



**REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
25 JUNE 2019**

REPORT ON: DRAFT ANNUAL ACCOUNTS 2018/19

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB30-2019

1.0 PURPOSE OF REPORT

The purpose of this report is to present the Integration Joint Board's Draft Annual Statement of Accounts 2018/19 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 2018/19 as outlined in Appendix 3;
- 2.4 Notes the application of reserves during 2018/19 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 2019 highlights that the IJB made an overall deficit of £1,794k in 2018/19 which mainly arose as a result of planned draw down from general fund balances to support the IJB's delegated budget 2018/19 including the provision of transitional funding for service redesign, partly offset by underspends in ring fenced Scottish Government funding such as Primary Care Improvement Funding, Mental Health Action 15 and Alcohol and Drug Partnership Funding.

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 2019 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 third 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 2019 to the IJB's external auditors (Audit Scotland for 2018/19).
- 4.1.3 The 2018/19 Annual Accounts comprise:-
- a) Comprehensive Income and Expenditure Statement – This statement shows that Dundee Integration Joint Board made an overall deficit of £1,794k in 2018/19 (deficit of £403k in 2017/18) on the total income of £261,283k (£261,752k in 2017/18). This overall deficit will be met through the Integration Joint Board's reserves.
 - b) Against Social Care budgets, an overspend of £3,630k was reported (£403k in 2017/18). This was mainly due to a planned draw down from reserves to support the 2018/19 Revenue Budget position and to support transitional service redesign.
 - c) Against health budgets an underlying underspend of £1,836k was reported (overspend of £2,119k in 2017/18). This consisted of underspends in Scottish Government ring fenced funding such as Primary Care, Mental Health Action 15 Funding and Alcohol and Drug Partnership Funding totalling £1,505k and an overall net underspend in operational services of £331k. The Integration Scheme sets out that underspends will be retained by Dundee Integration Joint Board as reserves following agreement with the partners..
 - d) Movement in Reserves – Dundee Integration Joint Board has year-end reserves of £2,766k (£4,560 in 2017/18). 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 within the Draft Final Accounts Funding Variations summary as Appendix 1 to this report 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 the Chief Internal Auditor's Annual Internal Audit Report is set out as a separate item on this IJB meeting agenda.
- 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 25 March 2019 (PAC16-2019) and produce an independent auditors' report setting out their opinion on the annual statement by 30 September 2019. 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: 28th May 2019

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 2018/19 provided for a budgeted payment of £73,638k from Dundee City Council to the Dundee City 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). 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 £78,458k, an increase of £4,820k.

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	73,638
Additional Funding from Dundee City Council	4,820
Total Funds provided by Dundee City Council	78,458

NHS Tayside Variations – The financial reporting process throughout the year highlighted significant pressures on NHS Tayside. Despite these pressures NHS Tayside provided its services to the Dundee Integration Joint Board within its final budget allocation of £182,825k.

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 summarised below in terms of core service areas:-

NHS Funding to Dundee Integration Joint Board (DIJB)	£000
Initial NHS Contribution to DIJB (incl Large Hospital Set Aside)	176,044
Add: Prescribing	286
Add: Net Effect of Hosted Services Budget	968
NHS contribution to DIJB prior to additional (in year) Scottish Government Funding	177,298
Hospital & Community Health Services	3,221
General Medical Services	1,348
FHS - Cash Limited & Non Cash Limited	958
NHS contribution to DIJB	182,825

NHS Tayside received additional funding during 2018/19 from the Scottish Government to support the national pay award and to fund national policy objectives* (e.g. Alcohol and Drugs Partnership; Action 15 Mental Health; Primary Care Improvement Fund). In addition £1,061k of legacy resources held by NHS Tayside on behalf of Dundee Integration Board were released by NHS Tayside to the Dundee City Integration Joint Board during 2019/20.

*National Policy Objectives

Description	£000
Alcohol and Drugs Partnership	504
Action 15 Mental Health	228
Primary Care Improvement Fund	790
Total	1,522

Legacy Resources	1,061
-------------------------	--------------

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 2018/19 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 Joint 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.

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 2018/19, the Integration Joint Board continued to develop, enhance and review its governance arrangements as it moved through its third 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 2017/18 Annual Governance Statement.

The main features of the governance framework in existence during 2018/19 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.
- Formal monthly meetings of the senior leadership team including professional advisers.
- 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 2018/19. Standing Orders including terms of reference for the Performance and Audit Committee were reviewed and updated during the year.
- A scheme of delegation was in place which was reviewed and revised in April 2019.
- The Integration Joint Board met on seven occasions throughout the year to consider its business with a further three development sessions held as part of the 2019/20 budget development process.
- The Integration Joint Board's Performance and Audit Committee met on six 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. One of these included a development session for new members.
- Internal Audit arrangements for 2018/19 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 2018/19 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 through the introduction of a Chairs Assurance Report from the Clinical, Care and Professional Governance Group.
- The Integrated Strategic Planning Group met on four occasions during the year with a further one development session.
- 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 2018/19 this included the following:

- A focus on considering risk in decision making 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.
- The approval and progressing in year of the Annual Internal Audit Plan with the presentation of Internal Audit reports and follow up action plans.
- 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, including Falls Analysis, Standardisation of Locality Performance Analysis and Readmissions Performance Analysis.
- A process of formal regular reporting of financial performance and monitoring to the Integration Joint Board was in place throughout 2018/19.
- The provision of regular budget development reports for 2019/20 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 the Clinical, Care and Professional Governance Group in the form of the group's Chairs Assurance Report in line with the overarching strategy: Getting It Right for Everyone – A Clinical, Care and Professional Governance Framework with no major issues reported.
- Embedding the issuing of directions to NHS Tayside and Dundee City Council reflected in Integration Joint Board reports during the year.
- Reporting of the implications of national overview reports by scrutiny bodies such as Audit Scotland.
- 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.
- The development of a Governance Action Plan to progress previously recommended areas of improvement as recommended in the 2017/18 Internal Audit Report with a requirement to provide an update at each meeting of the Performance and Audit Committee.
- Provision of assurance to the Integration Joint Board that work was being undertaken to develop a range of governance principles to strengthen the governance arrangements associated with health and social care integration across Tayside.
- Assurance provided around the quality of Social Work Services through the Chief Social Work Officer Governance Framework and Chief Social Work Officer's Annual Report.
- Reporting of complaints in relation to delegated Health and Social Care services.
- The approval of the IJB's Strategic and Commissioning Plan 2019-2022 setting out the strategic direction of the Integration Joint Board and Health and Social Care Partnership including a 3 year financial framework.
- Assurances 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 2019/20. A number of these are outstanding from previous year's continuous improvement plans and are now included in the Governance Action Plan and updated at each

Performance and Audit Committee meeting with revised planned completion dates as appropriate. These 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. A number of areas of improvement have also been identified through internal audit reports completed during the year. In addition, the Integration Joint Board in partnership with Dundee City Council and NHS Tayside completed a self-evaluation in response to the findings of the Ministerial Strategic Group for Health and Community Care (MSG) report on the “Review of Progress with Integration of Health and Social Care” published in February 2019. This assessment was submitted to the Scottish Government in early 2019/20 and covers the key features required to support integration, including collaborative leadership, integrated finances, strategic planning for improvement, governance and accountability arrangements, information sharing and meaningful and sustained engagement. While many of the features of the Dundee integration arrangements display good progress and are well established, there are a number of areas which are partly established with a range of improvement actions proposed.

Area for Improvement	Lead Officer	Planned Completion Date
<i>Previous Year Actions Carried Forward and Included in the Governance Action Plan</i>		
Development of improved Hosted Services arrangements around risk and performance management for hosted services	Chief Officer / Chief Finance Officer	Revised date December 2019
Clarification of deputising arrangements for the Chief Officer to be presented to the IJB.	Chief Officer	Revised date July 2019
Further develop the Integration Joint Board’s local Code of Governance	Chief Officer / Chief Finance Officer	Revised date August 19
Update the Integration Joint Board’s Participation and Engagement Strategy	Chief Officer / Chief Finance Officer	Revised Date June 2019
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	Revised date December 2019
Development of regular IJB and PAC member induction and development process	Chief Officer / Chief Finance Officer	Revised date August 2019
Clarify responsibilities and accountabilities around the impact of General Data Protection Regulations (GDPR) legislation with partner bodies	Chief Finance Officer	Revised date August 2019
<i>2018/19 Areas for Improvement Identified</i>		
Range of developments following the Internal Audit report on Risk Maturity as reflected in the Risk Management Action Plan, including updating the risk management strategy, streamlining risk registers to prevent duplication and agree reporting arrangements and schedules	Chief Finance Officer	All actions to be completed by December 2019
Strengthen governance arrangements around the Integration Joint Board’s Transformation Programme as set out in the Transformation and Service Redesign Internal Audit Report and subsequent action plan	Chief Finance Officer	All actions to be completed by December 2019
Range of actions arising from the Workforce Internal Audit Review including development of the Integrated Workforce and Organisational Development Plan in addition to provision of staff governance reporting	Chief Finance Officer/Chief Officer	All actions to be completed by December 2019

Progress the range of improvement actions as set out in the Ministerial Strategic Group Review of Progress with Integration of Health and Social Care Report Self Evaluation	Head of Finance and Strategic Planning (as Chair of the Integrated Strategic Planning Group)	Progress report to be provided to the IJB by December 2019
---	--	--

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.

In preparing the Annual Governance Statement, the Integration Joint Board gave consideration to both NHS Tayside and Dundee City Council’s Annual Governance Statements. 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. Assurances are provided through the internal audit reviews undertaken throughout the financial year and presented to the Performance and Audit Committee. During 2018/19 the committee received two substantial reports in addition to the Chief Internal Auditors regular reporting. The Risk Maturity assessment noted the progress to date and the priority given to Risk Management by the organisation and noted the need for further work to be undertaken as the organisation matures with a number of recommendations as reflected in the Risk Management action plan. The Transformation Programme and Service Redesign report recognised the conscious effort that had been made to bring together the strands of transformational change. It, however, highlighted a number of improvements to enhance the adequacy and effectiveness of the system in place. This led to an assessment that the overall governance processes around the Transformation Programme were inadequate and an action plan was produced to respond to the recommendations. However given the nature of the issues highlighted, it is not deemed by the Chief Officer that these areas for improvement undermine the wider system of governance.

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 2018/19, no such areas of concern were noted by the Chair of the Performance and Audit Committee.

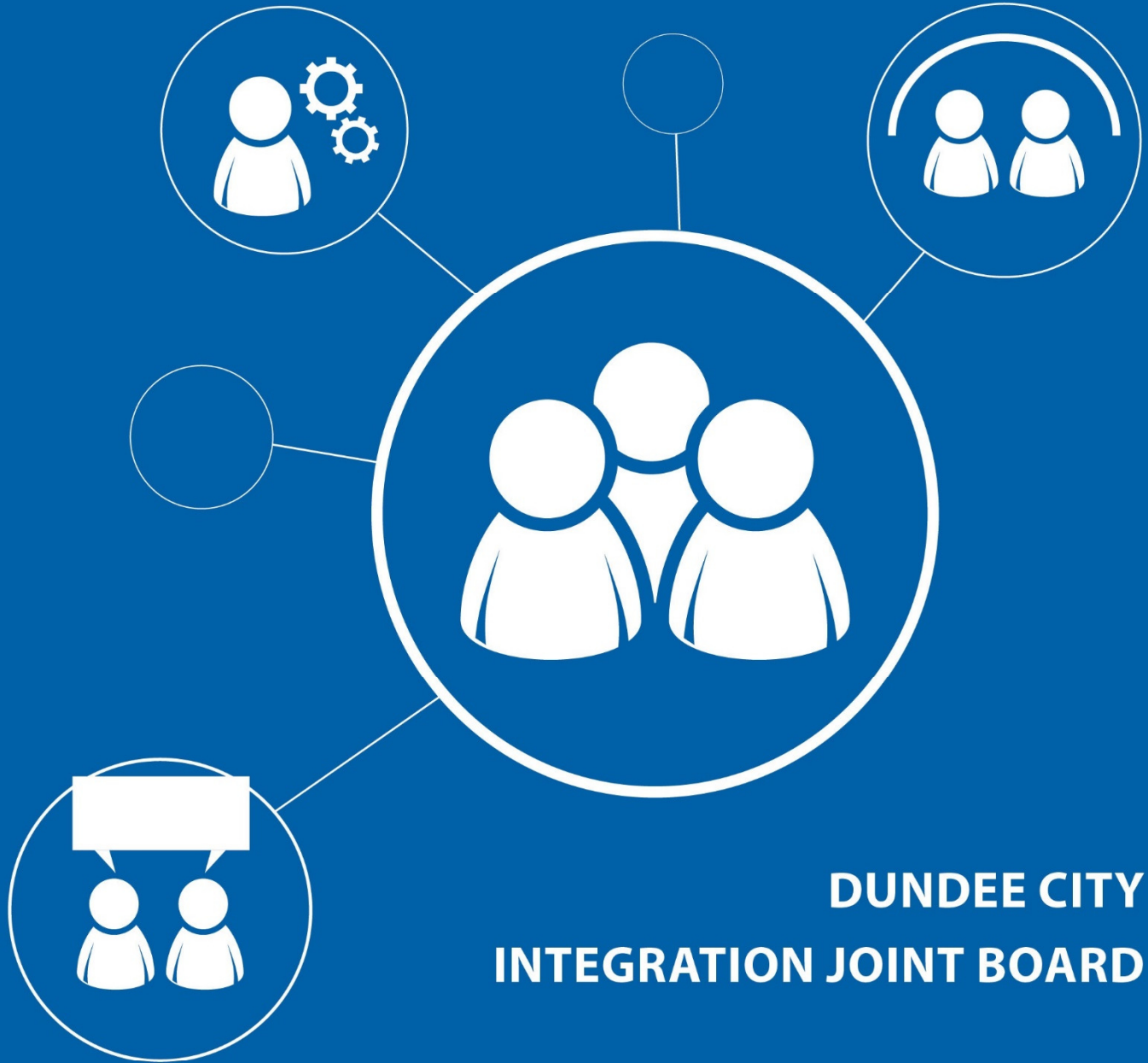
The Chief Internal Auditor has carried out his review of the adequacy and effectiveness of the Integration Joint Board's framework of governance, risk management and control. The findings of this review are reflected in the Annual Internal Audit Report 2018/19 which was reported to the Integration Joint Board on 25th June 2019. The Annual Internal Audit Report supports the outcome of the self-assessment process noted above and concludes that subject to the issues highlighted within the Governance Statement, reliance can be placed on the Integration Joint Board's governance arrangements and systems of internal controls for 2018/19. The Chief Internal Auditor has noted a number of areas for further consideration by management and a management response, actions and planned completion dates have been set out accordingly. Progress with these actions will be monitored through the Performance and Audit Committee.

Conclusion and Opinion on Assurance

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**

Commonly known as the Dundee Health and Social Care Partnership

**ANNUAL ACCOUNTS
2018-19
Unaudited**

Dundee City Integration Joint Board
Annual Accounts 2018-19
Contents

	Page Number
Management Commentary	3
Statement of Responsibilities	16
Remuneration Report	17
Annual Governance Statement	20
The Financial Statements:	
Comprehensive Income and Expenditure Statement	26
Movement in Reserves Statement	27
Balance Sheet	28
Notes to the Financial Statements	29
Independent Auditor's Report	38

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. The Integration Scheme was subsequently amended and approved by the Scottish Government with effect from 3rd April 2018 to take account of The Carers (Scotland) Act 2016.

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 2019. 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 (commonly known as Dundee Health and Social Care Partnership) 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 2018/19:

Voting Members:

Role	Member
Nominated by Health Board	Trudy McLeay (from 30/10/18)
Nominated by Health Board	Jenny Alexander (from 30/10/18)
Nominated by Health Board	Norman Pratt (from 30/10/18 until 31/03/19)
Nominated by Health Board	Doug Cross (until 20/11/18)
Nominated by Health Board	Judith Golden (until 29/5/18)
Nominated by Health Board	Munwar Hussain (until 28/8/18)
Councillor Nominated by Dundee City Council	Councillor Ken Lynn
Councillor Nominated by Dundee City Council	Bailie Helen Wright
Councillor Nominated by Dundee City Council	Councillor Roisin Smith

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) (until 31/3/19)
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) (until 28/08/18) Linda Gray (from 18/12/18)
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 Chairs position transferring in October 2018 to Trudy McLeay as a non-executive member of NHS Tayside Board and Councillor Ken Lynn acting as Vice Chair. As noted in the membership table above the IJB experienced a higher level of turnover in membership over 2018/19.

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

2018/19 represents the third 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 throughout 2018/19 was in line with the Integration Joint Board's Strategic and Commissioning Plan which sets out the context within which integrated services in Dundee operate 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 2016/2021 was reviewed and replaced during 2018/19 with the new plan for 2019-2022 approved by the IJB in March 2019. This can be found at:

https://www.dundeehscp.com/sites/default/files/publications/dhscp_strategic_plan_2019-2022.pdf.

The vision remains the same however the new Strategic and Commissioning Plan focusses on the four strategic priorities of tackling health inequalities, early intervention and prevention, localities and engaging with communities and developing models of support / pathways of care. The 2016-2021 plan's remaining four stated strategic priorities - carers, building capacity, providing person centred care and support and managing our resources effectively continue to be embedded as approaches to supporting the work of the partnership. The new plan is consistent with the aspirations set out within the City Plan for Dundee 2017-26 and the emerging NHS Tayside Transforming Tayside plan.

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

Outcome 1. Healthier Living	People are able to look after and improve their own health and wellbeing and live in good health for longer
Outcome 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.
Outcome 3. Positive Experiences and Outcomes	People who use health and social care services have positive experiences of those services and have their dignity respected.

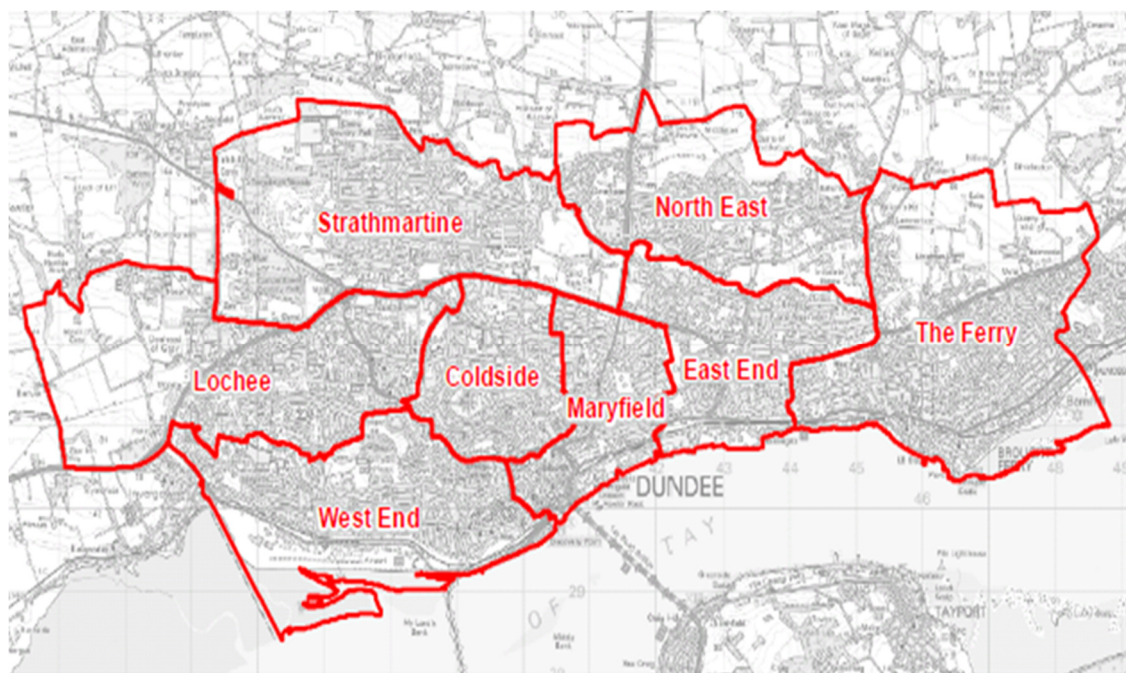
MANAGEMENT COMMENTARY

Outcome 4. Quality of Life	Health and social care services are centred on helping to maintain or improve the quality of life of service users.
Outcome 5. Reduce Health Inequalities	Health and social care services contribute to reducing health inequalities.
Outcome 6. Carers are Supported	People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
Outcome 7. People are Safe	People who use health and social care services are safe from harm.
Outcome 8. Engaged Workforce	People who work in health and social care services feel engaged with the work they do, are supported to continuously improve the information, support, care and treatment they provide
Outcome 9. Resources are used Efficiently and Effectively	Resources are used effectively and efficiently in the provision of health and social care services

Operational Delivery Model

During 2018/19, Dundee Health and Social Care Partnership continued to redesign and 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 (LCPPs) areas within the city as noted below.

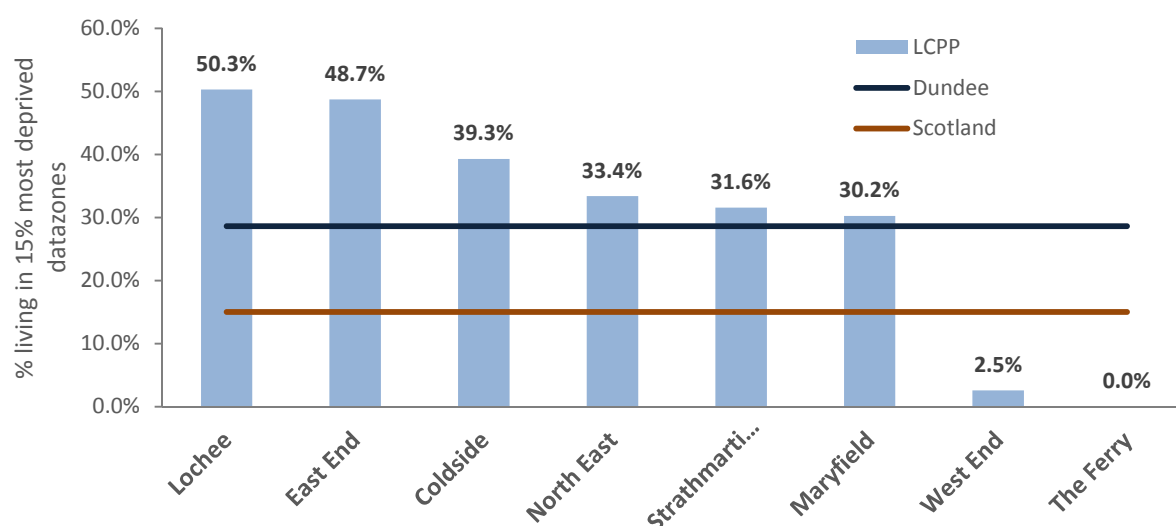
Map of Eight Local Community Planning Partnership Areas



Locality managers' portfolios currently include a combination of service specific responsibilities which are city wide (e.g. 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 full 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 six out of eight Dundee LCPP areas are above the Scottish average of 15% and are also above Dundee's average of 28.6%. The combined effects of these are evidenced by the increased demand and usage of health and social care services in Dundee.

Chart 1 % of LCPP populations in 15% most deprived datazones in Scotland



Source: Scottish Index of Multiple Deprivation 2016, Scottish Government

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 2018/19, 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 2018/19 performance against a range of national indicators is noted in Table 2 below. This shows continuing good progress is being made in relation to reducing emergency bed days and delayed discharges from hospital however challenges still remain in relation to emergency admissions to hospital, falls and readmissions. This information has also demonstrated that the performance gap between the most and least deprived LCPPs is narrowing for a number of these indicators. These have been subject to further in-depth scrutiny during 2018/19 through the PAC including

a standardised locality performance analysis which reflected underlying performance for each area after taking into consideration the impact of income inequality and other socio economic factors. This highlighted that 3 of the 4 most deprived LCPP areas saw improved performance against the Dundee average after taking these factors into consideration with 2 of the more affluent areas seeing a deterioration in results. One deprived area remained the poorest of any LCPP area. This directs operational managers to further exploration of the underlying reasons behind these different levels of performance which will in turn influence further service development and redesign opportunities. Further information regarding the performance of Dundee Integration Joint Board can be found at the Annual Performance Report: [insert new link](#)

Table 2

National Indicator	Dundee 15/16 (Baseline Year)	Dundee 17/18	Dundee 18/19	Scotland 2018/19
Emergency admissions rate to hospital per 100,000 people aged 18+	12,168*	12,815*	12,610	11,492
Emergency bed days rate per 100,000 people aged 18+	146,192*	135,284*	125,026	107,921
Readmissions to acute hospital within 28 days of discharge rate per 1,000 population	122*	127*	124	98
Falls rate per 1,000 population aged 65+	25	29*	31	22
Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (Delayed Discharge bed days)	832	349*	369	805

*Note: figures marked with * have been revised in accordance with data provided from ISD Scotland.*

Transforming Services

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. While an internal audit review undertaken during 2018/19 noted a number of recommendations around improving the governance around the Transformation Programme, the service based redesign programmes such as Reshaping Non-Acute Care have continued to make good progress and will contribute to future efficiencies. The challenge for the IJB 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.

Through delivery of the Integration Joint Boards Strategic and Commissioning Plan, Dundee Health and Social Care Partnership continues to reduce the number of hospital beds it directly manages and continues to reduce the number of emergency bed days used by the Dundee population through the acute hospital sector. The bed base is part of the overall description within the legislation around health and social care integration known as the large hospital set aside. Further collaborative work will be undertaken over 2019/20 with NHS Tayside to make continued progress in shifting resources from hospital based to community based care settings.

Models of Support / Pathways of Care - Independent Living

An elderly man with a history of hospital admissions as a result of Chronic Obstructive Pulmonary Disease and high levels of anxiety.

Through the collaborative work of the Assessment at Home, Occupational Therapy and Community Pharmacy teams, they were able to develop an appropriate care plan that allowed him to continue to live independently at home. The assessment at home enabled professionals to see the specific times when he needed support and so the final package of care was more suitable for his individual needs. This avoided the need to move to a care home and helped to prevent further hospital admissions.

A summary of the key achievements over 2018/19 is as follows:

- The launch of the Health and Work Support pilot scheme funded by the Scottish Government to support people with a health condition or disability to stay at work or return to work.
- Continued the role out across the city of the Enhanced Community Support Service providing multi-disciplinary health and care services within a community setting.
- Developed the Integrated Care Home Team, adopting a holistic approach to ensure people living in care homes have the best experience as possible.
- Continued commitment to supporting the health and wellbeing of Health and Social Care Partnership staff through maintaining the Healthy Working Lives Silver Award.
- Worked in partnership with Volunteer Dundee and the independent sector to develop a recruitment and support plan for the involvement of volunteers in care homes with two partnership operated homes becoming the first in Scotland to achieve the Volunteer Friendly award.
- Increased the number of local people affected by cancer accessing the Dundee Macmillan Improving the Cancer Journey project.
- Continued improved performance around delayed discharge.

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 2018/19 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 2018/19 Annual Accounts comprise:-

- a) Comprehensive Income and Expenditure Statement – This statement shows that Dundee City Integration Joint Board made an overall deficit of £1,794k in 2018/19 (deficit of £403k in 2017/18). This overall deficit is funded through the Integration Joint Board's reserves.
- b) Movement in Reserves – Dundee City Integration Joint Board has year-end reserves of £2,766k (£4,560k in 2017/18). These are held in line with the Integration Joint Board's reserves policy.
- c) Balance Sheet – In terms of routine business Dundee City Integration Joint Board does not hold non-current assets.
- d) Notes - Comprising a summary of significant accounting policies, analysis of significant figures within the Annual Accounts and other explanatory information.

The Annual Accounts for 2018/19 do not include a Cash Flow Statement as Dundee City Integration Joint Board does not hold any cash or cash equivalents.

Financial Position at the End of March 2019

The overall financial performance consists of an underlying deficit of £3,630k in Social Care budgets (deficit of £403k in 2017/18) and an underlying surplus of £1,836k in NHS budgets (deficit of £2,119k in 2017/18) resulting in a net deficit of £1,794k. The overspend in Social Care budgets was mainly due to the planned use of reserves as part of the 2018/19 budget setting process of £1,983k and planned draw down from reserves as transition funding to support community based investment as part of the Reshaping Non-Acute Care Programme of £757k. Overspends were incurred during the year in relation to staff costs of £460k, including the effect of a higher than budgeted pay award and the non-achievement of savings through the redesign of care at home services. In addition, high demand for community based social care services led to an overspend in services provided by third and independent sector

care providers of £319k, with supplies and services overspent by £107k mainly due to the impact of a year-end stock adjustment.

The NHS underspend position is mainly due to underspends in Scottish Government ring-fenced funding such as Primary Care, Mental Health Action 15 and Alcohol and Drug Partnership funding totalling £1,505k. This funding is carried forward in the IJB's general fund balances to 2019/20 to be invested in new services and service redesign in line with the Scottish Government's requirements and local plans. A further underspend of £331k was achieved in community based operational services including the net impact of hosted services recharged from Angus and Perth and Kinross IJB's. This position was achieved as a direct response to a request from NHS Tayside for a financial recovery plan in line with the integration scheme, prompted by the projection of a significant overspend in NHS budgets early on in the 2018/19 financial year. Uncommitted, non-recurring funding was applied by the IJB to support overspending areas of the budget such as GP Prescribing and In-Patient Mental Health Services.

In line with the risk sharing agreement with NHS Tayside and Dundee City Council from 2018/19 onwards whereby any residual overspend arising is met from reserves and consistent with the planned use of reserves as outlined in the IJB's Budget setting process and service redesign reports the impact of the overall financial position for integrated services in Dundee for 2018/19 has resulted in the level of reserves held by Dundee City Integration Joint Board decreasing to £2.766m at the year ended 31 March 2019 (as against £4.560m at the year ended 31 March 2018). This is reflected in the Movement in Reserves Statement.

Of the reserves, £2.205m has been committed by the Integration Joint Board for integration and transformation purposes. The reserve balance at the year ended 31 March 2019 is £2.766m which is less than the level of reserve of 2% of the Integration Joint Board's net expenditure as set out within its reserves policy. The uncommitted balance is £561k which represents 0.2% of net expenditure. Given the commitments noted above, the level of reserves are likely to remain short of the 2% during the 2019/20 financial year.

Achieving long-term financial sustainability and making best use of resources is critical to delivering the Integration Joint Board's Strategic and Commissioning Plan's priorities. In response to the growing demand for health and social care and financial constraints, the IJB recognises that the way the services are delivered require to change. Many of these initiatives are developed through the Transformation Programme.

The estimated scale of transformation and efficiency savings required is set out as part of the Three Year Financial Framework contained within the IJB's Strategic and Commissioning Plan 2019-2022. The framework sets out the estimated resources the Partnership may have over 2019-22, when set against the anticipated increases in expenditure from rising demand and costs of providing services (e.g. pay inflation). The table below describes the projected shortfall between funding and service provision and illustrates how critical rapid service redesign will be in closing these gaps.

MANAGEMENT COMMENTARY

	2019/20 (Year 1)	2020/21 (Year 2)	2021/22 (Year 3)
	£000	£000	£000
Base Budget	227,321	235,689	241,516
Estimated Additional Costs	14,317	9,035	10,175
Estimated Budget Requirement	241,638	244,724	251,691
Estimated Funding Provided	235,689	241,516	248,417
Transformation Required	5,949	3,208	3,274

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 (such as the Large Hospital Set Aside) for reinvestment. The impact of a challenging budget settlement from Dundee City Council to Dundee City Integration Joint Board for 2019/20 following a flat cash settlement in 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. Additional demand for services through the introduction of Free Personal Care for Under 65's from 1st April 2019 and through year two of the Carers Act are still only estimated and this will be monitored closely during the year.

The Integration Joint Board's budget efficiency plans for 2018/19 were reliant on a range of non-recurring interventions such as the use of uncommitted reserves to cover known expenditure pressures. With further cost pressures emerging throughout the 2018/19 financial year 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 and to cover additional cost pressures.

New GP Contract arrangements were introduced by the Scottish Government during 2018/19 to develop a sustainable model of general practice. This is supported through Primary Care Improvement funding from the Scottish Government and delegated to Integration Joint Boards. 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 are also financial challenges in meeting the Scottish Government's and GP's expectations with the resources provided with potential funding shortfalls identified in future years.

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 strategy to mitigate these risks will be set out during 2019/20 within the IJB's Workforce and Organisational Development Strategy.

There are financial sustainability risks with third and independent sector contractual arrangements with care providers across the country who provide services on our behalf highlighting contractual payment levels which are insufficient for them to meet their running and business costs. These challenges will continue to be monitored and responded to through the contract monitoring process accordingly.

2019/20 will see the findings of a number of high profile service reviews being published which are likely to impact on delegated services to the IJB to some extent. The most significant of these are the Dundee Drug Commission Review and the Independent Inquiry into Mental Health Services in Tayside and these will be presented to the IJB with actions identified to respond to any recommendations arising from these reports, including any resource implications.

Whilst showing an improving position during 2018/19, 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 this also brings opportunities and the IJB will work with NHS Tayside through the delivery of its emerging Transforming Tayside Programme and the IJB's Strategic and Commissioning Plan 2019-22 to ensure services remain fit for the future and improve outcomes for the people of Dundee.

Wider issues that present some degree of uncertainty to the Dundee IJB include changes to the political environment as well as the impact of Brexit. These could affect the long term planning relating to finance and the workforce.

Regular identification and assessment of risk such as those uncertainties noted above is part of the IJB's risk management strategy with appropriate actions to eliminate or reduce the impact of such risks set out in the IJB's risk register when and where necessary.

Conclusion

We are pleased to present the annual accounts for the year ended 31 March 2019 for Dundee City Integration Joint Board as the third full operational year of the Integration Joint Board. The accounts show that Dundee City Integration Joint Board has delivered its operational services largely in line with financial expectations set out during the year despite a range of financial pressures resulting in the need to implement a financial recovery plan for the first time. The IJB has utilised a level of reserves to support its remodelling activities over the short term which has resulted in a decrease in the levels available for future years.

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:

24 September 2019

Dave Berry CPFA
Chief Finance Officer
Dundee City
Integration Joint Board

David W Lynch
Chief Officer
Dundee City
Integration Joint Board

Trudy McLeay
Chair
Dundee City
Integration Joint Board

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). 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 Performance and Audit Committee on 24 September 2019.

Signed on behalf of the Dundee City Integration Joint Board

Trudy McLeay
Chair
Dundee City Integration Joint Board

24 September 2019

STATEMENT OF RESPONSIBILITIES

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").

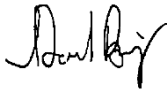
In preparing the Annual Accounts, the Chief Finance Officer has:

- 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 2019 and the transactions for the year then ended.



Dave Berry CPFA
Chief Finance Officer
Dundee City Integration Joint Board

25 June 2019

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 on the following page 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 2018/19.

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 on the following page. The Chief Officer and Chief Finance Officer are both employed by Dundee City Council.

REMUNERATION REPORT

Total 2017/18 £	Post	Senior Employees	Salary, Fees & Allowances 2018/19 £
99,956	Chief Officer	David Lynch	101,558
69,874	Chief Finance Officer	Dave Berry	81,867
169,830		Total	183,425

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 31/03/18 £	For Year to 31/03/19 £		Difference from 31/03/18 £000	As at 31/03/19 £000
D Lynch	16,993	17,265	Pension	4	41
Chief Officer			Lump sum	4	100
D Berry	11,879	13,917	Pension	7	33
Chief Finance Officer			Lump sum	11	55
Total	28,872	31,182	Pension	11	74
			Lump Sum	15	155

Exit Packages

There were no exit packages payable during the financial year.

Trudy McLeay

Chair

Dundee City Integration Joint Board

24 September 2019

David W Lynch

Chief Officer

Dundee City Integration Joint Board

24 September 2019

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, 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 2018/19, the Integration Joint Board continued to develop, enhance and review its governance arrangements as it moved through its third 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 2017/18 Annual Governance Statement.

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

ANNUAL GOVERNANCE STATEMENT

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

- Formal monthly meetings of the senior leadership team including professional advisers.
- 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 2018/19. Standing Orders including terms of reference for the Performance and Audit Committee were reviewed and updated during the year.
- A scheme of delegation was in place which was reviewed and revised in April 2019.
- The Integration Joint Board met on seven occasions throughout the year to consider its business with a further three development sessions held as part of the 2019/20 budget development process.
- The Integration Joint Board's Performance and Audit Committee met on six 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. One of these included a development session for new members.
- Internal Audit arrangements for 2018/19 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 2018/19 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 through the introduction of a Chairs Assurance Report from the Clinical, Care and Professional Governance Group.
- The Integrated Strategic Planning Group met on four occasions during the year with a further one development session.
- 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 2018/19 this included the following:

- A focus on considering risk in decision making 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.
- The approval and progressing in year of the Annual Internal Audit Plan with the presentation of Internal Audit reports and follow up action plans.
- 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, including Falls analysis, Standardisation of Locality Performance Analysis and Readmissions Performance Analysis.
- A process of formal regular reporting of financial performance and monitoring to the Integration Joint Board was in place throughout 2018/19.
- The provision of regular budget development reports for 2019/20 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.

ANNUAL GOVERNANCE STATEMENT

- In-year reporting on issues relating to the Clinical, Care and Professional Governance Group in the form of the group's Chairs Assurance Report in line with the overarching strategy: Getting It Right for Everyone – A Clinical, Care and Professional Governance Framework with no major issues reported.
- Embedding the issuing of directions to NHS Tayside and Dundee City Council reflected in Integration Joint Board reports during the year.
- Reporting of the implications of national overview reports by scrutiny bodies such as Audit Scotland.
- 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.
- The development of a Governance Action Plan to progress previously recommended areas of improvement as recommended in the 2017/18 Internal Audit Report with a requirement to provide an update at each meeting of the Performance and Audit Committee.
- Provision of assurance to the Integration Joint Board that work was being undertaken to develop a range of governance principles to strengthen the governance arrangements associated with health and social care integration across Tayside.
- Assurance provided around the quality of Social Work Services through the Chief Social Work Officer Governance Framework and Chief Social Work Officer's Annual Report.
- Reporting of complaints in relation to delegated Health and Social Care services.
- The approval of the IJB's Strategic and Commissioning Plan 2019-2022 setting out the strategic direction of the Integration Joint Board and Health and Social Care Partnership including a 3 year financial framework.
- Assurances 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 2019/20. A number of these are outstanding from previous year's continuous improvement plans and are now included in the Governance Action Plan and updated at each Performance and Audit Committee meeting with revised planned completion dates as appropriate. These 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. A number of areas of improvement have also been identified through internal audit reports completed during the year. In addition, the Integration Joint Board in partnership with Dundee City Council and NHS Tayside completed a self-evaluation in response to the findings of the Ministerial Strategic Group for Health and Community Care (MSG) report on the "Review of Progress with Integration of Health and Social Care" published in February 2019. This assessment was submitted to the Scottish Government in early 2019/20 and covers the key features required to support integration, including collaborative leadership, integrated finances, strategic planning for improvement, governance and accountability arrangements, information sharing and meaningful and sustained engagement. While many of the features of the Dundee integration arrangements display good progress and are well established, there are a number of areas which are partly established with a range of improvement actions proposed.

ANNUAL GOVERNANCE STATEMENT

Area for Improvement	Lead Officer	Planned Completion Date
<i>Previous Year Actions Carried Forward and Included in the Governance Action Plan</i>		
Development of improved Hosted Services arrangements around risk and performance management for hosted services	Chief Officer / Chief Finance Officer	Revised date December 2019
Clarification of deputising arrangements for the Chief Officer to be presented to the IJB.	Chief Officer	Revised date July 2019
Further develop the Integration Joint Board's local Code of Governance	Chief Officer / Chief Finance Officer	Revised date August 19
Update the Integration Joint Board's Participation and Engagement Strategy	Chief Officer / Chief Finance Officer	Revised Date June 2019
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	Revised date December 2019
Development of regular IJB and PAC member induction and development process	Chief Officer / Chief Finance Officer	Revised date August 2019
Clarify responsibilities and accountabilities around the impact of General Data Protection Regulations (GDPR) legislation with partner bodies	Chief Finance Officer	Revised date August 2019
<i>2018/19 Areas for Improvement Identified</i>		
Range of developments following the Internal Audit report on Risk Maturity as reflected in the Risk Management Action Plan, including updating the risk management strategy, streamlining risk registers to prevent duplication and agree reporting arrangements and schedules	Chief Finance Officer	All actions to be completed by December 2019
Strengthen governance arrangements around the Integration Joint Board's Transformation Programme as set out in the Transformation and Service Redesign Internal Audit Report and subsequent action plan	Chief Finance Officer	All actions to be completed by December 2019
Range of actions arising from the Workforce Internal Audit Review including development of the Integrated Workforce and Organisational Development Plan in addition to provision of staff governance reporting	Chief Finance Officer/Chief Officer	All actions to be completed by December 2019

ANNUAL GOVERNANCE STATEMENT

Progress the range of improvement actions as set out in the Ministerial Strategic Group Review of Progress with Integration of Health and Social Care Report Self Evaluation

Head of Finance and Strategic Planning (as Chair of the Integrated Strategic Planning Group)

Progress report to be provided to the IJB by December 2019

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.

In preparing the Annual Governance Statement, the Integration Joint Board gave consideration to both NHS Tayside and Dundee City Council’s Annual Governance Statements. 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. Assurances are provided through the internal audit reviews undertaken throughout the financial year and presented to the Performance and Audit Committee. During 2018/19 the committee received two substantial reports in addition to the Chief Internal Auditors regular reporting. The Risk Maturity assessment noted the progress to date and the priority given to Risk Management by the organisation and noted the need for further work to be undertaken as the organisation matures with a number of recommendations as reflected in the Risk

ANNUAL GOVERNANCE STATEMENT

Management action plan. The Transformation Programme and Service Redesign report recognised the conscious effort that had been made to bring together the strands of transformational change. It, however, highlighted a number of improvements to enhance the adequacy and effectiveness of the system in place. This led to an assessment that the overall governance processes around the Transformation Programme were inadequate and an action plan was produced to respond to the recommendations. However given the nature of the issues highlighted, it is not deemed by the Chief Officer that these areas for improvement undermine the wider system of governance.

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 2018/19, no such areas of concern were noted by the Chair of the Performance and Audit Committee.

The Chief Internal Auditor has carried out his review of the adequacy and effectiveness of the Integration Joint Board's framework of governance, risk management and control. The findings of this review are reflected in the Annual Internal Audit Report 2018/19 which was reported to the Integration Joint Board on 25th June 2019. The Annual Internal Audit Report supports the outcome of the self-assessment process noted above and concludes that subject to the issues highlighted within the Governance Statement, reliance can be placed on the Integration Joint Board's governance arrangements and systems of internal controls for 2018/19. The Chief Internal Auditor has noted a number of areas for further consideration by management and a management response, actions and planned completion dates have been set out accordingly. Progress with these actions will be monitored through the Performance and Audit Committee.

Conclusion and Opinion on Assurance

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.

Trudy McLeay
Chair
Dundee City Integration Joint Board

24 September 2019

David W Lynch
Chief Officer
Dundee City Integration Joint Board

24 September 2019

THE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement shows the cost of providing services which are funded by budget requisitions from the partners for the year according to accepted accounting practices.

2017/18		2018/19
Net Expenditure (Income) £000		Net Expenditure (Income) £000
71,201	Older People Services	71,019
18,996	Mental Health	18,447
31,215	Learning Disability	33,186
8,923	Physical Disability	9,680
3,945	Substance Misuse	4,330
12,412	Community Nurse Services / AHP* / Other Adult Services	13,089
10,151	Community Services (Hosted)	11,463
5,799	Other Services / Support / Management	7,314
35,818	Prescribing	33,620
24,163	General Medical Services (FHS**)	25,110
17,155	FHS – Cash limited & Non Cash Limited	18,083
239,778	Net Cost of Operational Services during the Year	245,341
267	IJB Operational Costs	287
4,658	Central Support (Note 1)	0
17,452	Large Hospital Set Aside	17,449
262,155	Total Cost of Services	263,077
(261,752)	Taxation and Non- Specific Grant Income (Note 5)	(261,283)
403	(Surplus) or Deficit on Provision of Services	1,794
403	Total Comprehensive Income & Expenditure	1,794

Notes

* AHP – Allied Health Professionals

** FHS – Family Health Services

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.

THE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the Dundee City Integration Joint Board's reserves.

Total Reserves 2017/18 £000	Movements in Reserves During 2018/19	General Fund Balance Total Reserves £000
4,963	Opening Balance at 31 March 2018	4,560
(403)	Total Comprehensive Income and Expenditure	(1,794)
(403)	Increase/(Decrease) in 2018/19	(1,794)
4,560	Closing Balance at 31 March 2019	2,766

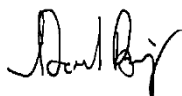
THE FINANCIAL STATEMENTS

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by Dundee City Integration Joint Board.

31 March 2018 £000		Notes	31 March 2019 £000
4,596	Short Term Debtors	Note 6	2,786
4,596	Current Assets		2,786
(36)	Short Term Creditors	Note 7	(20)
(36)	Current Liabilities		(20)
4,560	Net Assets		2,766
4,560	Usable Reserve: General Fund	Note 8	2,766
4,560	Total Reserves		2,766

The unaudited accounts were issued on 25 June 2019.



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

25 June 2019

1. Significant Accounting Policies

General Principles

The Financial Statements summarise Dundee City Integration Joint Board's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. 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 Local Government in Scotland Act 2003.

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 occurs. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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.

Employee Benefits

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.

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. There were none for 2018/19.

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.

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 2019/20 Code of Practice on Local Authority Accounts in the United Kingdom.

Reserves

The Dundee City Integration Joint Board's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March 2019 shows the extent of resources which the IJB can use in later years to support service provision.

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 Clinical Negligence and Other Risks Indemnity Scheme (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. The IJB currently has no known or potential claims against it.

Support services

Support services were not delegated to the IJB and the Council and the Health Board did not charge for any central support services provided in the year ended 31 March 2019. Support services provided mainly comprise the provision of human resources, legal services, committee services, financial management, payroll and accommodation.

In previous financial years Dundee City Council provided an increase in funding contribution and charged Dundee IJB to cover these costs. For the year ended 31 March 18 Dundee City Council charged a support service of £4.658m and property costs of £2.466m to the Dundee IJB.

In preparing the 2018/19 financial statements the treatment of Support Services has changed. Support Services costs are not included in the Dundee City Council contribution for 2018/19 and these costs will be retained by Dundee City Council and not routed through the Dundee IJB. Therefore, no charge for any supported services provided in the year ended 31 March 2019 is made to the financial statements. The change has no impact to the reserves for 2017/18.

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 public spending, 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.

NOTES TO THE FINANCIAL STATEMENTS

The value of the Large Hospital “set aside” expenditure reported within the total Integration Joint Board expenditure of £17.449m is based on the most recently available activity levels for hospital inpatient and day case activity as provided by NHS Scotland’s Information Services Division and direct cost information provided by NHS Tayside. This is a transitional arrangement for 2018/19 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.

On behalf of all IJBs within the NHS Tayside area, Dundee IJB acts as the lead partner under hosting arrangements for a range of services including Palliative Care, Brain Injury, Dietetics, Sexual and Reproductive Health and Psychology. It commissions services on behalf of the three Tayside IJB’s and is responsible for the strategic planning and operational budget of those hosted services. The IJB reclaims the cost of these services using an agreed methodology based around population shares from the other IJB’s. The IJB will also receive a corresponding charge from the other Tayside IJB’s for the services they host on Dundee’s behalf. This arrangement is treated as an agency arrangement.

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 2019 and 25 June 2019 that would have an impact on the 2018/19 financial statements.

4. Expenditure and Income Analysis by Nature

2017/18 £000	Description	2018/19 £000
155,535	Services commissioned from NHS Tayside	159,473
106,353	Services commissioned from Dundee City Council	103,317
243	Other IJB Operating Expenditure	262
24	Auditor Fee : External Audit Work	25
(176,871)	Partners Funding Contributions – NHS Tayside	(182,825)
(84,881)	Partners Funding Contributions – Dundee City Council	(78,458)
403	(Surplus) or Deficit on the Provision of Services	1,794

NOTES TO THE FINANCIAL STATEMENTS

5. Taxation and Non-Specific Grant Income

2017/18 £000	Description	2018/19 £000
(176,871)	Funding Contribution from NHS Tayside	(182,825)
(84,881)	Funding Contribution from Dundee City Council	(78,458)
(261,752)	Taxation and Non-Specific Grant Income	(261,283)

The funding contribution from the NHS Board shown above includes £17.449m 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 NHS Scotland's 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.

6. Debtors

2017/18 £000	Description	2018/19 £000
0	NHS Tayside	0
4,596	Dundee City Council	2,786
4,596	Total Debtors	2,786

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 are offset against the funds they are holding on behalf of the Integration Joint Board.

7. Creditors

2017/18 £000	Description	2018/19 £000
6	NHS Tayside	1
30	Other Bodies	19
36	Total Creditors	20

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

8. Usable Reserve: General Fund

Dundee City Integration Joint Board holds a general reserve balance for two main purposes:

NOTES TO THE FINANCIAL STATEMENTS

- To commit, 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.

2017/18	Balance at 1 April 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/2018 £000	Balance at 31 March 2018 £000
Uncommitted	632	(402)	0	230
Committed	4,331	(1)	0	4,330
Total – General Fund Balances	4,963	(403)	0	4,560

2018/19	Balance at 1 April 2018 £000	Transfers Out 2018/19 £000	Transfers In 2018/2019 £000	Balance at 31 March 2019 £000
Uncommitted	230	0	331	561
Committed	4,330	(3,630)	1,505	2,205
Total – General Fund Balances	4,560	(3,630)	1,836	2,766

Committed Balances

The transfers out in 2018/19 mainly reflect the planned draw down of general fund balances to support overall expenditure levels during the year including supporting transformation. The transfers in reflect the impact of Scottish Government funding for specific initiatives carried forward to 2019/20.

9. 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.

NOTES TO THE FINANCIAL STATEMENTS

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 these post-holders is provided in the Remuneration Report.

Transactions with NHS Tayside

2017/18 £000	Description	2018/19 £000
176,871	Funding Contributions received from the NHS Tayside Board	182,825
(155,535)	Net Expenditure on Services Provided by the NHS Tayside Board	(159,473)
21,336	Net Transactions with NHS Tayside	23,352

NHS Tayside did not charge for any support services provided in the year ended 31 March 2019 (2018: nil)

Balances with NHS Tayside

2017/18 £000	Description	2018/19 £000
0	Debtor balances: Amounts due from the NHS Board	0
6	Creditor balances: Amounts due to the NHS Board	1
6	Net Balance with the NHS Board	1

NOTES TO THE FINANCIAL STATEMENTS

Transactions with Dundee City Council

2017/18 £000	Description	2018/19 £000
84,881	Funding Contributions received from Dundee City Council	78,458
(101,962)	Net Expenditure on Services Provided by Dundee City Council	(103,317)
(4,658)	Support Services from Dundee City Council	0
(21,739)	Net Transactions with Dundee City Council	(24,859)

Dundee City Council did not charge for any support services provided in the year ended 31 March 2019 (2018: £4.658m – this charge was fully funded by Dundee City Council).

Balances with Dundee City Council

2017/18 £000	Description	2018/19 £000
4,596	Debtor balances: Amounts due from Dundee City Council	2,786
0	Creditor balances: Amounts due to Dundee City Council	0
4,596	Net Balance with Dundee City Council	2,786

10. 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.

11. 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.

2017/18 (£000)	Description	2018/19 (£000)
10,870	Expenditure on Agency Services	11,341
(10,870)	Reimbursement for Agency Services	(11,341)
0	Net Agency Expenditure Excluded from CIES	0

12. 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

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

