



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
27 JUNE 2018

REPORT ON: DRAFT ANNUAL ACCOUNTS 2017/18

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB28-2018

1.0 PURPOSE OF REPORT

The purpose of this report is to present the Integration Joint Board's Draft Annual Statement of Accounts 2017/18 for approval to initiate the external audit process.

2.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):

- 2.1 Considers and agrees the content of the Draft Final Accounts Funding Variations as outlined in Appendix 1;
- 2.2 Approves the Draft Dundee Integration Joint Board Annual Corporate Governance Statement as outlined in Appendix 2;
- 2.3 Notes the Integration Joint Board's Draft Annual Statement of Accounts 2017/18 as outlined in Appendix 3;
- 2.4 Notes the application of reserves during 2017/18 to meet the Integration Joint Board's liabilities and support its activities during the financial year as outlined in 4.1.3.
- 2.5 Instructs the Chief Finance Officer to submit the Accounts to the IJB's external auditors (Audit Scotland) to enable the audit process to commence.

3.0 FINANCIAL IMPLICATIONS

The draft annual accounts statement for the year end 31 March 201 highlights that the IJB made an overall surplus of £29k in 2017/18 which arose as a result of a small underspend in the social care budget.

4.0 MAIN TEXT

4.1 Background

- 4.1.1 The IJB is required to prepare financial statements for the financial year ending 31 March 2018 following the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to the IJB for the delivery of the IJB's vision and its core objectives.
- 4.1.2 These accounts reflect the second year of Dundee IJB being responsible for delegated community based health and social care services. The IJB is required to follow Local Authority Accounts (Scotland) Regulations 2014. This requires the inclusion of a management commentary and remuneration report and recommends submission of the draft accounts by 30 June 2018 to the IJB's external auditors (Audit Scotland for 2017/18).

4.1.3 The 2017/18 Annual Accounts comprise:-

- a) Comprehensive Income and Expenditure Statement – This statement shows that Dundee Integration Joint Board made an overall surplus of £29k in 2017/18 (£4,963k in 2016/17) on the total income of £262,184k (£263,784k in 2016/17). This overall underspend will be carried forward into 2018/19 through the Integration Joint Board’s reserves.
- b) Against Social Care budgets, an underlying underspend of £29k was reported (£4,963k in 2016/17). The Integration Scheme sets out that underspends will be retained by Dundee Integration Joint Board as reserves following agreement with the partners.
- c) Against health budgets an underlying overspend of £2,119k was reported (£3,462k in 2016/17). This consisted of an overspend of £2,407k in prescribing, £448k net effect of charges for hosted services, with an underspend of £533k on services directly managed by the Integration Joint Board. However, in line with the risk sharing agreement agreed with NHS Tayside and Dundee City Council for the first two years of Dundee Integration Joint Board, NHS Tayside devolved further non-recurring budget to the Integration Joint Board to balance income with expenditure.
- d) Movement in Reserves – Dundee Integration Joint Board has year-end reserves of £4,560k (£4,963k in 2016/17). These are held in line with the Integration Joint Board’s reserves policy. Reserves were applied during the year to cover outstanding liabilities to Dundee City Council and the activities of the Integration Joint Board.
- e) Balance Sheet – In terms of routine business Dundee Integration Joint Board does not hold assets, however the reserves noted above are reflected in the year-end balance sheet.
- f) Notes - Comprising a summary of significant accounting policies, analysis of significant figures within the Annual Accounts and other explanatory information.

4.1.4 It should be noted that due to a range of technical accounting and other budgetary changes, there is some variation between the original agreed levels of funding from Dundee City Council and NHS Tayside to Dundee IJB as part of the delegated budget. The details of these are set out in Appendix 1 and it is proposed that the IJB accepts these changes.

4.1.5 The annual accounts document contains a Governance and Assurance Statement which is based on a self-assessment process. The IJB governance arrangements require to be independently assessed by Internal Audit and it is proposed that the draft statement set out within Appendix 2 is submitted to Internal Audit for consideration with the outcome and any associated action plan presented to the Performance and Audit Committee and incorporated into the Annual Accounts.

4.1.6 Once submitted, Audit Scotland will assess these accounts in line with their Annual Audit Plan for Dundee IJB approved at the Performance and Audit Committee on 27 March 2018 (PAC23-2018) and produce an independent auditors’ report setting out their opinion on the annual statement by 30 September 2018. The outcome of this will be incorporated into the annual accounts and will subsequently be presented to the IJB for final approval. The draft unaudited accounts are shown in Appendix 3.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. There are no major issues.

6.0 RISK ASSESSMENT

Risk 1 Description	There is a risk that through the audit process, Audit Scotland identify areas of concern or material misstatement leading to a qualified audit certificate
Risk Category	Financial/Governance
Inherent Risk Level	Likelihood 2 x Impact 4 = Risk Scoring 8 (which is High Risk Level)
Mitigating Actions (including timescales and resources)	The accounts have been prepared in accordance with good practice principles and statutory requirements by suitably qualified officers
Residual Risk Level	Likelihood 2 x Impact 3 = Risk Scoring 6 (which is a Moderate Risk Level)
Planned Risk Level	Likelihood 2 x Impact 3 = Risk Scoring 6 (which is a Moderate Risk Level)
Approval recommendation	Given the nature of the risks, these are deemed to be acceptable

7.0 CONSULTATIONS

The Chief Officer and the Clerk were consulted in the preparation of this report.

8.0 DIRECTIONS

The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in sections 26 to 28 of the Public Bodies (Joint Working)(Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Dundee City Council and NHS Tayside.

Direction Required to Dundee City Council, NHS Tayside or Both	Direction to:	
	1. No Direction Required	✓
	2. Dundee City Council	
	3. NHS Tayside	
	4. Dundee City Council and NHS Tayside	

9.0 BACKGROUND PAPERS

None.

Dave Berry
Chief Finance Officer

DATE: 25 June 2018

Final Accounts – Funding Variations (and Adoption of Specific Presentation)

Extract - Note to Dundee Joint Integration Board regarding variations to the existing Scheme of Integration and the adoption of specific presentation of information within the framework of the International Financial Reporting Standards (IFRS).

Background

The following note provides details of variations to the delegated budget for which approval is sought by the Dundee Integration Joint Board. The adjustments and explanations for these adjustments are outlined below section 1.

In addition information has been presented within the requirements of the International Financial Reporting Standards (IFRS) and attributable supplementary Local Authority (Scotland) Accounts Advisory Committee (LASAAC). Specific applications of the guidance are outlined in section 2.

Section 1 – Variations to Delegated Budget

Local Authority Variations – The agreed delegated budget 2016/17 provided for a budgeted payment of £79.376m from Dundee City Council to the Dundee Integration Joint Board to fund the commissioning of services. . It is recognised that a number of technical year-end adjustments will result in variations in costs outwith the control of the IJB (e.g. adjustments to pension costs, inclusion of central support.). To compensate for this the Dundee Integration Joint board was provided with a corresponding increase in funding. This meant that the total funding provided to the IJB was £84.066m, an increase of £4.690m.

These year-end adjustments will be a feature of each year end accounts process. Notably they are difficult to quantify at the commencement of the financial year (e.g. pension costs adjustments can vary significantly within a single financial year) and cognisance of these variations requires to be taken of these variations in the Dundee Integration Joint Boards accounts.

The Dundee City Council adjusted funding is outlined below:-

DCC Funding to Dundee Integration Joint Board (DIJB)	£000
Initial Dundee City Council contribution to DIJB	79,376
Additional Funding from Dundee City Council	4,690
Total Funds provided by Dundee City Council	84,066

NHS Tayside Variations – The financial reporting process throughout the year highlighted significant pressures on NHS Tayside related services leading to an overspend which as part of the risk sharing arrangement was to be funded from NHS Tayside.. This means that the funding provided by NHS Tayside is in excess of that outlined in the integration agreement.

The NHS Tayside contribution also includes specific Integration funding which was provided by the Scottish Government with NHS Tayside acting as an agent. These monies have been provided to the Dundee Integration Joint Board and those not expended currently sit in the Board's reserves.

The NHS Tayside adjusted funding is outlined below:-

NHS Funding to Dundee Integration Joint Board (DIJB)	£000
Initial NHS Contribution to DIJB (incl Large Hospital Set Aside)	169,487
Add: Supplementary Budget Adjustments	1,789
Add: Additional Funding to Cover Overspends	3,462
Add: Net Effect of Hosted Services Budget	4,979
Final NHS contribution to DIJB	179,717

Section 2 – Specific application of International Financial Reporting Standards (IFRS)

Netting of Income – The Dundee Integrated Joint Board annual accounts have been prepared on the basis that all operational expenditure is shown net of income as it reflects the actual environment the board is working under. In particular the Dundee Integration Joint Board does not have the legal power to set charges for services provided by either the Council or NHS Tayside. In addition the IJB cannot pursue an action to recover income from a service recipient. More specifically it reflects the role of the Dundee Integration Joint Board as a net funding vehicle. Audit Scotland has indicated that this is the preferred approach.

To support this position the following text is included on the face of the 2016/17 Annual Accounts

“The Dundee Integration Joint Board’s Comprehensive Income and Expenditure Statement shows the net commissioning expenditure provided to partners to support services. It does not detail income received from service users as this remains the statutory responsibility of the partners.”

Offsetting of Debtors & Creditors – The Dundee Integration Joint Board accounts have been prepared on the basis that the net expenditure from Dundee City Council and NHS Tayside recognises that debtors and creditors in respect of NHS Tayside and Dundee City Council with third parties (other than the Dundee Integration Board) but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB. This essentially requires that when consolidating its accounts the Dundee Integration Joints Board have consolidated the accrued net expenditure. Therefore only debtors and creditors between Dundee Integration Joint Board and its two constituent body are detailed in the IJB’s final accounts. The only exception to this is Audit Scotland audit fees.

Annual Governance Statement

Introduction

The Annual Governance Statement explains Dundee City Integration Joint Board's governance arrangements and reports on the effectiveness of the Integration Joint Board's system of internal control.

Scope of Responsibility

Dundee City Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

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

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

The Governance Framework and Internal Control System

Dundee City Integration Joint Board comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the Integration Joint Board. During 2017/18, the Integration Joint Board continued to develop and enhance its governance arrangements as it moved through its second year of being responsible for the strategic planning and operational delivery of integrated health and social care services. This included progressing areas highlighted as developments in the 2016/17 Annual Governance Statement.

The main features of the governance framework in existence during 2017/18 were:

- The Integration Scheme as the overarching agreement between the Integration Joint Board, NHS Tayside and Dundee City Council as to how the planning for and delivery of delegated health and social care services is to be achieved reflecting a range of governance arrangements required to support this arrangement.
- The senior leadership team consisting of the Chief Officer, Head of Finance and Strategic Planning (Chief Finance Officer) and Head of Health and Community Care. The Chief Finance Officer has overall responsibility for the Integration Joint Board's financial arrangements and is professionally qualified and suitably experienced to lead the Integration Joint Board's finance function and to direct staff accordingly.
- Monthly meetings of the senior leadership team.
- Standing Orders, Financial Regulations and a Code of Conduct including the publication of Register of Member's Interests and the nomination of the Clerk to the Integration Joint Board as Standards Officer were all in place during 2017/18.
- The Integration Joint Board met on eight occasions throughout the year to consider its business.
- The Integration Joint Board's Performance and Audit Committee met on five occasions throughout the year to enhance scrutiny of the performance of the Integration Joint Board and audit arrangements in line with regulations and good governance standards in the public sector.

- Internal Audit arrangements for 2017/18 were approved including the appointment of the Chief Internal Auditor of FTF Internal Audit and Management Services to the role of Chief Internal Auditor of the Integration Joint Board supported by Dundee City Council's Internal Audit Service. An Internal Audit Plan for 2017/18 was approved drawing on resources from both organisations.
- The assurances provided from internal audit through their independent review work of the Integration Joint Board's internal control systems.
- The Clinical, Care and Professional Governance Framework continued to evolve as an action identified as an area of improvement from the 2016/17 annual governance statement through the leadership of the Dundee Health and Social Care Clinical, Care and Professional Governance Forum (R2). An Internal Audit Review found these arrangements as being broadly satisfactory.
- The Integrated Strategic Planning Group met on three occasions during the year.
- The establishment of the Transformation Delivery Group, consisting of senior leaders from the health and social care partnership, the voluntary sector, staff side representation and Dundee City Council and NHS Tayside transformation leads to provide oversight and governance to the developing range of service redesign and transformation projects.
- The Chief Finance Officer complied fully with the five principles of the role of the Chief Finance Officer, as set out in CIPFA guidance.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2017/18 this included the following:

- The enhancement of risk management arrangements through the clear identification of risks in relation to Integration Joint Board decisions reflected in reports presented to the Integration Joint Board and Performance and Audit Committee, subsequently included within the High Level Risk Register with regular reviews provided to the Performance and Audit Committee as an area of improvement identified within the 2016/17 Annual Governance Statement.
- The approval and progressing of the Annual Internal Audit Plan.
- Continued development of the performance management framework with a range of performance reports published and scrutinised by the Performance and Audit Committee throughout the year, including more detailed reviews of specific areas of concern as requested by the committee.
- A process of formal regular reporting of financial performance and monitoring to the Integration Joint Board was in place throughout 2017/18.
- The provision of regular budget development reports for 2018/19 to the Integration Joint Board.
- The provision of an assurance report from the chair of the Performance and Audit Committee outlining the key issues raised at the previous Performance and Audit Committee meeting to the following Integration Joint Board meeting.
- In-year reporting on issues relating to Clinical, Care and Professional Governance in line with the overarching strategy: Getting It Right for Everyone – A Clinical, Care and Professional Governance Framework with no major issues reported.
- The development of a process for issuing directions to NHS Tayside and Dundee City Council reflected in Integration Joint Board reports during the year.
- Regular reporting to the Performance & Audit Committee of external scrutiny reports relating to delegated services from scrutiny bodies such as the Care Inspectorate and Mental Welfare Commission and supporting subsequent action plans.
- Development and reporting of the Integration Joint Board's Complaint's Handling Procedure.
- Reliance on the procedures, processes and systems of NHS Tayside and Dundee City Council.

Continuous Improvement

The following areas for improvement have been identified through the self-assessment process and Annual Internal Audit Report. Progress against these will be monitored by the Performance and Audit Committee during 2018/19. Some of these are outstanding from the 2016/17 continuous improvement plan (marked as *) and have primarily been delayed due to resource capacity and the impact of other priorities across the wider partnership with NHS Tayside and the other Tayside Integration Joint Boards.

Area for Improvement	Lead Officer	Planned Completion Date
Development of Large Hospital Set Aside arrangements in conjunction with the Scottish Government, NHS Tayside and Angus and Perth and Kinross Integration Joint Boards	Chief Officer / Chief Finance Officer	December 2018
Implementation of an action points update to each meeting of the IJB and PAC in addition to an annual workplan to be agreed for both meetings	Chief Officer / Chief Finance Officer	October 2018
Development of improved Hosted Services arrangements around risk and performance management for hosted services*	Chief Officer / Chief Finance Officer	December 2018
Development of an overall Governance Action Plan to progress previous recommended areas for improvement	Chief Finance Officer	October 2018
Development of regular IJB and PAC member induction and development process	Chief Officer / Chief Finance Officer	December 2018
Further develop the Integration Joint Board's local Code of Governance*	Chief Officer / Chief Finance Officer	December 2018
Present the governance principles adopted by the Health and Social Care Integration Governance Working Group to the PAC to be taken forward by all parties (* reflects partial development from 2016/17)	Chief Finance Officer	September 2018
Development of multi-year financial plan as part of the review of the Strategic and Commissioning Plan	Chief Finance Officer	March 2019

Area for Improvement	Lead Officer	Planned Completion Date
Update the Integration Joint Board's Participation and Engagement Strategy*	Chief Officer / Chief Finance Officer	December 2018
Develop Scheme of further delegation in relation to delegated services to the Integration Joint Board*	Chief Officer / Chief Finance Officer	December 2018
Clarify responsibilities and accountabilities around the impact of General Data Protection Regulations (GDPR) legislation with partner bodies	Chief Finance Officer	October 2018
Update and enhance the IJB's Risk Management Strategy and further develop the IJB's operational risk register	Chief Finance Officer	December 2018

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

Review of Adequacy and Effectiveness

Dundee City Integration Joint Board is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review is informed by the work of the Senior 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.

The review of Dundee City Integration Joint Board's governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes a "Self-assessment Checklist" as evidence of review of key areas of the Integration Joint Board's internal control framework. The Senior Management Team has input to this process through the Chief Finance Officer. There were no significant internal control issues identified by the self-assessment review.

In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control. Due to ongoing concerns during 2017/18, NHS Tayside has been subject to a number of internal (e.g. Internal Audit) and external (e.g. Scottish Government) commissioned reviews. These reviews have reported back to NHS Tayside and the Scottish Government with a series of actions set out to address identified weaknesses. These actions will be monitored locally by NHS Tayside's new leadership team and through the Scottish Government. A number of the weaknesses identified may have an impact on the Integration Joint Board and its ability to deliver on its strategic objectives. In particular, the Integration Joint

Board is supported by NHS Tayside in relation to financial management and strategic planning capacity, with both of these regarded as weaknesses in NHS Tayside's own review of governance. The Integration Joint Board will continue to work in partnership with NHS Tayside to mitigate the impact of these issues.

In preparing the Annual Governance Statement, the Integration Joint Board gave consideration to both NHS Tayside and Dundee City Council's Annual Governance Statements. While recognising the issues noted above within NHS Tayside, there were no issues arising which require any further disclosure in the Integration Joint Board's Governance Statement.

Throughout the year, the Performance and Audit Committee has considered a range of issues which cover its core responsibilities in providing the Integration Joint Board 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. The Chair of the Performance and Audit Committee provides an update to the next available Integration Joint Board meeting on the issues raised and any areas of concern which the Integration Joint Board should be made aware of. Over the course of 2017/18, no such areas of concern were noted by the Chair of the Performance and Audit Committee.

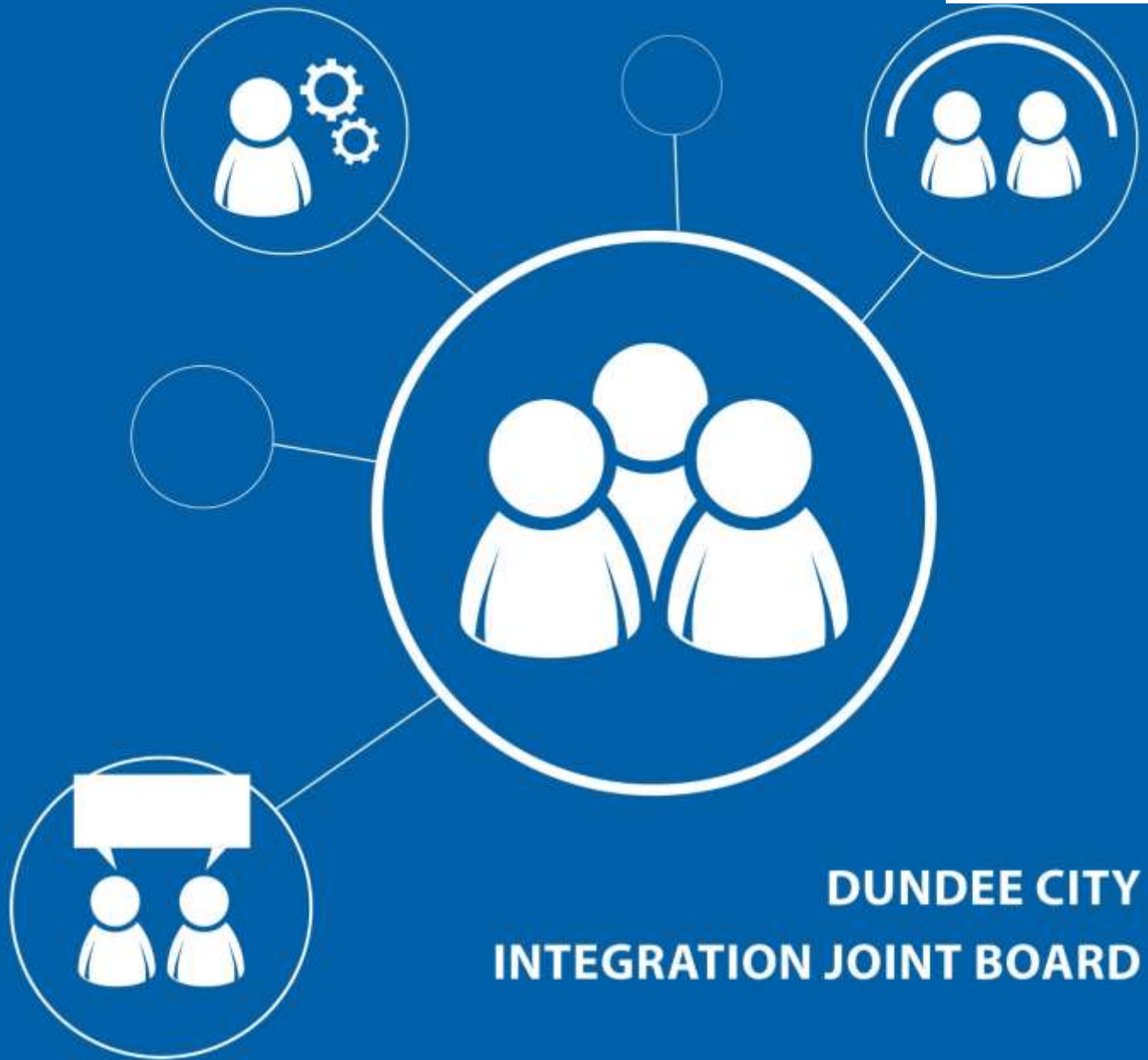
The review is subject to assessment and comment by Internal Audit who will reflect their findings and any recommendations in their Annual Internal Audit Report 2017/18 to be presented to the Performance and Audit Committee at its meeting on 31 July 2018. An action plan to meet any identified recommendations will be produced and agreed by the Performance and Audit Committee and will be incorporated into the above Annual Governance Statement to form the final Annual Accounts Statement.

Conclusion and Opinion on Assurance

While recognising that the above Annual Governance Statement is subject to Internal Audit assessment, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Dundee City Integration Joint Board's governance arrangements.

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

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



**DUNDEE CITY
INTEGRATION JOINT BOARD**

**ANNUAL ACCOUNTS
2017-18**

Dundee City Integration Joint Board**Annual Accounts 2017-18****Contents**

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Introduction

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. This established the framework for the integration of health and adult social care in Scotland, to be governed by Integration Joint Boards with responsibility for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

Following approval from Dundee City Council and NHS Tayside, the Dundee Integration Scheme, the formal legal partnership agreement between the two parent organisations, was submitted to the Scottish Ministers in August 2015. On 3 October 2015 Scottish Ministers legally established Dundee's Integration Joint Board as a body corporate by virtue of the Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Amendment (No 3) Order 2015.

Dundee City Integration Joint Board formally became responsible for the operational management and oversight of delegated health and social care functions with effect from 1 April 2016.

This publication contains the financial statements for Dundee City Integration Joint Board for the year ended 31 March 2018. The Management Commentary highlights the key activities carried out to date and looks forward, outlining the anticipated financial outlook for the future and the challenges and risks facing health and social care services over the medium term.

Role and Remit of Dundee City Integration Joint Board

Dundee City Integration Joint Board has responsibility for providing defined health care and social care services for the residents of Dundee encompassing an area of 60 square kilometres and a population of 148,000. Like other parts of Scotland, Dundee is expected to see a significant rise in the number of older people with an increase of 45% in those over 75 anticipated over the next 20 years. Deprivation in Dundee is high with just over 29% of the population living in the 15% most deprived areas of Scotland. Overall Dundee is the third most deprived local authority area in Scotland, with only Glasgow and Inverclyde having higher deprivation. Dundee has the second lowest life expectancy in Scotland, with factors such as prevalence of substance misuse, mental health problems, smoking, and obesity all contributing to the reduced life expectancy. These factors highlight the scale of the challenges Dundee City Integration Joint Board faces over the coming years.

The voting membership of Dundee City Integration Joint Board is drawn from three elected members nominated by the Council and three non-executive members nominated by the Health Board.

MANAGEMENT COMMENTARY

The table below notes the membership of Dundee City Integration Joint Board in 2017/18:

Voting Members:

Role	Member
Nominated by Health Board	Doug Cross
Nominated by Health Board	Judith Golden
Nominated by Health Board	Munwar Hussain
Councillor Nominated by Dundee City Council	Councillor Ken Lynn
Councillor Nominated by Dundee City Council	Councillor David Bowes*
Councillor Nominated by Dundee City Council	Councillor Stewart Hunter**
Councillor Nominated by Dundee City Council	Bailie Helen Wright***
Councillor Nominated by Dundee City Council	Councillor Roisin Smith***

*Until 4 May 2017

**Until 22 May 2017

***From 22 May 2017

Non-voting members:

Role	Member
Chief Social Work Officer	Jane Martin (Dundee City Council)
Chief Officer	David W Lynch
Proper Officer Appointed under section 95 (Chief Finance Officer)	Dave Berry
Registered medical practitioner whose name is included in the list of primary medical performers prepared by the Health Board	Frank Weber
Registered nurse who is employed by the Health Board	Sarah Dickie (NHS Tayside)
Registered medical practitioner employed by the Health Board and not providing primary medical services	Cesar Rodriguez (NHS Tayside)
Staff of the constituent authorities engaged in the provision of services provided under integration functions	Raymond Marshall (NHS Tayside Staff Side Representative) Jim McFarlane (Dundee City Council Trade Union Representative)
Director of Public Health	Drew Walker (NHS Tayside)
Third Sector Representative	Christine Lowden (Dundee Voluntary Action)
Service user residing in the area of the local authority	Andrew Jack (Public Partner, NHS Tayside)
Persons providing unpaid care in the area of the local authority	Martyn Sloan (Carer, Dundee Carers Centre)

The Chair of Dundee City Integration Joint Board rotates on a two yearly basis with the current arrangements due to change in October 2018. Councillor Ken Lynn is the current Chair with Doug Cross acting as Vice Chair. Dundee City Integration Joint Board is supported through the appointment of the Chief Officer, the Head of Finance and Strategic Planning (as Chief Finance Officer) and the Head of Health and Community Care who provide the strategic leadership and management of delegated operational services.

Operations for the Year

2017/18 represents the second full financial year of Dundee City Integration Joint Board (commonly known as Dundee Health and Social Care Partnership) being formally responsible for planning and delivering community based health and social care services. The development and delivery of these services is in line with the Integration Joint Board's Strategic and Commissioning Plan which sets out the context within which integrated services in Dundee operates and is shaped around the Health and Social Care Partnership's vision that "Each Citizen of Dundee will have access to the information and support that they need to live a fulfilled life." Dundee Integration Joint Board's Strategic and Commissioning Plan for 2016-2021 can be found at:

https://www.dundeehscp.com/sites/default/files/publications/dhscp_strategic_and_commissioning_plan_0.pdf

The Strategic & Commissioning Plan focusses on delivering on the following eight strategic priorities:



These priorities are consistent with and support the Scottish Government nine National Health and Wellbeing Outcomes which apply across all health and social care services. These are:

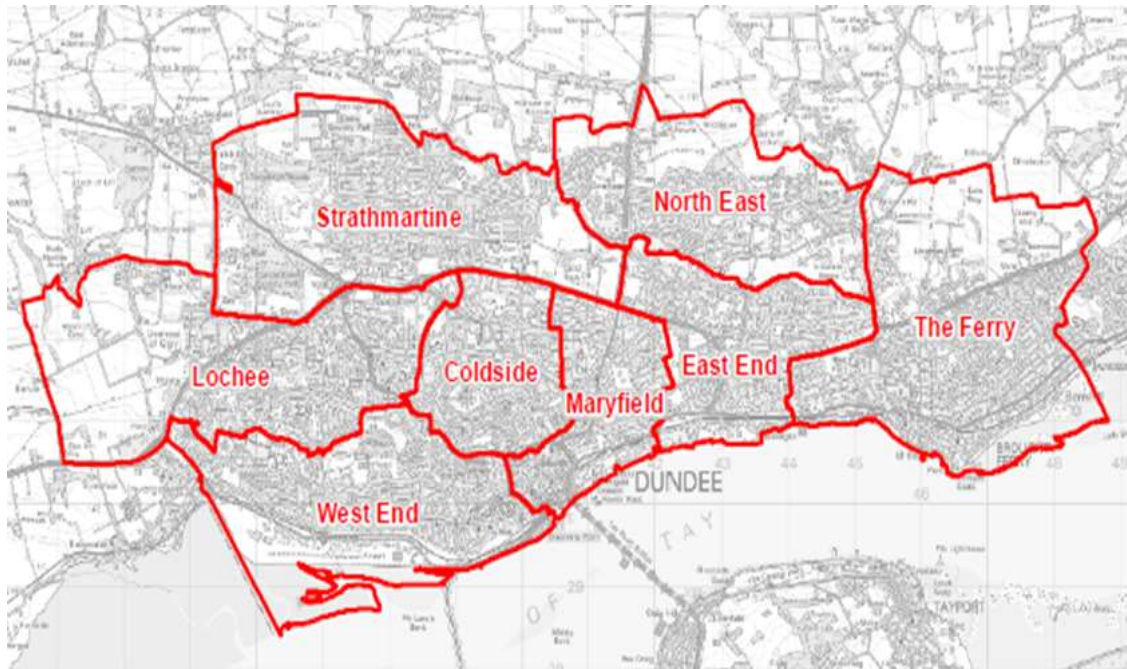
Table 1 National Outcomes

1. Healthier Living	People are able to look after and improve their own health and wellbeing and live in good health for longer
2. Independent Living	People, including those with disabilities, long term, conditions, or who are frail, are able to live as far as reasonably practicable, independently at home or in a homely setting in their community.
3. Positive Experiences and Outcomes	People who use health and social care services have positive experiences of those services and have their dignity respected.
4. Quality of Life	Health and social care services are centred on helping to maintain or improve the quality of life of service users. Everyone should receive the same quality of service no matter where they live.
5. Reduce Health Inequality	Health and social care services contribute to reducing health inequalities.
6. Carers are Supported	People who provide unpaid care are supported to look after their own health and wellbeing, and to reduce any negative impact of their caring role on their own health and wellbeing.
7. People are Safe	People who use health and social care services are safe from harm.
8. Engaged Workforce	People who work in health and social care services are supported to continuously improve the information, support, care and treatment they provide and feel engaged with the work they do.
9. Resources are used Efficiently and Effectively	Best Value is delivered and scarce resources are used effectively and efficiently in the provision of health and social care services.

Operational Delivery Model

During 2017/18, Dundee Health and Social Care Partnership continued to develop its operational delivery structure with a view to embedding a full locality based model of integrated health and social care services to support the delivery of the Integration Joint Board's strategic priorities. This structure is based around the eight Local Community Planning Partnership areas within the city as noted below.

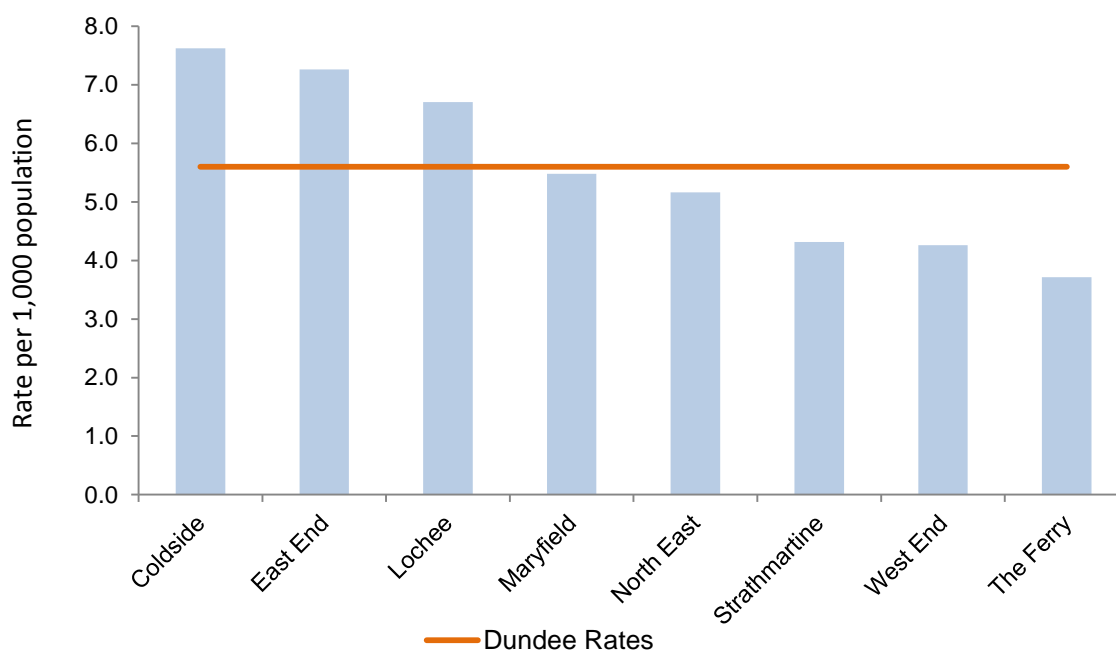
Map of Eight Local Community Planning Partnership Areas



Locality managers' portfolios currently include a combination of service specific responsibilities which are city wide (eg older people care at home, learning disabilities) as well as an overview of the needs of their locality areas as part of the transition to fully locality based integrated health and social care services.

One of the key challenges in delivering on the Integration Joint Board's Strategic Priorities and National Health and Wellbeing Outcomes is the high levels of inequalities which exist within the city with significant variances across locality areas, driven by high levels of deprivation and resultant impact on higher prevalence levels of health and multiple long term conditions. In addition to the frailty and ill health which is prevalent in the ageing population, many younger adults in Dundee are experiencing health conditions earlier in life as a result of deprivation and associated impact of substance misuse and mental health issues. In Dundee life expectancy is 77.6 years which is the second lowest in Scotland compared with an average of 79.1 years across the country. However the variance between localities within the city is considerable as highlighted in chart 1 below. The combined effects of these are evidenced by the increased demand and usage of health and social care services in Dundee.

Chart 1 Premature Mortality Age Standardised Rates per 1,000 Population <75 in 2015



Source: NHS Tayside

The Integration Joint Board's developing response to these challenges over 2017/18 include the following locality focussed initiatives:

- Development of a locality approach to carers in Coldside and Strathmartine
- Roll out of the Macmillan Improving the Cancer Journey in Coldside and Lochee
- The whole system approach to supporting children and families in Lochee
- An East End Health and Wellbeing drop in initiative offering a free service with a focus on wellbeing information, activities and support.

Scrutiny and Performance

The Integration Joint Board's Performance and Audit Committee (PAC) provides the opportunity for committee members to better understand the needs of communities and to monitor and scrutinise performance of delegated services against delivering the strategic priorities through a range of performance indicators and benchmarking. Throughout 2017/18, the Integration Joint Board's Performance and Audit Committee received regular performance reports which quantified Dundee's health and social care challenges in relation to the baseline data against a range of performance indicators, designed to capture the progress made under integration over time. This includes nationally and locally set indicators, a number of which are reflected at locality level to assist the Integration Joint Board in determining the areas of greatest need and to inform the targeting of resources. Dundee's 2017/18 performance against a range of national indicators is noted in Table 2 below. This shows good progress is being made in relation to reducing emergency bed days, hospital readmissions and delayed discharges from hospital however challenges still remain in relation to emergency admissions to hospital, readmissions and falls. These have been subject to further in-depth scrutiny through the PAC.

Table 2

National Indicator	Dundee 15/16 (Baseline Year)	Dundee 16/17	Dundee 17/18	Scotland 2017/18
Emergency admissions rate to hospital per 100,000 people aged 18+	12,154	12,411	12,790	11,959
Emergency bed days rate per 100,000 people aged 18+	142,407	136,059	131,673	115,518
Readmissions to acute hospital within 28 days of discharge rate per 1,000 population	121	125	123	97
Falls rate per 1,000 population aged 65+	25	26	28	22
Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (Delayed Discharge bed days)	832	755	347	772

Transforming Services

Through the Integration Joint Board's Transformation Programme, a range of service redesign initiatives have been developed in line with the priorities in the strategic plan which have improved patient and service user pathways in order to reduce hospital admissions and shorten hospital stays, including undertaking early intervention and prevention approaches. One of the most significant shifts in service provision commissioned by the Integration Joint Board over 2017/18 has been to re-design and reduce the bed base at Royal Victoria Hospital and re-invest the resources released into a multi-disciplinary, Enhanced Community Support model of care while contributing to efficiency savings and reducing cost pressures. An example of the outcomes of such an approach is reflected below:

EARLY INTERVENTION AND PREVENTION

75 year old lady living in a care home with complex needs being admitted to hospital as a result of frequent diabetic attacks.

Through the collaborative work of the General Nurse and Review Officer within the team and in conjunction with care home staff, GP and Specialist Diabetes Nurse they were able to devise an appropriate management plan; provide care home staff with training as well as updating her anticipatory care plan that allowed the care home to better support the lady and prevent further hospital admissions.

Developments such as this have had a positive impact in improving performance in some indicators such as a reduction in delayed discharges for Dundee service users. However as noted in Table 2 above there are a range of indicators where Dundee's position is among the lowest performing across Scotland.

The Integration Joint Board's Transformation Programme is key to the Integration Joint Board continuing to deliver change in the way in which health and social care services are provided and connects the overarching strategic priorities with service redesign opportunities. During 2017/18, a Transformation Delivery Group was established, consisting of a range of professionals, officers, the voluntary sector and staff side representation to provide oversight, governance and support to the delivery of the Transformation Programme. This group is also tasked with developing and bringing forward service change proposals to the Integration Joint Board for consideration. The challenge for the group is to be able to develop and sustain levels of change at scale and pace to meet the growing demographic needs with continuing financial restrictions.

A summary of the key achievements over 2017/18 is as follows:

- Achieving a further shift to locality working
- The redesign of Mental Health and Substance Misuse services
- Increased collaborative work with carers
- A continued focus on reducing health inequalities and expansion of services
- New resources secured around employability
- Continued improved performance around delayed discharge.

Financial Position at the End of March 2018

The impact of the overall financial position for integrated services in Dundee for 2017/18 has resulted in the level of reserves held by Dundee City Integration Joint Board decreasing to £4.560m at the year ended 31 March 2018 (as against £4.963m at the year ended 31 March 2017). The surplus generated throughout 2017/18 was significantly less than in 2016/17 mainly due to the Integration Joint Board setting out clear commitments against additional integration funding from the Scottish Government in line with its Strategic Plan.

Of the reserves, £2.459m has been committed by the Integration Joint Board to provide bridging finance to transition toward new models of care and support, further innovation and tests of change. A further £1.814m of these reserves have been allocated by Dundee City Integration Joint Board to offset budget shortfalls anticipated in 2018/19 as a result of challenging budgets, delegated to the Integration Joint Board from NHS Tayside and Dundee City Council. This non-recurring investment provides the opportunity for the Integration Joint Board to design, test and implement service changes which improve service user outcomes in a more efficient way.

While the position at the year ended 31 March 2018 results in the Integration Joint Board's reserves level being close to a level of reserve equating to 2% of the Integration Joint Board's net expenditure as set out within its reserves policy, given the commitments noted above, this is unlikely to be maintained at the end of the 2018/19 financial year.

It should be noted that Tayside NHS Board will release funding held on behalf of the three Tayside Integration Joint Boards during 2018/19, a small proportion of which is currently uncommitted, which will support the Integration Joint Board's activities in 2018/19 and beyond.

Key Risks and Uncertainties

Looking forward, the impact of Dundee's demographic growth with an increasingly frail population following evidence that Dundee citizens have poor health at an earlier age, the prevalence of disabilities and high numbers of people with substance misuse and mental health problems will continue to present risks that the availability of resources will not be able to meet that demand.

While service redesign and development will continue to provide opportunities to deliver services more effectively and efficiently with better outcomes for individuals, the continuing funding restrictions and cost pressures facing the Integration Joint Board will limit the ability to release and shift resources from traditional models of care for reinvestment. The impact of a flat cash budget settlement from Dundee City Council to Dundee City Integration Joint Board for 2018/19 and continued cost pressures around the GP Prescribing budget and In-Patient Mental Health services within the NHS delegated budget provide real risks that the Integration Joint Board will be unable to sustain current levels of activity in order to deliver a balanced budget.

The Integration Joint Board's budget efficiency plans for 2018/19 are reliant on a range of non-recurring interventions such as the use of uncommitted reserves to cover known expenditure pressures. There is a risk that the Integration Joint Board is unable to drive change at the scale and pace necessary to replace these with sustainable and recurring plans from 2019/20 onwards.

During 2017/18, the Integration Joint Board made a number of decisions around the use of its reserves in order to support transformational change through transition funding. The application of uncommitted reserves to balance the 2018/19 budget severely restricts the ability of the Integration Joint Board to support these in the future, or to meet unforeseen cost pressures.

The new GP Contract the Scottish Government has introduced from 2018/19 to develop a sustainable model of general practice, changes the demands and relationship between the NHS Board, Integration Joint Boards (as delegated services) and GP Practices. This will see the development of multi-disciplinary, community based support teams working in and around general practices to support areas previously the responsibility of GPs. To deliver this operational change new competencies and skills of the workforce would be required. However, there are challenges in that Dundee may not be able to recruit or develop the workforce to deliver all the expectations or create instability across other services as staff move to the new services.

There is a wider risk around the ability to develop and sustain the required workforce to deliver effective health and social care services given a profile of an ageing workforce, recruitment difficulties for particular professions such as nurses and competing demands within the traditional social care labour market through the projected growth in the hospitality sector in Dundee.

The impact of NHS Tayside's financial challenges in addition to recent leadership changes has created some uncertainty around the impact this will have on the Integration Joint Board over the coming year and beyond. However, through our Transformation Change Programme and the established Transformation Delivery Group we continue to review models of service

delivery to ensure we remain fit for the future and be able to meet the needs of the citizens of Dundee.

Analysis of Financial Statements

The Annual Accounts report the financial performance of Dundee City Integration Joint Board. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to the Integration Joint Board for the delivery of its vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2017/18 Accounts have been prepared in accordance with this Code.

Integration Joint Boards need to account for their spending and income in a way which complies with our legislative responsibilities and supplementary Local Authority (Scotland) Accounts Advisory Committee (LASAAC) guidance.

The 2017/18 Annual Accounts comprise:-

- a) Comprehensive Income and Expenditure Statement – This statement shows that Dundee City Integration Joint Board made an overall surplus of £29k in 2017/18 (£4,963k in 2016/17) on the total income of £262,184k (£263,784k in 2016/17). This overall underspend will be carried forward into 2018/19 through the Integration Joint Board's reserves.
- b) Against Social Care budgets, an underlying underspend of £29k was reported (£4,963k in 2016/17). The Integration Scheme sets out that underspends will be retained by Dundee City Integration Joint Board as reserves following agreement with the partners.
- c) Against health budgets an underlying overspend of £2,119k was reported (£3,462k in 2016/17). This consisted of an overspend of £2,407k in prescribing, £448k net effect of charges for hosted services, with an underspend of £533k on services directly managed by the Integration Joint Board and underspend of £203k in General Medical and Family Health Services. However in line with the risk sharing agreement agreed with NHS Tayside and Dundee City Council for the first two years of Dundee City Integration Joint Board, NHS Tayside devolved further non-recurring budget to the Integration Joint Board to balance income with expenditure.
- d) Movement in Reserves – Dundee City Integration Joint Board has year-end reserves of £4,560k (£4,963k in 2016/17). These are held in line with the Integration Joint Board's reserves policy.
- e) Balance Sheet – In terms of routine business Dundee City Integration Joint Board does not hold non-current assets, however the reserves noted above are reflected in the year-end balance sheet.
- f) Notes - Comprising a summary of significant accounting policies, analysis of significant figures within the Annual Accounts and other explanatory information.

The Annual Accounts for 2017/18 do not include a Cash Flow Statement as Dundee City Integration Joint Board does not hold any cash or cash equivalents.

Conclusion

We are pleased to present the annual accounts for the year ended 31 March 2018 for Dundee City Integration Joint Board as the second full operational year of the Integration Joint Board. The accounts show that Dundee City Integration Joint Board has delivered its operational services in line with financial expectations set out during the year through the financial monitoring process and has established a level of reserves to support its remodelling activities over the short term.

Going forward, Dundee Integration Joint Board has a significant financial challenge ahead to deliver the Strategic & Commissioning Plan in a climate of growing demand and limited resources. In order to achieve this we must ensure this resource is used effectively, identifying, testing and implementing innovative ways to deliver more personalised and well co-ordinated services, building the resilience of people and their communities and reducing unnecessary hospital admissions and delayed discharges from hospital. This will require the confidence of professionals and the public, to further shift resources from intensive, high cost services to a focus on more preventative service provision to ensure best value for public funds.

Signed:

25 September 2018



Dave Berry CPFA
Chief Finance Officer
Dundee City
Integration Joint Board



David W Lynch
Chief Officer
Dundee City
Integration Joint Board



Councillor Ken Lynn
Chair
Dundee City
Integration Joint Board

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature at a meeting of the Integration Joint Board on 27 June 2018.

Signed on behalf of the Dundee City Integration Joint Board

Councillor Ken Lynn
Chair
Dundee City Integration Joint Board

25 September 2018

Responsibilities of the Chief Finance Officer

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

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

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

The Chief Finance Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Dundee City Integration Joint Board as at 31 March 2018 and the transactions for the year then ended.

Dave Berry CPFA
Chief Finance Officer
Dundee City Integration Joint Board

27 June 2018

Introduction

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

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

Remuneration: Integration Joint Board Chair and Vice Chair

The voting members of Dundee City Integration Joint Board are appointed through nomination by Dundee City Council and Tayside NHS Board. Nomination of the Integration Joint Board Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

Dundee City Integration Joint Board does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the Integration Joint Board. The Chair and Vice Chair are remunerated by their relevant Integration Joint Board partner organisation. Dundee City Integration Joint Board does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. No taxable expenses were paid to the Chair or Vice Chair of the Integration Joint Board in 2017/18.

Dundee City Integration Joint Board does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting Integration Joint Board members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration: Officers of Dundee City Integration Joint Board

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

Senior Employees

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the Integration Joint Board has to be appointed and the employing partner has to formally second the officer to the Integration Joint Board. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the Integration Joint Board. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below. The Chief Officer and Chief Finance Officer are both employed by Dundee City Council.

Total 2016/17 £	Post	Senior Employees	Salary, Fees & Allowances 2017/18 £
96,040	Chief Officer	David Lynch	99,956
67,023	Chief Finance Officer	Dave Berry	69,874
163,063		Total	169,830

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

Dundee City Integration Joint Board however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the Integration Joint Board. The following table shows the Integration Joint Board's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/17 £	For Year to 31/03/18 £		Difference from 31/03/17 £	As at 31/03/18 £
D Lynch	16,327	16,993	Pension	1,102	37,120
Chief Officer			Lump sum	(2,901)	96,449
D Berry	11,394	11,879	Pension	2,334	25,720
Chief Finance Officer			Lump sum	1,787	43,798
Total	27,721	28,872	Pension	3,436	62,840
			Lump Sum	(1,114)	140,247

Disclosure by Pay Bands

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

Number of Employees in Band 2016/ 17	Remuneration Band	Number of Employees in Band 2017/ 18
1	£65,000 - £69,999	1
1	£95,000 - £99,999	1
2	Total	2

Exit Packages

There were no exit packages payable during the financial year.

Councillor Ken Lynn
Chair
Dundee City Integration Joint Board

25 September 2018

David W Lynch
Chief Officer
Dundee City Integration Joint Board

25 September 2018

Introduction

The Annual Governance Statement explains Dundee City Integration Joint Board's governance arrangements and reports on the effectiveness of the Integration Joint Board's system of internal control.

Scope of Responsibility

Dundee City Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

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

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



The Governance Framework and Internal Control System

Dundee City Integration Joint Board comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the Integration Joint Board. During 2017/18, the Integration Joint Board continued to develop and enhance its governance arrangements as it moved through its second year of being responsible for the strategic planning and operational delivery of integrated health and social care services. This included progressing areas highlighted as developments in the 2016/17 Annual Governance Statement.

The main features of the governance framework in existence during 2017/18 were:

- The Integration Scheme as the overarching agreement between the Integration Joint Board, NHS Tayside and Dundee City Council as to how the planning for and delivery of delegated health and social care services is to be achieved reflecting a range of governance arrangements required to support this arrangement.
- The senior leadership team consisting of the Chief Officer, Head of Finance and Strategic Planning (Chief Finance Officer) and Head of Health and Community Care. The Chief Finance Officer has overall responsibility for the Integration Joint Board's

financial arrangements and is professionally qualified and suitably experienced to lead the Integration Joint Board's finance function and to direct staff accordingly.

- Monthly meetings of the senior leadership team.
- Standing Orders, Financial Regulations and a Code of Conduct including the publication of Register of Member's Interests and the nomination of the Clerk to the Integration Joint Board as Standards Officer were all in place during 2017/18.
- The Integration Joint Board met on eight occasions throughout the year to consider its business.
- The Integration Joint Board's Performance and Audit Committee met on five occasions throughout the year to enhance scrutiny of the performance of the Integration Joint Board and audit arrangements in line with regulations and good governance standards in the public sector.
- Internal Audit arrangements for 2017/18 were approved including the appointment of the Chief Internal Auditor of FTF Internal Audit and Management Services to the role of Chief Internal Auditor of the Integration Joint Board supported by Dundee City Council's Internal Audit Service. An Internal Audit Plan for 2017/18 was approved drawing on resources from both organisations.
- The assurances provided from internal audit through their independent review work of the Integration Joint Board's internal control systems.
- The Clinical, Care and Professional Governance Framework continued to evolve as an action identified as an area of improvement from the 2016/17 annual governance statement through the leadership of the Dundee Health and Social Care Clinical, Care and Professional Governance Forum (R2). An Internal Audit Review found these arrangements as being broadly satisfactory.
- The Integrated Strategic Planning Group met on three occasions during the year.
- The establishment of the Transformation Delivery Group, consisting of senior leaders from the health and social care partnership, the voluntary sector, staff side representation and Dundee City Council and NHS Tayside transformation leads to provide oversight and governance to the developing range of service redesign and transformation projects.
- The Chief Finance Officer complied fully with the five principles of the role of the Chief Finance Officer, as set out in CIPFA guidance.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2017/18 this included the following:

- The enhancement of risk management arrangements through the clear identification of risks in relation to Integration Joint Board decisions reflected in reports presented to the Integration Joint Board and Performance and Audit Committee, subsequently included within the High Level Risk Register with regular reviews provided to the Performance and Audit Committee as an area of improvement identified within the 2016/17 Annual Governance Statement.
- The approval and progressing of the Annual Internal Audit Plan.
- Continued development of the performance management framework with a range of performance reports published and scrutinised by the Performance and Audit Committee throughout the year, including more detailed reviews of specific areas of concern as requested by the committee.
- A process of formal regular reporting of financial performance and monitoring to the Integration Joint Board was in place throughout 2017/18.
- The provision of regular budget development reports for 2018/19 to the Integration Joint Board.

- The provision of an assurance report from the chair of the Performance and Audit Committee outlining the key issues raised at the previous Performance and Audit Committee meeting to the following Integration Joint Board meeting.
- In-year reporting on issues relating to Clinical, Care and Professional Governance in line with the overarching strategy: Getting It Right for Everyone – A Clinical, Care and Professional Governance Framework with no major issues reported.
- The development of a process for issuing directions to NHS Tayside and Dundee City Council reflected in Integration Joint Board reports during the year.
- Regular reporting to the Performance & Audit Committee of external scrutiny reports relating to delegated services from scrutiny bodies such as the Care Inspectorate and Mental Welfare Commission and supporting subsequent action plans.
- Development and reporting of the Integration Joint Board's Complaint's Handling Procedure.
- Reliance on the procedures, processes and systems of NHS Tayside and Dundee City Council.

Continuous Improvement

The following areas for improvement have been identified through the self-assessment process and Annual Internal Audit Report. Progress against these will be monitored by the Performance and Audit Committee during 2018/19. Some of these are outstanding from the 2016/17 continuous improvement plan (marked as *) and have primarily been delayed due to resource capacity and the impact of other priorities across the wider partnership with NHS Tayside and the other Tayside Integration Joint Boards.

Area for Improvement	Lead Officer	Planned Completion Date
Development of Large Hospital Set Aside arrangements in conjunction with the Scottish Government, NHS Tayside and Angus and Perth and Kinross Integration Joint Boards	Chief Officer / Chief Finance Officer	December 2018
Implementation of an action points update to each meeting of the IJB and PAC in addition to an annual workplan to be agreed for both meetings	Chief Officer / Chief Finance Officer	October 2018
Development of improved Hosted Services arrangements around risk and performance management for hosted services*	Chief Officer / Chief Finance Officer	December 2018
Development of an overall Governance Action Plan to progress previous recommended areas for improvement	Chief Finance Officer	October 2018

Area for Improvement	Lead Officer	Planned Completion Date
Development of regular IJB and PAC member induction and development process	Chief Officer / Chief Finance Officer	December 2018
Further develop the Integration Joint Board's local Code of Governance*	Chief Officer / Chief Finance Officer	December 2018
Present the governance principles adopted by the Health and Social Care Integration Governance Working Group to the PAC to be taken forward by all parties (* reflects partial development from 2016/17)	Chief Finance Officer	September 2018
Development of multi-year financial plan as part of the review of the Strategic and Commissioning Plan	Chief Finance Officer	March 2019
Update the Integration Joint Board's Participation and Engagement Strategy*	Chief Officer / Chief Finance Officer	December 2018
Develop Scheme of further delegation in relation to delegated services to the Integration Joint Board*	Chief Officer / Chief Finance Officer	December 2018
Clarify responsibilities and accountabilities around the impact of General Data Protection Regulations (GDPR) legislation with partner bodies	Chief Finance Officer	October 2018
Update and enhance the IJB's Risk Management Strategy and further develop the IJB's operational risk register	Chief Finance Officer	December 2018

Dundee City Integration Joint Board complies in full with “The Role of the Head of Internal Audit in Public Organisations” (CIPFA) and operates in accordance with “Public Sector Internal Audit Standards” (CIPFA). The Head of Internal Audit reports directly to the Performance and Audit Committee with the right of access to the Chief Finance Officer, Chief Officer and Chair of the Performance and Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Performance & Audit Committee.

Review of Adequacy and Effectiveness

Dundee City Integration Joint Board is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review is informed by the work of the Senior 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.

The review of Dundee City Integration Joint Board's governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes a "Self-assessment Checklist" as evidence of review of key areas of the Integration Joint Board's internal control framework. The Senior Management Team has input to this process through the Chief Finance Officer. There were no significant internal control issues identified by the self-assessment review.

In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control. Due to ongoing concerns during 2017/18, NHS Tayside has been subject to a number of internal (e.g. Internal Audit) and external (e.g. Scottish Government) commissioned reviews. These reviews have reported back to NHS Tayside and the Scottish Government with a series of actions set out to address identified weaknesses. These actions will be monitored locally by NHS Tayside's new leadership team and through the Scottish Government. A number of the weaknesses identified may have an impact on the Integration Joint Board and its ability to deliver on its strategic objectives. In particular, the Integration Joint Board is supported by NHS Tayside in relation to financial management and strategic planning capacity, with both of these regarded as weaknesses in NHS Tayside's own review of governance. The Integration Joint Board will continue to work in partnership with NHS Tayside to mitigate the impact of these issues.

In preparing the Annual Governance Statement, the Integration Joint Board gave consideration to both NHS Tayside and Dundee City Council's Annual Governance Statements. While recognising the issues noted above within NHS Tayside, there were no issues arising which require any further disclosure in the Integration Joint Board's Governance Statement.

Throughout the year, the Performance and Audit Committee has considered a range of issues which cover its core responsibilities in providing the Integration Joint Board 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. The Chair of the Performance and Audit Committee provides an update to the next available Integration Joint Board meeting on the issues raised and any areas of concern which the Integration Joint Board should be made aware of. Over the course of 2017/18, no such areas of concern were noted by the Chair of the Performance and Audit Committee.

The review is subject to assessment and comment by Internal Audit who will reflect their findings and any recommendations in their Annual Internal Audit Report 2017/18 to be presented to the Performance and Audit Committee at its meeting on 31 July 2018. An action plan to meet any identified recommendations will be produced and agreed by the Performance and Audit Committee and will be incorporated into the above Annual Governance Statement to form the final Annual Accounts Statement.

Conclusion and Opinion on Assurance

While recognising that the above Annual Governance Statement is subject to Internal Audit assessment, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Dundee City Integration Joint Board's governance arrangements.

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

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

Councillor Ken Lynn
Chair
Dundee City Integration Joint Board

25 September 2018

David W Lynch
Chief Officer
Dundee City Integration Joint Board

25 September 2018

THE FINANCIAL STATEMENT **37**

COMPREHENSIVE INCOME & EXPENDITURE

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. There were no statutory adjustments for 2017/18.

2016/17		2017/18
Net Expenditure (Income) £000		Net Expenditure (Income) £000
66,987	Older People Services	71,201
18,593	Mental Health	18,996
29,427	Learning Disability	31,215
7,433	Physical Disability	8,923
3,666	Substance Misuse	3,945
12,009	Community Nurse Services / AHP* / Other Adult Services	12,412
10,184	Community Services (Hosted)	10,151
4,851	Other Services / Support / Management	5,799
35,450	Prescribing	35,818
24,533	General Medical Services (FHS**)	24,163
20,048	FHS – Cash limited & Non Cash Limited	17,155
233,181	Total of Costs Reported during 2016/17	239,778
229	IJB Operational Costs	267
4,352	Central Support	4,658
21,059	Acute Large Hospitals	17,452
258,821	Total Cost of Services	262,155
(263,784)	Taxation and Non- Specific Grant Income (Note 6)	(262,184)
(4,963)	(Surplus) or Deficit on Provision of Services	(29)
(4,963)	Total Comprehensive Income & Expenditure	(29)

Notes

* AHP – Allied Health Professionals

** FHS – Family Health Services

Dundee City Integration Joint Board was established on 3 October 2015. Integrated delivery of health and care services did not commence until 1 April 2016. Consequently the 2017/18 financial year is the second fully operational financial year for the Integration Joint Board and the figures above reflect this.

Dundee City Integration Joint Board's Comprehensive Income and Expenditure Statement shows the net commissioning expenditure provided to partners to support services. It does not detail income received from service users as this remains the statutory responsibility of the partners.

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THE FINANCIAL STATEMENTS MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the Dundee City Integration Joint Board's reserves. There are no material movements which arise due to statutory adjustments which affect the General Fund balance, which are separately identified from the movements due to accounting practices.

Movements in Reserves During 2017/18	General Fund Balance	Total Reserves
	£000	£000
Opening Balance at 31 March 2017	4,963	4,963
Reserves used during 2017/18 to fund operations	(432)	(432)
Total Comprehensive Income and Expenditure	29	29
Adjustments between Accounting basis and Funding Basis	0	0
Increase/(Decrease) in 2017/18	(403)	(403)
Closing Balance at 31 March 2018	4,560	4,560

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by Dundee City Integration Joint Board. The net assets of Dundee City Integration Joint Board (assets less liabilities) are matched by the reserves held by Dundee City Integration Joint Board. Reserves are reported in two categories. The first category is usable reserves, i.e. those that Dundee City Integration Joint Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category is those that Dundee City Integration Joint Board is not able to use to provide services. This category includes reserves that hold unrealised gains and losses. At 31 March 2018 Dundee City Integration Joint Board had no unusable reserves.

31 March 2017 £000		Notes	31 March 2018 £000
4,975	Short Term Debtors	Note 7	4,596
4,975	Current Assets		4,596
(12)	Short Term Creditors	Note 8	(36)
(12)	Current Liabilities		(36)
4,963	Net Assets		4,560
4,963	Usable Reserves	Note 9	4,560
4,963	Total Reserves		4,560

The unaudited accounts were issued on 27 June 2018.

Dave Berry, CPFA
 Chief Finance Officer
 Dundee City Integration Joint Board

27 June 2018

1. Significant Accounting Policies

General Principles

The Financial Statements summarises Dundee City Integration Joint Board's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Dundee City Integration Joint Board was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards (IFRS), and statutory guidance issued under Section 12 of the 2003 Act.

The accounts are prepared on a going concern basis, which assumes that the Dundee City Integration Joint Board will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Accruals of Income and Expenditure

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

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

Funding

Dundee City Integration Joint Board is primarily funded through funding contributions from the statutory funding partners, Dundee City Council and NHS Tayside. Expenditure is incurred as the Integration Joint Board commission's specified health and social care services from the funding partners for the benefit of service recipients in the Dundee City Integration Joint Board area.

Cash and Cash Equivalents

Dundee City Integration Joint Board does not operate a bank account or hold cash. Transactions are settled on behalf of Dundee City Integration Joint Board by the funding partners. Consequently Dundee City Integration Joint Board 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 2018 is represented as a debtor or creditor on Dundee City Integration Joint Board's Balance Sheet.

Pension Liability

Dundee City Integration Joint Board does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. Dundee City Integration Joint Board therefore does not present a Pensions Liability on its Balance Sheet. Dundee City Integration Joint Board has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken. Charges from funding partners for other staff are treated as administration costs.

Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Dundee City Integration Joint Board's financial position or financial performance. Where a change is made and it is material to the financial statements, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Dundee City Integration Joint Board does not hold non-current assets and therefore is not subject to direct depreciation charges. However Dundee City Integration Joint Board does receive a charge for property for the use of assets. These assets enable Dundee City Integration Joint Board to deliver their priorities. Contained within this recharge amongst other costs, is an element of depreciation associated with the assets that help support the Board's activities.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March 2018 due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March 2018, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in Dundee City Integration Joint Board's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March 2018, whose existence will only be confirmed by later events. A contingent asset is not recognised in Dundee City Integration Joint Board's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

Accounting Standards that have been issued but not adopted

There were no relevant accounting standards that have been issued but are not yet adopted in the 2017/2018 Code of Practice on Local Authority Accounts in the United Kingdom.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

Dundee City Integration Joint Board has a Useable Reserve. The balance of the Usable Reserve as at 31 March 2018 shows the extent of resources which the Integration Joint Board can use in later years to support service provision. Dundee City Integration Joint Board has no Unusable Reserve.

VAT

Due to its legal status Dundee City Integration Joint Board is not registered for VAT. As a result VAT payable is included as an expense as it is not recoverable from Her Majesty's Revenue and Customs. In addition where consideration is received by Dundee City Integration Joint Board for services provided income will include the associated VAT.

Indemnity Insurance

Dundee City Integration Joint Board has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Tayside and Dundee City Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. Unlike NHS Boards, Dundee City Integration Joint Board does not have any 'shared risk' exposure from participation in CNORIS. Dundee City Integration Joint Board participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the Dundee City Integration Joint Board's Balance Sheet. The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

2. Critical Judgements and Estimation Uncertainty

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Dundee City Integration Joint Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts are:

There is a continuing high degree of uncertainty about future levels of funding for local government, particularly ahead of the Scottish Government's 2019-2020 Spending Review. However, the Dundee City Integration Joint Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the constituent bodies, Dundee City Council and NHS Tayside, might be impaired as a result of a need to close facilities and reduce levels of service provision.

The value of the Hospital Acute Services "set aside" expenditure reported within the total Integration Joint Board expenditure of £17.452m is based on the most recently available activity levels for hospital inpatient and day case activity as provided by NHS Services Scotland's Information Services Division and direct cost information provided by NHS Tayside. This is a transitional arrangement for 2017/18 agreed locally between NHS Tayside and the three Tayside Integration Joint Boards and with the Scottish Government. Work is progressing at a national and local level to refine the methodology for calculating and planning the value of this in the future.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contains estimated figures that are based on assumptions made by the Dundee City Integration Joint Board about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

3. Events after the Reporting Period

There were no events that occurred between 1 April 2018 and 27 June 2018 that would have an impact on the 2017/18 financial statements.

4. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to Dundee City Integration Joint Board for the year has been used in providing services in comparison with those resources consumed or earned by Dundee City Integration Joint Board in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between Dundee City Integration Joint Board's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

In respect of 2017/18 there was no material difference between the Comprehensive Income and Expenditure Statement and the net expenditure chargeable to the Dundee City Integration Joint Board.

5. Expenditure and Income Analysis by Nature

2016/17 £000	Description	2017/18 £000
160,924	Services commissioned from NHS Tayside	155,535
97,668	Services commissioned from Dundee City Council	106,353
212	Other IJB Operating Expenditure	244
17	Auditor Fee : External Audit Work	24
(179,717)	Partners Funding Contributions – NHS Tayside	(176,871)
(84,067)	Partners Funding Contributions – Dundee City Council	(85,314)
(4,963)	Surplus or Deficit on the Provision of Services	(29)

6. Taxation and Non-Specific Grant Income

2016/17 £000	Description	2017/18 £000
(179,717)	Funding Contribution from NHS Tayside	(176,871)
(84,067)	Funding Contribution from Dundee City Council	(85,314)
(263,784)	Taxation and Non-Specific Grant Income	(262,185)

The funding contribution from the NHS Board shown above includes £17.452m in respect of ‘set aside’ resources relating to acute hospital and other resources (Large Hospital Set Aside). Dundee City Integration Joint Board has responsibility for the strategic planning of the amount set aside based on the local population’s consumption of these resources. NHS Tayside has the responsibility to manage the costs of providing these services. The value of the set aside noted above is based on activity information provided by the Scottish Governments Information Services Division, set against direct expenditure figures provided by NHS Tayside. The methodology of calculating future values of the Large Hospital Set Aside is being developed locally and nationally.

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

7. Debtors

2016/17 £000	Description	2017/18 £000
0	NHS Bodies :- NHS Tayside	0
4,975	Other Local Authorities :- Dundee City Council	4,596
4,975	Total Debtors	4,596

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

8. Creditors

2016/17 £000	Description	2017/18 £000
0	Other Local Authorities :- NHS Tayside	6
12	Other Bodies	30
12	Total Creditors	36

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

9. Usable Reserve: General Fund

Dundee City Integration Joint Board holds a balance on the General Fund for two main purposes:

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

2016/17	Balance at 1 April 2016 £000	Transfers Out 2016/17 £000	Transfers In 2016/17 £000	Balance at 31 March 2017 £000
Non Earmarked Reserves – General Fund	0	0	632	632
Non Earmarked Reserves Total	0	0	632	632
Earmarked Reserves – Integration Reserve	0	0	3,931	3,931
Earmarked Reserves – Transformation Reserve	0	0	400	400
Earmarked Reserves – Total	0	0	4,331	4,331
Total – General Fund Balances	0	0	4,963	4,963

2017/18	Balance at 1 April 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/2018 £000	Balance at 31 March 2018 £000
Non Earmarked Reserves – General Fund	632	(431)	29	230
Non Earmarked Reserves Total	632	(431)	29	230
Earmarked Reserves – Integration Reserve	3,931	(1)	0	3930
Earmarked Reserves – Transformation Reserve	400	0	0	400
Earmarked Reserves – Total	4,331	(1)	0	4,330
Total – General Fund Balances	4,963	(432)	29	4,560

Purpose of Earmarked Reserves:-

- a) Integration Reserve - To assist in the integrating of Social Care and Health Service provisions.
- b) Transformation Reserve - To assist in the development of service provisions to meet ongoing and future demand.

10. Related Party Transactions

The Dundee City Integration Joint Board has related party relationships with NHS Tayside and Dundee City Council. In particular the nature of the partnership means that the Dundee City Integration Joint Board may influence or be influenced by, its partners. The following transactions and balances included in Dundee City Integration Joint Board's accounts are presented to provide additional information on the relationships. Dundee City Integration Joint Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence Dundee City Integration Joint Board or to be controlled or influenced by Dundee City Integration Joint Board. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of these transactions allows readers to assess the extent to which the Dundee City Integration Joint Board may 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 Dundee City Integration Joint Board.

Dundee City Integration Joint Board Members

Board members of Dundee City Integration Joint Board have direct control over the Board's financial and operating policies. The Dundee City Integration Joint Board membership is detailed on page 4 of these statements. Board members have the responsibility to adhere to a Code of Conduct, which requires them to declare an interest in matters that directly or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, board members with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties.

Officers

Senior Officers have control over Dundee City Integration Joint Board's financial and operating policies. The total remuneration paid to senior officers is shown in the Remuneration Report. Officers have the responsibility to adhere to a Code of Conduct, which requires them to declare an interest in matters that directly or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, officers with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties.

Key Management Personnel

The Non-Voting Board members employed by Dundee City Council and recharged to the Dundee City Integration Joint Board include the Chief Officer and the Chief Finance Officer. Details of the remuneration for some specific post-holders is provided in the Remuneration Report.

Transactions with NHS Tayside

2016/17 £000	Description	2017/18 £000
179,717	Funding Contributions received from the NHS Tayside Board	176,871
(160,924)	Net Expenditure on Services Provided by the NHS Tayside Board	(155,535)
18,793	Net Transactions with NHS Tayside	21,336

Balances with NHS Tayside

2016/17 £000	Description	2017/18 £000
0	Debtor balances: Amounts due from the NHS Board	0
0	Creditor balances: Amounts due to the NHS Board	6
0	Net Balance with the NHS Board	6

Transactions with Dundee City Council

2016/17 £000	Description	2017/18 £000
84,067	Funding Contributions received from Dundee City Council	85,314
(93,316)	Net Expenditure on Services Provided by Dundee City Council	(101,695)
(4,352)	Support Services from Dundee City Council	(4,658)
(13,601)	Net Transactions with Dundee City Council	(21,039)

Balances with Dundee City Council

2016/17 £000	Description	2017/18 £000
4,975	Debtor balances: Amounts due from Dundee City Council	4,596
0	Creditor balances: Amounts due to Dundee City Council	0
4,975	Net Balance with Dundee City Council	4,596

11. Value Added Tax (VAT)

Non recoverable VAT is limited to costs incurred directly by Dundee City Integration Joint Board where these costs are outwith any special legal regime. The only incumbent special legal regime relates to the role of the Board's Chief Officer. All costs attributable to the special legal regime are outwith the scope of VAT.

The commissioning of services by Dundee City Integration Joint Board from the constituent bodies are outwith the scope of VAT.

The net expenditure incurred by the two constituted bodies in respect of services commissioned by Dundee City Integration Joint Board is subject to different VAT regimes as defined by Value Added Tax Act 1994.

Dundee City Council is classified as Section 33 body for VAT purposes and can recover VAT on taxable supplies (including zero-rated) in the course of the furtherance of business. In addition a Section 33 body can where appropriate, recover VAT on non-business activities and based on a prescribed limit, recover VAT on exempt business activities. In general terms a Section 33 body can recover VAT on most activities.

Where Dundee City Council is a provider of services commissioned by Dundee City Integration Joint Board the cost of the commissioned services will exclude VAT unless it is determined to be irrecoverable to the Council as a result of its status as a Section 33 body.

NHS Tayside is classified as Section 41 body for VAT purposes. This VAT status makes VAT recovery somewhat more restricted. VAT is only recoverable on a restricted list of activities. Where VAT is paid on activities outwith the prescribed list, VAT is irrecoverable and forms part of the service expenditure. This means that services commissioned by Dundee City Integration Joint Board from NHS Tayside will where appropriate include irrecoverable VAT.

12. Agency Income and Expenditure

On behalf of all Integration Joint Boards within the NHS Tayside area, the Dundee City Integration Joint Board acts as the lead manager for a variety of Community, Older People, Physical Disability, Mental Health and Learning Disability Services. It commissions services on behalf of the other Integration Joint Boards (Perth & Kinross and Angus) and reclaims the costs involved. The payments that are made on behalf of the other Integration Joint Boards, and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the Dundee City Integration Joint Board is not acting as principal in these transactions.

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

2016/17 (£000)	Description	2017/18 (£000)
10,928	Expenditure on Agency Services	10,870
(10,928)	Reimbursement for Agency Services	(10,870)
0	Net Agency Expenditure Excluded from CIES	0

13. Provisions

Dundee City Integration Joint Board has currently made no provisions. This does not prohibit Dundee City Integration Joint Board making provisions in the future and will where necessary consider the needs for a provision based on the merits of the incumbent circumstances at a relevant future point.

Independent Auditor's Report

The Annual Accounts are subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Fiona Mitchell-Knight FCA
Assistant Director
Audit Scotland
4th Floor
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

While much of the terminology used in this document is intended to be self explanatory, the following additional definitions and interpretation of terms may be of assistance.

Accounting Period

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April.

Asset

An asset is categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non current asset will provide benefit for a period of more than one year. Whilst referred to in these accounts, the Dundee City Integration Joint Board is not allowed to hold non current assets.

Balance Sheet

This represents the overall financial position of the Dundee City Integration Joint Board at the end of the year. All inter-company balances between the Board and its constituent bodies have been eliminated in preparation of the balance sheet.

Comprehensive Income & Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices defined by the International Financial Reporting Standards (IFRS).

Constituent Bodies

The Dundee City Integration Joint Board has two constituent bodies which both fund the Board's activities and provide services to the Board. These are NHS Tayside and Dundee City Council.

Creditor

Amounts owed by the Dundee City Integration Joint Board for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the Dundee City Integration Joint Board for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

Events after the Reporting Period

Events after the Reporting Period 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. Should such events occur it may or may not be necessary to adjust the accounts. Guidelines are in place to determine whether an adjustment should be made to the accounts.

Events taking place after the accounts have been authorised are not reflected in the financial statements or notes.

General Fund

The General Fund encompasses all services areas and is funded mainly by the constituent bodies or the Scottish Government.

Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Dundee City Integration Joint Board. These grants may be specific to a particular scheme or may support the revenue spend of the Dundee City Integration Joint Board.

Gross Expenditure

This includes all expenditure attributable to the service and activity including employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges.

Gross Income

This includes grant income and all charges to individuals and organisations for the direct use of the Board's services.

Inventories

Items of raw materials and stock that one or both of the constituent bodies (Dundee City Council /NHS Tayside) has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion. Notably the Dundee City Integration Joint Board can hold inventories albeit this will be limited in nature.

Liability

A liability is where the Dundee City Integration Joint Board owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors. A long term liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves.

Net Expenditure

This relates to gross expenditure less gross income and is the amount that needs to be funded by the constituent bodies and the Scottish Government.

Notes to the Core Financial Statements

These are intended to give the reader further information which is not separately detailed in the financial statements.

Pension Reserve

A Pension Reserve arises from the IAS 19 account disclosures requirements for retirement benefits and recognises an organisation's share of actuarial gains and losses in an attributable pension fund and the change in the organisation's share of any such pension fund net liability chargeable to the organisation's Comprehensive Income and Expenditure Statement. Dundee City Integration Joint Board is not an employer and therefore does not operate a Pension Reserve.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates or when they will arise are uncertain.

Related Parties

Entities or individuals that have the potential to control or influence the Dundee City Integration Joint Board, or to be controlled or influenced by the Board.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves can be either usable or unusable. Usable reserves can be used to fund expenditure. Unusable reserves are accounting adjustments which enable a true and fair view to be determined. Unusable reserves cannot be used to fund expenditure. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Board.

Revenue Expenditure

The day-to-day running costs associated with the provision of services.



GET IN TOUCH:

Further information on the accounts can be obtained on the
Dundee Health & Social Care Partnership website
www.dundeehscp.com

If you have any questions about the information
contained in this document, please email:
dundeehscp@dundeecity.gov.uk