



ARGYLL AND BUTE INTEGRATION JOINT BOARD



**AUDITED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019**

ARGYLL AND BUTE INTEGRATION JOINT BOARD
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ARGYLL AND BUTE INTEGRATION JOINT BOARD Management Commentary

1. INTRODUCTION

The Annual Accounts contain the Financial Statements of Argyll and Bute Integration Joint Board (IJB) for the year ended 31 March 2019 and report on the performance of the IJB. Its main purpose is to demonstrate the stewardship of public funds which have been entrusted to us for the delivery of the IJB's vision and Strategic Plan. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2018-19 Accounts have been prepared in accordance with this Code.

The Management Commentary provides an overview of the key messages in relation to the IJB's financial planning and performance for the 2018-19 financial year and how this has supported delivery of the IJB's strategic priorities. The commentary also looks forward and provides an indication of the challenges and risks which may impact upon the finances of the IJB in the future as we strive to meet the health and social care needs of the people of Argyll and Bute.

2. THE INTEGRATION JOINT BOARD (IJB)

Argyll and Bute Health and Social Care Partnership (HSCP) is responsible for the planning and delivery of all community and acute health and social care services for adults and children in Argyll and Bute. This includes services which are purchased from external providers including NHS Greater Glasgow and Clyde. The Partnership has been established as a separate legal entity from both the Council and the Health Board, with a new board of governance, the IJB which has responsibility for the planning, resourcing and overseeing the operational delivery of integrated services as identified in its Strategic Plan. This includes the services, staff and resources. The IJB was delegated resources and responsibility for service delivery from 1 April 2016.

The IJB membership comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board Members of NHS Highland. In addition there are non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

Argyll and Bute is home to 88,166 people (2011 Census), covers an area of 690,946 hectares and is the second largest local authority by area in Scotland. Argyll and Bute has 23 inhabited islands, with 17% of Argyll and Bute's population living on the islands. Argyll and Bute provides a number of opportunities for those who live and work here, however we also face a number of significant challenges. The geography of scattered communities in remote and rural areas and islands presents a challenge in delivering services from the finite resources available. 73% live in "remote" or "very remote" areas. 47% live in areas in the 20% "most deprived for geographic access to services". Argyll and Bute has a higher proportion of older people than Scotland as a whole, with 11.6% aged 75+ compared to 8.5% in Scotland.

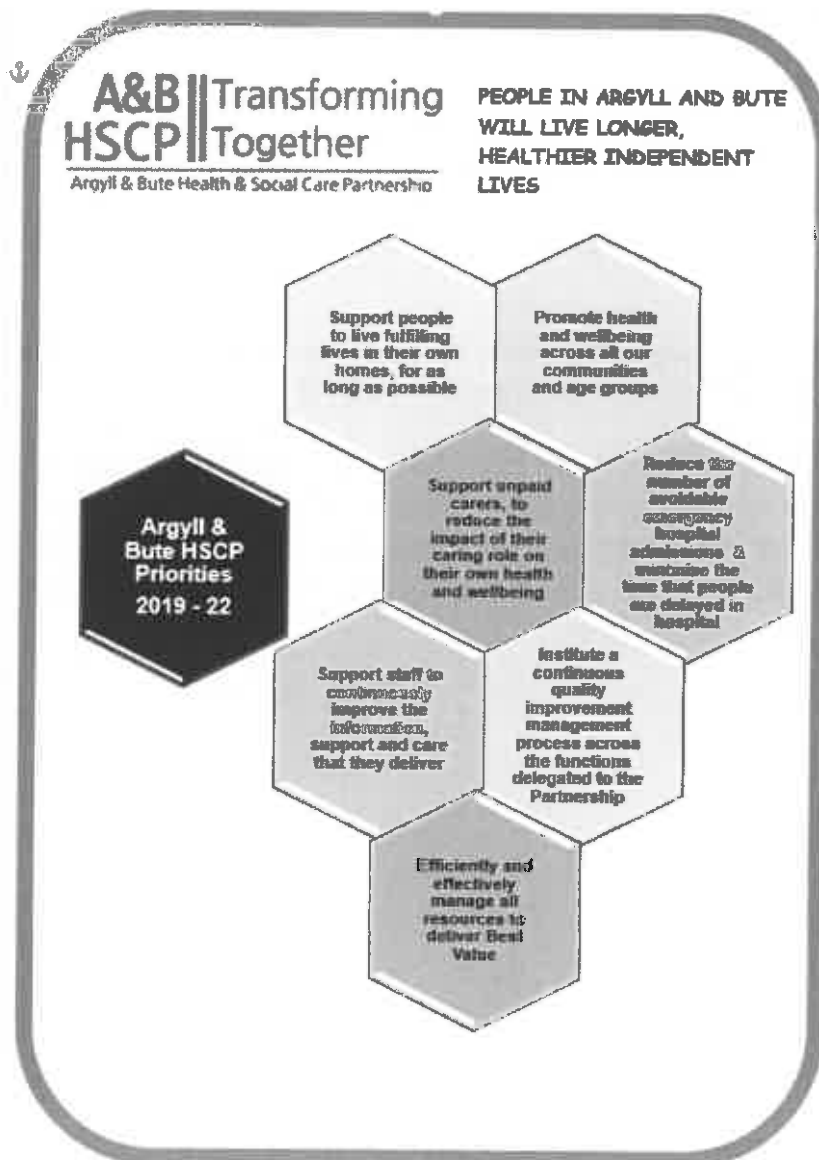
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3. HEALTH AND SOCIAL CARE PARTNERSHIP STRATEGIC PLAN

The HSCP vision and priorities for health and social care in Argyll and Bute were developed for the first Strategic Plan 2016-2019 and the vision and priorities still remain current and relevant for our communities, staff partners and stakeholders. The vision in the revised plan 2019-20 to 2021-22 is noted below.

“People in Argyll and Bute will live longer, healthier, independent lives.”

Argyll and Bute HSCP seven areas of focus/priorities for the next three years are:



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4. PERFORMANCE MANAGEMENT AND REPORTING

The national health and wellbeing outcomes provide a strategic framework for the planning and delivery of health and social care services. These suites of outcomes together focus on improving the experiences and quality of services for people using those services, carers and their families. These outcomes focus on improving how services are provided, as well as the difference that integrated health and social care services should make, for individuals. Currently there are 9 key National Health and Wellbeing Outcomes (NHWBOI's) and 23 sub-indicators and additional measures which form the foundation of the reporting requirement for the HSCP.












The HSCP has in place a Planning and Performance Management Framework and reporting to the Board takes place with a performance scorecard being presented on a regular basis to the IJB. The HSCP continues to publish its Annual Performance Report with the 2018-19 report due to be published in 2019-20.

The IJB agreed to a review of its performance scorecard report and reporting processes and operation. This has been informed by a national review of indicators, changes to the performance targets, its new Strategic Plan, the establishment of new financial control mechanisms and feedback from the IJB and Senior Leadership Team. At this time this has seen a reduction from 102 indicators to 65 across the scorecard, removing duplicated measures.

The IJB will be receiving a presentation on the proposed new Integrated Performance Regime and supporting performance scorecard report in August 2019.

The performance for FQ1 2018-19 was reported to the IJB in September 2018, performance for FQ2 2018-19 was reported to the IJB in March 2019 and performance for FQ3 2018-19 was reported to the IJB in May 2019. The scorecard on the next page provides a snapshot of the overall performance as at the end of FQ4 2018-19. The scorecard shows that of the 65 success measures, 37 were on track.

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Integrated Joint Board [IJB] Scorecard		Success Measures	65	
		On track	37	
Outcome 1 - People are able to improve their health FQ4 18/19	No of indicators	14	A	
	On track	7		
Outcome 2 - People are able to live in the community FQ4 18/19	No of indicators	17	A	
	On track	13		
Outcome 3 - People have positive service-user experiences FQ4 18/19	No of indicators	6	A	
	On track	4		
Outcome 4 - Services are centered on quality of life FQ4 18/19	No of indicators	9	A	
	On track	5		
Outcome 5 - Services reduce health inequalities FQ4 18/19	No of indicators	2	R	
	On track	0		
Outcome 6 - Unpaid carers are supported FQ4 18/19	No of indicators	1	R	
	On track	0		
Outcome 7 - Service users are safe from harm FQ4 18/19	No of indicators	6	R	
	On track	2		
Outcome 8 - Health and social care workers are supported FQ4 18/19	No of indicators	4	R	
	On track	1		
Outcome 9 - Resources are used effectively in the provision of health and social care services, with FQ4 18/19	No of indicators	6	A	
	On track	5		

Some areas where performance has met or exceeded target performance levels during 2018-19 are:

- % of adults able to look after their health very well or quite well
- Rate of emergency admissions and rate of premature mortality per 100,000 population
- Number waiting more than 12 weeks for homecare service after assessment authorised
- The % of mental health clients receiving Care in the Community
- The % of Looked After and Accommodated Children in Family Placements
- Reducing the number of External Looked After and Accommodated Children
- The % of MMR1 (Measles, Mumps and Rubella) uptake rates at 5 years old
- The % of people with Type 1 Diabetics with an insulin pump
- The % of Community Payback Orders cases seen without delay – (within 5 days)
- The % of Care Leavers with a Pathway Plan.

Some areas where performance hasn't met the target and are areas for improvement are:

- The % of adults supported at home who agree that their health and care services seemed to be well co-ordinated
- The number of patients with early diagnosis and management of dementia
- The % of adults supported at home who agree they are supported to live independently
- The total number of Delayed Discharge Clients from Argyll and Bute
- The falls rate per 1,000 population aged 65+
- The number of outpatient ongoing waits >12 weeks
- The % of patients on the admissions waiting lists with medical unavailability (i.e. they were too ill to attend for the scheduled procedure).

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5. FINANCIAL PERFORMANCE 2018-19

Financial Outturn 2018-19

It was clear from the beginning of financial year 2018-19 that the HSCP had financial challenges. The final revenue outturn for 2017-18 was an overspend of £2.528m. The health related overspend of £1.373m was covered by the Scottish Government brokerage given to NHS Highland but the social work related overspend amounting to £1.155m has to be repaid to Argyll and Bute Council.

At the IJB meeting on 28 March 2018, when the budget for 2018-19 was considered, the Board were not able to set a balanced budget for 2018-19 and had unidentified savings of £1.6m, this was in addition to the savings of £10.954m agreed for 2018-19.

During 2018-19, both the Chief Officer and Chief Financial Officer left the organisation. This resulted in reduced focus on the pursuit of additional savings to balance the budget and on delivering the approved savings. A new Chief Officer was appointed in October 2018. The Chief Financial Officer post was covered by an interim between July 2018 and November 2018 and the Council's Head of Strategic Finance (in addition to her Council post) between December 2018 and June 2019. Enhanced budgetary control arrangements are now in place and comprehensive financial reports are now being presented to the IJB on a regular basis. Although unable to break even at the end of 2018/19, there is now greater control and transparency over the partnership's financial position.

A report was presented to the IJB at the end of January 2019 advising that against a savings target of £10.954m for 2018-19, only £3.777m of savings were estimated to be achieved, resulting in a shortfall of £7.177m. Some in year savings had been made that reduced this shortfall but it was evident at that time that the Health and Social Care Partnership would not be able to deliver financial balance within 2018-19.

The forecast outturn position was reported to the IJB at each meeting throughout the financial year. The overall financial performance against budget for financial year 2018-19 was an overspend of £6.681m, with an overspend of £3.554m on health related services and an overspend of £3.127m on social work services.

The overspend for health related services took an adverse dip between February and the end of the financial year. This is mainly as a result of recognition of the disputed charging of services from NHS Greater Glasgow and Clyde (GG&C). At the end of financial year 2018-19 the dispute remained unresolved. With intervention from the Scottish Government it was agreed that the brokerage given to NHS Highland would cover the disputed costs for 2018-19 and that there would be collaborative work with other Health Boards who have an SLA with GG&C on a new funding model for 2019-20 onwards.

The table on the next page summarises the financial performance against budget for 2018-19, split across Health and Social Work related services.

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Service	Actual £000	Budget £000	Variance £000	% Variance
COUNCIL SERVICES:				
Chief Officer	839	(232)	(1,071)	461.6%
Service Development	385	383	(2)	-0.5%
Looked After Children	7,506	6,859	(647)	-9.4%
Child Protection	3,218	3,285	67	2.0%
Children with a Disability	802	848	46	5.4%
Criminal Justice	(35)	100	135	135.0%
Children and Families Central Management Costs	2,421	2,415	(6)	-0.2%
Older People	29,367	29,462	95	0.3%
Physical Disability	1,880	1,316	(564)	-42.9%
Learning Disability	10,874	9,446	(1,428)	-15.1%
Mental Health	1,624	1,901	277	14.6%
Adult Services Central Management Costs	463	434	(29)	-6.7%
COUNCIL SERVICES TOTAL	59,344	56,217	(3,127)	-5.6%
HEALTH SERVICES:				
Adult Services - West	53,232	50,776	(2,456)	-4.8%
Adult Services - East	29,125	28,532	(593)	-2.1%
Children & Families Services	6,201	6,656	455	6.8%
Commissioned Services - NHS GG&C	64,370	61,391	(2,979)	-4.9%
Commissioned Services - Other	4,230	3,653	(577)	-15.8%
General Medical Services	16,723	16,674	(49)	-0.3%
Community and Salaried Dental Services	3,540	3,923	383	9.8%
Other Primary Care Services	8,806	8,806	0	0.0%
Public Health	1,714	2,018	304	15.1%
Management and Corporate Services	4,905	5,210	305	5.9%
Health Board Provided Services	2,206	2,206	0	0.0%
Depreciation	2,441	2,524	83	3.3%
Estates	5,538	5,099	(439)	-8.6%
Budget Reserves	0	2,009	2,009	100.0%
HEALTH SERVICES TOTAL	203,031	199,477	(3,554)	-1.8%
GRAND TOTAL	262,375	255,694	(6,681)	-2.6%

The main service areas contributing to the overall overspend position are noted below:

- Chief Officer – The variance is a combination of the unidentified savings total, slippage on identified efficiency savings and higher than expected bad debt provision charge partially offset by additional vacancy savings, slippage on the Community Services Investment Fund expenditure and the recognition that additional funding provided for superannuation costs related to auto-enrolment were not required.
- Looked After Children - Overspend arises mainly due to the high cost of meeting demand for expensive external care home placements and slippage on efficiency savings designed to reduce this cost as well as on legal costs within the Adoption service and agency staffing costs within the Care and Reviewing Officer service. These were partially offset by underspends on the foster care, supporting young people leaving care and children's houses budgets.

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- Physical Disability - Overspend arises mainly due to higher than budgeted demand as well as slippage on the delivery of efficiency savings for supported living services, higher demand for residential care placements and the purchase of equipment by the Integrated Equipment Store.
- Learning Disability - Overspend arises due to a combination of higher than budgeted demand for supported living and care home services and slippage on savings developed to reduce both of these commitments partially offset by underspends in assessment and care management, respite and resource/day centres.
- Adult Services West and East - Savings not being achieved and several budget overspends, including; Psychiatric medical services - locums, Lorn and the Isles Hospital (LIH) Day Bed Unit - oncology drugs, Mull Medical Group - GP locums, LIH wards - agency nurses, LIH Laboratory - agency staffing and non-pay costs, GP prescribing.
- Commissioned Services – NHS GG&C - Savings not being achieved and increased charges for; mental health in-patient services, oncology drugs and other high cost services not included within the main patients services SLA.

It should be noted that the financial performance figures in the table above are different to those within the Comprehensive Income and Expenditure Statement due to the presentation of income between NHS Highland and Argyll and Bute Council. This income amounts to £11.273m and in the financial performance table the income and expenditure is netted off but in the Comprehensive Income and Expenditure statement the income (or funding) is included in the funding line.

Repayment of Overspend

The approved Scheme of Integration outlines what should happen in the event of an overspend at the year end:

8.2.20 Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and there are insufficient reserves to meet the overspend, then the Parties will be required to make additional payments to Argyll and Bute Integrated Joint Board. Where there is a requirement for additional payments an analysis of the requirement for additional payments will be carried out to determine the extent to which they relate to either budgets delegated back to or activities managed by the Council or NHS Highland with the allocation of the additional payments being based on the outcome of this analysis. Any additional payments by the Council and NHS Highland will then be deducted from future years funding/payments.

NHS Highland and Argyll and Bute Council, in line with the Scheme of Integration, allocated additional funding to the IJB at the end of 2018-19. The health related overspend of £3.554m was covered by the Scottish Government brokerage given to NHS Highland and will not require to be repaid but the social work related overspend amounting to £3.127m needs to be repaid to Argyll and Bute Council along with the repayment of the 2017-18 overspend.

As a result of the financial position during 2018-19, a request was made to the Council to defer the repayment arrangements for the 2017-18 overspend by 1 year and this was agreed by

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Council on 21 February 2019. A report was considered at the Council’s Policy and Resources Committee on 16 May 2019 in respect of the repayment arrangements for the 2018-19 overspend and it was agreed that this be repaid over a period of three years commencing in 2020-21. Total repayments due to the Council are shown in the table below:

	2019-20 £000s	2020-21 £000s	2021-22 £000s	2022-23 £000s	Total £000s
2017-18 overspend	100	300	755		1,155
2018-19 overspend		800	1,000	1,327	3,127
Total to be repaid	100	1,100	1,755	1,327	4,282

Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. There are no statutory or presentational adjustments which affect the application of the funding received from partners, therefore the movement in the General Fund balance is solely due to the transactions shown in the Comprehensive Income and Expenditure statement.

Reconciliation of Comprehensive Income and Expenditure Statement to Financial Outturn:

The table below reconciles the surplus on the provision of services of £0.221m as noted in the Comprehensive Income and Expenditure Statement to the financial outturn position of £6.681m overspend:

	£000	£000
Surplus on Provision of Services		(221)
Remove Statutory Adjustments that don’t feature in financial outturn position	0	
Movement in General Fund Balance		(221)
Other Movements:		
Earmarked Reserves released to services during 2018-19	(104)	
New Earmarked Reserves during 2018-19	325	
Additional Funding Provided by NHS Highland	3,554	
Additional Funding Provided by Argyll and Bute Council	3,127	
		6,902
Financial Outturn (Overspend)		6,681

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Movement in Reserves Statement

This statement shows the movement in year on the Integration Joint Board's Reserves. The IJB has one reserve, a General Fund reserve, this is a resource backed reserve which can be used to fund expenditure.

The balance on the General Fund reserve has increased by £0.221m, there was a balance of £0.104m held at 1 April 2018 and the closing balance at 31 March 2019 is £0.325m. This increase represents the net of amounts of earmarked balances used during 2018-19 and two new balances earmarked at the end of 2018-19.

A Reserves Policy was approved by the Integration Joint Board in March 2017. This outlines that the balance of reserves will normally comprise of three elements one of which is the earmarking of funds set aside for a specific purpose agreed by the Integration Joint Board. The IJB had an adverse year-end outturn position and the only earmarking relates to funding specifically provided for two projects. Further detail is provided in note 8 to the financial statements.

The overall position for reserves is noted below:

	Earmarked Reserves £000	Unallocated Reserves £000	Total £000
Opening Balance at 1 April 2018	76	28	104
Movement 2018-19	249	(28)	221
Closing Balance at 31 March 2019	325	0	325

The IJB Reserves Policy suggests a prudent level of General Fund reserve to be set at 2% of the IJB net revenue budget, this would equate to around £5.5m. Whilst this level of reserve would allow a degree of flexibility and assurance, this must be proportionate and take cognisance of the level of savings required to be delivered. Given the unprecedented economic climate in which the IJB are operating this is viewed as an aspirational level of reserves to be built up over time, recognising the tensions between prudent financial planning and budgetary constraints.

Balance Sheet

The Balance Sheet shows the value of the Integration Joint Board's assets and liabilities as at the 31 March 2019. The Integration Joint Board does not hold fixed assets as these remain with the partner bodies. There are explanatory notes which accompany the Balance Sheet, the balances are:

- Short Term Debtors of £0.325m, relates to two earmarked reserves balances related to health services and recognises the amount owed to the Integration Joint Board by NHS Highland.

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The net worth of the Integration Joint Board as at 31 March 2019 is £0.325m, this is supported by the General Fund reserve.

There are no provisions recognised on the Balance Sheet. There were no new provisions made during 2018-19 on behalf of the IJB. There are historic provision balances and contingent liabilities relating to services provided prior to 1 April 2016, these will be recognised as required in the partner Annual Accounts. There would be further consideration of funding requirements for the IJB where the historic funding of these financial provisions are insufficient and may affect the IJB funding arrangements.

6. FINANCIAL OUTLOOK, RISKS AND PLANS FOR THE FUTURE

Budget 2019-20

A medium term budget outlook report, covering the period 2019-20 to 2021-22 was presented to the IJB on 30 January 2019. The budget outlook was prepared using three different scenarios, best case, worst case and mid-range. As a budget outlook is based on a set of assumptions at a given point in time, it requires to be updated regularly. A revised budget outlook report was also presented to the IJB as part of the budget papers on 27 March 2019. This type of report will now be a standing item on the agenda.

As per the report on 27 March 2019, the budget gap for 2019-20 within the mid-range scenario was £6.794m. The Senior Leadership Team identified savings that would deliver a balanced budget in 2019-20. They were concerned to make sure that these savings were deliverable, not to repeat the situation in 2018-19 where many of the agreed savings were not delivered. All savings proposals identified were in line with the strategic objectives of the Health and Social Care Partnership.

Savings proposals were classified into management/operational savings (where there were no policy implications and no redundancies) and policy savings, where there were either policy or staffing implications. A summary of the savings identified is noted in the table below.

	2019-20 £000	2020-21 £000	2021-22 £000
Management/Operational Savings	5,058	5,558	6,078
Policy Savings	1,736	1,934	1,934
Total Savings	6,794	7,492	8,012

The IJB approved the 2019-20 budget proposals at their meeting on 27 March 2019 delivering a balanced budget for 2019-20. The approval of the budget proposals should provide reassurance to the public, staff and stakeholders that the HSCP is determined to work within budget.

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Moving into 2019-20, there needs to be robust budget monitoring and when an activity deviates from plan corrective action will have to be taken immediately to minimise any future overspends.

Medium to Longer Term Outlook

Looking into 2019-20 and beyond, it is anticipated the Scottish public sector will continue to face a very challenging short and medium term financial outlook with significant uncertainty over the scale of likely reductions in funding.

Audit Scotland publish a financial overview report each year. In the report published in November 2018, it was noted that only a third of IJBs have a medium-term financial plan, typically covering three years, and there is no evidence of longer term-financial planning. Whilst the IJB now have regular reporting of a medium term outlook, consideration will need to be given to the longer term.

The medium term outlook for the IJB identifies a significant budget gap over the next three years. The Senior Leadership Team have already identified a number of areas for review that should deliver savings in the future and the IJB endorsed that further development work should be undertaken on these areas. A high level timetable has also been created for the budget process in 2020-21. Due to the changes in personnel in 2018-19, the budget process for 2019-20 commenced too late and even although a balanced budget was reached, there was insufficient time to provide the IJB with alternative savings options and also options for approval that may take longer to implement. The table below notes the current budget gap over the next three years.

	2020-21 £000	2021-22 £000	2022-23 £000
Best Case	2,835	5,467	7,582
Mid-Range	6,403	12,521	18,074
Worst Case	9,948	19,595	28,830

The latest budget outlook report can be accessed on the following weblink:
[IJB Papers 29 May 2019 \(see pages 213-227 for budget outlook\)](#)

Financial Risks and Challenges

A report was presented to the IJB on 27 March 2019, which introduced a process of identifying and reporting financial risks to the Board on a regular basis. It is accepted that no budget is without an element of risk, given that it's an estimate of income and expenditure at a given point in time with increasing demands and expectations on the service provided.

Risks have been assessed as to their likelihood and estimated value, and this is summarised in the table on the next page:

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Likelihood/Range	Possible	Likely	Total
<£100k	8	7	15
£100k - £300k	11	0	11
£300k - £500k	4	1	5
£500k - £1.5m	3	0	3
Total	26	8	34

The 8 risks classified as likely are noted as follows:

Health or Social Work	Identified Risk	Estimated Value £000
Health	Continued use of locum GPs in Kintyre Medical Group	<£100k
Health	Continued use of agency staff in Lorn & Islands Hospital Laboratory	<£100k
Health	Continuation of excess nurse staffing in Rothesay Victoria Hospital	<£100k
Health	Continued reliance on locum medical staff to cover shifts on the Oban out of hours rota	<£100k
Health	Continuation of excess community nurse staffing on Mull,	<£100k
Health	Introduction of further cystic fibrosis drugs.	£300k-£500k
Social Work	Potential increase in the cost of the social work management information system arising from changes in the contractual/fees arrangements between the supplier (OLM) and the HSCP.	<£100k
Social Work	Potential requirement to address property maintenance issues at a leased property in Helensburgh.	<£100k

The 3 risks classified as over £0.500m are noted as follows:

Health or Social Work	Identified Risk	Likelihood
Health	Continued use of agency medical staff in psychiatry	Possible
Health	NHS Greater Glasgow and Clyde seek to correct historic undercharging on the main patients' services SLA	Possible
Social Work	Potential increase in the number of children and young people who need to be taken into care and supported/accommodated by the HSCP.	Possible

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The financial risks will be monitored routinely and mitigating actions put in place where possible. This is not always straightforward due to Scottish Government policy directions and also the introduction of new drugs that usually come with increased cost outwith our control.

The most significant risk is the contract with NHS Greater Glasgow and Clyde (GG&C). NHS Highland has a Service Level Agreement (SLA) with NHS GG&C for services provided to Argyll and Bute residents in GG&C hospitals. The annual value of the SLA has been successfully agreed for over a decade, usually following a period of negotiation but always without the need for arbitration. However in 2018-19, an impasse has been reached with GG&C seeking payment of a higher value than that willing to be agreed to by NHS Highland (and the IJB). NHS Highland's offer was £53.1m and NHS GG&C were seeking payment of £54.3m.

At the end of financial year 2018-19 the dispute remained unresolved. With intervention from the Scottish Government it was agreed that the brokerage given to NHS Highland would cover the disputed costs for 2018-19 and that there would be collaborative work with other Health Boards who have an SLA with GG&C on a new funding model for 2019-20 onwards. This remains a significant financial risk for the IJB.

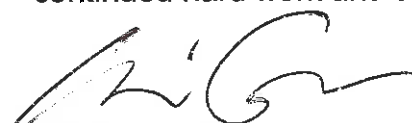
In addition to the financial risks identified for the IJB there remain wider risks that could impact on the level of resources made available to the Scottish Government. Two wider risks worth mentioning are the level of funding in relation to the increase in the employers pension contribution rate agreed by HM Treasury and the largely unquantifiable potential implications, of the UK's possible withdrawal from the European Union.


7. CONCLUSION

The Integrated Joint Board has had a number of financial challenges during 2018-19 and the final outturn position was an overspend. The operating environment going forward remains very challenging, however, the IJB approved a balanced budget for 2019-20 which should provide reassurance to the public, staff and stakeholders that the HSCP is determined to work within budget. That said, there remains a number of risks to deliver the services within the budget resource and a robust budget monitoring process needs to be in place in order that corrective action and recovery plans (where required) are put in place at the earliest opportunity.

8. ACKNOWLEDGEMENTS

We would take this opportunity to acknowledge the significant effort in producing the Annual Accounts and to record our thanks to members of the Integrated Joint Board and staff for their continued hard work and support.


Cllr Kieron Green
Chair
25 September 2019


Joanna MacDonald
Chief Officer
25 September 2019


Judy Orr
Head of Finance & Transformation
25 September 2019

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Statement of Responsibilities

THE INTEGRATION JOINT BOARD'S RESPONSIBILITIES:

The Integration Joint Board is required:

- to ensure the Annual Accounts are prepared in accordance with the 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 Act 2003);
- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board had responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this organisation, that officer is the Chief Financial Officer;
- to manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets; and
- to approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Argyll and Bute Integration Joint Board at its meeting on 25 September 2019.

Signed on behalf of the Integration Joint Board



Cllr Kieron Green
Chair
25 September 2019

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Statement of Responsibilities

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES:

The Chief Financial Officer is responsible for the preparation of the Integration Joint Board'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 is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- complying with legislation;
- complying with the Local Authority Code of Practice (in so far as it is compatible with legislation).

The Chief Financial Officer is also required to:

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

I certify that the financial statements give a true and fair view of the financial position of the Argyll and Bute Integration Joint Board as at 31 March 2019, and its income and expenditure for the year then ended.

A handwritten signature in black ink, appearing to read 'Judy Orr', is located below the certification text.

Judy Orr
Head of Finance and Transformation
25 September 2019

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

INTRODUCTION

The Annual Governance Statement explains Argyll and Bute's Integration Joint Board's (IJB) governance arrangements and reports on the effectiveness of the IJBs system of internal control.

SCOPE OF RESPONSIBILITY

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

In discharging these responsibilities, the IJB has put in place arrangements for governance of its affairs which includes a system of internal control. The system is based on an ongoing process designed to identify, prioritise and manage the risks facing the organisation. The system aims to manage risks efficiently, effectively and economically to achieve the organisation's policies, aims and objectives.

The IJB has a reliance on the NHS Highland and Argyll and Bute 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 Integration Joint Board.

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

GOVERNANCE FRAMEWORK

The Argyll and Bute IJB has been established as a separate legal entity from either Argyll and Bute Council and NHS Highland, with a separate board of governance. The IJB comprises eight voting members with four Elected Members nominated by Argyll and Bute Council and four Board members of NHS Highland. In addition there are a number of non-voting appointees representing other sectors and stakeholder groups, such as the Third Sector, Independent Sector, Patients and Service Users, Carers and Staff.

The arrangements for the operation, remit and governance of the IJB are set out in the Argyll and Bute Integration Scheme which has been prepared and approved by Argyll and Bute Council and NHS Highland.

The IJB, via a process of delegation from the Health Board and Local Authority as outlined in the Scheme of Integration has responsibility for the planning, resourcing and operational delivery of all integrated health and social care services within Argyll and Bute.

The funding available to Argyll and Bute IJB is dependent on the funding available to Argyll and Bute Council and NHS Highland and the corporate priorities of both. The IJB is therefore reliant on both partners for the resources to deliver health and social care services.

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Annual Governance Statement

The main features of the governance framework in place during 2018-19 were:

- The Integration Scheme which outlines the scope and functions of services that are delegated, the clinical and care governance, financial and operational management arrangements.
- The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within Standing Orders, the Integration Scheme, Financial Regulations and Standing Financial Instructions; these are subject to regular review.
- The overarching strategic vision, mission and values of the IJB are set out in the Strategic Plan and Strategic Objectives are aligned to deliver on the National Outcomes for Adults, Older People and Children.
- Effective joint working with Health and Council partners to ensure delivery of the Strategic Objectives, through information sharing and clear lines of responsibility, with an agreed Integration Sharing Protocol in place.
- Members of the IJB subscribe to and comply with the Standing Orders and Code of Conduct and the appointed Standards Officer is responsible for advising and guiding members of the Board on issues of conduct and propriety. A register of interests is in place for all Board members and senior officers.
- Development of appropriate training, development and induction provided for all new IJB members. Performance Development and Review schemes are in place for all staff through each partner agency, the aim of which is to focus on their individual performance and development and contribution towards meeting service objectives.
- Review of the engagement strategy resulting in 4 Locality Planning Groups which will be recruited in 2019, these aim to provide a more effective mechanism for local leadership of service planning and a way for localities to influence how resources are spent in their area and allow them to contribute to the delivery of the Strategic Plan 2019-22.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Audit Scotland, Inspectorates and the Internal Audit service.
- The decision making structure whereby the committees of the IJB have Terms of Reference agreed by the Integration Joint Board, these include the Clinical and Care Governance Committee, Audit Committee, Quality and Finance Plan Programme Board, Strategic Planning Group and Locality Planning Groups.
- The work and outputs from committees is reported to the IJB, for example the minutes of meetings and highlight reports for Clinical and Care Governance and Staff Governance.
- The Planning and Performance Management Framework focusses on embedding a performance management culture throughout the organisation, regular reporting to the Board takes place with a performance scorecard being presented on a regular basis, the Integration Joint Board will also publish a further Annual Performance Report following the second year of integration.
- Reliance on the procedures, processes, policies and operational systems of Argyll and Bute Council and NHS Highland where these are operationally delegated. The IJB key governance documents are subject to periodic review with assigned lead officers and approval routes.

**ARGYLL AND BUTE INTEGRATION JOINT BOARD
Annual Governance Statement**

- The legislative framework requires the Chief Officer to be a single point of overall strategic and operational advice to the IJB and to be a member of the Senior Management Teams of Argyll and Bute Council and NHS Highland.

THE SYSTEM OF INTERNAL FINANCIAL CONTROL

The governance framework described operates on the foundation of internal controls. The system of internal financial control is based on a framework of regular management and financial information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the IJB. During 2018-19 this included the following:

- Financial Regulations and guidance relating to financial processes and procedures.
- Formalised budget setting process, which includes the updating of the budget outlook and a process for monitoring of the Quality and Finance Plan and identifying new savings to balance the budget.
- Regular review of periodic and annual financial reports that indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Formal project management disciplines.
- Regular Quality and Finance Plan Programme Board meetings to provide scrutiny of the financial position and progress with service redesign.
- An effective Internal Audit function.
- Development of initial integrated financial reporting and implementation of a financial risk register.

The system of internal financial control can provide only reasonable and not absolute assurance and is designed to manage risk to a reasonable level. Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Financial Officer. 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)’.

UPDATE ON GOVERNANCE ISSUES PREVIOUSLY REPORTED

The 2017-18 Annual Governance Statement identified a number of areas for further development. An update on progress with each area is provided below:

Planned Action	Progress Update
A detailed workforce plan will be developed demonstrating how this supports the Strategic Plan, this will also link to support activities such as training and recruitment and align to the shift of the workforce from institutional to community based settings.	The workforce plan was presented to the IJB for approval in August 2018, this plan focused on Adult Services, the next iteration of the Plan in 2019 will incorporate all other HSCP services and seeks to incorporate our developing relationship with also the third and

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

	independent sectors through strategic commissioning.
A local code of governance will be developed which will describe and define the main features of governance for the Integration Joint Board, in practice currently there are a number of local codes or documents.	This work was commenced in early 2019 based on initial review of committee terms of reference and stimulating the requirement for a full code of corporate governance.
An action plan to improve integrated budget monitoring will be presented to the IJB Audit Committee in June 2017.	The interim Chief Financial Officer progressed to a suite of financial reports presented to the IJB with a corresponding financial risk register. Work is still required to further improve integrated budget monitoring.
Risk management will be subject to an Internal Audit review and improvements during 2017-18. There is a planned development session with the Integration Joint Board, one of the outputs being the development of an agreed risk appetite. These actions will ensure risk management is embedded in the culture of the organisation.	The risk management strategy still requires to be reviewed and this will be tasked to the Internal Audit team to benchmark against best practice in Health and Social Care Partnerships. A framework for reporting citing both Audit Committee and IJB will be proposed to secure and embed risk management in the culture of the organisation.
Formalise the approach to sharing information across the IJB Audit Committee and the Argyll and Bute Council and NHS Highland Audit Committees to better co-ordinate assurance activity between the partners.	There have been changes in membership of the Audit Committees of the Council and the IJB. The IJB Audit Committee now includes membership from both the Argyll and Bute Council and NHS Highland Audit Committees.
Continuing development of performance management and performance scrutiny aligned with the Strategic Plan primary objectives and revised National Health and Wellbeing Outcome indicators.	Presentation to the IJB of proposed Integrated Performance Regime for the HSCP in scheduled for August 2019 with roll out subject to approval thereafter.
Further develop the capacity and capability of Locality Planning Groups to ensure members have the support and capability to use and interpret data to facilitate the implementation of Strategic Plan objectives at locality level.	A renewed Engagement Strategy has been developed and approved. The 9 Locality Planning Groups will be reduced to 4 area based groups and this requires to be implemented and embedded in 2019-20 to support the delivery of the Strategic plan 2019-22.
Roll out of communications and engagement toolkit to localities to ensure they are appropriately supported to facilitate the	Communications and Engagement Strategies and assurance frameworks are now in place and a report was taken to the Audit Committee

**ARGYLL AND BUTE INTEGRATION JOINT BOARD
Annual Governance Statement**

<p>requirement to support the extensive programme of service re-design over the next two years, this is accompanied by additional investment in dedicated communications resource in 2017-18.</p>	<p>to ensure consistent approach and a substantial base on which to engage, inform and consult on service changes.</p>
<p>Further work on assurance mapping to ensure coverage for the second and third lines of defence on the move to the "business as usual" stage of the organisation.</p>	<p>Support for the development of governance is now in place. Joint partnership working is progressing to support the development of the governance structures.</p>
<p>Argyll and Bute Council have requested a review of the Integration Scheme with a particular focus on risk sharing arrangements, this review will be led by Argyll and Bute Council in partnership with NHS Highland.</p>	<p>In February 2018 the Council agreed to pursue a formal review of Argyll and Bute's full Health and Social Care Integration Scheme to ensure it continues to meet Scottish Government policy expectations, and to consider amending the provisions relating to writing back budget underspends/overspends to parent organisations. In addition changes are required to reflect GDPR. Initial proposals were drawn up however, in February 2019, the NHS Highland Director advised that NHS Highland are unlikely to agree to the changes proposed relating to the change in risk transfer. There is also an emerging possibility of NHS Highland coming forward with proposals which would seek to look at, and potentially change, the scope/context of NHS services included within the Scheme. It has been agreed that all of the matters which may require to be dealt with in terms of a review of the Scheme, will be dealt with as a full review to commence as soon as clarity of all of the topics to be included is achieved and completed (to include approval by the Scottish Government) by 26 June 2020.</p>
<p>2018-19 will be the final year of the current Strategic Planning period and the IJB are required to consult and engage on the next three year Strategic Plan, this will require to be agreed by Argyll and Bute Council and NHS Highland.</p>	<p>The revised Strategic Plan covering the period 2019-20 to 2021-22 was endorsed and approved by the IJB on 27 March 2019. It takes account of statutory requirements and the outcomes of the public, stakeholder and staff engagement and formal consultation.</p>
<p>Development programme for IJB members to be established, informed by a self-evaluation process, this will be supported by the Local Government Improvement Service.</p>	<p>Initial induction undertaken by the Improvement Service for IJB. Further induction and development programme pending completion. Annual self-evaluation</p>

**ARGYLL AND BUTE INTEGRATION JOINT BOARD
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	will be embedded through the development of the Code of Corporate Governance in 2019.
Establish and develop the Transforming Together approach to the delivery of service change with a focus on the development of strategy and policy documents to underpin the service changes.	Implementation of the transformation board, identified workstreams and project monitoring. Some gains have been made in planning and research. Further scoping required in rural services redesign. The partnership has identified the requirement for a formal transformational role within the senior leadership team aligned to finance.
Review the use of Directions to ensure decisions and delegations from the IJB are clearly communicated to partners and to ensure their use reflects best practice.	There has been some progress in the understanding of the value in providing clear direction to partners and in understanding and discharging the roles and responsibilities of the IJB and officers. This will continue to be strengthened throughout 2019-20 and is a clear focus of both the Chair and Chief Officer.
The IJB Improvement Plan outlines a number of areas for improvement to partnership working including key partners from the HSCP, the Scottish Government, Argyll and Bute Council, NHS Highland and the IJB. Actions include for example collaborative leadership meetings, asset mapping, revised engagement strategy, support for Locality Planning Groups and HSCP branding and identity.	Collaborative leadership meetings are implemented. Asset mapping is being progressed as part of the progression of colocation and the potential for joint planning. This will continue through 2019-20. The approved Engagement Strategy has reconfigured the Locality Planning Groups to focus on the four locality areas enabling better resourcing by HSCP staff and a structured remit for the groups. A brand for the HSCP has been developed in house. This will be deployed over the course of 2019 addressing particular needs in each business area and ensuring compliance with statutory requirements.

INTERNAL AUDIT

The IJB are required to put in place adequate and proportionate internal audit arrangements to provide independent assurance on risk management, corporate governance and the system of internal control. The internal auditors of the IJB for 2018/19 were Scott-Moncrieff.

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” (CIPFA). The Chief Internal Auditor reports directly to the IJB Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the IJB Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the IJB Audit Committee.

ARGYLL AND BUTE INTEGRATION JOINT BOARD

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The role of the IJB Audit Committee is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Membership of the IJB Audit Committee includes six members of the IJB and professional advisors. The Audit Plan was agreed at the Audit Committee meeting in June 2018. The risk based audits carried out during 2018-19 included:

- Impact of new legislation
- Sustainability of Commissioned Providers
- Compliance with the Scheme of Integration

The IJB Audit Committee receive an update on progress with individual recommendations and management actions at each meeting.

Internal Audit delivered a risk management development session to IJB members in March 2018. The purpose of the session was to improve awareness of risk management for Board members, to further develop the Strategic Risk Register and also to determine the risk appetite of the Board. The interactive session was well received by the Board and following this the updated Strategic Risk Register and risk appetite were approved by the Board. Regular risk reporting to both the Audit Committee and IJB has now been proposed to support the business of the IJB supported by the auditor.

The Chief Internal Auditor provides the Audit Committee with an annual report on internal audit activity for the Integration Joint Board. The annual report includes an independent opinion on the adequacy and effectiveness of the systems of governance and internal control. The report for 2018-19 concludes that Argyll and Bute Integration Joint Board has an adequate and effective framework of governance, risk management and control.

BEST VALUE

The IJB has a statutory duty to provide best value as a designated body under section 106 of the Local Government (Scotland) Act 1973. The Annual Performance Report 2018/19 approved by the IJB on 7 August 2019 sets out how it fulfilled its obligations for best value in that year.

REVIEW OF EFFECTIVENESS

The IJB places reliance on the procedures, processes, policies and operational systems of Argyll and Bute Council and NHS Highland. The IJB operates within an established procedural framework and the partner organisations provide assurance over the effectiveness of their systems of internal control.

The IJB has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal financial control. This is informed by:

- The work of officers within the IJB
- The work of Internal Audit as described above
- The work of External Audit

ARGYLL AND BUTE INTEGRATION JOINT BOARD Annual Governance Statement

- External review and inspection reports
- The compliance with statutory guidance issued for the integration of services
- Recommendations from the Audit Committee.

Internal Audit have planned a formal review of Corporate Governance in 2019-20 pending the completion of the governance review.

The IJB Visible Changes Improvement Plan outlines a number of areas for improvement to partnership working including key partners from the HSCP, the Scottish Government, Argyll and Bute Council, NHS Highland and the IJB. Actions include for example collaborative leadership meetings, asset mapping, revised engagement strategy, support for Locality Planning Groups and HSCP branding and identity.

2018-19 was the final year of the current Strategic Planning period and the IJB have consulted and engaged on delivering the next three year Strategic Plan

FURTHER ACTIONS

The review of governance and internal control has identified the following actions for 2019-20 that will assist with the further strengthening of the corporate governance arrangements:

- The review of the Integration Scheme is in place with a particular focus on risk sharing arrangements, this review will be led by Argyll and Bute Council in partnership with NHS Highland by June 2020.
- Conclusion on the review of corporate governance and risk reporting arrangement and support from internal audit to ensure embedding change.
- Seek approval from IJB and subsequent deployment of the code of corporate governance implementing annual performance reviews.
- Development programme for IJB members will be deployed and embedded.
- A self-evaluation process for IJB members will be implemented to ensure IJB members are receiving the support required to undertake the role.
- Review the use of Directions to ensure decisions and delegations from the IJB are clearly communicated to partners and to ensure their use reflects best practice.
- Annual review of the Visible Changes Improvement Plan for effective short term improvement planning.
- Increased monitoring of the delivery of agreed savings through increasing the frequency of meetings of the Quality and Finance Programme Board to monthly, and more detailed scrutiny of the actions being taken to deliver the savings.

CONCLUSION AND OPINION ON ASSURANCE

Significant progress has been made in the first three years of the operation of the Integration Joint Board to ensure appropriate governance and information sharing arrangements are in place, further improvement and development of governance arrangements is ongoing to safeguard the future success of the Partnership.

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Annual Governance Statement

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



Cllr Kieron Green
Chair
25 September 2019



Joanna MacDonald
Chief Officer
25 September 2019

ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

1. INTRODUCTION

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

The information disclosed in the tables in this Remuneration Report is subject to external audit. The explanatory text in the Remuneration Report is reviewed by external auditors to ensure it is consistent with the Financial Statements.

2. INTEGRATION JOINT BOARD

The IJB comprises eight voting members appointed in equal numbers by the Health Board and Council. The partners appoint a Chair and Vice Chair in accordance with the Integration Scheme and the Public Bodies (Joint Working) (Integration Joint Boards)(Scotland) Order 2014. Article 4 of the Order provides for the Chair to be appointed by NHS Highland or Argyll and Bute Council from among the voting members nominated by NHS Highland and the Council. The Vice Chair is appointed by the constituent authority who did not appoint the Chair.

The NHS Board and the Council have responsibility for these appointments on an alternating basis and the NHS Board and the Council may change the person appointed by them as Chair or Vice Chair during an appointing period.

Robin Creelman completed his tenure as Chair on 31 March 2019. The current Vice Chair and council Nominated Chair, Councillor Kieron Green, will take up the office of Chair for the two year period from 1 April 2019 to 31 March 2021. NHS Highland appointee Sarah Compton-Bishop will take up the position of Vice Chair on 1 April 2019 to 31 March 2021.

In addition there are professional advisors and stakeholder members who are non-voting members of the Integration Joint Board.

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

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

3. 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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

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 current Chief Officer is regarded as an employee of the IJB although the contract of employment is with Argyll and Bute Council. Christina West was Chief Officer until 30 September 2018. To allow for a period of handover, Joanna MacDonald was seconded from NHS Highland on 1 September 2018 to work alongside Christina prior to her leaving date. Joanna MacDonald secured the permanent position as Chief Officer from 1 October 2018. The tables that follow include the cost for Joanna MacDonald from 1 October 2018, when she was in the statutory post, i.e. not including the handover period.

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.

Caroline White was in the role of Chief Financial Officer until 15 July 2018. Lesley MacLeod was contracted as the interim Chief Financial Officer from 16 July 2018 until 30 November 2018. Kirsty Flanagan who is Argyll and Bute Council's Section 95 Officer covered both her role within Argyll and Bute Council and the IJBs Chief Financial Officer from 1 December 2018. Kirsty Flanagan's salary is disclosed within Argyll and Bute Council Annual Accounts and no recharge was made to the IJB.

The following table sets out the remuneration disclosures for 2018-19 for senior officers:

Total 2017-18	Senior Officer	Salary (Including Fees and Allowances)	Taxable Expenses	Total 2018-19
£		£	£	£
97,989	Chief Officer – Christina West (up to 30/09/2018) <i>(Full Year Equivalent)</i>	48,729 <i>(97,458)</i>	-	48,729 <i>(97,458)</i>
-	Chief Officer – Joanna MacDonald (from 01/10/2018) - See Note 1 <i>(Full Year Equivalent)</i>	50,665 <i>(101,331)</i>	-	50,665 <i>(101,331)</i>
50,212	Chief Financial Officer – Caroline White (up to 15/07/2018)	14,885	-	14,885
-	Chief Financial Officer – Lesley MacLeod (16/07/2018 to 30/11/2018)	36,302	-	36,302
-	Chief Financial Officer – Kirsty Flanagan (from 01/12/2018) – See Note 2	*	-	*
148,201	Total	150,581	-	150,581

Note 1 – The information is provided for Joanna MacDonald after she took up the statutory post as Chief Officer on 1 October 2018.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

Note 2 - Kirsty Flanagan was remunerated separately by Argyll and Bute Council for her post as Head of Strategic Finance. No recharge was made to the IJB.

4. PENSION BENEFITS

In respect of officers pension benefits the statutory responsibility for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pension liability reflected on the IJB balance sheet for the Chief Officer or any other officers. The IJB however has a 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 Chief Officer is a member of the Local Government Pension Scheme (LGPS), costs for the pension scheme contributions and accrued pension entitlements are shown in the table below:

2017-18			2018-19	
In-year Pension Contributions £	Accrued Pension Benefits £		In-year Pension Contributions £	Accrued Pension Benefits £
18,912	6,692	Chief Officer – Christina West (up to 30/09/2018)	9,405	7,771
-	-	Chief Officer – Joanna MacDonald (from 01/10/2018) – See Note 1	9,565	945
-	-	Chief Financial Officer – Caroline (up to 15/07/2018)	-	-
-	-	Chief Financial Officer – Lesley MacLeod (16/07/2018 to 30/11/2018)	-	-
-	-	Chief Financial Officer – Kirsty Flanagan (from 01/12/2018) – See Note 2	-	-

Note 1 – The information is provided for Joanna MacDonald after she took up the statutory post of Chief Officer on 1 October 2018.

Note 2 - Kirsty Flanagan was remunerated separately by Argyll and Bute Council for her post as Head of Strategic Finance. No recharge was made to the IJB.

5. DISCLOSURE BY PAY BANDS

Pay Band information is not separately provided as all staff pay information has been disclosed in the information above.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Remuneration Report

6. EXIT PACKAGES

There were no exit packages during 2018-19.



Cllr Kieron Green
Chair
25 September 2019



Joanna MacDonald
Chief Officer
25 September 2019

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2017-18 Net Expenditure £000		2018-19 Net Expenditure £000
136,025	Adult Care	137,828
1,028	Alcohol and Drugs Partnership	-
695	Chief Officer	839
19,112	Children and Families	20,123
3,652	Community and Dental Services	3,540
-	Integrated Care Fund	
1,293	Lead Nurse	1,399
1,114	Public Health	1,714
3,493	Strategic Planning and Performance	2,373
5,352	Estates	5,538
2,502	Depreciation	2,441
16,010	General Medical Services	16,723
59,972	Greater Glasgow & Clyde Commissioned Services	64,370
(1,268)	Income – Commissioning and Central	(1,459)
4,533	Management and Corporate Services	5,183
8,254	NCL Primary Care Services	8,806
3,300	Other Commissioned Services	4,230
265,067	Cost of Services	273,648
(264,692)	Taxation and Non-Specific Grant Income (note 4)	(273,869)
375	(Surplus) or Deficit on Provision of Services	(221)
375	Total Comprehensive Income and Expenditure	(221)

The IJB’s Comprehensive Income and Expenditure Statement shows the net cost of Partners providing directed services. It does not separately identify income received from service users as this remains the statutory responsibility of the Partners.

The information in the management commentary provides a more detailed analysis of the expenditure which is consistent with the management reporting to the IJB during the course of 2018-19. There are no statutory or presentation adjustments which affect the Integration Joint Board’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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Financial Statements

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the IJB 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	Unusable Reserves: Employee Statutory Adjustment Account	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2018	(104)	0	(104)
(Surplus) / Deficit on Provision of Services	(221)	0	(221)
(Increase) / Decrease in Year 2018-19	(221)	0	(221)
Closing Balance at 31 March 2019	(325)	0	(325)

Movements in Reserves During 2017-18:	General Fund Balance	Unusable Reserves: Employee Statutory Adjustment Account	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2017	(479)	0	(479)
(Surplus) / Deficit on Provision of Services	375	0	375
(Increase) or Decrease in Year 2017-18	375	0	375
Closing Balance at 31 March 2018	(104)	0	(104)

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Financial Statements

BALANCE SHEET

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.

31 March 2018 £'000		Note	31 March 2019 £'000
104	Current Assets:		
	Short Term Debtors	5	325
0	Current Liabilities:		
	Short Term Creditors	6	0
0	Long-term Liabilities:		
	Provisions	10	0
104	Net Assets		325
104	Usable Reserve: General Fund	8	325
104	Total Reserves		325

The unaudited accounts were authorised for issue on 26 June 2019 and the audited accounts were authorised for issue on 25 September 2019.



Judy Orr
Head of Finance and Transformation
25 September 2019

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Notes to the Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Financial Statements summarise the transactions of the Integration Joint Board for the 2018-19 financial year and its position for the year end as at 31 March 2019.

The Integration Joint Board 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 Authorities Accounting in the United Kingdom 2018-19, 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 the Integration Joint Board will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

1.2 Accruals of Income and Expenditure

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 Integration Joint Board.
- Income is recognised when the Integration Joint Board has a right to the income, for instance by meeting any terms and conditions required to earn 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.

For the Integration Joint Board annual accounts a debtor and/or creditor will be recorded where the partner contributions differ from the actual net expenditure in year, this allows any surplus or deficit on the provision of services to be transferred to the reserves held by the Integration Joint Board. Where any in-year overspend exceeds reserves available the partners will make additional in-year payments, in this instance a creditor will not be recognised as future funding would be adjusted to reflect any future repayment.

1.3 Offsetting of Debtors and Creditors

The Integration Joint Board does not hold cash and cash equivalents. Instead the funding partners utilise, as directed by the Integration Joint Board, the amount of funding due to the Integration Joint Board to pay for services.

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Notes to the Financial Statements

The Integration Joint Board and the funding partners have confirmed that there is a 'right of offset', and that there is an intention to allow settlement of balances to be undertaken on a net basis. On this basis the Integration Joint Board's financial statements present the balances due to and from the funding partners on a net basis rather than as separate creditors and debtors.

1.4 Funding

The Integration Joint Board is primarily funded through funding contributions from the statutory funding partners, Argyll and Bute Council and NHS Highland. Expenditure is incurred as the Integration Joint Board commissions specified health and social care services from the funding partners for the benefit of service recipients in Argyll and Bute.

1.5 Cash and Cash Equivalents

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

1.6 Employee Benefits

The Integration Joint Board 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 Integration Joint Board therefore does not present a Pensions Liability on its Balance Sheet.

The Integration Joint Board 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 at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

1.7 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 Integration Joint Board's Balance Sheet, but is disclosed in a note where it is material.

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Notes to the Financial Statements

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 Integration Joint Board's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

Where NHS Highland or Argyll and Bute Council recognise provisions, contingent liabilities or contingent assets in relation to services included in the Integration Scheme these will be disclosed in the Integration Joint Board's Annual Accounts.

1.8 Reserves

The Integration Joint Board's reserves are classified as either Usable or Unusable Reserves. There is a Reserves Policy in place which details the nature and use of reserves.

The Integration Joint Board'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 Integration Joint Board can use in later years to support service provision.

The Integration Joint Board's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation. It defers the charge to the General Fund for the Chief Officer's absence entitlement as at 31 March, for example any annual leave earned but not yet taken. The General Fund is only charged for this when the leave is taken, normally during the next financial year.

1.9 Indemnity Insurance

The Integration Joint Board has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Highland and Argyll and Bute Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the Integration Joint Board does not have any 'shared risk' exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The Integration Joint Board's 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 it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the Integration Joint Board'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.

ARGYLL AND BUTE INTEGRATION JOINT BOARD Notes to the Financial Statements

1.10 VAT Status

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

2. EVENTS AFTER THE REPORTING PERIOD

The Annual Accounts were authorised for issue on 25 September 2019. Events taking place after this date are not reflected in the financial statements or notes.

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – The Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material impact disclosure is made in the notes of the nature of the events and their estimated financial effect.

There are no events to report after the reporting period end.

3. EXPENDITURE AND INCOME ANALYSIS BY NATURE

31 March 2018 £'000		31 March 2019 £'000
	<i>Services Commissioned from Argyll and Bute Council and NHS Highland:</i>	
84,917	Employee Costs	86,636
8,565	Premises Costs	8,946
12,655	Supplies and Services	11,431
3,729	Transport Related Costs	3,439
124,049	Third Party Payments	131,411
(13,708)	Income	(14,328)
44,651	Primary Care Services	45,895
	<i>Other:</i>	
185	Other IJB Operating Expenditure	193
24	Fees payable to Audit Scotland - External Audit Fees	25
(264,692)	Partners Funding Contributions and Non-Specific Grant Income	(273,869)
375	(Surplus) or Deficit on the Provision of Services	(221)

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Notes to the Financial Statements

Audit Scotland did not receive any fees for non-audit work.

4. TAXATION AND NON-SPECIFIC GRANT INCOME

The following taxation and non-specific grant income was recognised in the Comprehensive Income and Expenditure Statement:

31 March 2018 £'000		31 March 2019 £'000
57,579	Funding Contribution from Argyll and Bute Council	59,344
207,113	Funding Contribution from NHS Highland	214,525
264,692	Taxation and Non-specific Grant Income	273,869

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

5. DEBTORS

31 March 2018 £'000		31 March 2019 £'000
104	NHS Highland	325
-	Argyll and Bute Council	-
104	Total Debtors	325

Amounts owed by the funding partners are stated on a net basis. Debtor and Creditor balances recognised by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

6. CREDITORS

31 March 2018 £'000		31 March 2019 £'000
-	NHS Highland	-
-	Argyll and Bute Council	-
-	Total Creditors	-

Amounts owed to the funding partners are stated on a net basis. Debtor and Creditor balances recognised by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Notes to the Financial Statements

7. RELATED PARTY TRANSACTIONS

The Integration Joint Board has related party relationships with NHS Highland and Argyll and Bute Council. In particular the nature of the partnership means that the Integration Joint Board may influence, and be influenced by, its partners. The following transactions and balances included in the Integration Joint Board's accounts are presented to provide additional information on the relationships.

Transactions with NHS Highland:

2017-18 £000		2018-19 £000
(207,113)	Funding Contributions received from NHS Highland	(214,525)
196,072	Expenditure on Services Provided by NHS Highland	203,031
(11,041)	Net Transactions with NHS Highland	(11,494)

There are key management personnel employed by NHS Highland, these costs are included in the expenditure on services provided. The non-voting Board members employed by NHS Highland include the Lead Nurse, Clinical Director for Argyll and Bute, Public Health Specialist, Lead Allied Health Professional, Lead Pharmacist, Staff Representative and representatives from primary care and medical services. Details of the remuneration, where required, is provided in the Remuneration Report.

Transactions with Argyll and Bute Council

2017-18 £000		2018-19 £000
(57,579)	Funding Contributions received from Argyll and Bute Council	(59,344)
68,995	Expenditure on Services Provided by Argyll and Bute Council	70,617
11,416	Net Transactions with Argyll and Bute Council	11,273

There are key management personnel employed by Argyll and Bute Council, these costs are included in the expenditure on services provided. The non-voting Board members employed by Argyll and Bute Council include the Chief Officer, Chief Financial Officer, Chief Social Work Officer and a Staff Representative. Details of the remuneration, where required, is provided in the Remuneration Report.

Support services are not included in the delegations from Argyll and Bute Council. These include services such as human resources, financial services, information technology and accommodation. These are provided free of charge as 'services in kind' and these costs are therefore not included in the expenditure of the Integration Joint Board.

ARGYLL AND BUTE INTEGRATION JOINT BOARD
Notes to the Financial Statements

8. USABLE RESERVE: GENERAL FUND

The Integration Joint Board holds a balance on the General Fund which will normally comprise one of three elements:

1. Funds that are earmarked or set aside for specific purposes. In Scotland, under Local Government rules, earmarked reserves are accounted for separately but remain legally part of the General Fund. The identification of earmarked reserves may include:
 - future use of funds for a specific purpose, as agreed by the Integration Joint Board; or
 - reserves for unspent revenue grants or contributions.
2. Funds which are not earmarked for specific purposes, but are set aside to deal with unexpected events or emergencies; and
3. Funds held in excess of the target level of reserves and the identified earmarked sums. Reserves of this nature can be spent or earmarked at the discretion of the Integration Joint Board.

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned expenditure and the amount held as a general contingency.

2017-18		2018-19		
Balance at 31 March 2018 £000		Transfers Out £000	Transfers In £000	Balance at 31 March 2019 £000
31	Mental Health Fund	(31)		0
45	Primary Care Transformation Fund	(45)	208	208
0	Technology Enabled Care		117	117
76	Total Earmarked			325
28	Contingency	(28)		0
104	General Fund	(104)	325	325

9. UNUSABLE RESERVE: EMPLOYEE STATUTORY ADJUSTMENT ACCOUNT

The Integration Joint Board's only Unusable Reserve is the Employee Statutory Adjustment Account. There is no balance for the Chief Officer's absence entitlement as at 31 March 2019 recognised in the reserve for annual leave earned but not yet taken as the amount is not material.

ARGYLL AND BUTE INTEGRATION JOINT BOARD

Notes to the Financial Statements

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no provisions recognised on the Balance Sheet as at 31 March 2019. There were no new provisions made during 2018-19 on behalf of the Integration Joint Board. There are historic provision balances and contingent liabilities relating to services provided prior to 1 April 2016, these will be recognised as required in the Annual Accounts of Argyll and Bute Council and NHS Highland. There would be further consideration of funding requirements for the Integration Joint Board where the historic funding of these financial provisions are insufficient and may affect the Integration Joint Board's funding arrangements in the future.

There are no identified contingent liabilities or contingent assets as at 31 March 2019 for the Integration Joint Board.

11. 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. There was an immaterial amount of non-recoverable VAT incurred by the Integration Joint Board during 2018-19

12. ACCOUNTING STANDARDS ISSUED NOT YET ADOPTED

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The IJB considers that there are no such standards which would have a significant impact on the 2018-19 Annual Accounts.

Independent auditor's report to the members of Argyll and Bute Integration Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Argyll and Bute Integration Joint Board for the year ended 31 March 2019 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 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the Argyll and Bute Integration Joint Board as at 31 March 2019 and of its income and expenditure 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 2018/19 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 for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 7 January 2019, and this is the first year of my appointment. I am independent of the Argyll and Bute Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Argyll and Bute Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance and Transformation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Argyll and Bute Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Head of Finance and Transformation and Argyll and Bute Integration Joint Board Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Head of Finance and Transformation 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 Head of Finance and Transformation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance and Transformation is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Head of Finance and Transformation is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I 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 my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

In my 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 I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



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30 September 2019