



DUMFRIES AND GALLOWAY INTEGRATION JOINT BOARD

**Annual Report and Financial Statements
For the Period Ended 31 March 2017**

DRAFT UNAUDITED ACCOUNTS

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Section 1: Management Commentary

Introduction

This Management commentary provides an overview of the key messages in relation to the objectives and strategy of Dumfries and Galloway Integration Joint Board (the IJB) and its financial performance for the period ended 31st March 2017. It also provides an indication of the issues and risks which may impact upon the finances of the IJB in the future.

Dumfries and Galloway Integration Joint Board (IJB) was established as a body corporate by order of the Scottish Ministers on 3rd October 2015 as part of the establishment of the framework for the integration of health and social care in Scotland under the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB has responsibility for the strategic planning and delivery of a defined range of health and adult social care services for the residents of Dumfries and Galloway, encompassing an area of 242 square miles and a population of 149,520. Dumfries and Galloway borders onto South Ayrshire, Lanarkshire, Borders and Cumbria.

Dumfries and Galloway Council and NHS Dumfries and Galloway, as the parties to the Integration Scheme, each nominated 5 voting members for the IJB. The Council nominated Elected Members and the Health Board Non-Executive Directors. A Council nominee was the Chair of the IJB in 2015/16 and the Vice-Chair was drawn from NHS Board Non-Executive Directors.

A number of non-voting Representative Members sit on the IJB and contribute to its proceedings. These Representatives are chosen from the Third Sector, the Independent Sector, Carers, Services Users, and Council and NHS Board staff. In addition, the Deputy Medical Director for Acute Services and Director of Public Health have also been appointed as non-voting members.

Three Sub-Committees of the IJB have been identified. These are

- Performance and Finance Committee
- Clinical and Care Governance Committee
- Audit and Risk Committee

The organisation structure for the IJB is led by the Chief Officer who is supported by 6 General Managers who lead the operational directorates as follows:

- Community Health and Social Care Services
- Acute/hospital based services
- Mental Health Services
- Children's Health
- Facilities and Clinical Support
- IM&T

The IJB has appointed a Chief Finance Officer. Other staff reporting directly to the Chief Officer provide planning, performance and business support services to the IJB and the broader Partnership. Dumfries and Galloway has a unique model for its IJB with all acute services delegated to the IJB reflecting the co terminosity of its Council and NHS boundaries. This has allowed a whole system approach to planning and delivery of services.

Purpose and Objectives of the IJB

The main purpose of integration is to improve the wellbeing of families, communities and people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time.

The Integration Joint Board has approved the following vision for the Health and Social Care Partnership as part of its approved Strategic Plan for 2016-19: *“Making our communities the best place to live active, safe and healthy lives by promoting independence, choice and control.”*

The Integration Scheme puts in place a framework designed to deliver the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under Section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB Strategic Plan sets out a number of strategic objectives and policy priorities with accompanying Implementation and Resource Plans, Performance Framework and Strategic Needs Assessment, all designed to ensure a direction of travel by the Partnership consistent with national objectives. The Partnership’s agreed strategic objectives are as follows:

- Enabling people to have more choice and control;
- Supporting Carers;
- Developing and strengthening communities;
- Making the most of well-being;
- Maintaining safe, high quality care and protecting vulnerable adults;
- Shifting the focus from institutional care to home and community based care;
- Integrated ways of working;
- Reducing health inequalities;
- Working efficiently and effectively; and
- Making the best use of technology

Medium Term Financial Strategy

The IJB, like many others, faces significant financial challenges and is required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook and increasing demand for services. A financial plan has been developed for 2017/18 with the objective that the IJB operates within the resource available. The financial plan will reflect the agreement with Dumfries and Galloway Council on the level of investment by the Scottish Government and the funding to be provided by NHS Dumfries and Galloway.

The IJB has approved an ambitious agenda for change aimed at:

- Better integrating care and support to improve people’s experience of health and social care and support.
- Changing our primary approach to one of prevention and early intervention, shifting our focus away from ‘crisis management’.

- Developing partnership approaches to care delivery that enable people to retain as high a level of independence as possible and have greater choice and control over their own lives.
- Reducing inequalities in health and social care.

Financial Statements

The financial statements for 2016/17 are set out on page 18 and incorporate financial and other information required by the Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*). The Statement of Accounting Policies on pages 21-24 explains the basis for the recognition, measurement and disclosure of transactions and other events in the Financial Statements, to ensure that they present a 'true and fair view' of the IJB's financial performance. An explanation of each of the financial statements which follow and their purpose is shown at the top of each statement.

Financial Performance 2016/17

Following the approval of the Boards Integration Scheme by Scottish Ministers on 3rd October 2015 the IJB has operated as a shadow board with services not formally delegated until 1st April 2016. The Board was fully operational from this date, with the budget formally approved in May 2016 and a full year of activities for 2016/17 reflected in the accounts.

The partnership delivered a balanced financial position for 2016/17 as forecast. The level of planned reserves to be carried forward into the new financial year was £2.2m relating to the Integrated Care Fund and £2.1m from the Social Care Fund previously passed to the Council. Confirmation has been received from both the NHS and Council that the IJB can retain these reserves for 2017/18 with funding factored into the 2017/18 budget estimates which the IJB approved at its March 2017 meeting.

Financial Outlook and Key Risks

The IJB faces ongoing service and cost pressure arising from a range of factors. Both of the Parties to the IJB are facing challenges in meeting the demands for services within the finances available; this will have a direct consequence on the funding provided to the IJB. Within the IJB the major risk to managing the financial position arises from demographic pressures. The significant growth anticipated in the number of older people and their need for suitable services requires innovative solutions to allow services to be provided within the funding available and the ability of the partnership to transform services to help meet this demand.

The Financial Plan agreed by the Board in March is presented as a balanced financial position but includes a high level of level of savings still to be identified (currently estimated at £5.271m/ 30%). The plan reflects a need to deliver savings of £17.694m (7%) which is a significant increase from previous years. Despite relative protection of social care and NHS budgets, costs and financial pressures continue to outstrip resources available requiring significant service design. The IJB has agreed to develop a business transformation programme to take forward this work to be managed through the Performance and Finance committee of the IJB.

Key Risks and Uncertainties

The management of financial risks during 2017/18 will be critical for the IJB and there are already a number of further risks emerging that have not all been reflected in the financial position but we must acknowledge as a Board. The key financial risks in this position are as follows:

- Delivery of savings plans and schemes identified.
- Identification and delivery of a further £5.271m savings schemes during 2017/18.
- Reduction and containment of Medical Locum costs and impact of IR35 and risk of cost increases as a result.
- Ongoing discussions in relation to the National Care Home Contract.
- Pay uplifts for NHS staff have yet to be notified.
- The significant range of cost pressures emerging across both Health and Social Work services.
- Sound budgetary control on both Acute and Primary Care Prescribing.
- Achievement of Access Targets through existing capacity and resources.
- Increasing activity growth of complex patients treated outwith Dumfries and Galloway.
- Acute Services Redevelopment Project – the New Hospital transition.
- Impact of the New Medicines Fund and potential future approvals of new drugs through Scottish Medicines Consortium.
- Changes in the tariffs charged by English Trusts for cross border activity.
- General workforce pressures and level of vacancies across a range of staff groups.
- Impact of the rates revaluation and other non-pay and inflationary risks.

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Julie White
Chief Officer
Dumfries and Galloway Integration Joint Board

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Penny Halliday
Chair
Dumfries and Galloway Integration Joint Board

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Katy Lewis
Chief Finance Officer
Dumfries and Galloway Integration Joint Board

28th September 2017

Section 2: 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 one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Dumfries and Galloway Integration Joint 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 that the Financial Statements are prepared in accordance with legislation and so far as compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Dumfries and Galloway Integration Joint Board at its meeting on 28th September 2017.

Signed on behalf of Dumfries and Galloway Integration Joint Board

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Penny Halliday
Chair

28th September 2017

Responsibilities of the Chief Finance Officer

The Chief Finance Officer, as S95 Officer, is responsible for the preparation of the IJB's Financial Statements which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*), are required to present a true and fair view of the financial position of the IJB at the accounting date and its transactions for the period.

In preparing these Financial Statements, 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 the Code of Practice and legislation;
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- Kept proper accounting records which were up to date;
- Take 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 Dumfries and Galloway Integration Joint Board at the reporting date and the transactions of Dumfries and Galloway Integration Joint Board for the year ended 31st March 2017.

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Katy Lewis ACMA
Chief Finance Officer
Dumfries and Galloway Integration Joint Board

28th September 2017

Section 3: Remuneration Report

Introduction

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

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

Integration Joint Board

The voting members of the Integration Joint Board are nominated by the parent organisations: Dumfries and Galloway Council and NHS Dumfries and Galloway. There are 5 voting members from each parent organisation. The Chair of the IJB for 2016/17 was Councillor Jim Dempster. The Vice-Chair of the IJB is Penny Halliday who also holds the role of vice chair of the NHS Board.

The other voting Board members during 2016/17 were:

Councillor Ian Carruthers	Dumfries and Galloway Council
Councillor Andy Ferguson	Dumfries and Galloway Council
Councillor Denis Male	Dumfries and Galloway Council
Councillor Ted Thompson	Dumfries and Galloway Council
Mr Jim Beattie	NHS Dumfries and Galloway
Ms Lesley Bryce	NHS Dumfries and Galloway
Mrs Grace Cardozo	NHS Dumfries and Galloway
Mrs Moira Cossar	NHS Dumfries and Galloway
(to 31/12/2016)	
Ms Laura Douglas	NHS Dumfries & Galloway
(from 01/01/2017)	

The IJB does not pay allowances or remuneration to the voting board members. Voting board members are remunerated by their parent organisation. Voting board members receive expenses from their parent organisation. The 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.

The role of the IJB Chair passed to Penny Halliday on 1st April 2017 from Councillor Jim Dempster, as agreed in the Integration Scheme. The Local Authority has nominated new IJB members following the formation of the new Council arrangements following these elections, with the role of the Vice Chair nominated from the local authority representatives.

Remuneration: Officers of the IJB

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

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The pay arrangements for Chief Officer have been determined by the NHS employer, with arrangements for NHS staff determined under national arrangements. The pay arrangements for NHS senior managers whose posts are part of the Executive and Senior Management Cohorts are, subject to Scottish Government Health and Social Care Directorates guidance, determined by the local NHS Remuneration Sub-Committee who ensure the application and implementation of fair and equitable systems for pay and for performance management on behalf of the NHS Board.

Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

Total 2015/16 £	Senior Employees	Salary, Fees and Allowances £	Other Benefits £	Total 2016/17 £
24,000 <i>(part year)</i>	Mrs J White Chief Officer November 2015 to March 2017	91,975	0	91,975
Nil	Mrs K Lewis Chief Finance Officer November 2015 to March 2017	77,022	0	77,022

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 IJB balance sheet for the Chief Officer or any other officers.

The IJB 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 IJB. The following table shows the IJB'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.

These salaries reflect the full remuneration for the IJB role and their role within the partner organisations, no attempt has been made to apportion costs between differing roles with full remuneration disclosed.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/16 £	For Year to 31/03/17 £		Difference From 31/03/16 £000	As at 31/03/17 £000
Mrs J White	13,616	13,704	Pension	1,825	22,509
Chief Officer November 2015 to March 2017			Lump sum	366	57,340
Mrs K Lewis	0	11,476	Pension	2,123	24,603
Chief Finance Officer November 2015 to March 2017			Lump sum	2,091	65,387
Total	13,616	25,180	Pension	3,498	47,112
			Lump Sum	3,916	122,727

Disclosure by Pay Bands

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

Number of Employees in Band 2015/16	Remuneration Band	Number of Employees in Band 2016/17
1	£20,000 - £24,999	0
0	£75,000 - £79,999	1
0	£90,000 - £94,999	1

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 Julie White
 Chief Officer
 Dumfries and Galloway Integration Joint Board

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 Penny Halliday
 Chair
 Dumfries and Galloway Integration Joint Board

28th September 2017

Section 4: Annual Governance Statement

This statement sets out the framework within which the IJB has put in place proper arrangements (known as the governance framework) for the governance of the IJB's affairs. The governance framework facilitates the effective exercise of the IJB's functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal financial control are in place.

Scope of Responsibility

Dumfries and Galloway IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The IJB also has a duty under the Local Government Act 2003 to make arrangements to secure 'Best Value', through continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency, effectiveness, the need to meet the equal opportunity requirements, and contributing to the achievement of sustainable development.

In discharging this overall responsibility, the IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The IJB complies with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on "*The Role of the Chief Financial Officer in Local Government 2010*". The IJB's Chief Finance Officer (Section 95 Officer) has overall responsibility for the IJB's financial arrangements, and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

The IJB complies with the requirements of the United Kingdom Public Sector Internal Audit Standards 2013:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

The IJB uses the systems of Dumfries and Galloway Council and NHS Dumfries and Galloway to manage its financial records. The operational delivery of services within the NHS Dumfries and Galloway and Dumfries and Galloway Council, on behalf of the IJB, is covered by their respective internal audit arrangements.

The Audit and Risk Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2013 (PSIAS) and regularly monitors the performance of the IJB's Internal Audit service. The IJB has appointed a Chief Internal Auditor who has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with the Public Sector Internal Audit Standards (PSIAS).

Elected Members and officers of the IJB are committed to the concept of sound governance and the effective delivery of IJB services.

This statement explains how the IJB has complied with the Framework and also meets the requirements of The Local Authority Accounts (Scotland) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, objectives and outcomes and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the IJB's policies, objectives and outcomes, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been developed within Dumfries and Galloway IJB for the period ended 31st March 2017 and up to the date of approval of this statement of accounts.

The Governance Framework

In relation to the development of its governance arrangements during 2015/16, the IJB has established a Strategic Planning Group as required by regulation to shape and influence the development of strategic plans, to provide views on any 'significant decision' being considered by the IJB and to provide support and comment within the Partnership on the development of policies across the full range of delegated functions.

A committee of the IJB, comprising both voting and non-voting members has been established to consider Audit and Risk matters, including these financial statements.

A Clinical and Care Governance Committee and a Performance and Finance Committee have also been established.

During 2016/17 a number of workshops have been provided for IJB members on various aspects of their role as set out in legislation and regulation and to assist them to further understanding the services delivered and their role in supporting this delivery.

The IJB has developed a range of governance related documents including: Standing Orders, Scheme of Delegation, Complaints Policy, Freedom of Information, and Risk Management Strategy. A Register of Members Interests has been established for IJB Members and IJB Members have been invited to sign the Code of Conduct for Members of Devolved Public Bodies.

A Performance and Finance Committee has been established and has two meetings during 2016/17 in November and March. This committee receives quarterly performance monitoring reports containing information against a range of health and social care related indicators that inform progress or otherwise against the implementation of strategic plans and objectives, provide an assessment of performance in relation to the 9 National Health and Wellbeing Outcomes and details action plans/recommendations arising from inspection bodies. The Performance Framework is anticipated to remain under ongoing development and refinement for the length of the strategic commissioning cycle (i.e. 3 years). It will be fully reviewed and revised at the end of this period, at which time we will have a new strategic plan for the region.

The Care Inspectorate and Healthcare Improvement Scotland carried out a joint inspection of health and social care services for older people in Dumfries and Galloway in early 2016, the report of the inspection was published in October 2016. An action plan has been developed throughout the process and on receipt of the report and has been agreed with the Care Inspectorate. This action plan is now being taken forward through the governance of the Health and Social Care Senior Management Team

Following the appointment of the locality managers, significant progress was made in 2015/16 on the development and approval of locality plans for each of the 4 locality areas in Dumfries and Galloway, with work ongoing during 2016/17 to implement the plans. The 4 Area Committees have a scrutiny role with regard to the implementation of the locality plans, the now developed performance reporting framework reflects this approach, with regular reports presented to the committees every six months.

Internal Financial Control

The IJB's system of internal controls is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. The Board uses the systems of Dumfries and Galloway Council and NHS Dumfries and Galloway to manage its financial records.

Development and maintenance of the systems is undertaken by the NHS Dumfries and Galloway and Dumfries and Galloway Council as part of the operational delivery of the Health and Social Care Partnership. In particular the system includes:

- Comprehensive budgeting systems.
- Setting targets to measure financial and other performance.
- Regular reviews of periodic and annual financial reports which indicate financial performance against forecasts and targets; and
- Formal project management disciplines, as appropriate.

The Deputy Director of Finance, NHS Dumfries and Galloway and the Head of Finance and Procurement, Dumfries and Galloway Council have provided assurances that the charges for the services commissioned reflect the income and expenditure recorded in their financial systems and that they are complete and accurate reflecting appropriate charges.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Partners of the Integration Board are continually seeking to improve the effectiveness of its systems of internal control.

The main objectives of the Board's internal control systems are:

- To ensure adherence to policies and directives in order to achieve the organisation's objectives;
- To safeguard assets;
- To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory requirements.

The Chief Finance Officer has commissioned the in house internal audit service for the NHS to develop the IJB internal audit plan for 2016/17 with a specific audit in year to review IJB governance arrangements.

The system of financial control is reviewed to ensure continued effectiveness by the work of managers in the IJB and by the work of internal and external audit in their annual report and other reports.

Review of Effectiveness

The review of effectiveness of the governance framework including the system of internal controls is informed by the work of the Health and Social Care Senior Management Team within the IJB who have responsibility for the development and maintenance of the governance environment, the annual report by the Chief Internal Auditor, and also by reports/comments made by external audit and other review agencies and inspectorates.

The Chief Internal Auditor reports directly to the IJB Audit and Risk Committee on all audit matters with the right of access to the Chief Officer, Chief Finance Officer and the Chair of the Performance and Audit Committee.

In addition to regular reports to the IJB Audit and Risk Committee, the Chief Internal Auditor prepares an annual report for the Audit and Performance Committee. Internal Audit aims to give reasonable assurance on the IJB's systems of internal control using a risk based programme of work.

Assurance

Subject to the above, and on the basis of the assurance provided, we consider that the governance and internal control environment operating during 2016/17 provides reasonable and objective assurance that any significant risk impacting on our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.

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Julie White
Chief Officer
Dumfries and Galloway Integration Joint Board

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Julie White
Chief Officer
Dumfries and Galloway Integration Joint Board

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Penny Halliday
Chair
Dumfries and Galloway Integration Joint Board

28th September 2017

Section 5: Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

2015/16 £000		Note	2016/17 £000
	Expenditure		
0	Health and social care		281,087
29	Operational Costs	5	98
29	Cost of services		281,185
(29)	Contributions from partners	6	(285,485)
0	Surplus on Provision of Services		4,300
0	Total comprehensive income and expenditure		4,300

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

The Integration Joint Board was established on 3rd October 2015. Integrated delivery of health and care services did not commence until 1st April 2016. Consequently the 2016/17 financial year is the first fully operational financial year for the Integration Joint Board and the figures above reflect this.

The 2015/16 CIES figures have been restated to reflect the IJB's organisational structure, as required for the 2016/17 financial statements.

The in year underspend reflects the carry forward of specific funding provided to the IJB from the partner organisations through the Social Care Fund (£2.1m) and the Integrated Care Fund (£2.2m). This was a planned underspend with agreement of these carryforwards confirmed with the partner organisations.

Section 6: Movement in Reserves Statement

This statement shows the movement in the year on the Integration Joint Board's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movement in Reserves During 2016/17

	General Fund £'000s	Unusable Reserves £'000s	Total Reserves £'000s
Opening Balance at 31 March 2016	0	0	0
Total comprehensive Income and Expenditure	4,300	0	4,300
Increase or Decrease in 2016/17	4,300	0	4,300
Closing Balance at 31 March 2017	4,300	0	4,300

Movement in Reserves During 2015/16

	General Fund £'000s	Unusable Reserves £'000s	Total Reserves £'000s
Opening Balance at 3 October 2015	0	0	0
Total comprehensive Income and Expenditure	0	0	0
Increase or Decrease in 2015/16	0	0	0
Closing Balance at 31 March 2016	0	0	0

Section 7: Balance Sheet as at 31 March 2017

The Balance Sheet shows the value of the Integration Joint Board's assets and liabilities as at the Balance Sheet date. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board.

2015/16 £000		Note	2016/17 £000
5	Short Term Debtors Current Assets	7	4,300
5	Short Term Creditors Current Liabilities	8	0
0	Net Assets		4,300
0	Usable Reserves		4,300
0	Unusable Reserves		0
0	Total Reserves		4,300

The unaudited accounts were issued on 28th June 2017.

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 Katy Lewis ACMA
 Chief Finance Officer
 Dumfries and Galloway Integration Joint Board

28th September 2017

Section 8: Notes to the Financial Statements

Note 1: Accounting policies

i. General principles

The Financial Statements summarise the Integration Joint Board's transactions for the 2016/2017 financial year and its position at the year end of 31st March 2017.

The Dumfries and Galloway 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 therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

ii. Accruals of expenditure and income

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

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

iii. Funding

The Integration Joint Board is primarily funded through funding contributions from the statutory funding partners, Dumfries and Galloway Council and NHS Dumfries and Galloway. Expenditure is incurred as the Integration Joint Board commissions specified health and social care services from the funding partners for the benefit of service recipients in Dumfries and Galloway.

iv. Cash and cash equivalents

The Integration Joint Board does not operate a bank account or hold cash. Instead the funding partners utilise, as directed by the IJB, the amount of funding due to the IJB to pay for services. Consequently the 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 31st March is represented as a debtor or creditor on the Integration Joint Board's Balance Sheet.

v. Offsetting of Debtors and Creditors

The Integration Joint Board and the funding partners have confirmed that there is a 'right of offset', and that there is an intention to allow settlement of balances to be undertaken on a net basis. On this basis the IJB's financial statements present the balances due to and from the funding partners on a net basis rather than as separate creditors and debtors. The offsetting of debtors and creditors by the Integration Joint Board primarily relates to the funding contributions due from the funding partners and the commissioning expenditure that the Integration Joint Board is committed to paying the funding partners for. Details of the net balances due to or from the funding partners are disclosed in Note 11: Related Parties.

vi. Employee benefits

The 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. The Board therefore does not present a Pensions Liability on its Balance Sheet.

The 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.

Charges from funding partners for other staff are treated as administration costs.

vii. Provisions, contingent liabilities and contingent assets

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

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

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

viii. Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

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

ix. Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Dumfries and Galloway and Dumfries and Galloway Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB 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 IJB'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.

x. Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board.

xi. VAT

The IJB is not registered for VAT and as such the VAT is settled or recovered by the partner agencies.

The VAT treatment of expenditure in the IJB's accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues & Customs (HMRC) and all VAT paid is recoverable from it. Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as Income from the Commissioning IJB.

Note 2: Accounting Standards issued not adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. All relevant accounting standards have been adopted.

Note 3: Critical Judgements and Estimation uncertainty

The Financial Statements include some estimated figures and critical judgements. Estimates are made taking into account the best available information, however actual results could differ from the assumptions and estimates used.

Note 4: Events after the Reporting Period

The Annual Accounts were authorised for issue by the Chief Finance Officer on 28th June 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 5: Expenditure and Income Analysis

2015/16 £000		2016/17 £000
0	Services Commissioned from Dumfries and Galloway Council	(61,840)
0	Services Commissioned from NHS Dumfries and Galloway	(219,247)
(24)	Employee Benefits Expenditure	(83)
0	Insurance and Related Expenditure	(3)
(5)	Auditor Fee: External Audit Work	(12)
29	Partners Funding Contributions	285,485
0	Surplus on the provision of services	4,300

Note 6: Contributions from partners

2015/16 £000		2016/17 £000
0	Funding Contribution from Dumfries and Galloway Council	63,913
29	Funding Contribution from NHS Dumfries and Galloway	221,572
0	Other Non-ringfenced grants and contributions	0
29	Contributions from Partners	285,485

The funding contribution from the NHS Board shown above includes no funding for 'set aside' resources relating to acute hospital and other resources as the NHS has delegated all strategic and operational responsibility to the IJB for all acute hospital budgets which are included in the funding contributions agreed.

The funding contributions from the partners shown above include all funding provided to partners from the Social Care Fund and Integrated Care Fund and any specific funding provided to the partner agencies for service provision.

Note 7: Short Term Debtors

	2016/17 £000	2015/16 £000
NHS Dumfries and Galloway	2,227	5
Dumfries and Galloway Council	2,073	0
Total Short Term Debtors	4,300	5

Note 8: Short Term Creditors

	2016/17 £000	2015/16 £000
PWC – Audit Fee	0	5
Total Short Term Creditors	0	5

Note 9: Segmental Analysis

Segmental analysis, as required under IFRS has been reported for each service group commissioned by the IJB.

2016 £'000	Service	2017 £'000
0	Children & Families	105
0	Adult Social Work	14,274
0	Older People	22,716
0	People with Physical Disability	5,763
0	People with a Learning Disability	16,830
0	People with Mental Health Need	1,925
0	Adults with addiction/substance Misuse	227
0	Non Social Work Budgets	
0	Acute & Diagnostics Directorate	97,361
0	Facilities & Clinical Support	19,878
0	Mental Health Directorate	20,704
0	Primary & Community Care	60,882
0	Women & Children's Directorate	20,422
29	Corporate Directorate	98
29	Total IJB Services	281,185

Note 10: Movement in reserves

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

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

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

Balance at 1 April 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance at 31 March 2016 £000		Transfers Out 2016/17 £000	Transfers In 2016/17 £000	Balance at 31 March 2017 £000
0	0	0	0	Integrated Care Fund	0	2,227	2,227
0	0	0	0	Social Care Fund	0	2,073	2,073
0	0	0	0	Total Earmarked	0	4,300	4,300
0	0	0	0	Contingency	0	0	0
0	0	0	0	General Fund	0	4,300	4,300

Note 11: Related parties

The Integration Joint Board has related party relationships with NHS Dumfries and Galloway and Dumfries and Galloway Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

Transactions with NHS Dumfries and Galloway

2015/16 £000		2016/17 £000
(29)	Funding Contributions received from the NHS Board	(221,572)
0	Service Income received from the NHS Board	0
0	Expenditure on Services Provided by the NHS Board	219,247
24	Key Management Personnel: Non-Voting Board Members	83
5	Support Services	15
0	Net Transactions with NHS Dumfries and Galloway	(2,227)

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include the Chief Officer and the Chief Finance Officer. Details of the remuneration for some specific post-holders is provided in the Remuneration Report. Both the NHS and Local Authority provide a range of services to the IJB for corporate support, including finance, human resources, admin and corporate services for which neither organisation charge for this staff time.

Balances with NHS Dumfries and Galloway

31/03/16		31/03/17
£000		£000
5	Debtor balances: Amounts due from the NHS Board	2,227
0	Creditor balances: Amounts due to the NHS Board	0
5	Net Balance with NHS Dumfries and Galloway	2,227

Transactions with Dumfries and Galloway Council

2015/16		2016/17
£000		£000
0	Funding Contributions received from the Council	(63,913)
0	Service Income received from the Council	0
0	Expenditure on Services Provided by the Council	61,840
0	Key Management Personnel: Non-Voting Board Members	0
0	Support Services	0
0	Net Transactions with Dumfries and Galloway Council	(2,073)

Balances with Dumfries and Galloway Council

As at		As at
31/03/16		31/03/17
£000		£000
0	Debtor balances: Amounts due from the Council	2,073
0	Creditor balances: Amounts due to the Council	0
0	Net Balance with Dumfries and Galloway Council	2,073

Note 12: Contingent Liabilities

A review of potential contingent assets and liabilities has been undertaken for the IJB and none have been identified at 31st March 2017.