older people and people with complex care needs and creating mental health and learning disability services to better support people to stay well.

A Medium term financial plan for the period 2017 to 2020 was presented to the IJB in March 2017. This included approval of the 2017-18 budget and an overview of the position for 2018 to 2020.

The IJB approved the Community Planning Partnership’s Inequalities Strategy – “Fair for All”.

The Head of Democratic Services at North Ayrshire Council was appointed as the IJB’s Standards Officer.

The IJB endorsed its first Annual Performance Report at the meeting in August 2016. This report, covering the first year of the IJB’s operations in 2015/16, outlined the good performance of the Health and Social Care Partnership during its first year of operation and how it delivered against the strategic priorities and the national outcomes.

Further Actions

The IJB has identified the following actions for 2017/18 that will assist with the further strengthening of corporate governance arrangements:

- The Public Records (Scotland) Act 2011 came into force in 2013 and states that named authorities are required to prepare a Records Management Plan (RMP) for the management of the authority’s records, and to submit the plan to the Keeper of the Records of Scotland for agreement. North Ayrshire Integration Joint Board is a named authority under the Act so will be required to prepare and implement a records management plan during 2018;

- risk workshops will be held with each service to improve risk management;

- the 2016/17 overspend will require to be recovered by the IJB and this will be reflected in the updated Medium Term Financial Plan which will be published during 2017/18;

- future refinement of financial management arrangements to assist the partnership monitor its financial performance and
support service delivery within the budgets available.

**Assurance**

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2016/17 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our actions will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

---

Stephen Brown  
Interim Chief Officer  
14 September 2017

Stephen McKenzie  
IJB Chair  
14 September 2017
Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditor to ensure it is consistent with the financial statements.

Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by North Ayrshire Council and NHS Ayrshire & Arran. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair and Vice Chair appointments and any taxable expenses paid by the IJB are shown below.

<table>
<thead>
<tr>
<th>Taxable Expenses 2015/16 £</th>
<th>Name</th>
<th>Post(s) Held</th>
<th>Nominated by</th>
<th>Taxable Expenses 2016/17 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Councillor Anthea Dickson</td>
<td>Chair 1 April 2016 to 30 August 2016</td>
<td>North Ayrshire Council</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>Councillor Peter McNamara</td>
<td>Chair 1 September to 31 March 2017</td>
<td>North Ayrshire Council</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>Stephen McKenzie</td>
<td>Vice Chair 1 April 2016 to 31 March 2017</td>
<td>NHS Ayrshire &amp; Arran</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>Total</td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.
Remuneration: Officers of the IJB

The IJB does not directly employ any staff in its own right, however specific post-holding officers are non-voting members of the Board.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer adheres to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer’s employment are approved by the IJB.

Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

<table>
<thead>
<tr>
<th>Name and Post Title</th>
<th>Salary, fees and allowances</th>
<th>Taxable Expenses</th>
<th>Total Remuneration 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iona Colvin, Chief Officer</td>
<td>105,848</td>
<td>0</td>
<td>105,848</td>
</tr>
<tr>
<td>Margaret Hogg, Chief Finance Officer</td>
<td>4,863</td>
<td>0</td>
<td>4,863*</td>
</tr>
<tr>
<td>Lesley Aird, Chief Finance Officer</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

* This relates solely to the post of Chief Finance Officer. Margaret Hogg is remunerated separately by North Ayrshire Council for the post of Head of Finance.

In respect of officers’ pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB’s funding during the year to support officers’ pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer’s own contributions.
### In Year Pension Contributions

<table>
<thead>
<tr>
<th>Name and Position</th>
<th>For Year to 31/3/16 £</th>
<th>For Year to 31/3/17 £</th>
<th>Difference from 31/3/16 £</th>
<th>As at 31/3/17 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iona Colvin, Chief Officer from April 2016 to March 2017</td>
<td>20,226</td>
<td>20,429</td>
<td>Pension 2,641</td>
<td>48,655</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lump Sum 1,002</td>
<td>101,190</td>
</tr>
<tr>
<td>Margaret Hogg, Chief Finance Officer from April 2016 to March 2017</td>
<td>10,605</td>
<td>16,405</td>
<td>Pension 11,580</td>
<td>30,242</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lump Sum 20,226</td>
<td>56,366</td>
</tr>
</tbody>
</table>

### Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

<table>
<thead>
<tr>
<th>Number of Employees in Band 2015/16</th>
<th>Remuneration Band</th>
<th>Number of Employees in Band 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>£100,000-£104,999</td>
<td>0</td>
</tr>
<tr>
<td>0</td>
<td>£105,000-£109,999</td>
<td>1</td>
</tr>
</tbody>
</table>

### Exit Packages

There were no exit packages during 2016/17.

---

Stephen Brown  
Interim Chief Officer  
14 September 2017

Stephen McKenzie  
IJB Chair  
14 September 2017
Independent auditor’s report to the members of North Ayrshire Integration Joint Board and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of North Ayrshire Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the body as at 31 March 2017 and of its deficit on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require us to comply with the Financial Reporting Council’s Ethical Standards for Auditors. 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 Financial Officer; and the overall presentation of the financial statements.

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.
Report on other requirements

Opinions on other prescribed matters

We are required by the Accounts Commission to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

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

110 Queen Street

Glasgow

G1 3BX

United Kingdom

14 September 2017
The Comprehensive Income and Expenditure Statement - this statement shows the cost of providing services for the year according to accepted accounting practices.

<table>
<thead>
<tr>
<th>Gross Expenditure £000</th>
<th>Gross Income £000</th>
<th>Net Expenditure £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>57,633</td>
<td>0</td>
<td>57,633</td>
</tr>
<tr>
<td>23,022</td>
<td>0</td>
<td>23,022</td>
</tr>
<tr>
<td>29,728</td>
<td>0</td>
<td>29,728</td>
</tr>
<tr>
<td>47,862</td>
<td>0</td>
<td>47,862</td>
</tr>
<tr>
<td>5,031</td>
<td>0</td>
<td>5,031</td>
</tr>
<tr>
<td>3,132</td>
<td>0</td>
<td>3,132</td>
</tr>
<tr>
<td>67,343</td>
<td>0</td>
<td>67,343</td>
</tr>
<tr>
<td>233,751</td>
<td>0</td>
<td>233,751</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Expenditure £000</th>
<th>Gross Income £000</th>
<th>Net Expenditure £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>60,960</td>
<td>0</td>
<td>60,960</td>
</tr>
<tr>
<td>25,070</td>
<td>0</td>
<td>25,070</td>
</tr>
<tr>
<td>30,213</td>
<td>0</td>
<td>30,213</td>
</tr>
<tr>
<td>47,929</td>
<td>0</td>
<td>47,929</td>
</tr>
<tr>
<td>5,040</td>
<td>0</td>
<td>5,040</td>
</tr>
<tr>
<td>3,284</td>
<td>0</td>
<td>3,284</td>
</tr>
<tr>
<td>70,565</td>
<td>0</td>
<td>70,565</td>
</tr>
<tr>
<td>243,061</td>
<td>0</td>
<td>243,061</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>North Ayrshire Council Funding</th>
<th>(86,783)</th>
<th>(86,783)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHS Ayrshire &amp; Arran Funding</td>
<td>(146,968)</td>
<td>(146,968)</td>
</tr>
<tr>
<td>TOTAL INCOME</td>
<td>0</td>
<td>(239,816)</td>
</tr>
<tr>
<td>SURPLUS/(DEFICIT)</td>
<td>243,061</td>
<td>(239,816)</td>
</tr>
</tbody>
</table>

There are no statutory or presentation adjustments which affect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently an Expenditure and Funding Analysis is not provided in these annual accounts.

The Movement in Reserves Statement shows the movement in the year on the reserves held by the IJB. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

<table>
<thead>
<tr>
<th>Movement in Reserves During 2016/17</th>
<th>General Fund Balance</th>
<th>Unusable Reserves</th>
<th>Total Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance at 31 March 2016</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Comprehensive Income and Expenditure</td>
<td>(3,245)</td>
<td>0</td>
<td>(3,245)</td>
</tr>
<tr>
<td>Adjustments between accounting basis and funding basis under regulations</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Increase or decrease in 2016/17</td>
<td>(3,245)</td>
<td>0</td>
<td>(3,245)</td>
</tr>
<tr>
<td>Closing Balance as 31 March 2017</td>
<td>(3,245)</td>
<td>0</td>
<td>(3,245)</td>
</tr>
</tbody>
</table>
There are no movement in reserves statement comparatives for 2015/16 as there were no reserves in 2015/16,

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

<table>
<thead>
<tr>
<th>31 March 2016 £000</th>
<th>Notes</th>
<th>31 March 2017 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 - due to North Ayrshire Council</td>
<td>6</td>
<td>(3,245)</td>
</tr>
<tr>
<td>0 Net Assets</td>
<td></td>
<td>(3,245)</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 - IJB General Fund</td>
<td></td>
<td>(3,245)</td>
</tr>
<tr>
<td>0 Total Reserves</td>
<td></td>
<td>(3,245)</td>
</tr>
</tbody>
</table>

The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2017 and its income and expenditure for the year then ended.

The unaudited financial statements were authorised for issue on 22 June 2017 and the audited financial statements will be authorised for issue on 14 September 2017.

Margaret Hogg
Chief Financial Officer
14 September 2017
Note 1 – Significant Accounting Policies

General principles

The Financial Statements summarise the authority’s transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017.

The North Ayrshire IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The 2016/17 annual accounts reflect a deficit position for the IJB. A medium term financial plan has been developed for the IJB. Plans are in place to recover this deficit in medium term.

The historical cost convention has been adopted.

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:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, North Ayrshire Council and NHS Ayrshire & Arran. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in North Ayrshire.
• **Cash and Cash Equivalents**

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a ‘Cash and Cash Equivalent’ figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB’s Balance Sheet.

• **Employee Benefits**

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

• **Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

• **Reserves**

The IJB’s reserves are Usable and there are no Unusable Reserves.

The IJB’s only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can either use or owe in later years to support service provision.

• **Indemnity Insurance**

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Ayrshire & Arran and North Ayrshire Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any ‘shared risk’ exposure from participation in CNORIS (Clinical Negligence and Other Risks Indemnity Scheme). The IJB participation in the CNORIS scheme is therefore equivalent to normal insurance arrangements.
Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the IJB’s Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

**Note 2 - Critical Judgements and Estimation Uncertainty**

The critical judgements made in the Financial Statements relating to complex transactions are:

- The IJB has considered its exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the IJB’s opinion that a transfer of economic benefits will be required, material contingent liabilities would have been disclosed in a note, however, there are no material contingent liabilities.

**Note 3 - Events after the Reporting Period**

The audited Annual Accounts will be authorised for issue by the Chief Financial Officer on 14 September 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**Note 4 - Expenditure and Income Analysis by Nature**

<table>
<thead>
<tr>
<th>Description</th>
<th>2015/16 £000's</th>
<th>2016/17 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services commissioned from North Ayrshire Council</td>
<td>99,048</td>
<td>105,033</td>
</tr>
<tr>
<td>Services commissioned from NHS Ayrshire &amp; Arran</td>
<td>134,686</td>
<td>138,001</td>
</tr>
<tr>
<td>Auditor Fee: External Audit Work</td>
<td>17</td>
<td>27</td>
</tr>
<tr>
<td>Partners Funding Contributions and Non-Specific Grant Income</td>
<td>(233,751)</td>
<td>(239,816)</td>
</tr>
<tr>
<td>Surplus or (Deficit) on the Provision of Services</td>
<td>0</td>
<td>(3,245)</td>
</tr>
</tbody>
</table>
Note 5 - Taxation and Non-Specific Grant Income

<table>
<thead>
<tr>
<th></th>
<th>2015/16 £000's</th>
<th>2016/17 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Contribution from North Ayrshire Council</td>
<td>86,783</td>
<td>82,382</td>
</tr>
<tr>
<td>Funding Contribution from NHS Ayrshire &amp; Arran</td>
<td>146,968</td>
<td>157,434</td>
</tr>
<tr>
<td>Taxation and Non-specific Grant Income</td>
<td>233,751</td>
<td>239,816</td>
</tr>
</tbody>
</table>

The funding contribution from the NHS Board shown above includes £23,406m (2015/16 £20,825m) in respect of ‘set aside’ resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

There were no other non-ring-fenced grants or contributions.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

Note 6 - Creditors

<table>
<thead>
<tr>
<th></th>
<th>31 March 2016 £000's</th>
<th>31 March 2017 £000's</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding: due to North Ayrshire Council</td>
<td>0</td>
<td>(3,245)</td>
</tr>
<tr>
<td>Creditors</td>
<td>0</td>
<td>(3,245)</td>
</tr>
</tbody>
</table>

Note 7 - Usable Reserve: General Fund

The IJB holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.

- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB’s risk management framework.
The table below shows the movements on the General Fund balance which results in a deficit position.

<table>
<thead>
<tr>
<th>2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 31 March 2016</strong></td>
<td><strong>Transfers Out 2016/17</strong></td>
</tr>
<tr>
<td>0</td>
<td>General Fund</td>
</tr>
</tbody>
</table>

Note 8 - Agency Income and Expenditure

On behalf of all IJBs within the NHS Ayrshire & Arran area, the IJB acts as the lead manager for Mental Health Services and Children’s Services. It commissions services on behalf of the other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs, and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB is not acting as principal in these transactions.

The amount of expenditure and income relating to the agency arrangement is shown below.

<table>
<thead>
<tr>
<th>2015/16 £000</th>
<th>2016/17 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>29,770</td>
<td>Expenditure on Agency Service</td>
</tr>
<tr>
<td>(29,770)</td>
<td>Reimbursement for Agency Services</td>
</tr>
<tr>
<td>0</td>
<td>Net Agency Expenditure Excluded from the CIES</td>
</tr>
</tbody>
</table>

Note 9 - Related Party Transactions

The IJB has related party relationships with NHS Ayrshire & Arran and North Ayrshire Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB’s accounts are presented to provide additional information on the relationships.
### Funding Contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Transactions with NHS Ayrshire &amp; Arran</th>
<th>Year</th>
<th>Transactions with NHS Ayrshire &amp; Arran</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>(146,968) Funding Contributions received from NHS Board</td>
<td>2016/17</td>
<td>(157,434) Funding Contributions received from NHS Board</td>
</tr>
<tr>
<td></td>
<td>0 Service Income received from the NHS Board</td>
<td></td>
<td>0 Service Income received from the NHS Board</td>
</tr>
<tr>
<td></td>
<td>134,642 Expenditure on Services Provided by the NHS Board</td>
<td></td>
<td>137,961 Expenditure on Services Provided by the NHS Board</td>
</tr>
<tr>
<td></td>
<td>53 Key Management Personnel: Non Voting Board Members</td>
<td></td>
<td>53 Key Management Personnel: Non Voting Board Members</td>
</tr>
<tr>
<td></td>
<td>0 Support Services</td>
<td></td>
<td>0 Support Services</td>
</tr>
<tr>
<td></td>
<td>(12,273) Net Transactions with the NHS Board</td>
<td></td>
<td>(19,420) Net Transactions with the NHS Board</td>
</tr>
</tbody>
</table>

### Balances

<table>
<thead>
<tr>
<th>Year</th>
<th>Balances with NHS Ayrshire &amp; Arran</th>
<th>Year</th>
<th>Balances with NHS Ayrshire &amp; Arran</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 March 2016</td>
<td>0 Debtor Balances: Amounts due from the NHS Board</td>
<td>31 March 2017</td>
<td>0 Debtor Balances: Amounts due from the NHS Board</td>
</tr>
<tr>
<td></td>
<td>0 Creditor Balances: Amounts due to the NHS Board</td>
<td></td>
<td>0 Creditor Balances: Amounts due to the NHS Board</td>
</tr>
<tr>
<td></td>
<td>0 Net Balances with the NHS Board</td>
<td></td>
<td>0 Net Balances with the NHS Board</td>
</tr>
</tbody>
</table>

### Transactions with North Ayrshire Council

<table>
<thead>
<tr>
<th>Year</th>
<th>Transactions with North Ayrshire Council</th>
<th>Year</th>
<th>Transactions with North Ayrshire Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>(86,783) Funding Contributions received from the Council</td>
<td>2016/17</td>
<td>(82,382) Funding Contributions received from the Council</td>
</tr>
<tr>
<td></td>
<td>0 Service Income received from the Council</td>
<td></td>
<td>0 Service Income received from the Council</td>
</tr>
<tr>
<td></td>
<td>99,004 Expenditure on Services Provided by the Council</td>
<td></td>
<td>104,994 Expenditure on Services Provided by the Council</td>
</tr>
<tr>
<td></td>
<td>52 Key Management Personnel: Non Voting Board Members</td>
<td></td>
<td>53 Key Management Personnel: Non Voting Board Members</td>
</tr>
<tr>
<td></td>
<td>0 Support Services</td>
<td></td>
<td>0 Support Services</td>
</tr>
<tr>
<td></td>
<td>12,273 Net Transactions with the Council</td>
<td></td>
<td>22,665 Net Transactions with the Council</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Balances with North Ayrshire Council</th>
<th>Year</th>
<th>Balances with North Ayrshire Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 March 2016</td>
<td>0 Debtor Balances: Amounts due from the Council</td>
<td>31 March 2017</td>
<td>0 Debtor Balances: Amounts due from the Council</td>
</tr>
<tr>
<td></td>
<td>0 Creditor Balances: Amounts due to the Council</td>
<td></td>
<td>(3,245) Creditor Balances: Amounts due to the Council</td>
</tr>
<tr>
<td></td>
<td>0 Net Balances with the Council</td>
<td></td>
<td>(3,245) Net Balances with the Council</td>
</tr>
</tbody>
</table>

Key Management Personnel: The non-voting Board members employed by the Council and recharged to the IJB include the Chief Officer; representatives of primary care, nursing and...
non-primary services; and a staff representative. Details of the remuneration for some specific post-holders is provided in the Remuneration Report.

Support services were not delegated to the Integration Joint Board through the Integration Scheme and are instead provided by NHS Ayrshire & Arran and Council free of charge as a 'service in kind'. The support services provided is mainly comprised of: provision of the Chief Financial Officer, financial management, human resources, legal, committee services, ICT, payroll, internal audit and the provision of the Chief Internal Auditor.

**Note 10 - VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The VAT treatment of expenditure in the IJB's accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as Income from the Commissioning IJB.

**Note 11 – Accounting Standards Issued Not Adopted**

The Code requires the disclosure of information about accounting changes that will be required by new accounting standards that are not yet due to be adopted. There are none which are relevant to the IJB accounts.