

DUNDEE INTEGRATION JOINT BOARD DRAFT ACCOUNTS 2017/18**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 2017/18 provided for a budgeted payment of £74,694m from Dundee City Council to the Dundee Integration Joint Board to fund the commissioning of services. It is recognised that a number of technical year-end adjustments will result in variations in costs outwith the control of the IJB (e.g. adjustments to pension costs, inclusion of central support.). To compensate for this the Dundee Integration Joint board was provided with a corresponding increase in funding. This meant that the total funding provided to the IJB was £85,314m, an increase of £10,620m.

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, central support costs) 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	74,694
Additional Funding from Dundee City Council	10,620
Total Funds provided by Dundee City Council	85,314

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

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

The NHS Tayside adjusted funding is outlined below:-

NHS Funding to Dundee Integration Joint Board (DIJB)	£000
Initial NHS Contribution to DIJB (incl Large Hospital Set Aside)	174,752
Less: Supplementary Budget Adjustments	(736)
Add: Additional Funding to Cover Overspends	2,407
Add: Net Effect of Hosted Services Budget	448

Final NHS contribution to DIJB	176,871
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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 2017/18 Annual Accounts

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

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