



Scottish Borders
Health and Social Care
PARTNERSHIP

ANNUAL ACCOUNTS 2015/16

For the period 6 February 2016 to 31 March 2016

(Audited)

Management Commentary

Purpose

The purpose of the Management Commentary is to inform all users of the accounts and help them assess how the Integration Joint Board (IJB) has performed in fulfilling its duties.

Strategic Plan

The Scottish Borders Integration Joint Board (the Board) of Scottish Borders Health and Social Care Partnership (the Partnership) was established as a body corporate by Scottish Ministers on 6 February 2016. The Partnership has prepared a Strategic Plan for 2016 – 2019 which sets out what we want to achieve to improve health and well-being in the Borders through integrating health and social care services.

This Plan sets out a high level summary of some of what we will do when working together to deliver more personalised care, making best use of advancing technology to achieve “Best Health, Best Care, Best Value”. This high-level Plan will be supported by the implementation of Strategies related to specific themes (such as Dementia, Mental Health) and Locality Plans that reflect differing patterns of need across the Borders.

The partnership’s Strategic Plan describes some of the actions we will take to start to make the shift towards more community-based health and social care services, the outcomes we will seek to achieve and the steps we will take to deliver our local objectives. In addition, we describe some of the performance measures we will use to assess the progress we are making.

Our 9 Local Objectives are:

1. We will make services more accessible and develop our communities
2. We will improve prevention and early intervention
3. We will reduce avoidable admissions to hospital
4. We will provide care close to home
5. We will deliver services within an integrated care model
6. We will seek to enable people to have more choice and control
7. We will further optimise efficiency and effectiveness
8. We will seek to reduce health inequalities
9. We want to improve support for Carers to keep them healthy and able to continue in their caring role

Key Priorities

The Partnership has set itself the following key priorities for its first year of operation following its establishment on the 06 February 2016:

- To develop integrated accessible transport.
- To integrate services at a local level.
- To roll out care coordination to provide a single point of access to local services.
- To improve communication and accessible information across groups with differing needs.
- Work with communities to develop local solutions.

- Provide additional training and support for staff and for people living with dementia.
- Further develop our understanding of housing needs for people across the Borders.
- To promote healthy living and active ageing.
- To improve the transition process for young people with disabilities moving into adult disability services.
- To improve the quality of life of people with long term conditions by promoting healthy lifestyles, access to leisure services, along with support from the Third Sector.
- To improve support for Carers within our communities.
- Promote support for independence and reablement so that all adults can live as independent lives as possible.

Locality Planning

There are five commonly recognised localities in the Borders as the maps in this section show. These are based on the five existing Area Forum localities - Berwickshire, Cheviot, Eildon, Teviot & Liddesdale, and Tweeddale. Summary profiles for each of the five localities show some of the differences between them. As part of the planning process, we will build more detailed locality profiles, including a wider range of measures relevant to health and social care. This will allow us to target need most appropriately.



Financial Performance

The Scottish Borders Health and Social Care Partnership operated only as a shadow board during 2015/16, with budgets and functions being aligned only and not delegated until 01 April 2016. These accounts relate therefore only to the operating costs of the Board from its establishment date of 6 February 2016 to 31 March 2016. During this period, the Board received income of £19,000 and incurred expenditure of £19,000. The Board had no reserves at either its establishment date or at 31 March 2016.

Financial Risks

Management of risk and in particular, Financial Risk is one of the key responsibilities of the Board. Work continues currently to develop both Strategic and Operational Risk Registers for the Partnership and in relation to Financial Risk in particular, the following key areas of risk and uncertainty have been identified:

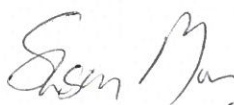
- Real-term funding reductions
- Insufficient transformation funding
- Slippage in the ambitious programme to transform to new models of care
- Further political policy initiatives and funding conditions
- The delivery of challenging efficiency and savings programmes
- Future demographic (demand) pressures
- Increasing market / provider costs of health and social care services
- Market / provider failure
- Price volatility, in particular increased Drugs costs
- Failure of financial planning, management and governance
- Other emerging pressures

Annual Accounts

The Integration Joint Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the Service Reporting Code of Practice 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.



Councillor Catriona Bhatia
Chair



Susan Manion
Chief Officer



Paul McMenamin
Interim Chief Financial
Officer

On behalf of the Councillors and Officers of Scottish Borders Health and Social Care Partnership

30 September 2016

Remuneration Report

Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require various disclosures about the remuneration and pension benefits of senior employees in respect of earnings etc. paid by the Board. The Board does not make payment to any member of the Board, by way of salary, enhanced pension benefits or reimbursement of expenses.

The Chief Finance Officer and Secretary to the Integration Joint Board do not receive remuneration from the IJB. The duties of these posts are covered by each post holder's substantive posts in Scottish Borders Council and NHS Borders respectively.

Remuneration

The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Employer. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure below.

Remuneration of Senior Employees

The term 'Senior Employee' means:

1. Any employee who has responsibility for the management of the Integration Joint Board to the extent that the person has the power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
2. Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
3. Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

Susan Manion, IJB Chief Officer is the only employee of the Board remunerated during the period. No Board employee received more than £50,000 remuneration during the period. The Chief Officer of the Board holds an employment contract with NHS Borders on NHS pay terms and conditions.

The annual remuneration of all employees of the Board is set by reference to national arrangements agreed by the Scottish Government under Ministerial Direction and in accordance with relevant NHS Pay and Conditions of Service Circulars.

Officers receive reimbursement for business mileage and subsistence allowances in accordance with nationally agreed rates which form part of the employee's contractual terms and conditions of employment. The table below details the reimbursement payment of business mileage and subsistence allowances received by the Chief Officer.

Salaries, Fees and Allowances relating to the Chief Officer for the period amounted to **£15,866**.

	Salaries, Fees and Allowances for Period to 31 March 2016 £	Total Remuneration £
Chief Officer (Full Year Equivalent = £102,749)	15,160	15,160
Other Employee Expenses	706	706
Totals	15,866	15,866

*Based on 54/366ths of £102,749 pro-rata of total annual costs representing period from 06 February to 31 March 2016

During the period, there was no payment of bonuses, taxable expenses, compensation for loss of employment or non-cash benefits. No exit packages were agreed by the Board during this period.

NHS Pension Scheme

All employees working for the Board are eligible to become members of the National Health Service Superannuation Scheme for Scotland or the Scottish Borders Local Government Pension Scheme.

The Chief Officer of the Board holds an employment contract with NHS Borders on NHS pay terms and conditions of employment and is a member of the NHS Pension Scheme. Details of the NHS Scheme are provided below. Full information on the NHS Pension Scheme can be sourced from the Scottish Public Pensions Agency website via the following link:

<http://www.sppa.gov.uk>

The NHS Board participates in the National Health Service Superannuation Scheme for Scotland. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations.

The National Health Service Superannuation Scheme for Scotland is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The NHS Board will therefore account for its pension costs on a defined contribution basis as permitted by IAS 19. NHS Borders has no liability for other employers' obligations to the multi-employer scheme.

The most recent actuarial valuation at 31 March 2014 discloses a liability of £39.5 billion (March 2013: £29.1 billion) with £1.4 billion to be met by employing authorities. Consequently the employer's rate of contribution increased from 13.5% to 14.9% on 1 April 2015.

Changes to the scheme were implemented from 01 April 2008 and again from 01 April 2015.

The new NHS Pension Scheme (Scotland) 2015: From 01 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54th of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2015/16 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The retirement age for members of the CARE scheme is the Employee's State Pension age. Members can access their accrued pension benefits earlier than their retirement age however an actuarial reduction is applied to the sum received. All members, unless covered by full or partial transitional protection arrangements, automatically became members of the NHS 2015 scheme on 01 April 2015.

Previous NHS Superannuation Schemes (Scotland):

Details of the two NHS Superannuation Schemes previously available to NHS employees are noted below.

The 1995 Section: Benefits are calculated on a 'final salary' basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions on a tiered basis, dependent on earnings, of between 5.2% and 14.7% of pensionable earnings. Pensions are increased in line with the Consumer Price Index.

The 2008 Section: Benefits are calculated on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings.

Both the 1995 & 2008 schemes closed to new members on 31 March 2015. Accrued benefits in either NHS 1995 or NHS 2008 schemes are protected and will be paid at the section's normal pension age based on final pensionable pay when members leave or retire.

Pension Benefits of Senior Employees

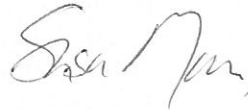
	In-Year Pension Contributions for Period to 31 March 2016* £	Accrued Annual Pension Benefits as at 31 March 2016^ £	Accrued Pension Lump Sum as at 31 March 2016^ £
Chief Officer	1,499	10,640	27,475
Totals			

*Contributions during period 06 February to 31 March 2016 based on 54/366^{ths} of total annual contributions (£10,162.99)

^Total pension benefits / lump sum accrued as at 31 March 2016 in both '1995' and '2008' schemes (NB: '2008' scheme no lump sum entitlement – value above relates to '1995' scheme only)



Councillor Catriona Bhatia
Chair



Susan Manion
Chief Officer

On behalf of the Councillors and Officers of Scottish Borders Health and Social Care Partnership

30 September 2016

Statement of Responsibilities

Integration Joint Board

The Integration Joint Board has appointed its Chief Officer. It has also appointed its Chief Financial Officer on an interim secondment basis.

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Joint Board, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003; and
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Integration Joint Board at its meeting on 30 September 2016.

Signed on behalf of Scottish Borders Health and Social Care Partnership



Councillor Catriona Bhatia
Chair

Chief Officer

The Integration Joint Board has appointed a Chief Officer in accordance with section 10 of the Act.

The Chief Officer is accountable directly to the Integration Joint Board for the preparation, implementation and reporting on the Strategic Commissioning Plan, including overseeing the operational delivery of delegated services.

The Chief Officer is a member of the Parties' relevant Executive / Corporate Management teams and is accountable to and managed by the Chief Executives of both Parties.

The Chief Officer is seconded to the Integration Joint Board from NHS Borders.

Chief Financial Officer

The Chief Financial Officer is and will be seconded at no cost to the IJB from one or other partner organisation. Currently, this post is filled on an interim basis.

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

In preparing the Annual Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

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



Paul McMenamin, BA CPFA
Interim Chief Financial Officer

Annual Governance Statement

The Scottish Borders Health & Social Care Integration Scheme was submitted to Scottish Ministers on 17 December 2015 and received Cabinet Secretary approval on 18 December 2015.

An Order to establish the Integration Joint Board was laid in the Scottish Parliament on Friday 8 January 2016 for 28 days. From Saturday 06 February 2016 the Scottish Borders Health & Social Care Integration Joint Board was legally established.

The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

Chief Officer

In discharging the responsibilities of the IJB on its behalf, the Chief Officer has a reliance on the NHS and Local Authority's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB. Additionally, the IJB has through a range of instruments, put in place a system of governance over its operations.

The Chief Officer, Susan Manion, was appointed formally by the IJB on 07 March 2016.

Code of Corporate Governance

As part of the programme of preparing for the integration of health and social care, a Code of Corporate Governance was developed by the Legal and Governance work-stream.

The Partnership's Code of Corporate Governance was approved by the IJB at its meeting of 7 March 2016. The roles and responsibilities of Board members and officers are defined within a comprehensive suite of governance documents relating to the arrangements within which the partnership will operate which specifically covers:

- Scheme of Integration
- Key Principles of the Local Code of Governance
- Standing Orders
- Audit Arrangements including Terms of Reference for the Audit Committee
- Care and Clinical Governance Assurance Framework
- Risk Management Strategy
- Financial Arrangements and Financial Regulations

In addition to its own governance arrangements, the Board places reliance on the governance arrangements adopted by NHS Borders and Scottish Borders Council. Where appropriate existing mechanisms embedded within both NHS Borders and Scottish Borders Council will be used to provide assurance to the Health & Social Care Integration Joint Board to ensure unnecessary double handling of business does not occur.

Integration Joint Board

Services were delegated to the IJB on 01 April 2016. As such, 2015/2016 was a shadow year for the IJB and during this year the governance framework was established. The overarching strategic vision and local objectives of the IJB are detailed in the IJB's Strategic Plan which sets out the key outcomes the IJB is committed to delivering with its partners for the Scottish Borders. The Plan was approved at the meeting of the IJB on the 07 March 2016.

Performance management, monitoring of service delivery and financial governance is provided by the Health and Social Care Partnership to the IJB who are accountable to both the Health Board and the Local Authority. It reviews reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget.

The Strategic Planning Group sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB is undertaken with its health service and local authority partners. The IJB publishes information about its performance regularly as part of its public performance reporting.

The IJB's approach to risk management is set out in its risk management strategy, and the Partnership's Strategic and Operational Risk Registers which are in development. Regular reporting on risk management will be undertaken and reported regularly to the Executive Management Team and the IJB.

Audit Arrangements

Prior to the establishment of the IJB, a programme of work was undertaken to evaluate the progress made within the Scottish Borders Health and Social Care Integration (H&SCI) programme in advance of 01 April 2016. This work assessed the position against compliance with the legislative provisions within The Public Bodies (Joint Working) Scotland Act 2014 and the subsequent recommended best practice guidance issued by the Scottish Government / Integrated Resources Advisory Group (IRAG), in terms of the establishment of the arrangements for Financial Governance and Management within NHS Borders, Scottish Borders Council and the Scottish Borders Health and Social Care partnership, specific to the establishment of the Integrated Joint Board (IJB). Following the programme of work, reports were made to the IJB on 07 March 2016, NHS Borders Audit Committee on 01 February 2016 and 04 April 2016 and Scottish Borders Council's Audit Committee on 29 March 2016.

The IJB agreed to establish an Audit Committee as part of the governance arrangements of the Health & Social Care Integration Joint Board on 01 February 2016. On the same date, it approved the Terms of Reference of the IJB Audit Committee. The Audit Committee's core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

At its meeting of 20 June 2016, the Board agreed the membership of its Audit Committee. At 31 March 2016, the Committee had not yet met.

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

2013” as confirmed by self-assessment since 2014 and external peer review quality assessment during 2015 which was reported to Audit and Risk Committee and is stated within internal audit plans and reports. The Board appointed Jill Stacey, Chief Officer Audit and Risk, Scottish Borders Council as Chief Internal Auditor for the Integration Joint Board on 01 February 2016.

The Chief Internal Auditor will, from 2016/17, provide an annual report to the Audit Committee and an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

Chief Financial Officer

The IJB complies with the CIPFA Statement on “The Role of the Chief Financial Officer in Local Government 2010”. The IJB’s Chief Finance Officer has overall responsibility for the Partnership’s financial arrangements and is professionally qualified and suitably experienced to lead the IJB’s finance function and to direct finance staff. The Chief Financial Officer was appointed on a 6-month interim basis by the IJB on 07 March 2016.

Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Finance Officer. The system of internal financial control is based on a framework of regular management information and financial governance arrangements.

On the 30 March 2016, the Chief Financial Officer made a full report to the IJB containing a Statement of Assurance over the sufficiency of resources prior to approval of the partnership’s Financial Statement 2016/17. Supplementary reports were also made as part of the due diligence and assurance process to the IJB on 07 March 2016 and 18 April 2016.

Internal Control

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

Review

The IJB has responsibility for conducting (at least annually) a review of effectiveness of the system of internal control as part of its wider governance arrangements. The partnership’s Chief Internal Auditor will facilitate an annual review of its governance arrangements against its Code of Corporate Governance, informed by the work of the Executive Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor’s annual report, and reports from external auditors and other review agencies and inspectorates.



Councillor Catriona Bhatia
Chair



Susan Manion
Chief Officer

On behalf of the Councillors and Officers of Scottish Borders Health and Social Care Partnership

30 September 2016

Independent Auditor's Report

Independent Auditor's Report to the members of the Scottish Borders Integration Joint Board and the Accounts Commission for Scotland

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

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

Respective responsibilities of the Chief Finance Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the body as at 31 March 2016 and of the income and expenditure of the body for the then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In our opinion:

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

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Hugh Harvie, for and on behalf of KPMG LLP

20 Castle Terrace
Edinburgh
EH1 2EG
29 September 2016

Statement of Accounts

Comprehensive Income and Expenditure Statement (CIES) for the Period Ended 31 March 2016 (06 February 2016 to 31 March 2016)

	Gross Expenditure 2015/16	Income 2015/16	Net Expenditure 2015/16	Notes Ref.
	£'000	£'000	£'000	
Corporate Services	20	(20)	0	2, 3
Deficit on Provision of Services	20	(20)	0	
Total Comprehensive Income and Expenditure	20	(20)	0	
Other Notes				1

Balance Sheet at 31 March 2016

	Gross Expenditure 2015/16	Notes Ref.
	£'000	
Short Term Debtors	4	4
Current Assets	4	
Short Term Creditors	(4)	5
Current Liabilities	(4)	
Net Assets	0	
Useable Reserves	0	
Total Reserves	0	
Other Notes		6

P. M. McMenamin

Paul McMenamin BA, CPFA
Interim Chief Financial Officer

30 September 2016

Notes to the Statement of Accounts

1 – Significant Accounting Policies

1.1 General Principles

The Annual Accounts summarise the Board's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires these to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the Service Reporting Code of Practice 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act. The accounting convention adopted in the Annual Accounts is historical cost.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Events after the Reporting Period / Balance Sheet Date

Events after the Reporting Period / 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; and
- 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 effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts. There are no post-balance sheet date events known currently.

1.4 Contingent Liabilities and Contingent Assets

A contingent liability is a possible future financial obligation which is reported as a specific note to the annual accounts because it cannot be judged as probable enough to warrant a provision. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. Similarly, a contingent asset arises where an event has taken place that gives the Board a possible asset, but where its existence will only be confirmed by the occurrence of uncertain future events over which the Board does not have full control. Again, these are not recognised in the Balance Sheet but disclosed in a note to the accounts, where there is some probability that there will be an inflow of economic benefit.

There are no probable contingent liabilities or assets known at the Balance Sheet date.

1.5 Reserves

The IJB has the authority to maintain a General Fund Reserve. No reserve existed however at the start or end of the accounting period.

Planned underspends going forward will be returned by the Health Board and Local Authority to the IJB and carried forward through the General Fund. This will require adjustments to the allocations from the IJB to these bodies for the sum of the underspend.

In future, when expenditure is to be financed from the reserve, it will be charged to the appropriate service in that year offsetting the surplus/deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

1.6 VAT

The IJB is a non-taxable entity and therefore neither charges, nor recovers VAT on its functions.

HMRC has issued an Interim Decision on the VAT treatment of the secondment of the Chief Officer to the IJB which states that *“Secondment of the Chief Officer (CO): under Section 10(1) of the Act requires an IJB to appoint a CO; and section 10(3) can be read as meaning that the relevant authority must second that person (or, under section 10(4), employ and then second that person). Therefore, it is recognised that the requirement on the HB/LA to provide a CO is a statutory requirement, so when fulfilling this the HB/LA would be acting under a Special Legal Regime, and therefore the transaction would be an act as a public body, and in acting as such would make the transaction not taxable, and deemed as outside the scope of VAT.”*

There are no known VAT implications over the supply of the Chief Officer to the IJB therefore at the current time.

2 – Related Party Transactions

Income - Payment for Integrated Functions	31 March 2016
	£'000
NHS Borders	(10)
Scottish Borders Council	(10)
Total Corporate Expenditure	(20)

Expenditure - Payment for Delivery of Integrated Functions	31 March 2016
	£'000
NHS Borders	10
Scottish Borders Council	10
Total Corporate Expenditure	20

The above values are based on a 50/50 cost-sharing arrangement between NHS Borders and Scottish Borders Council in respect of the operating costs incurred by the IJB during the period.

3 – Corporate Expenditure

	31 March 2016
	£'000
Staff Costs	16
Audit Fee	4
Total Corporate Expenditure	20

4 – Short-Term Debtors

	31 March 2016
	£'000
Central Government Bodies	2
Other Local Authorities	2
Total Corporate Expenditure	4

5 – Short-Term Creditors

	31 March 2016
	£'000
Central Government Bodies	(2)
Other Local Authorities	(2)
Total Corporate Expenditure	(4)

6 – Events After the Reporting Period / Balance Sheet Date

The unaudited accounts were issued on 30 June 2016 by Paul McMenamin, BA, CPFA, Interim Chief Finance Officer, who is the proper officer of the IJB in accordance with Section 95 of the Local Government (Scotland) Act 1973. Where events taking place before the balance sheet date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events since the date of the balance sheet which necessitate the revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

