



south ayrshire
health & social care
partnership

South Ayrshire Integration Joint Board

Unaudited Annual Accounts 2018/19

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Independent Auditors Report [to follow on completion.](#)

Management Commentary

The Role and Remit of the Integration Joint Board (IJB)

South Ayrshire Integration Joint Board was established as a body corporate by order of the Scottish Ministers on 1 April 2015, as part of the establishment of the framework for the integration of health and social care in Scotland, under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB has responsibility for providing social care and defined health care services for the residents of South Ayrshire, encompassing an area of 242 square miles and a population of 112,470. It borders onto Dumfries and Galloway, East Ayrshire and North Ayrshire. In addition, the IJB provides specific health care services across Ayrshire by means of lead partnership arrangements agreed in the Integration Scheme between NHS Ayrshire and Arran and South Ayrshire Council.

South Ayrshire Council and the NHS Ayrshire and Arran Health Board, as the Parties to the Integration Scheme, each nominate four voting members to sit on the IJB. The Council nominates Elected Members and the Health Board Non-Executive Directors. A Health Board nominee was the Chair of the IJB in 2018/19 and the Vice Chair was drawn from Elected Members of the Council. The positions of Chair and Vice Chair will rotate in 2019/20.

A number of non-voting Representative Members sit on the Integration Joint Board and contribute to its proceedings. These representatives are chosen from the Third Sector, the Independent Sector, Carers, Services Users, and Council and NHS Board staff. A GP Stakeholder Member has also been appointed.

Management support to the IJB is led by the Chief Officer and Director of Health and Social Care. The operational structure is divided into two principal service areas:

- Community Health and Care Services; and
- Children’s Health, Care and Justice Services.

The main purpose of integration is to improve the wellbeing of families, communities and the people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time.

The Integration Joint Board as part of its Strategic Plan for 2018-21, approved by the Integration Joint Board at its meeting on 27 June 2018, agreed the following vision for the Health and Social Care Partnership and that this would remain unchanged from its previous Strategic Plan: “Working together for the best possible health and wellbeing of our communities”.

The Integration Scheme puts in place a framework designed to deliver the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under Section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014. It similarly seeks to deliver against National Outcomes for Children and Families and for those in the Justice System and to do all of this in a way that is consistent with the National Delivery Principles set out in Section 4 and Section 31 of the 2014 Act.

The 2018-21 Strategic Plan sets out a number of Strategic Objectives and Policy Priorities with accompanying Implementation and Resource Plans, Performance Framework and Strategic Risk Assessment, all designed to ensure a direction of travel by the Partnership consistent with National Objectives. The Partnership's agreed Strategic Objectives for the planning period are as follows:

- We will protect vulnerable children and adults from harm;
- We will work to provide the best start in life for children in south Ayrshire;
- We will improve outcomes for children who are looked after in South Ayrshire;
- We will reduce health inequalities;
- We will shift the balance of care from acute hospitals to community settings;
- We will support people to exercise choice and control in the achievement of their personal outcomes;
- We will manage resources effectively, making best use of our integrated capacity; and
- We will give all of our stakeholders a voice.

The provisions of Section 44 of the Public Bodies (Joint Working) (Scotland) Act, 2014 require that Integration Schemes are reviewed after a period of 5 years. The South Ayrshire Scheme came into effect on 1st April, 2015. In accordance with this requirement, South Ayrshire Council and NHS Ayrshire and Arran have agreed to work with the Integration Joint Board to review the Integration Scheme during the course of 2019-20. The review will be carried out in accordance with the arrangements for the preparation of a new integration scheme as set out in Section 46 of the Act.

The IJB's Operations for the Year

The operation of the IJB in 2018-19 has in large part been dominated by the challenging financial position. This saw the IJB require additional funding of £3.3m at the year-end, brought about by demographic pressures and increasing demand for services in both adult and children's social care. Further information is provided in the Financial Commentary section.

However, the year has also seen significant progress being made by the IJB and the Health and Social Care Partnership in a number of areas.

The IJB approved a new Strategic Plan for the period 2018-21 based around its existing Vision, a new Mission Statement and eight Strategic Objectives all designed to support the delivery of national and local outcomes. The Strategic Objectives will be delivered through an Implementation Plan, progress against which is monitored every six months by the Performance and Audit Committee.

In Children's Health and Care Services, a Corporate Parenting Plan was approved by the IJB for the period 2018-21. This sets outcomes to be met by all Corporate Parents through a series of agreed action items, progress against which will be assessed at regular intervals by the IJB Performance and Audit Committee.

A Joint Functional Family Therapy approach with the North and East Ayrshire Partnerships to address a need for specialist early intervention family support designed to improve family resilience and ensure that more families remain together, was approved by the IJB.

The Champion's Board continues to provide a voice for looked after children and young people in South Ayrshire in the development and provision of services.

The IJB and the Council's Leadership Panel endorsed a joint approach which will see resources invested through the SHIP (Strategic Housing Investment Plan) to create new housing accommodation for older people, young people leaving the care system and for people with mental health issues and learning disabilities. In 2018-19 significant progress has been made in the likely provision of core and cluster accommodation for both people with learning disabilities and people with mental health issues. Four sites are actively being progressed in Girvan and in Ayr, one in partnership with Ayrshire Housing a local Registered Social Landlord. The Girvan development of 11 flats and one common area/staff base was acquired in 2018-19 and will be occupied in 2019-20. Of the three other sites in Ayr, one will shortly be refurbished for occupation, one has been fully designed with tenders expected in the first half of 2019-20 and the fourth is expected to be ready for occupation in the summer of 2020.

A review of the roll-out of Self-Directed Support in South Ayrshire has been undertaken by In Control Scotland. The outcomes of the review were accepted by the IJB and an Action Plan is being implemented to "re-boot" Self-Directed Support. Most importantly, this will put in place a system that permits the allocation of upfront budgets which the current system based on an Equivalency Model does not. The

new system will be a Resource Allocation System (RAS) which will come into effect early in 2020-21.

As reflected in the Strategic Plan, the IJB approved a Primary Care Improvement Plan for the period 2018-21 that demonstrates how South Ayrshire and the other two partnerships in Ayrshire will implement the new GMS contract. The Plan sets out a clear direction of travel and acts as a core framework for the HSCPs and NHS Board to reform primary care services.

The IJB submitted its draft Records Management Plan for consideration by the Keeper of Records as required by the Public Records (Scotland) Act 2011.

A Short Breaks Statement was approved and published by the IJB as required by the Carers (Scotland) Act 2016 to support the caring relationship and promote the health and wellbeing of the carer, the supported person and other family members affected by the caring situation.

In South Ayrshire approximately 70% of all care at home services are provided on a commissioned basis from the Independent Sector. The IJB approved a Commissioning Plan in 2018-19 for the recommissioning of these services at £7.9m per annum.

A Pan-Ayrshire Community Phlebotomy Service supported by all of the IJBs in Ayrshire was launched in 2018-19. The development work on this was led by the South Ayrshire IJB Clinical Director.

A South Ayrshire Dementia Strategy for 2018-23 was approved by the IJB which is outcomes based. Outcomes will be delivered through an Implementation Plan which will support the development of services and supports locally.

The South Ayrshire British Sign Language (BSL) Plan designed to promote and support British Sign Language locally in accordance with the provisions of the British Sign Language (Scotland) Act 2015 was approved.

An Older People's Position Paper setting out options for the future provision of older people's services in South Ayrshire, based on an assessment of information from the IJB Strategic Needs Assessment, was considered by the Board, which agreed that a further paper be presented setting out how appropriate options might be taken forward.

The major ICT infrastructure project to replace the outdated Social Work/Social Care SWIS information system with Carefirst proceeded at pace in 2018-19 with implementation in Justice Services and in Children's Health and Care.

During the year the Performance and Audit Committee received update reports on Strategic Plan and strategy implementation on a six monthly basis, including on both Learning Disability and Community Mental Health Services for Adults. In addition, the Committee received regular reports on the standard of registered social care services across the sectors in South Ayrshire, as assessed by the Care Inspectorate.

The Committee also received performance monitoring reports on a six monthly basis detailing performance in the main service areas and agreed the Annual Performance report for 2017-18. The performance reports include an analysis of complaints received. To date no complaints have been received and recorded regarding decisions made by the IJB.

The IJB Performance and Audit Committee also considered, in year, the report from the Ministerial Strategic Group for Health and Community Care on the Review of Progress with the Integration of Health and Social Care, together with an update on the progress that has been made locally against the six themes outlined in the report. The discussions of the Committee and this initial local analysis formed the basis of the information included in the Government issued Self-Assessment of progress which was returned early in 2019-20 after receiving approval.

The Partnership's Strategic Planning Group (Strategic Planning Advisory Group) received regular reports throughout the year on the work being taken forward in each of the six localities by Locality Planning Groups. (These reports are available on-line.)

As the principal stakeholder group for the Partnership, the Strategic Planning Advisory Group carried out its statutory role in the preparation of the new IJB Strategic Plan for 2018-21.

The Strategic Planning Advisory Group also considered two new Strategy documents; one for Social Isolation and Loneliness and also an Adult Carers Strategy and agreed that these should proceed to public consultation prior to their submission to the IJB for approval.

The HSCP continues to have good working relationships with partner organisations from across the sectors. Representatives from a number of these sit on the Board, contribute to the work of its Strategic Planning Advisory Group and are active participants in a number of provider and other forums.

The Partnership also strengthened its clinical and care governance arrangements in 2018-19 with the creation of an Officers Group for this purpose to support the work of the Clinical and Care Governance Committee.

2018-19 saw the continuation of transformation activity within South Ayrshire designed to achieve a shift in the balance of care locally in areas such as Care at Home, Intermediate Care and at Biggart Community Hospital in Prestwick, for example.

Comprehensive performance reports can be found [here](#) on our public website.

Financial Commentary

Partnership services include the full range of community-based health and care services delegated by the partner organisations under the terms of the Integration Scheme. South Ayrshire Health and Social Care Partnership has the lead

partnership role in Ayrshire for the Community Equipment Store, Continence team, Family Nurse Partnership and Technology Enabled Care.

The financial environment in 2018/19 was extremely challenging with demand for services continuing to rise. Unprecedented demand for placements for vulnerable children and increasing demand for adult social care services resulted in the IJB utilising all of its reserves and requiring £3.3 million of additional funding. This funding has been provided by South Ayrshire Council on a temporary basis and is repayable.

The initial budget was approved in June 2018 and made clear the high level of risk inherent within the assumptions and proposals.

Partnership services saw continued demand growth in 2018/19. This increased demand coupled with the requirement to deliver cash releasing efficiency savings represented a significant budget pressure for the Partnership over the course of the financial year. Our month 4 financial monitoring report forecast an overspend of £4.0 million, and recovery options were presented to the IJB in October. The options implemented were partially successful and reduced the need for additional funding to £3.3 million.

The month 12 finance position was:

Table 1	2018/19 Budget		
	Integrated		
	Budget	M12	Variance
	£'000	£'000	£'000
Community Care & Health			
Older People	39,340	40,924	(1,583)
Physical Disabilities	3,333	3,430	(97)
Biggart Hospital	4,646	5,050	(404)
Girvan Hospital	1,198	1,229	(32)
Community Nursing	4,562	4,723	(161)
Intermediate Care and Rehabilitation	251	251	(0)
AHPs	5,938	5,498	440
Total Community Care & Health	59,268	61,105	(1,838)
Primary Care			
Prescribing	24,819	24,819	(0)
General Medical Services	14,721	14,644	77
Total Primary Care	39,539	39,462	77
Mental Health Services			
Learning Disabilities	19,604	19,678	(74)
Mental Health Community Teams	5,784	5,482	302
Addictions	1,869	1,807	62
Total Mental Health Services	27,257	26,968	290
Hosted Services			
Community Store	256	416	(159)
TEC	157	80	77
Family Nurse Partnership	823	682	141
Continence Team	431	417	14
Total Hosted Services	1,666	1,595	72
Children and Criminal Justice Services			
C&F Social Work Services	21,725	23,322	(1,597)
Criminal Justice	103	62	41
Health Visiting	2,231	2,163	67
Total Children and Criminal Justice Services	24,059	25,547	(1,489)
Integrated Care Fund/ Delayed Discharge	1,834	1,735	99
Support Services			
Directorate	5,098	4,945	153
Other Services	658	718	(60)
Payroll management target	(638)	0	(638)
Total Support Services	5,119	5,662	(544)
Scheme of Assistance	846	841	5
Inter Agency Payments	1	(0)	1
Partnership Total	159,588	162,914	(3,326)
Recharges from other Partnerships	39,229	39,130	99
Recharges to other Partnerships	(1,158)	(1,108)	(50)
Acute Hospitals	24,396	24,396	0
IJB Total	222,055	225,332	(3,277)
Additonal Funding	3,277	0	3,277
IJB Total	225,332	225,332	0

Community Care and Health

Older People

- Older People's services overspent by £1.6m. This was driven by high levels of demand for residential and nursing home placements together with similarly high demand for Care at Home packages.

Biggart Hospital

- Biggart Hospital overspent by £0.4m. This was caused by additional beds being opened to relieve pressure on Ayr Hospital, together with a high reliance on bank and agency nursing.

Prescribing

- The Integration Scheme sets out that whilst the Primary Care prescribing budget will be delegated to the IJB, prescribing will be managed by NHS Ayrshire & Arran across the three Ayrshire Partnerships. There is therefore no variance on prescribing.

Children and Criminal Justice Services

Children and Families Social Work Services

- These services overspent by £1.6 million. During the year there was unprecedented demand for secure and residential outwith authority placements. By nature these are high cost low volume, with individual cases costing up to £0.3 million. Placements are approved by the multidisciplinary GIRFEC Authority Resource Forum. This area of the service continues to represent a key financial risk for the IJB going forward due to unpredictable demand for high cost placements.

Support Services

Payroll Management Target

- This reflects savings from vacancy management and staff turnover. The target is challenging and under achieved by £0.6 million.

Lead Partnership and Hosted Services

On behalf of all IJBs within the NHS Ayrshire & Arran area, the North Ayrshire IJB acts as the lead partner for Specialist Mental Health Services with East Ayrshire lead partner for Primary Care.

Each IJB, acting as lead partner, commissions services on behalf of the three Ayrshire IJBs and reclaims a proportion of the costs involved. This is treated as an

agency arrangement. Over and underspends on hosted services have been allocated on an NRAC fair share basis in 2018/19.

The net impact of these arrangements was a minor underspend of £0.05 million.

Additional Funding

- £3.3 million was received from South Ayrshire Council. This is temporary and repayable.

Set Aside Budget (Acute Hospitals)

- The 2018/19 budget delegated by NHS Ayrshire & Arran includes the Set Aside resource of £24.4 million. In year variations are the responsibility of NHS Ayrshire and Arran, therefore expenditure is fully matched by income for the IJB.
- The IJB has a responsibility for planning services that are used in an unscheduled way. The aim is to ensure that we work across the health and care system to deliver the best, most effective care and support. Service areas most commonly associated with unplanned use are included in the 'Set Aside' budget. Set Aside budgets relate to the strategic planning role of the IJB. Key areas within this budget are:
 - Accident and emergency
 - Inpatient services for general medicine
 - Geriatric medicine
 - Rehabilitation
 - Respiratory
- The IJB, in common with our colleagues in the East and North, are working with Scottish Government to further develop and improve the operation of the set aside budget.

The IJB's position at 31 March 2019

- The IJB holds no reserves for use in future years.

Looking forward

South Ayrshire Health and Social Care Partnership, in common with others, faces significant financial challenges and is required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook. This is especially relevant given the financial position in 2018/19 and the requirement to repay the additional funding provided.

Funding available to the Scottish Government will reduce in real terms and consequently funding available to Councils and Health Boards is likely to reduce. At the same time demand for health and social care services, legislative requirements and user expectations of services continue to increase.

This anticipated continued reduction in funding, together with the demographic challenges in South Ayrshire, represents a key risk.

The development of a Medium Term Financial Strategy, which to date has been precluded by the absence of appropriate finance capacity, is now essential and will be developed in 2019/20.

For this strategy to be effective transformational change proposals are essential. These will require

- Fundamental reconfiguration of services to ensure sustainable service delivery within delegated budgets.
- Agreed timescales for implementation:
- Matching of resources to activity.
- Phased implementation of priorities.

Conclusion

2018/19 was an extremely challenging financial year for the IJB. In order to reach a breakeven position we used £3.3m of additional funding and £1.0 million of reserves from 2017/18. The IJB holds no reserves for use in 2019/20 and must address its underlying overspend together with repaying the additional funding. This will inevitably mean delivery of a large efficiency programme and service transformation in order to return to financial balance.

The IJB's Strategy and Business Model

The Mission Statement agreed by the IJB for the planning period 2018-21 is as follows:

“The IJB through the Health and Social Care Partnership will express its mission in this planning period through an approach rooted in the following principles:

- Support and services will be co-produced – ‘doing with’ not ‘doing to;’
- Partnership with communities sharing all resources;
- People will be treated as equals and assets and strengths will be built upon;
- People will have access to good information and advice pre-crisis points;
- The system will be outcome focused, proportionate and responsive; and
- Bureaucracy will be the minimum it needs to be.”

The IJB has put in place plans and arrangements that will support the growth and development of primary care services and will work with communities and partners to find innovative ways to accomplish this in what are challenging financial circumstances. Through the adoption of this approach and a policy agenda focussed on the needs of the individual, the IJB's priority, while continuing to support our Acute Hospitals will be to shift the balance of care from hospitals and other institutions to local communities.

The Strategic Plan is supported by a number of distinct strategy documents and commissioning plans. Such documents approved in 2018-19, for example, include a South Ayrshire Dementia Strategy and a Corporate Parenting Plan.

A Performance Framework has been designed to offer accountability against the objectives and tasks agreed in the Strategic Plan. The Performance Framework is monitored by regular reports to the Performance and Audit Committee of the IJB. Progress against strategy implementation plans is recorded through the Pentana system and is reported to the IJB Performance and Audit Committee every six months.

The IJB's preferred focus continues to be on an approach based on early intervention, prevention, anticipatory care planning, the innovative use of technology, choice and control for individuals over the way in which their care is provided and joint working with communities through locality planning to ensure that people are able to support their own health and wellbeing by means of the resources and support networks available within their local communities. The Partnership's Community Led Support Programme and activity managed through the Third Sector Interface VASA and other organisations such as the Carers Centre supports this approach. This includes support for South Ayrshire Life – a community information directory.

Current funding issues for the IJB which resulted in an overspend in 2018-19 and in difficulty setting a balanced budget for 2019-20, mitigate against this preventative approach. The increasing demand for older people's services and in social care services for children and young people, has resulted in the IJB taking the decision to raise the level at which people will be eligible for statutory social care support in services for adults and older people to "critical" – the highest level possible under its approved Eligibility Criteria.

The IJB is a Community Planning Partner and is a key player in the work of this Partnership through the children's health and care functions that have been delegated to it by the Council and the Health Board. It is focussed on the development and care of children and families in need of support and protection and, as a corporate parent, in improving the outcomes and the potential of looked after children and young people.

The management structures within the partnership are integrated at a senior level with individual managers having responsibility for both health and social care throughout all adult and children services. In 2018-19 there has been considerable change within the senior management structures in both Community Health and Care Services and Children's Health and Care and Justice Services. New Heads of Service have been appointed and there has been considerable change at senior manager/manager level with the implementation of new structures designed to better support the transformational agenda and to provide required leadership for this. While this will begin to deliver on this objective in 2019-20, it has resulted in significant challenges in capacity in 2018-19, some of which is reflected in published performance information. In 2018-19 the decision was also taken to decentralise the Allied Health Profession function to the Partnerships in North and East Ayrshire. From 2019-20, South Ayrshire will manage AHPs operating in its own area, but will no longer act in the role of lead partnership across the whole of Ayrshire.

There is continual monitoring of the activity: e.g. bed occupancy, number of care home placements, and number of packages of care. At times this can be challenging due to the absence of integrated information systems. Regular financial information is shared based on the known activities and this forms the basis of regular reports to the IJB on the projected performance against budget. Currently capacity to provide the volume of information require to support business activity and the developing transformational agenda is challenging and is an issue for the IJB and the Parties to address in terms of Section 4.4.6 of the Integration Scheme as part of the exercise to review the Scheme.

The Integration Joint Board approved 2018/19 directions to South Ayrshire Council and NHS Ayrshire & Arran Health Board in connection with the implementation of its Strategic Plan for 2018-21 and the funding available in year to deliver the Strategic Objectives and Implementation Plan contained therein.

In support of its business model the Integration Joint Board has put in place a governance framework and a range of governance policies. These are published on its website at <https://www.south-ayrshire.gov.uk/health-social-care-partnership/meetingpapers.aspx>. These governance responsibilities also include responsibility for delegated Justice functions relating to Social Work.

Key Risks and Uncertainties

The Integration Joint Board has approved, as part of its suite of governance documents, a Risk Management Strategy and this includes the publication and approval of a Strategic Risk Register which is updated by the Board normally on a six monthly basis. It was last updated and approved by the IJB on 17th April, 2019.

Provision of Health and Social Care services is reliant on the availability of an appropriate workforce. In several services it is challenging to recruit and retain suitably qualified staff. This places pressure on service delivery and on existing teams. An initial workforce Plan for the Partnership has been approved by the IJB. The implementation of this will be taken forward in 2019-20 and updates on progress will be submitted on a six monthly basis to the IJB Performance and Audit Committee.

The funding of the IJB is reliant on agreement with South Ayrshire Council and NHS Ayrshire & Arran Health Board. They in turn have their funding set primarily by the Scottish Government. Funding will not rise to meet the expected increase in demand arising from an increasingly elderly population. Redesign and transformation continues to be required to enable services to be provided in the most cost effective manner within the resource available. The financial position facing the IJB has been highlighted as a high level risk in its Strategic Risk Register.

Analysis of the Financial Statements

The financial statements for 2018/19 are set out on pages 27-29 and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*). The Notes to the financial statements on pages 30-38 explain the basis for the recognition, measurement and disclosure of transactions and other events in the Annual Accounts, to ensure that they present a 'true and fair view' of the IJB's financial performance. An explanation of each of the financial statements which follow and their purpose are shown at the top of each statement.

Tim Eltringham
Chief Officer
4 September 2019

Cllr Brian McGinley
Chair of the IJB
4 September 2019

Rob Whiteford
Chief Finance Officer
4 September 2019

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board 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 IJB, that officer is the chief finance 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).
- Approve the Annual Accounts.

I confirm that these unaudited Annual Accounts were approved for signature at a meeting of the Board of South Ayrshire Integration Joint Board on 4th September 2019.

Signed on behalf of the South Ayrshire Integration Joint Board

Cllr Brian McGinley
Chair of the IJB

4 September 2019

Responsibilities of the Chief Finance Officer

The chief finance 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 Code).

In preparing the Annual Accounts, the chief finance officer has:

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

The chief finance officer has also:

- kept proper accounting records which were up to date
- 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 South Ayrshire Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.



Rob Whiteford
Chief Finance Officer

26th June 2019

Remuneration Report

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. There are no employees of the IJB; the staff in the Health and Social Care partnership is employed by South Ayrshire Council or NHS Ayrshire and Arran Health Board.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors 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 South Ayrshire Council and NHS Ayrshire & Arran Health Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative. The Chair of the IJB during 2018/19 was Stewart Donnelly. Stewart is the Employee Director of NHS Ayrshire and Arran. The Vice-Chair from April 2018 to May 2018 was Councillor Julie Dettbarn and Councillor Brian McGinley for the remainder of the financial year.

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. No person in the post of Chair or Vice-Chair received taxable expenses in the year.

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 will adhere 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.

The chief finance officer is appointed by the Integration Joint Board and is employed by NHS Ayrshire and Arran as their Assistant Director of Finance – Operational Services. NHS Ayrshire and Arran meets the full cost of this remuneration.

Total 2017/18 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Compensation for Loss of Office £	Total 2018/19 £
110,547	T Eltringham Chief Officer 1 April 2018 to 31 March 2019	112,078	0	0	112,078
110,547	Total	112,078	0	0	112,078

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.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/18	For Year to 31/03/19		Difference from 31/03/18	As at 31/03/19
T. Eltringham	21,336	21,631	Pension	3,128	54,747
Chief Officer 1 April 2018 to 31 March 2019			Lump sum	1,397	102,264
Total	21,336	21,631	Pension	3,128	54,747

			Lump Sum	1,397	102,264
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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.

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
1	£110,000 - £114,999	1

Exit Packages

There have been no exit packages.

Tim Eltringham
Chief Officer

4 September 2019

Cllr Brian McGinley
Chair of the IJB

4 September 2019

Annual Governance Statement

Introduction

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

Scope of Responsibility

The 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.

To meet this responsibility the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on NHS Ayrshire & Arran Health Board and South Ayrshire Council systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either South Ayrshire Council or NHS Ayrshire & Arran Health Board, as well as non-voting members including a Chief Officer appointed by the Board.

The main features of the governance framework in existence during 2018/19 were:

- The Integration Scheme established between South Ayrshire Council and NHS Ayrshire & Arran Health Board to integrate Health and Social Care services is the constitutional basis of the South Ayrshire IJB. The Integration Scheme sets out financial contributions by partners to Integration Joint Boards.
- South 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. In discharging this overall responsibility, the IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- The IJB, as required under the Local Government Act 2003, makes arrangements to secure Best Value, through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency,

effectiveness, the need to meet the equal opportunity requirements, and contributing to the achievement of sustainable development.

- A locality planning framework has been established in South Ayrshire which is at the centre of efforts towards changes in the balance of care by growing capacity in local communities, developing local assets and through locality planning groups providing six forums, locally, where local people and professionals from across the sectors meet to discuss local needs and priorities and seek to have those reflected in the Partnership's Strategic Plan. The six locality planning groups meet regularly have identified priorities and have each awarded grants from a Small Grants Fund provided through the Integrated Care Fund as part of a larger Participatory Budgeting process. As locality planning has now been in place for 4 years, progress will be reviewed in 2019-20 and the outcomes from this exercise will be reported to the Strategic Planning Advisory Group.
- A Register of Members Interests has been established for IJB Members and IJB Members have been asked to sign the Code of Conduct for Members of Devolved Public Bodies. Since the inception of the IJB there have been regular briefing sessions allowing Board members to develop their understanding of the issues facing the IJB in an informal setting.
- The main decisions of the IJB are made by the Board. There is a Performance and Audit Committee established to support the decision making of the IJB.
- The Performance and Audit Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2013 (PSIAS) and regularly monitors the performance of the IJB's Internal Audit service. In addition to regular reports to the IJB Performance and Audit Committee, the Chief Internal Auditor prepares an annual report to the Audit and Performance Committee including an assurance statement containing a view on the framework of governance, risk management and control. The Internal Audit Annual Report 2018/19 was presented to the IJB Performance and Audit Committee on 7 June 2019.
- The Performance and Audit Committee will receive an annual report against the current Partnership Performance Framework at its August 2019 meeting. This will provide a range of performance indicators grouped under the Partnership's Strategic Objectives as at 31st March, 2019. The Performance Framework has been enhanced and will be subject to further change as pathways, approaches and services change. The performance report will also provide information on progress on implementation of the Strategic Plan.
- The IJB complies with the requirements of the United Kingdom Public Sector Internal Audit Standards 2013: "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

- The Chief Internal Auditor of the IJB is also the Chief Internal Auditor of South Ayrshire Council. The Chief Internal Auditor of the IJB is invited to attend the Audit Committee of NHS Ayrshire & Arran Health Board and has full access to all audit papers and internal audit reports. Agreement has been reached on the reliance that the IJB Chief Internal Auditor can place on the work of the internal audit of NHS Ayrshire & Arran Health Board.
- In relation to the development of its governance arrangements, the IJB has established a Strategic Planning Advisory Group (Strategic Planning Group) as required by regulation to advise it on the content of its Strategic Plan and to provide support and comment within the Partnership on the development of policies across the full range of delegated functions
- A Health and Care Governance Committee has been established supported by an officers' Health and Care Governance Group which provides assurance to the Integration Joint Board on the delivery of safe, effective, person centred care in line with the Integration Joint Board's statutory duty for the quality of health and care services.
- The IJB complies with the requirements of the CIPFA Statement on "The Role of the Chief Financial Officer in Local Government 2010". The IJB's Chief Finance Officer (Section 95 Officer) has overall responsibility for the IJB's financial arrangements, and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2018/19 this included the following:

- The IJB uses the systems of South Ayrshire Council and NHS Ayrshire and Arran Health Board to manage its financial records. The operational delivery of services within the NHS Ayrshire and Arran Health Board and South Ayrshire Council, on behalf of the IJB, will be covered by their respective internal audit arrangements as at present. The IJB's Chief Internal Auditor is professionally qualified and suitably experienced to make the assessment on the internal control system of the IJB. The IJB's system of internal controls is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.
- Development and maintenance of the systems is undertaken by the NHS Ayrshire and Arran Health Board and South Ayrshire Council as part of the operational delivery of the Health and Social Care Partnership. In particular the system includes:
 - comprehensive budgeting systems;
 - setting targets to measure financial and other performance;
 - regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets; and

- formal project management disciplines, as appropriate.
- The Executive Director of Finance, NHS Ayrshire and Arran Health Board and the Head of Finance and ICT, South Ayrshire Council have provided assurances that the charges for the services commissioned reflect the income and expenditure recorded in their financial systems and that they are complete and accurately reflect appropriate charges.
- The Internal Audit and Corporate Fraud service of South Ayrshire Council operates in accordance with United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into force with effect from 1 April 2013. The section undertakes an annual programme of work approved by the Audit and Governance Committee Panel acting in its role as the Council's Audit Committee. PSIAS requires authorities to have a quality review programme in place and to comply with this, Internal Audit at South Ayrshire Council was peer reviewed by the Chief Internal Auditor at East Renfrewshire Council, who confirmed that the services generally conforms with the standards.
- All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility within the Partnerships to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. Performance Appraisal and Audit is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters (including non-compliance with audit recommendations) arising from internal audit work are currently reported to South Ayrshire Council's Chief Executive and to the Council's Audit Committee.
- The Internal Audit service of NHS Ayrshire and Arran is provided by Grant Thornton LLP.
- Grant Thornton's Internal Audit methodology is aligned to Public Sector Internal Audit Standards (PSIAS). The NHS Ayrshire & Arran Audit Plan for 2018/19 was agreed with management and approved by the NHS Ayrshire & Arran Audit Committee. All internal audit reviews have been completed in accordance with the approved Internal Audit Plan, subject to any amendments formally approved by the Audit Committee. All reports are presented at the Audit Committee in addition to any other relevant governance committees within NHS Ayrshire & Arran, as appropriate. Any control weaknesses identified are agreed with management, along with a responsible officer and target date for agreed action to be taken. Follow up work is undertaken each year on previously agreed actions where the risk rating is medium or above. Management's progress implementing these actions is formally reported to the Audit Committee.
- The IJB has approved Financial Regulations, a Reserves Policy, and an Expenses Policy.

- An initial budget approved by the IJB in June 2018.
- The IJB is presented with financial reports on four occasions during the year to advise on the projected expenditure in the current year against the funding available. These reports explain the major variations on budget.
- The IJB has approved a number of governance related documents including: Standing Orders and a Scheme of Delegation. The Financial Regulations set out the interaction of the parties to the working of the IJB and in particular the use of the Parties' standing financial instructions as appropriate.
- The internal audit functions of both Parties carry out continuous auditing of the core financial systems (ledger, payroll, creditors and debtors).
- 'Whistleblowing' arrangements are dealt with by procedures in the Parties.
- A Social Work Complaints Procedure has been introduced to comply with the guidance produced by the Scottish Government. Complaints relating to health care are dealt with through NHS Ayrshire & Arran Health Board procedures.

The IJB complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (PSIAS). The Chief Internal Auditor reports directly to the Performance and Audit Committee with the right of access to the Chief Finance Officer, Chief Officer and Chair of the Performance and Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Performance and Audit Committee.

Review of Adequacy and Effectiveness

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

This review has been carried out by the Chief Internal Auditor of the IJB during 2018/19. As part of this review all pertinent audit reports of the IJB and the Parties to the IJB, internal and external, were scrutinised to assess the risk and gain reassurance that any remedial action required has been acted upon.

The results of the review were reported to the IJB Performance and Audit Committee on 7 June 2019, with the key conclusions being that that reasonable assurance can be provided over the framework of governance, risk management and control and that adequate controls were in place, and were operating throughout the IJB in 2018/19.

Action Plan

Following consideration of the review of adequacy and effectiveness an action plan has been agreed to ensure continual improvement of the IJB's governance. None of the issues to be addressed in the action plan are significant.

Conclusion and Opinion on Assurance

While recognising that improvements are required, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment.

Tim Eltringham
Chief Officer

4 September 2019

Cllr Brian McGinley
Chair of the IJB

4 September 2019

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

2017/18			2018/19		
Gross Expenditure	Gross Income (Restated)	Net Expenditure (Restated)	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000	£000	£000	£000
58,606		58,606	65,922		65,922
60,579		60,579	60,084		60,084
40,974		40,974	40,508		40,508
24,483		24,483	26,184		26,184
1,616		1,616	1,735		1,735
4,657		4,657	6,478		6,478
21,461		21,461	24,396		24,396
24		24	25		25
212,400	0	212,400	225,332	0	225,332
	(212,089)	(212,089)		(224,364)	(224,364)
212,400	(212,089)	311	225,332	(224,364)	968
		Deficit on Provision of Services			
		311			968
		Total Comprehensive Income and Expenditure			

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.

Movement in Reserves Statement

This statement shows the movement in the year on the IJB’s reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movements in Reserves During 2018/19	General Fund Balance
	£000
Opening Balance at 31 March 2018	968
Total Comprehensive Income and Expenditure	(968)
(Increase) or Decrease in 2018/19	(968)
Closing Balance at 31 March 2019	0

Movements in Reserves During 2017/18	General Fund Balance (Restated)
	£000
Opening Balance at 31 March 2017	1,279
Total Comprehensive Income and Expenditure	(311)
Increase or Decrease in 2017/18	(311)
Closing Balance at 31 March 2018	968

Balance Sheet

The Balance Sheet shows the value of the IJB’s assets and liabilities as at the balance sheet date.

31-Mar 2018 £000 (Restated)	Notes	31-Mar 2019 £000
968 Short term Debtors	7	267
968 Current Assets		267
0 Short-term Creditors	8	(267)
0 Current Liabilities		(267)
968 Net Assets		0
968 Usable Reserve: General Fund		0
968 Total Reserves		0



Rob Whiteford
Chief Finance Officer

26th June 2019

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarise the IJB's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019.

The South 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 historical cost convention has been adopted.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. 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.

Funding

The IJB is funded through funding contributions from the statutory funding partners, South Ayrshire Council and NHS Ayrshire & Arran Health Board. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service users in South 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. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

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 classified as either Usable or Unusable Reserves.

The IJB's 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 use 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. The NHS Ayrshire and Arran Health Board and South 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. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where 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.

2. 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’s Annual Accounts.

3. Critical Judgements and Estimation Uncertainty

In applying the accounting policies set out at note 1 above, the IJB has had to make a critical judgement relating to the values included for Set Aside services. The Set Aside figure included in the IJB accounts is based upon Information Services Division Scotland (ISD) 2017/18 activity data at 2016/17 prices with a 1% uplift applied. As such, the Set Aside sum included in the accounts may not reflect activity in 2018/19.

4. Events After the Reporting Period

The Annual Accounts will be authorised for issue, subject to audit, by the Chief Finance Officer on 4 September 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

5. Expenditure and Income Analysis by Nature

2017/18 £000	2018/19 £000
92,888 Services commissioned from South Ayrshire Council	96,985
119,342 Services commissioned from Ayrshire & Arran NHS Board	128,174
0 Employee Benefits Expenditure	0
146 Other IJB Operating Expenditure	148
0 Insurance and Related Expenditure	0
24 Auditor Fee: External Audit Work	25
(212,089) Partners Funding Contributions and Non-Specific Grant Income	(224,364)
311 Deficit on the Provision of Services	968

6. Taxation and Non-Specific Grant Income

2017/18 £000	2018/19 £000
(72,080) Funding Contributions received from South Ayrshire Council	(75,794)
(140,009) Funding Contributions received from NHS Ayrshire and Arran	(148,570)
(212,089) Taxation and Non Specific Grant Income	(224,364)

The funding contribution from the NHS Board shown above includes £24.4 million (£21.5 million 2017/18) 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.

7. Debtors

2017/18 £000	2018/19 £000
968 Amounts owed by South Ayrshire Council	0
0 Amounts owed by NHS Ayrshire and Arran	267
968 Short Term Debtors	267

8. Creditors

2017/18 £000	2018/19 £000
0	267
Amounts owed to South Ayrshire Council	
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0 Creditors	267

9. Provisions

There are no provisions at 31 March 2019 (31 March 2018 £nil).

10. 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 financial planning balance to plan ahead to meet the cost of potential commitments which may occur in the short to medium term. 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, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

The IJB holds no reserves at the 31st March 2019.

2017/18				2018/19			
Balance at 1 April 2017	Transfers Out 2017/18 Restated	Transfers In 2017/18 Restated	Balance at 31-Mar-18 Restated	Transfers Out 2019/19	Transfers In 2019/19	Balance at 31-Mar-19	
£000	£000	£000	£000	£000	£000	£000	
275	(275)	299	299	(299)	0	0	Technology Enabled Care
50	(50)	44	44	(44)	0	(0)	Physiotherapy
37	(37)	0	0	0	0	0	Various
		78	78	(78)	0	0	Aids and adaptations
		23	23	(23)	0	0	Carer's Act post
		37	37	(37)	0	0	MH/LD Review posts
		69	69	(69)	0	0	ADP
		13	13	(13)	0	0	SDS development
362	(362)	563	563	(563)	0	0	Total Earmarked
917	(512)	0	405	(405)	0	0	Financial
1,279	(874)	563	968	(968)	0	0	Total Reserves

11. Unusable Reserve: Employee Statutory Adjustment Account

There are no unusable reserves at 31 March 2019 (31 March 2018 £nil).

12. Agency Income and Expenditure

On behalf of all IJBs within the NHS Ayrshire & Arran Health Board area, the IJB acts as the lead manager for Community Equipment Services, Continence Services, Family Nurse Partnership and Technology Enabled Care 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.

2017/18 £000	2018/19 £000
17,121 Expenditure on Agency Services	1,158
(17,121) Reimbursement for Agency Services	(1,158)
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0 Net Agency Expenditure excluded from the CIES	0
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These amounts have reduced from £17.1 million to £1.2 million as the South IJB no longer acts as lead manager for Allied Health Professionals. This change took effect on the 1st April 2018.

13. Related Party Transactions

The IJB has related party relationships with NHS Ayrshire & Arran Health Board and South 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.

Transactions with NHS Ayrshire and Arran Health Board

2017/18 £000	2018/19 £000
(140,009) Funding Contributions received from the NHS Board	(148,570)
119,354 Expenditure on Services Provided by the NHS Board	128,186
73 Key Management Personnel: Non-Voting Board Members	74
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(20,582) Net Transactions with NHS Ayrshire & Arran Health Board	(20,310)
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Key Management Personnel: The non-voting Board member employed by South Ayrshire Council and recharged to the IJB is the Chief Officer. Details of the remuneration for the Chief Officer are provided in the Remuneration Report.

Support services were not delegated to the IJB through the Integration Scheme and are instead provided by the parent organisations free of charge as a 'service in kind'. The support services provided by NHS Ayrshire and Arran Health Board mainly consist of: provision of the Chief Finance Officer, financial management, human resources, ICT, payroll and internal audit.

Balances with NHS Ayrshire & Arran Health Board

2017/18 £000	2018/19 £000
0 Debtor Balances : amounts due from the NHS Board	267
0 Net Balance with NHS Ayrshire and Arran	267

Transactions with South Ayrshire Council

(Restated) 2017/18 £000	2018/19 £000
(72,080) Funding Contributions received from the Council	(75,794)
92,900 Expenditure on Services Provided by the Council	96,997
73 Key Management Personnel: Non-Voting Board Members	74
20,893 Net Transactions with South Ayrshire Council	21,277

Key Management Personnel: The non-voting Board member employed by South Ayrshire Council and recharged to the IJB is the Chief Officer. Details of the remuneration for the Chief Officer are provided in the Remuneration Report.

Support services were not delegated to the IJB through the Integration Scheme and are instead provided by the parent organisations free of charge as a 'service in kind'. The support services provided by South Ayrshire Council mainly consist of: provision of the Chief Internal Auditor, financial management, human resources, legal committee services, ICT, payroll and internal audit.

Balances with South Ayrshire Council

2017/18 £000	2018/19 £000
0 Creditor Balances: Amounts owed to South Ayrshire Council	267
0 Net Balance with South Ayrshire Council	267

14. VAT

The IJB is not registered for VAT and as such the VAT is settled or recovered by the partner agencies.

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.

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.

15. Prior Year Restatement

In 2017/18 the IJB included reserves brought forward of £1.297 million as income in the Comprehensive Income and Expenditure Statement. This should have been included as a movement in reserves. Prior year figures have therefore been restated to reflect this. There is no effect on the operational financial position of the IJB.

Independent Auditors Report

To be inserted on completion of the audit process