

# **Cùram is Slàinte nan Eilean Siar**

**CUNNTASAN BHLIADHNAIL  
2017/18**



**Western Isles  
Integration Joint Board**

**ANNUAL ACCOUNTS  
2017/18**



# CONTENTS

Management Commentary .....	1-5
Statement of Responsibilities for the Statement of Accounts.....	6
Annual Governance Statement of Assurance .....	7-11
Remuneration Report.....	12-13
Movement in Reserves Statement.....	14
Comprehensive Income and Expenditure Statement.....	14
Balance Sheet.....	15
Notes to the Accounts.....	16-20
Note 1 Accounting Policies.....	16-17
Note 2 Critical Judgements and Estimation Uncertainty.....	17
Note 3 Related Party Transactions .....	18
Note 4 Expenditure and Income Analysis .....	19
Note 5 Taxation and Non-Specific Grant Income .....	19
Note 6 Corporate Expenditure.....	19
Note 7 Short Term Debtors .....	20
Note 8 Short Term Creditors .....	20
Note 9 Usable Reserve .....	20
Independent Auditor's Report .....	21-22

## MANAGEMENT COMMENTARY

### Introduction

Cùram is Slàinte Nan Eilean Siar is the Western Isles' Integration Joint Board (IJB). Its parent bodies are NHS Eileanan Siar and Comhairle nan Eilean Siar. This commentary provides a summary of the IJB's financial performance for the year and how this has supported the delivery of its core duties. It also summarises the challenges and risks it faces in future years in delivering its objectives.

The IJB covers the whole of the Outer Hebrides which are located to the north-west mainland of Scotland with a total population of around 27,000. The main Islands are Lewis, Harris, North Uist, Benbecula, South Uist, Eriskay and Barra. The length of the islands measures approximately 130 miles from the Butt of Lewis in the North, to the uninhabited small islands of Berneray, Pabbay and Mingulay to the south of Vatersay. The quality of the natural environment in the Outer Hebrides is special and the people have a strong cultural identity directly related to the Gaelic language, with some 72% of people aged three and over having some Gaelic language ability, significantly more than any other local authority area in Scotland. The traditional industries are crofting, fishing and Harris Tweed.

### Western Isles IJB

Following the Public Bodies (Joint Working) (Scotland) Act 2014, NHS Western Isles and Comhairle Nan Eilean Siar have developed a 'body corporate' integration model. This is where both the Health Board and the Local Authority delegate to a third body called an Integration Joint Board (IJB). Cùram is Slàinte Nan Eilean Siar or Western Isles Integration Joint Board (IJB) became operational from 1 April 2016. NHS Western Isles and Comhairle Nan Eilean Siar set out within their integration scheme the scope of the delegated functions. The scheme was approved by the Scottish Parliament on 24 September 2015.

Delegated functions from the Comhairle include adult social work services (including criminal justice), homecare, adult day care, care homes, and housing support. Delegated functions from NHS Western Isles include A&E, some elements of inpatient care, General Practice, AHPs, Dentistry, Mental Health, Community Nursing, Health Visiting and School Nursing.

### Objectives and Strategy of the IJB

The IJB's Strategic Plan provides the operating context and background to integration, a vision of future service delivery, an assessment of how good services are currently, a focused change plan, and a description of the organisational levers that will deliver that change. The IJB monitors the implementation of that plan on a quarterly basis.

More generally, the IJB has four over-arching objectives:

- developing our locality arrangements, to ensure that our services are responsive and connected to local communities;
- working with staff, stakeholders and service users to develop integrated delivery arrangements which are capable of improving the experience and outcomes of the people we serve;
- deploying our resources transparently, making sound investment decisions and managing a very fragile budget; and
- implementing our strategic plan, to ensure that our services change and adapt in response to population need.

Our vision is that by 2020 the people of the Western Isles will be living longer, healthier lives at home, or in a homely setting. We will have an integrated health and social care system, which focuses on preventing ill-health, anticipating care needs and supporting recovery.

### Key Issues and Risks

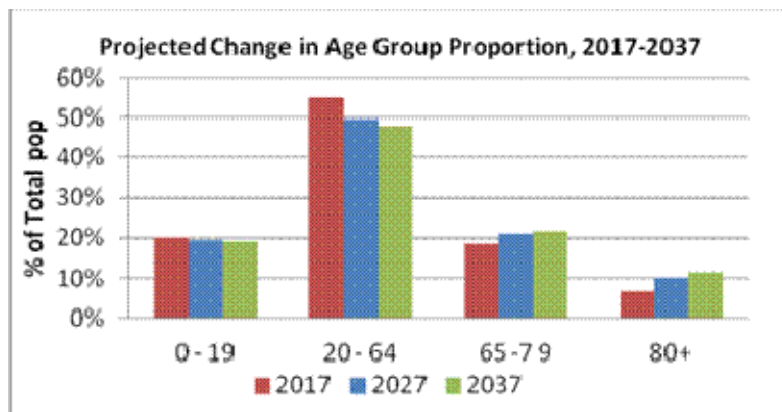
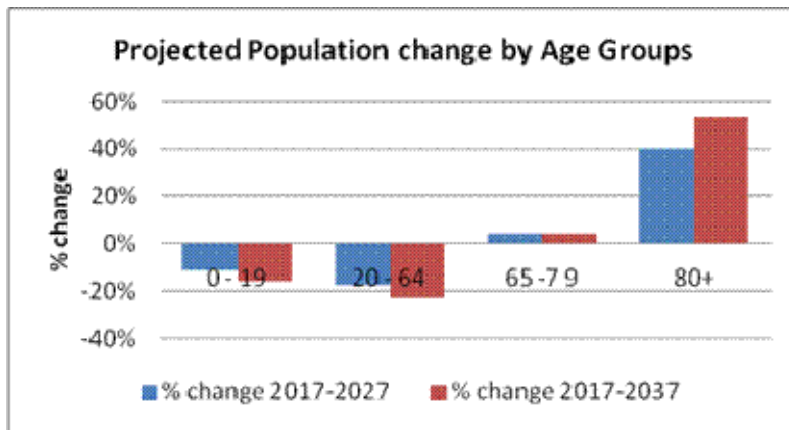
The key challenges that the Board faces are:

- Demography
- Ageing workforce
- Long Term Conditions

#### Demography

The overall population within the Western Isles is expected to drop from the midpoint estimate 2017 of 26,950 to 24,698 by 2027 and a further predicted decrease to 23,855 by 2037. As can be seen in the graphs below, by 2027 the elderly population (65+) is expected to rise by 44% and the 20-64 age population set to decrease by 17%. The age group with the greatest levels of co-morbidity (80+) is expected to increase by

40%. The population changes will result in a year-on-year reduction in the available workforce to nurse, care and attend to the most vulnerable of people whose numbers are increasing year on year. The IJB is already starting to feel the effect of the changes in demography with repeated underspends in social care services due in part to our inability to recruit to key posts.



### Ageing Workforce

Recruiting staff is already proving difficult for both nursing and social care staff and is expected to worsen as the available workforce on the islands decreases. NHS Western Isles workforce statistics at 31 March 2018 show that 46% (468) of the NHS workforce is over 50 years of age. Of the 46%, 43% (199) are nursing staff. Comhairle nan Eilean Siar workforce statistics show the average age of the work force is 46.1 years.

These workforce trends are also impacting on sickness absence levels in those service areas which require a level of physical fitness. For example, we saw a growth in sickness absence in quarter four in relation to the staff who care for and support young adults with disabilities.

### Long Term Conditions

As we live longer and medicine improves, we see a corresponding increase in the number of people living with a range of long term conditions. These range from the most common conditions like CHD, stroke and cancer, to a variety of other chronic physical or mental health conditions including diabetes, dementia, asthma and depression. In the Western Isles, around 4 in 10 adults have a long-term condition or disability, with the majority describing these as limiting their quality of life. Most Long-term conditions have a strong association with age and as result there is a significant projected increase in prevalence over the next fifteen years.

Many long term conditions are mental health related, including depression, dementia and other mental health conditions. The Western Isles tends to have higher levels of such conditions relative to the rest of Scotland, which in part reflects the older population profile. Overall projections are for a 73% increase in dementia cases over the next 20 years.

The increase in the number of people living with long term conditions also has an effect of increasing demand on the Integration Joint Board with the increased financial costs that treating these conditions bring in a time of austerity.

## Performance Management and Reporting

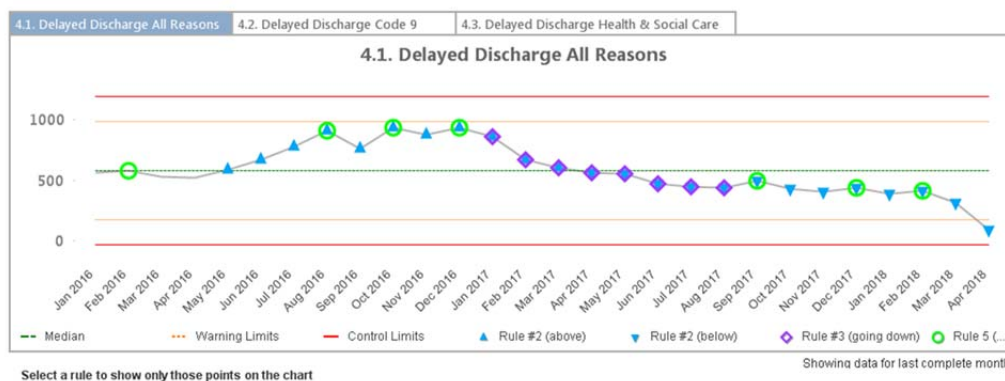
Our achievements for 2017/18 include:-

- effective financial management, with the IJB setting a balanced pooled budget and working within that for the second successive year. A mature and pragmatic approach has been taken to virements within the IJB budget in pursuit of financial balance;
- an Integrated Corporate Management Team has been established, which allows for executive level coordination and agreement of health and social care priorities - 'one system, one budget';
- we have been able to drive change as a partnership, working across boundaries. For example, the reform of mental health, while ostensibly focused on NHS services, has allowed us to play-in council and third sector interests to a greater degree than would have been possible under previous arrangements;
- we have implemented an integrated management structure which cuts across the Comhairle and the NHS and which brings together leaders from each professional area;
- our new intermediate care service is up and running, providing reablement support to people in the Stornoway and Broadbay area; and
- the successful roll-out of a new deal for homecare workers across the Western Isles.

More generally, the IJB has performed well against most of the indicators set out by the Scottish Government. Service user survey material indicates that more needs to be done on the degree to which service users have a say in how their help, care or support is provided; and the degree to which service users' health and care services seem to be well coordinated. Work is ongoing on both of these matters.

H&SC Survey questions aligned to National Outcome Indicators	2017/18	+/- Scottish Rate
I am able to look after my own health	94%	+1
Service users are supported to live as independently as possible	79%	-2
Service users have a say in how their help, care or support is provided	66%	-10
Service users' health and care services seem to be well coordinated	64%	-10
Rating of overall help, care or support services	85%	+5
Rating of overall care provided by GP practice	88%	+5
The help, care or support improves service users' quality of life	71%	-9
Carers feels supported to continue caring	41%	+4
Service users feel safe	86%	+3

On system indicators, the IJB also performs well. The Western Isles has witnessed sustained improvement in the management of delayed discharges, as evidenced in the graph below:



Other indicators have been difficult to shift, particularly around a targeted reduction in admissions to hospital.

## Annual Accounts

The Annual Accounts for 2017/18 are set out on pages 14 and 15 and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom. The statement of Accounting Policies on pages 16 and 17 explains the basis for the recognition, measurement and disclosure of transactions and other events in the Annual Accounts, to ensure that they present a "true and fair view" of the IJB's financial performance.

## Financial Performance 2017/18

The revised annual budget and actual expenditure for both partners is shown in the table below:

	Budget £'000	Actual £'000	Variance £'000
NHS Eileanan Siar	39,128	39,126	2
Comhairle nan Eilean Siar	19,874	16,896	2,978
<b>Total IJB</b>	<b>59,002</b>	<b>56,022</b>	<b>2,980</b>

The IJB made an in year underspend of £2.980m, which will be transferred to reserves in line with the reserve policy agreed by the IJB. The key elements of the underspend is an increase in income generation relating to outstanding assessments realised to the IJB as a result of improved charging and recovery processes in relation to residential care charges and £1.335m transfer of earmarked and specific funds to reserves.

The key variances during the year were as follows:

- the outturn for residential care homes was a £818k underspend against the budget. This has been largely due to the financial assessment team reducing the number of outstanding assessments and these assessments generating higher actual charges than had been assumed previously;
- income from clients in independent care homes was £545k higher than had been budgeted due to the outstanding assessment generating higher actual charges than anticipated;
- the homecare service was under spent by £490k at year-end. The underspend is due to in part to vacancies, lower mileage within the homecare service and savings associated with timing of implementing contracted workforce re-design and reablement teams. Filling vacancies specifically in the reablement team and in social care is proving very difficult which is symptomatic of the demographic issues we are facing, described on page 3;
- there is an underspend of £381k on adult care and support. This is due to new complex and transition packages not materialising at budgeted costs or not yet commenced; and
- pressures within the 17/18 budgets include overspends on the community prescribing budget of £316k net of contingency, pressure on the acute mental health budget of £306k net of contingency and pressures in the community hospitals of £157k where high levels of bank nurses were used.

In preparing the budget for 2017/18 the IJB identified a number of risks particularly around the achievement of cash releasing savings, high levels of delayed discharges, increase in high cost care packages and increasing pressure due to the increasing proportion of elderly people requiring care. Over the course of 2017/18 the Partnership successfully mitigated these risks due to prudent financial management, regular monitoring and review. Monthly monitoring reports were produced and went to Integrated Corporate Management Team and the Integrated Joint Board to allow officers to make informed in year decisions to ensure the IJB stayed within their agreed budget.

## Reserves

The IJB holds reserves of £6.054m as shown below. Note 9 in the Accounts gives more detail on the Earmarked and Specific Reserves.

Reserves and Funds available	2018/19 £'000
Specific Reserves	4,052
General Reserves	600
Earmarked Reserves	638
Ongoing funding for specific projects	764
<b>Total Funds Available</b>	<b>6,054</b>

An updated investment strategy has been prepared for Integrated Joint Board approval which full utilises the reserves over a 5 year investment period. Once agreed, the IJB will hold £600k of general reserves for revenue pressures. Since 2016, through careful financial management, better than anticipated income generation and ongoing recruitment challenges, the IJB has developed reserves which are capable of being invested in our long-term strategic objectives. Our recent Strategic Plan Refresh outlines a number of new priorities, including the reform of primary care. Allied to enduring systemic challenges around population retention and a sustainable workforce, we have developed a five year investment plan, which includes:

- £1.1m in support of a sustainable workforce;
- £1.7m in support of Digital Innovation and Infrastructure; and
- £1.3m in support of Service Transformation.

### Financial Outlook and Risks

Although the settlement for both partners for 18/19 is less favourable than in previous years, the IJB set a balanced budget of £58.032m after agreeing a £1.494m saving plan. The anticipated risks for the IJB in the coming year and beyond are as follows:

- increased demand for services alongside reducing resources;
- reduction in the workforce population together with an increase in the elderly population requiring care;
- increased co-morbidity; and
- the wider financial environment including uncertainty around Brexit and the effect that may have on European funding.

The Scottish Government identified a one-year budget for 2018/19, which means that the IJB cannot plan for future years with certainty. However, reasonable assumptions can be made about the likely pressures that will emerge based on recent trends in public sector finance and a five year financial plan was produced in October 2017. The plan will be updated and rolled forward by September 2018, to account for public sector pay settlements and identified cost pressures.

Dr Ron Culley  
Chief Officer

20 September 2018

Kenny John Macleod  
Chairperson

20 September 2018

Debbie Bozkurt  
Chief Financial Officer

20 September 2018



## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Integration Joint Board's Responsibilities**

#### **The Board is required:**

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

I confirm that these Annual Accounts were approved for signature by the Board at its meeting on 20 September 2018.

Kenny John Macleod  
Chairperson

20 September 2018

### **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.

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

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

The Chief Financial Officer has also:

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

I certify that the Annual Accounts present a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2018.

Debbie Bozkurt  
Chief Financial Officer

20 September 2018

## ANNUAL GOVERNANCE STATEMENT OF ASSURANCE

### Scope of Responsibility

Cùram is Slàinte Nan Eilean Siar (the Western Isles Integration Joint Board (hereafter the IJB) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and proper arrangements are in place to account for it.

In meeting the obligations of the Public Bodies (Joint Working) (Scotland) Act 2014, NHS Western Isles and Comhairle nan Eilean Siar are required to put in place proper arrangements for the governance of the functions delegated to an Integration Authority. The legislation provides a choice of ways in which to do this. NHS Western Isles and the Comhairle have used a 'body corporate' integration model. This is where both the Health Board and the Local Authority delegate to a third body called an Integration Joint Board.

The Integration Joint Board is required to agree a strategic plan and will begin to deliver its functions from the date set out in that plan. The Integration Joint Board will achieve this by giving direction to the Health Board and the Local Authority and will be able to require them to carry out these functions in a particular way.

The main aim of the Integration Joint Board is to improve the wellbeing of people who use health and social care services. It does this by:

- creating a single system for health and social care services;
- developing more informal community resources and supports;
- putting the emphasis on prevention and early intervention;
- improving the quality and consistency of services; and
- providing seamless, high quality, health and social care services.

NHS Western Isles and Comhairle nan Eilean Siar set out within their integration scheme the scope of the delegated functions. The scheme was approved by the Scottish Parliament on 24 September 2015.

Delegated functions from the Comhairle include adult social work services (including criminal justice), homecare, adult day care, care homes, and housing support. Delegated functions from NHS Western Isles include A&E, some elements of inpatient care, General Practice, AHPs, Dentistry, Mental Health, Community Nursing, Health Visiting and School Nursing.

Audit Scotland describes the accountability relationship between the IJB and the two parent bodies as depicted opposite.

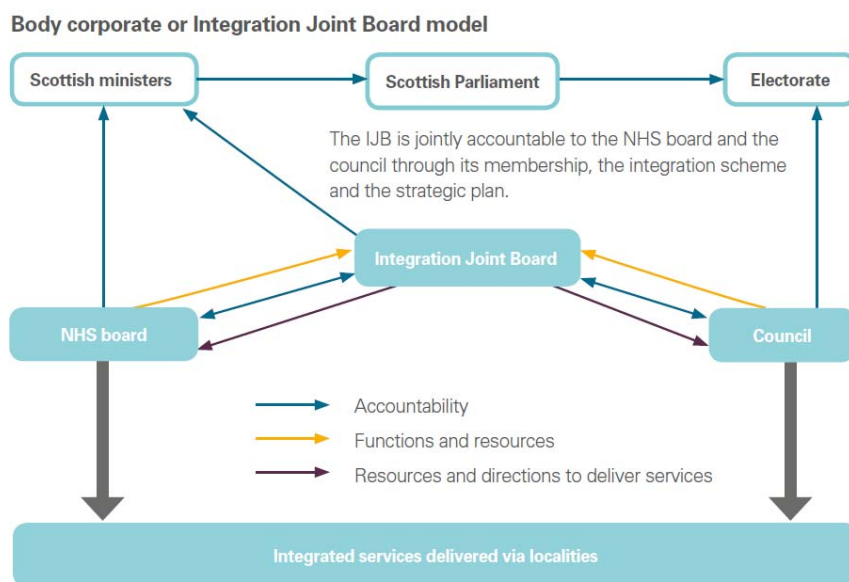
The IJB was formally established on 1 April 2016. This governance statement covers the period from 1 April 2017 until 31 March 2018.

### The Integration Joint Board

#### Membership

The Public Bodies Joint Working (Scotland) Act 2014 and associated Regulations set out the arrangements for the membership of the Integration Joint Board. As a minimum this must comprise voting members nominated from the NHS Board and Comhairle; non-voting members who are holders of key professional roles within the Comhairle and NHS Board; and representatives of groups who have an interest in the Integration Joint Board. There is also flexibility to appoint additional members in certain circumstances.

Local authorities must nominate councillors as voting members. The NHS Board should nominate non-executive directors. Where this is not possible, there is scope to appoint "appropriate persons" as agreed by the Scottish Ministers, but at least two non-executive directors must be nominated.



The Chair of the Joint Board until 21 September 2017 was Dr Neil Galbraith. The chairmanship of the IJB passed from NHS Western Isles to the Comhairle from 21 September 2017 for two years. Cllr Kenny John Macleod was appointed as Chair and Ian Burgess as Vice Chair for that period.

The IJB has four voting members each from the Comhairle and NHS Western Isles.

In addition, six professional advisers have been appointed as non-voting members. These are:

- the Chief Social Work Officer;
- the Chief Officer of the Integration Joint Board;
- the Section 95 Officer of the Integration Joint Board (Chief Finance Officer);
- a registered nurse employed by the NHS Board;
- a General Medical Practitioner; and
- a medical practitioner who is not a GP.

Finally, the Integration Joint Board is required to appoint stakeholder members who are non-voting members. These include:

- two staff side representatives working within an integrated function;
- two representatives of the third sector;
- a service user; and
- an unpaid carer.

The full IJB membership across the year was 40% female and 60% male.

#### Governance of the Board

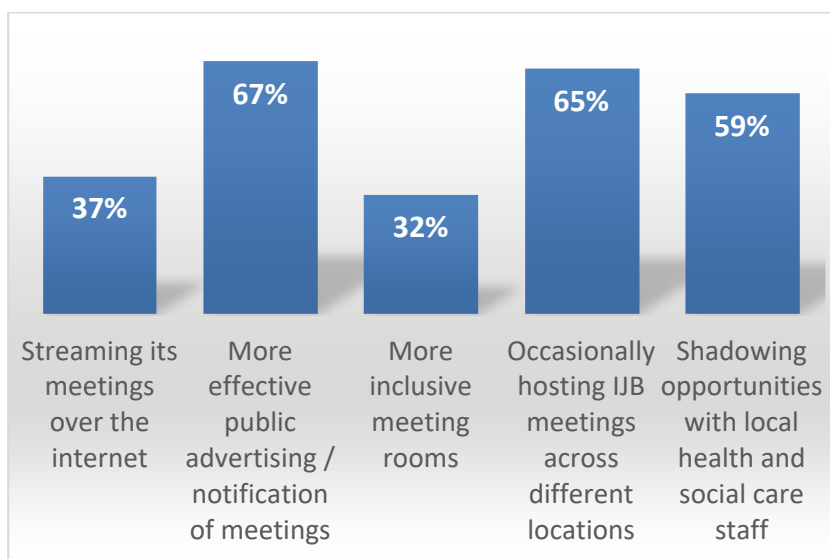
During the financial year 2017/18, the IJB met five times. During that period, the Board:

- refreshed the IJB Strategic Plan;
- agreed a balanced budget for 2018/19; and
- received reports on the management of the IJB budget; performance against strategic objectives; and the IJB risk register.

One development session was held for all IJB members and one performance review seminar was held as a joint meeting of NHS Western Isles and Comhairle nan Eilean Siar.

The Integration Joint Board surveyed the opinion of local stakeholders and members of staff (238 respondents) about how its accountability might be improved. Respondents indicated that the Joint Board needs to do more to promote its meetings and to engage more directly with the various localities of the Western Isles, as depicted overleaf:

Figure 2: Improving IJB Accountability



### Sub Committees

The Integration Joint Board (IJB) is required to properly manage its financial and governance affairs. An Audit Committee of the IJB has been established to assist in the delivery of those functions. The IJB Audit Committee has a key role with regard to ensuring the efficient and effective performance of Western Isles' Health and Social Care Partnership in order to deliver the outcomes set out in the Integration Scheme.

The IJB Audit Committee met on two occasions during 2017/18: June 2017 and January 2018. At the June meeting, the IJB accounts for the period 2016-17 were formally agreed. At the February meeting, Audit Scotland's annual audit plan was agreed. The Chair of the IJB Audit Committee is Murdo MacMillan of NHS Western Isles.

### Risk Management

The Integration Scheme indicates that a risk management strategy and policy will be adopted by the Integration Joint Board (IJB). The Risk Management Strategy and Policy was agreed by the Shadow IJB in March 2016. It was prepared in line with the international standard for risk management (ISO 31000).

As part of that, the IJB has maintained a risk register, reflecting its strategic activities and taking cognisance of both significant issues from each statutory partner's own risk registers, and also emerging risks.

The Chief Officer has overall accountability for risk management, ensuring that suitable and effective arrangements are in place to manage the risks relating to the functions within the scope of the Integration Joint Board. The Comhairle and NHS Western Isles supported the Chief Officer and the Integration Joint Board with relevant specialist advice.

Over the course of the year, the level of risk changed in light of material circumstances. Actual risk ratings were consistently higher than the target risk rating, with the major risk being around the recruitment and retention challenges within the Partnership. The following risks were monitored by the IJB over the course of the year, within a 5x5 risk register which gauges impact and likelihood:

Strategic Risk Event	Average Risk Rating	Target Risk Rating
The implementation of the strategic plan does not result in improved outcomes for service users	10	6
Organisational, professional and cultural barriers prevent us from integrating front-line teams	14	6
Locality Planning structures do not take hold or improve connections between local professionals and communities	12.25	6
The increase in demand for health and social care services is greater than anticipated	12	6
Unanticipated service pressures create an in-year overspend	11.25	9
Change management projects fail or have unintended consequences / Service redesign is not implemented	12	6
Ineffective governance arrangements are in place to provide assurance that the IJB's statutory duties are being met	3	3
Recruitment and retention challenges within the Partnership create service stress	16	9
The IJB budget is insufficient to meet its statutory obligations	12	9
Clinical and care governance arrangements fail during service redesign and service transitions	12	8

Mitigating measures were applied to all identified risks – however, some risks relate to systemic challenges within the local health and care system. In particular, challenges around workforce have proved difficult to mitigate, with key vacancies across the system. Effective governance and project management arrangements were put in place to ensure change management was effectively progressed but the cultural barriers persist as we seek to breakdown professional and organisational silos.

### Audit and Scrutiny

The Public Sector Internal Audit Standards 2013 (PSIAS) sets basic principles for carrying out public sector internal audit in the UK. The PSIASs are applicable to the Comhairle, NHS Western Isles and the IJB.

A Strategic Audit Plan has been prepared based on a robust risk assessment process, following appropriate consultation, challenge and comparison with underlying, national, corporate and professional objectives. The planned internal audit reviews address the main focus of the IJB in terms of establishment, planning, and complying with the need to provide quality service provision in our communities whilst doing so effectively and efficiently in the use of finite resources.

The Chief Internal Auditor for the Integration Joint Board was appointed in December 2015. The internal audit function is provided by the Comhairle.

Over the course of the year, a range of issues were highlighted through the audit process:

- the Financial Plan and Budget Strategy should be further developed over a 5 year period and linked together with the Strategic Plan and Workforce Strategy to promote the transformational change necessary to provide an integrated health and social care system and close the funding gaps in 2018/19 and 2019/20.
- the Strategic Risk register should be refreshed and operational risk registers be aligned with IJB Strategic Risk Register. The IJB continue to embed risk management processes within the IJB to promote continuous improvement.
- a review of the reporting arrangements within the IJB should be undertaken so that the IJB can maintain its strategic role and maintain a focus on the delivery of the Strategic Plan and the implementation of the key strategic objectives
- the Strategic Plan should be refreshed and updated to confirm that the IJB is achieving the outcomes set out.
- Delays with the completion of financial assessments for residential care clients have been an issue for the Comhairle for a number of years. This has now been addressed, with responsibility transferred to the Assessment Team within Finance and Corporate Resources, and the backlog has now been largely cleared. New processes and procedures have been established and these will improve the quality of financial forecasting.

No matters of concern were raised by either of the parent bodies' internal auditors.

Audit Scotland is appointed as the external auditor for the five year period 2016/17 to 2021/22.

### Performance Management

For the purposes of managing the performance of the IJB, including the delivery of the national health and wellbeing outcomes and the Strategic Plan, a Performance Framework has been produced.

The monitoring arrangements within the Performance Framework are in accordance with statutory requirements for production of an Annual Performance Report under the Public Bodies (Joint Working) (Scotland) Act 2014.

Performance monitoring and reporting arrangements are set out within the Performance Framework. This includes the production of an Annual Performance Report as required under Section 42 of the 2014 Act with the content in accordance with the Public Bodies (Joint Working)(Content of Performance Reports)(Scotland) Regulations 2014. The Framework details a hierarchy of performance indicators that comprise the performance monitoring of activities at various levels across the Partnership which are detailed in a series of appendices to the Framework.

The management commentary describes our performance over 2017/18 in detail.

### Strategic Plan

The IJB's Strategic Plan provides the operating context and background to integration, a vision of future service delivery, an assessment of how good services are currently, a focused change plan, and a description of the organisational levers that will deliver that change.

The Strategic Plan was developed through a process of engagement with local communities and the people who work in health and social care. Strategic priorities are expressed as 25 'deliverables' which will improve personal outcomes and deliver a more sustainable health and social care system against a backdrop of increasing demand for services and budgetary constraints. At each meeting, the IJB was apprised of progress in respect of the implementation of the 25 deliverables.

In addition, the IJB agreed a Strategic Plan Refresh in March 2017. This should be read as a companion document to the original plan, and highlights a range of new areas of work for the IJB:

- comprehensive reform of Primary Care, in line with the new GP Contract. This will include reforms around improved multi-disciplinary teams operating in and with local practices to deliver continuity of care and avoiding unnecessary hospital admission;
- enhanced support and coordination in the community for people with palliative care needs and/or who are nearing end-of-life;
- additional clinical support to people in care homes, with better integrated arrangements between community care and nursing staff;
- a package of reforms focused on prevention, streamlining assessment processes, building on community assets and improving inter-agency working;
- focused work undertaken on high resource individuals and high cost packages of care to ensure a focus on fair access to resources;
- the development of a Digital Strategy for health and social care;
- the development of a local carers strategy;
- analysis of variation in respect of hospital activity to ensure we maintain appropriate bed numbers, define appropriate on-island services and identify new opportunities to shift the balance of care, through the application of marginal analysis; and
- a review of governance arrangements to ensure that the model of integration and the range of delegated services meets the requirements of NHS Western Isles and Comhairle nan Eilean Siar.

A full description of what these changes will involve is set out at the following link: [www.ijbwesternisles.scot](http://www.ijbwesternisles.scot)

### **Review of Effectiveness**

During 2017/18, the IJB continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice.

Specifically, the IJB's governance arrangements have been reviewed and tested against the requirements of the Public Bodies (Joint Working) (Scotland) Act, associated regulations and guidance notes and the CIPFA Good Governance Framework.

Specific measures were introduced to ensure the IJB as a public body in compliant with all of its legislative obligations.

The Chief Finance Officer was responsible for the preparation and oversight of the IJB's accounts for 2017/18, and for the development, along with the Chief Officer, of the budget for 2018/19.

### **Certification**

It is our opinion that reasonable assurance, subject to the matters noted above, can be placed upon the adequacy and effectiveness of the Western Isles Integration Joint Board's systems of governance.

Dr Ron Culley  
Chief Officer

Kenny John Macleod  
Chairperson

20 September 2018

20 September 2018

## REMUNERATION REPORT

### Introduction

This report is set out in accordance with the Local Authority Accounts (Scotland) Amendment regulations 2014. These regulations require the disclosure of certain details in respect of the remuneration and pension benefits of senior Voting Board Members and senior employees. 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 Comhairle or NHS Eileanan Siar. Gross salary means the annual salary for a full time employee or member and for presentation purposes the salaries of part time employees or those who have been employed or served as members for less than a full year are annualised.

The term pension benefits, covers the in-year contributions paid by the Comhairle or NHS Eileanan Siar for the employee or Councillor, and their accrued pension benefits at 31 March 2018.

All information disclosed below will be audited by external auditors. The other sections will be reviewed by external auditors to ensure that they are consistent with the financial statements.

### Arrangements for Remuneration

#### Board Members

Voting membership consists of 4 councillors nominated as board members by the Comhairle and 4 NHS representatives nominated by NHS Eileanan Siar. In addition, there are 12 non-voting members which include the Chief Officer, the Comhairle's Chief Social Work Officer, The Chief Financial Officer, registered medical practitioners from both primary and non-primary care and a registered nurse.

The Senior Members on the Board are:

Chairperson <sup>(until 21/9/17)</sup>	Dr Neil Galbraith	NHS Eileanan Siar
Chairperson <sup>(from 21/9/17)</sup>	Mr Kenny John Macleod	Comhairle nan Eilean Siar
Vice-Chairperson <sup>(until 21/9/17)</sup>	Mr Uisdean Robertson	Comhairle nan Eilean Siar
Vice-Chairperson <sup>(from 21/9/17)</sup>	Mr Ian Burgess	NHS Eileanan Siar

Members are remunerated by the relevant partner organisation and the Board does not pay allowances or other remuneration directly.

The statutory liability for pension contributions and ongoing commitments lies with the partner organisation and on this basis there is no pension liability reflected on the Board Balance Sheet.

#### Senior Employees

The appointment of a Chief Officer is required by Section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. However, the Board is not empowered to directly employ the Chief Officer and the contract of employment must be with one of the partner organisations. In this case the Comhairle is the employer.

Other Officers employed by the partner organisations, including the Chief Financial Officer, who meet the criteria for disclosure are included in the tables below.

The remuneration of the Chief Officer is set by reference to the arrangements for Service Directors in the Comhairle.

#### Employees whose remuneration was £50,000 or above

As required by the regulations, the following table shows the number of officers whose remuneration was £50,000 or above.

Remuneration Band	Number of Employees	
	2017/18	2016/17
£75,000 – £79,999	1	1

#### Exit Packages

There were no exit packages paid during this or the previous financial year.

## Remuneration

Name and Responsibility	2017/18			2016/17
	Salary, fees & Allowances	Taxable Expenses	Total Remuneration	Total Remuneration
	£	£	£	£
Ron Culley, Chief Officer	79,972	-	79,972	79,132
Debbie Bozkurt, Chief Financial Officer <sup>1</sup>	20,787	-	20,787	16,030

<sup>1.</sup> Portion of salary attributable to role as Chief Financial Officer – equivalent to 0.3 FTE

## Pension Benefits

With regard to officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pension liability reflected on the Board's Balance Sheet.

The Board does however have responsibility for funding the employer contributions for the current year and the table below shows the expenditure incurred in respect of pension benefits during the year. The table also shows the total value of accrued pension, some of which may relate to previous employment.

Name and Responsibility	In-year pension contributions		Accrued Pension Benefits		
	Year to 31/03/18	Year to 31/03/17		As at 31/03/18	Difference from March 2017
	£	£		£	£
Ron Culley, Chief Officer	15,595	15,035	Pension	16,000	2,000
			Lump Sum	8,000	-
Debbie Bozkurt, Chief Financial Officer <sup>1</sup>	-	-	Pension	-	-
			Lump Sum	-	-

<sup>1.</sup> The Chief Financial Officer is not a member of the Pension Fund.

Dr Ron Culley  
Chief Officer

20 September 2018

Kenny John Macleod  
Chairperson

20 September 2018



## MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement in the year on the IJB's reserves.

Movement in Reserves 2017/18	General Reserves	Earmarked Reserves	Total Reserves
	£'000	£'000	£'000
Opening Balance at 1 April 2017	1,443	1,631	3,074
Total Comprehensive Income and Expenditure	(843)	3,823	2,980
<b>Increase/(Decrease) in 2017/18</b>	<b>(843)</b>	<b>3,823</b>	<b>2,980</b>
Closing Balance at 31 March 2018	600	5,454	6,054

Movement in Reserves 2016/17	General Reserves	Earmarked Reserves	Total Reserves
	£'000	£'000	£'000
Opening Balance at 1 April 2016	-	-	-
Total Comprehensive Income and Expenditure	1,443	1,631	3,074
<b>Increase/(Decrease) in 2016/17</b>	<b>1,443</b>	<b>1,631</b>	<b>3,074</b>
Closing Balance at 31 March 2017	1,443	1,631	3,074

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the cost of providing services for the year.

2016/17			Service	2017/18		
Gross Expend	Gross Income	Net Expend		Gross Expend	Gross Income	Net Expend
£'000	£'000	£'000		£'000	£'000	£'000
1,535	(107)	1,428	Management and Administration	1,633	(225)	1,408
531	-	531	Alcohol and Drugs Partnership	531	-	531
20,628	(4,134)	16,494	Locality Services	21,118	(5,011)	16,107
14,356	(4,823)	9,533	Partnership Services	15,817	(4,999)	10,818
3,653	(587)	3,066	Dental Services	3,634	(616)	3,018
2,580	(16)	2,564	Mental Health Services	2,760	(200)	2,560
15,084	-	15,084	Medical	15,756	(193)	15,563
5,936	-	5,936	Acute Set Aside Budget	6,086	(375)	5,711
306	-	306	Housing Services	306	-	306
<b>64,609</b>	<b>(9,667)</b>	<b>54,942</b>	<b>Cost of Services</b>	<b>67,641</b>	<b>(11,619)</b>	<b>56,022</b>
	(58,016)	(58,016)	Taxation and Non-Specific Grant Income		(59,002)	(59,002)
<b>64,609</b>	<b>(67,683)</b>	<b>(3,074)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>67,641</b>	<b>(70,621)</b>	<b>(2,980)</b>
<b>64,609</b>	<b>(67,683)</b>	<b>(3,074)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>67,641</b>	<b>(70,621)</b>	<b>(2,980)</b>

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

## BALANCE SHEET

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

2016/17			2017/18	
£'000	£'000		£'000	£'000
3,085		Short Term Debtors	6,054	
	3085	<b>Current Assets</b>		6,054
(11)		Short Term Creditors	-	
	(11)	<b>Current Liabilities</b>		-
	3,074	<b>Net Assets</b>		6,054
3,074		Usable Reserves	6,054	
	3,074	<b>Total Reserves</b>		6,054

The unaudited accounts were issued on 12 June 2018 and the audited accounts were authorised for issue on 20 September 2018.

Debbie Bozkurt  
Chief Financial Officer  
20 September 2018

## NOTE 1 ACCOUNTING POLICIES

### 1. General Principles

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined by the Local Government (Scotland) Act 2014. The Annual Accounts have therefore been prepared on an Income and Expenditure basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The accounts have been prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historic cost convention has been adopted.

### 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 recognised by the IJB;
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable;
- Where debts may not be received, the balance of debtors is written down; and
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the corresponding amount is recorded in the Balance Sheet.

### 3. Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, namely NHS Eileanan Siar and Comhairle nan Eilean Siar. Expenditure is incurred as the IJB commission specified health and social care services from the funding partners for the benefit of service recipients.

### 4. Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due, to or from each funding partner as at 31 March, is represented as a debtor or creditor in the IJB Balance Sheet. A Cash Flow Statement is therefore not required to be presented in the Annual Accounts.

### 5. Employee Benefits

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

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken.

### 6. Support Services Costs

Costs relating to the overheads (e.g. human resources support, financial services, information technology) required by the Comhairle and the NHS Board to provide the services commissioned by the Integration Joint Board are not regarded as IJB running costs. These costs were not included in the partner contributions agreed as part of the establishment of the IJB and will be retained by the partner organisations.

### 7. Provisions

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. Provisions for specific purposes, such as non-payment of debt, will have been provided by the partner organisations.

**8. Reserves**

Integration Joint Boards are not currently anticipated to hold cash or to have bank accounts. However, where the IJB underspends on the partner funding contributions, this would result in a General Fund Reserve.

Property, Plant and Equipment used for the delivery of commissioned services have not transferred to the IJB Balance Sheet and the related Capital Adjustment and Revaluation Reserves are therefore not required.

**9. Events after the Reporting Period**

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. An adjustment is made to the statements where there is evidence that the event relates to the reporting period, otherwise the statements are not adjusted, and where the amount is material, a disclosure is made in the notes.

**10. VAT**

The Integration Joint Board is a non-taxable body and does not charge or recover VAT on its activities. VAT is settled/recovered by the parent bodies.

**NOTE 2 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY**

The Annual Accounts contain estimated figures that are based on assumptions made by the partner organisations, taking account of historical experience, current trends or other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from these estimates.

The Comhairle has had a backlog on invoicing for residential care charges due to delays in completion of financial assessment of clients. A provision, based on the aged debt profile and specific client financial information, has been made for non-payment of this debt. This provision and the associated risks remain with the Comhairle. Given the amount of the debt which is secured on property and the extent of the provision, a significant portion of the debt is covered.

### NOTE 3 RELATED PARTY TRANSACTIONS

The Integration Joint Board is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board. As a partnership between the Comhairle and the NHS Board, these two organisations are the main related parties to the Board and the following transactions were made during 2017/18.

2016/17 £'000		2017/18 £'000
<b>Transactions with NHS Eileanan Siar</b>		
38,356	Funding contributions received	39,128
-	- Services Income received	-
38,068	Expenditure on Services provided	39,024
68	Key Management Personnel: Non-Voting Board Members	76
14	Support Services	26
<b>Transactions with Comhairle nan Eilean Siar</b>		
19,660	Funding contributions received	19,874
-	- Services Income received	-
16,726	Expenditure on Services provided	16,806
52	Key Management Personnel: Non-Voting Board Members	53
14	Support Services	37

**Key Management Personnel:** The Chief Officer is employed by Comhairle nan Eilean Siar but NHS Eilean Siar make a contribution of 50% of the costs. The Chief Financial Officer is employed by the NHS Board and 30% of her time is charged to the IJB. These payments are included in Corporate Costs in the Comprehensive Income and Expenditure Statement and the remuneration details in the Remuneration Report.

**Support Services:** Both partner organisation provide a range of support services to the IJB, e.g. Financial Services, Human Resources, Legal. There are no charges included in the IJB accounts for these services. The Support Service costs included in the table above represent costs such as travel and subsistence, incidental administration and equipment etc.

2016/17 £'000		2017/18 £'000
<b>Balances with NHS Eileanan Siar</b>		
206	Debtor balances: Amounts due from the NHS	2
-	- Creditor balances: Amounts due to the NHS	-
<b>206</b>	<b>Net Balance with the NHS Board</b>	<b>2</b>
<b>Balances with Comhairle nan Eilean Siar</b>		
2,879	Debtor balances: Amounts due from the Comhairle	2,978
-	- Creditor balances: Amounts due to the Comhairle	-
<b>2,879</b>	<b>Net Balance with the Comhairle</b>	<b>2,978</b>

**NOTE 4 EXPENDITURE AND INCOME ANALYSIS**

2016/17		2017/18
£'000		£'000
	Services Commissioned from the NHS	
16,760	Employee Benefits	17,520
14,349	Family Health Services	13,472
5,370	Other Operating Expenditure	5,809
(1,369)	Services Income	(2,025)
	Services Commissioned from the Comhairle	
14,802	Employee Benefits	15,183
13,180	Other Operating Expenditure	15,466
(8,298)	Services Income	(9,594)
131	Corporate Expenditure	167
17	Auditor Fee: External Audit Work	24
(58,016)	Partners Funding	(59,002)
<b>(3,074)</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(2,980)</b>

**NOTE 5 TAXATION AND NON-SPECIFIC GRANT INCOME**

2016/17		2017/18
£'000		£'000
38,356	Funding Contribution from the NHS	39,128
19,660	Funding Contribution from the Comhairle	19,874
<b>58,016</b>	<b>Total</b>	<b>59,002</b>

The funding contribution from the NHS Eileanan Siar shown above includes £5,687k in respect of "set aside" resources relating to acute hospital and other resources. These are provided by the NHS, which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

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

**NOTE 6 CORPORATE EXPENDITURE**

2016/17		2017/18
£'000		£'000
120	Staff Costs	129
11	Administration	38
17	Audit Fee	24
<b>148</b>	<b>Total</b>	<b>191</b>

## NOTE 7 SHORT TERM DEBTORS

2016/17 £'000		2017/18 £'000
206	National Health Service	208
2,879	Local Authorities	5,846
<b>3,085</b>	<b>Total</b>	<b>6,054</b>

## NOTE 8 SHORT TERM CREDITORS

2016/17 £'000		2017/18 £'000
(11)	Other Entities	-
<b>(11)</b>	<b>Total</b>	<b>-</b>

## NOTE 9 USABLE RESERVE

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

- to earmark or build up funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- to provide a contingency fund to cushion the impact of unexpected events or emergencies. This is part of the IJB's risk amangement framework.

2016/17			Project / Investment Area	2017/18		Balance at 31/03/2018 £'000
Balance at 01/04/2016 £'000	Transfers £'000	Balance at 31/03/2017 £'000		Transfers Out £'000	Transfers In £'000	
-	640	640	Integration Transition Fund	(640)	-	-
-	408	408	Respite Beds	(144)	78	342
-	155	155	Delayed Discharge	(155)	-	-
-	329	329	Social Care Fund	(329)	-	-
-	-	-	Digital Innovation and Infrastructure <sup>1</sup>	-	1,643	1,643
-	-	-	Workforce Sustainability <sup>2</sup>	-	1,085	1,085
-	-	-	Transformational Change <sup>3</sup>	-	1,324	1,324
-	-	-	Community Equipment Service	-	110	110
-	-	-	Intermediate Care	-	192	192
-	-	-	Care Home Beds	-	120	120
			<b>Funding Streams</b>			
-	53	53	Self Directed Support	-	38	91
-	12	12	Community Justice	-	-	12
-	32	32	Carers Information Strategy	-	34	66
-	2	2	Sight Action	-	2	4
-	-	-	Primary Care Fund - Pharmacy	-	89	89
-	-	-	Primary Care Transformational Fund	-	128	128
-	-	-	Mental Health & Psychological Therapies	-	66	66
-	-	-	Urgent Care Programme Work	-	52	52
-	-	-	Digital Services Fund for GP's	-	25	25
-	-	-	Local Enhanced Services for GPs	-	72	72
-	-	-	Alcohol and Drug Partnership	-	33	33
-	<b>1,631</b>	<b>1,631</b>	<b>Total Earmarked</b>	<b>(1,268)</b>	<b>5,091</b>	<b>5,454</b>
-	1,443	1,443	General Reserves	(843)	-	600
-	<b>3,074</b>	<b>3,074</b>	<b>General Fund</b>	<b>(2,111)</b>	<b>5,091</b>	<b>6,054</b>

1. Lewis Residential Care Development, Housing Adaptations, Digital Homes

2. Apprenticeships, Co-location of staff, Marketing and Communication, Medical Recruitment

3. Mental Health Redesign, Palliative Care, Primary Care, Third Sector Innovation Fund, Safe at Home Programme

## **Independent auditor's report to the members of Western Isles Integration Joint Board and the Accounts Commission**

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

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Western Isles Integration Joint Board for the year ended 31 March 2018 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure 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 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the Western Isles Integration Joint Board as at 31 March 2018 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 2017/18 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)). 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 am independent of the Western Isles 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. 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 Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Western Isles 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.

#### **Responsibilities of the Chief Financial Officer and Integration Joint Board for the financial statements**

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

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Western Isles Integration Joint Board'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 Integration Joint Board is responsible for overseeing the financial reporting process.



### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other information in the annual accounts**

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, 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; or
- there has been a failure to achieve a prescribed financial objective. I have nothing to report in respect of these matters.

Brian Howarth  
Audit Director  
Audit Scotland  
4th Floor, The Athenaeum Building 8  
Nelson Mandela Place  
Glasgow, G2 1BT

September 2018