



DUMFRIES AND GALLOWAY INTEGRATION JOINT BOARD

Annual Report and Financial Statements

For the Year Ended 31 March 2018

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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 year ended 31 March 2018. It also provides an indication of the issues and risks which may impact upon the finances of the IJB in the future.

The IJB was established as a body corporate by order of the Scottish Ministers on 3 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.

Within Dumfries and Galloway a unique model has been taken forward 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 for services encompassing an area of 242 square miles and a population of 149,520. Dumfries and Galloway shares a border with South Ayrshire, Lanarkshire, Borders and Cumbria as per the map below.



Both Dumfries and Galloway Council and NHS Dumfries and Galloway, as the parties to the Integration Scheme have nominated 5 voting members for the IJB. The Council nominated Elected Members and the Health Board Non-Executive Directors. The Chair of the IJB in 2017/18 is a Health Board non executive and the Vice-Chair a Council nominee.

The IJB has appointed both a Chief Officer and a Chief Finance Officer to support its purpose and delivery of objectives along with a number of other non-voting Representative Members. These Representatives are chosen from the Third Sector, the Independent Sector, Carers, Services Users, and Council and NHS Board staff.

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

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

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 IJB 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

The Public Bodies (Scotland) Act 2014 places a legislative requirement on integration authorities to review their strategic plans at least once in every relevant period. (The current relevant period is 2016-19). The IJB has formally considered the position and agreed to retain its existing plan after seeking the views of its Strategic Planning Group (SPG) on the effectiveness of the arrangements for carrying out the integration functions and whether the integration authority should prepare a replacement strategic plan.

The IJB, having undertaken formal processes in regard to both the above through 2017/18, made the decision at their meeting on the 5th April 2018 to retain their current Strategic Plan.

Operational Delivery

The operational delivery of the IJB purpose and objectives is passed back to Dumfries and Galloway Council and NHS Dumfries and Galloway who in turn delegate the operational delivery to the Health and Social Care Partnership. This is led by the Chief Officer, supported by 6 General Managers covering:

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

Other staff reporting directly to the Chief Officer provides planning, performance and business support services to the Partnership.

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 2018/19 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 2017/18 are set out on page 18 of the accounts and incorporate financial and other information as required by the Code of Practice on Local Authority Accounting in the United Kingdom (*The Code*). The Statement of Accounting Policies on pages 21-23 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 2017/18

The IJB delivered a balanced financial position for 2017/18. The IJB carried forward reserves of £4.3m into 2017/18 relating to the balance of the Social Care Fund and Integrated Care Fund, as set out below. At the 31st March 2018, these had increased to £6.8m and remain set aside for the purposes they were originally allocated.

	31/03/17	31/03/18
Social Care Fund	£2.1m	£3.5m
Integrated Care Fund	£2.2m	£3.3m
TOTAL	£4.3m	£6.8m

The IJB can retain these reserves for 2018/19 with the use of these reserves to support management of pressures within social care and development and transformation of new services across the partnership to support the strategic plan aims.

In the event that the IJB had overspent the Integration Scheme sets out the arrangements for management of the overspend the respective partners (NHS and Council) would have been required to contribute additional resources dependent upon which area the overspend arose. This arrangement has continued into 2018/19.

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. Increasingly workforce sustainability pressures are becoming more challenging across both Acute and Primary Care services and whilst the increasing medical locum bill reflects the challenges around recruitment of medical staff this is something which is a risk across all staff groups.

The current revenue plan identifies a financial gap of £15.8m in year, reducing to £5.3m once savings plans are factored in. The in year gap is not a position which can currently be managed within the assessed financial position so a breakeven position is not projected at this stage and there are a range of significant financial risks in the current position.

Key Risks and Uncertainties

The management of financial risks during 2018/19 will continue to 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 an IJB. The key financial risks in this position are as follows:

- Pressures in GP (General Practice) prescribing, specifically associated with increased cost of drugs on short supply.
- Continuing increasing costs of medical locums which are being targeted through savings plan but remain a current risk.
- The risk of further GP resignations from vacancies across General Practice with increased cost to NHS Boards.
- Pressures associated with move to new hospital including a review of staffing templates in nursing.
- Increased cost of New Medicines Fund which is currently showing a cost of £2.5m in excess of funding provided.
- Double running costs of old hospital (Mountainhall) especially estates and facilities costs.
- Delivery of elective waiting times improvement without additional resource identified.
- Risks around radiology service due to vacancies and service pressures.
- Winter Pressures and the need to have addition surge capacity and additional staffing to support the hospital over the December to March period.
- Increasing demand and assessed need putting pressure on existing health and social care staff resources and on available care provision.
- Lack of capacity both within residential and care at home settings requiring alternative models to be developed
- Sustainability of the social care market due to financial and workforce pressures
- Need to develop new models of care to meet projected social care demographic increases alongside the running of current models.

Analysis of Performance

Section 42 of the 2014 Public Bodies (Joint Working) (Scotland) Act requires that Performance Reports be prepared by the Partnership. The framework and flow of reporting have been previously agreed by Dumfries and Galloway IJB.

As required by the Act, the IJB have reviewed their Strategic Plan and made the decision to retain the existing plan with some minor refreshing and updating of figures. The decision to retain the Strategic Plan makes the new 'relevant period' from April 2018 to April 2021.

A performance report is produced each quarter for the IJB. The indicators include the core suite of 23 national indicators, public accountability measures for the NHS and Local Authority relating to the delegated functions of the partnership and additional locally derived measures. Over the last year work has been ongoing to develop new

indicators to include areas such as health inequalities, prescribing and workforce culture.

In addition to the core suite of 23 national indicators, the Ministerial Strategic Group for Health and Community Care requested that partnerships report a further 6 indicators. These are shown below:

	Unplanned admissions (12 months average)	Unplanned bed days (12 months average)	A&E attendances (12 months average)	Delayed discharge bed days	Last 6 months of life	Balance of care
Target at April 2018	1,400	11,320	3,869	1,140	8.4% acute	1,598 institutional
Result at April 2018	1,451	11,210	3,912	975	9.1%	1,588
Aim for April 2019	1,400	11,185	3,869	1,197	8.4%	1,588
Aim	Reduce	Reduce	Reduce	Reduce	Reduce acute hospital	Reduce in institutional settings
Result	Above desired trajectory	On track	Above desired trajectory but below prediction	On track and will be setting stretch target	Above desired figure	On track

Every six months, Area Committees are provided with a report that enables Health and Social Care services in each locality to be accountable to their local community through their Area Committees in accordance with that stated within the Scheme of Integration. A meeting is planned for later this year to meet with IJB voting members to discuss how the information contained within these reports might be further enhanced.

A review of annual performance of the IJB is published each year by the 31st July. This report is primarily for the public and is followed up by a public review of performance.

Please find below link to IJB Annual Performance Report 2017/18.

LINK TO BE INSERTED IN FINAL VERSION

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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

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

27th September 2018

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 27th September 2018.

Signed on behalf of Dumfries and Galloway Integration Joint Board

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Penny Halliday
Chair

27th September 2018

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 31 March 2018.

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

27th September 2018

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 IJB 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 Membership

The voting members of the IJB 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 table below shows the changes during the year.

Name	Parent Organisation	To/From
Councillor Andy Ferguson	Dumfries and Galloway Council	
Councillor Ian Carruthers	Dumfries and Galloway Council	
Councillor Denis Male	Dumfries and Galloway Council	To 23/05/2018
Councillor Ted Thompson	Dumfries and Galloway Council	To 23/05/2018
Councillor Jane Maitland	Dumfries and Galloway Council	From 23/05/2018
Councillor Tommy Sloan	Dumfries and Galloway Council	From 23/05/2018
Councillor Ros Surtees	Dumfries and Galloway Council	From 23/05/2018
Mrs Penny Halliday	NHS Dumfries and Galloway	
Mr Jim Beattie	NHS Dumfries and Galloway	
Ms Lesley Bryce	NHS Dumfries and Galloway	
Mrs Grace Cardozo	NHS Dumfries and Galloway	
Ms Laura Douglas	NHS Dumfries and Galloway	

The Chair of the IJB for 2017/18 was Penny Halliday who also holds the role of vice chair of the NHS Board. This role was passed from Councillor Jim Dempster on 1st April 2017 as agreed in the Integration Scheme. The Vice-Chair of the IJB is Councillor Andy Ferguson, previously being held by Penny Halliday.

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 IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members, therefore no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration: Officers of the IJB

The IJB 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 2016/17	Senior Employees	Salary, Fees and Allowances	Other Benefits	Total 2017/18
£		£	£	£
91,975	Mrs J White Chief Officer	95,469	0	95,469
77,022	Mrs K Lewis Chief Finance Officer	79,820	0	79,820

Remuneration for the Chief Officer and Chief Finance Officer reflects their total salary for both their roles within the IJB and also their NHS responsibilities, with remuneration also disclosed in the NHS Board accounts. Due to the integrated model in Dumfries and Galloway no arbitrary apportionment of the remuneration between the two roles has been made with full remuneration disclosed.

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 are 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.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/17 £	For Year to 31/03/18 £		Difference From 31/03/17 £000	As at 31/03/18 £000
Mrs J White Chief Officer	13,704	14,225	Pension	3	25
			Lump sum	3	60
Mrs K Lewis Chief Finance Officer	11,476	11,893	Pension	2	27
			Lump sum	3	68
Total	25,180	26,118	Pension	5	52
			Lump Sum	6	128

Disclosure by Pay Bands

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

Number of Employees in Band 2016/17	Remuneration Band	Number of Employees in Band 2017/18
1	£75,000 - £79,999	1
1	£90,000 - £94,999	0
0	£95,000 - £99,999	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

27th September 2018

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 31 March 2018 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. This has been reviewed and continues to be an effective mechanism around the review and scrutiny of the Strategic Plan.

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 and have now been operational since the establishment of the IJB.

During 2017/18 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. The IJB now has its own governance support separate from the NHS and Council following the successful training of an individual to undertake this role on behalf of the IJB.

A Performance and Finance Committee has been established and has had three meetings during 2017/18 in April, October and February. 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 role of this committee has also been strengthened to now include the oversight of the Business Transformation Programme

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. The action plan in response to this inspection is progressing and we have presented updates to the H&SCSMT. We have a H&SCSMT workshop in early July to give further assurance and support around the plan to ensure progress continues.

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 IJBs 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 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 Audit and Risk 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 Risk 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 2017/18 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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Penny Halliday
Chair
Dumfries and Galloway Integration Joint Board

27th September 2018

Section 5: Comprehensive Income and Expenditure Statement

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

2016/17 £000		Note	2017/18 £000
	Expenditure		
281,087	Health and social care		350,117
103	Operational Costs	5	113
281,190	Cost of services		350,230
(285,485)	Partners Funding Contributions	6	(352,746)
(4,295)	(Surplus)/deficit on provision of services and total comprehensive income and expenditure		(2,516)

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 in year underspend reflects the carry forward of specific funding provided to the IJB from the partner organisations through the Social Care Fund (£1.4m) and the Integrated Care Fund (£1.1m). This was a planned underspend with agreement of these carry forwards confirmed with the partner organisations.

Section 6: Movement in Reserves Statement

This statement shows the movement in the year on the IJB'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 2017/18

	General Fund £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2017	4,295	0	4,295
Total comprehensive Income and Expenditure	2,516	0	2,516
Increase or (Decrease) in 2017/18	2,516	0	2,516
Closing Balance at 31 March 2018	6,811	0	6,811

Movement in Reserves During 2016/17

	General Fund £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 3 October 2016	0	0	0
Total comprehensive Income and Expenditure	4,295	0	4,295
Increase or (Decrease) in 2016/17	4,295	0	4,295
Closing Balance at 31 March 2017	4,295	0	4,295

Section 7: Balance Sheet as at 31 March 2018

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

2016/17 £000		Note	2017/18 £000
4,295	Current Assets Short Term Debtors	7	6,811
0	Current Liabilities Short Term Creditors		0
4,295	Net Assets		6,811
4,295	Usable Reserves – General Fund		6,811
0	Unusable Reserves		0
4,295	Total Reserves		6,811

The unaudited accounts were issued on 28 June 2018.

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

27th September 2018

Section 8: Notes to the Financial Statements

Note 1: Accounting policies

i. General principles

The Financial Statements summarise the IJB's transactions for the 2017/2018 financial year and its position at the year end of 31 March 2018.

The Dumfries and Galloway IJB 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 2017/18, 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 IJB 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 IJB 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 IJB 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 IJB 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 IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The balance of funding due to or from

each funding partner as at 31st March is represented as a debtor or creditor on the IJB's Balance Sheet.

v. Offsetting of Debtors and Creditors

The IJB 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 IJB primarily relates to the funding contributions due from the funding partners and the commissioning expenditure that the IJB 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 IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The Board therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges for the Chief Officer and Chief Finance Officer from the employing partner are treated as employee 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 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 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 31 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 31 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 IJB.

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. The IJB considers that there are no such standards that would have a significant impact on the annual accounts.

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 28 June 2018. 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 31 March 2018, 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

2016/17 £000		2017/18 £000
61,840	Services Commissioned from Dumfries & Galloway Council	58,628
219,247	Services Commissioned from NHS Dumfries & Galloway	291,489
83	Employee Benefits Expenditure	86
3	Insurance and Related Expenditure	3
17	Auditor Fee: External Audit Work	24
(285,485)	Partners Funding Contributions	(352,746)
(4,295)	(Surplus)/deficit on the provision of services	(2,516)

Note 6: Partners Funding Contributions

2016/17 £000		2017/18 £000
63,913	Funding Contribution from Dumfries & Galloway Council	60,077
221,572	Funding Contribution from NHS Dumfries & Galloway	292,669
0	Other Non-ringfenced grants and contributions	0
285,485	Partners Funding Contributions	352,746

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 Council contributions are shown net of Resource Transfer and Social Care Fund spend which transfers from the NHS.

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	Debtor	2017/18 £000
2,222	NHS Dumfries and Galloway	3,289
2,073	Dumfries and Galloway Council	3,522
4,295	Total Short Term Debtors	6,811

Note 8: Segmental Analysis

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

2016/17 £000	Service	2017/18 £000
14,274	Adult Social Work, Children & Families, Addictions	13,916
227	Adults with Addiction/Substance Misuse	224
105	Children & Families	104
22,716	Older People	17,915
5,763	People with Physical Disability	5,166
16,830	People with a Learning Disability	19,671
1,925	People with Mental Health Need	1,632
61,840	Services Commissioned from Dumfries & Galloway Council	58,628
97,361	Acute & Diagnostics Directorate	107,242
0	E Health	6,339
19,878	Facilities & Clinical Support	14,864
20,704	Mental Health Directorate	21,032
60,882	Primary & Community Care	100,732
0	Resource Transfer/ Social Care Fund/ Strategic Planning	20,861
20,422	Women & Children's Directorate	20,419
219,247	Services Commissioned from NHS Dumfries & Galloway	291,489
281,087	Health and Social Care	350,117

Note 9: 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 tables 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.

Current Year	Balance at 31 March 2017 £000	Transfers Out 2017/18 £000	Transfers In 2017/18 £000	Balance at 31 March 2018 £000
Integrated Care Fund	2,222	0	1,067	3,289
Social Care Fund	2,073	0	1,449	3,522
Total Earmarked	4,295	0	2,516	6,811
Contingency	0	0	0	0
General Fund	4,295	0	2,516	6,811

Prior Year	Balance at 31 March 2016 £000	Transfers Out 2016/17 £000	Transfers In 2016/17 £000	Balance at 31 March 2017 £000
Integrated Care Fund	0	0	2,222	2,222
Social Care Fund	0	0	2,073	2,073
Total Earmarked	0	0	4,295	4,295
Contingency	0	0	0	0
General Fund	0	0	4,295	4,295

Note 10: Related parties

The IJB 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.

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. These services are provided free of charge as services in kind. The following tables provide additional information on the related party transactions.

2016/17 £000	Transactions with NHS Dumfries and Galloway	2017/18 £000
(221,572)	Funding Contributions received from the NHS Board	(292,669)
219,247	Expenditure on Services Provided by the NHS Board	291,489
83	Key Management Personnel: Non-Voting Board Members	86
20	Support Services	27
(2,222)	Net Transactions with NHS Dumfries & Galloway	(1,067)

Notes

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.

As at 31/03/17 £000	Balances with NHS Dumfries and Galloway	As at 31/03/18 £000
2,222	Debtor balances: Amounts due from the NHS Board	3,289
0	Creditor balances: Amounts due to the NHS Board	0
2,222	Net Balance with NHS Dumfries & Galloway	3,289

2016/17 £000	Transactions with Dumfries and Galloway Council	2017/18 £000
(63,913)	Funding Contributions received from the Council	(60,077)
61,840	Expenditure on Services Provided by the Council	58,628
(2,073)	Net Transactions with Dumfries & Galloway Council	(1,449)

As at 31/03/17 £000	Balances with Dumfries and Galloway Council	As at 31/03/18 £000
2,073	Debtor balances: Amounts due from the Council	3,522
0	Creditor balances: Amounts due to the Council	0
2,073	Net Balance with Dumfries & Galloway Council	3,522

Note 11: Contingent Liabilities

A review of potential contingent assets and liabilities has been undertaken for the IJB and none have been identified at 31 March 2018.

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Section 9: Independent Auditors Report

TO BE INSERTED FOLLOWING EXTERNAL AUDIT REVIEW

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Section 10: Glossary of Terms

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

A&E

Accident & Emergency

Accounting Period

The period of time covered by the Financial Statements, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Asset

An item having value to the IJB in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset provides benefits to the IJB and to the services it provides for a period of more than one year.

Audit of Financial Statements

An independent examination of the IJB's financial affairs.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CIES

Comprehensive Income and Expenditure Statement

CIPFA

The Chartered Institute of Public Finance and Accountancy

CNORIS

The Clinical Negligence and Other Risks Indemnity Scheme

Creditor

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

Debtor

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

Depreciation

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the IJB's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

Entity

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

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Financial Statements are authorised for issue.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the IJB and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the financial statements.

Health and Social Care Partnership

Is the name given to the Parties' service delivery organisation for functions which have been delegated to the IJB.

H&SCSMT

Health and Social Care Senior Management Team

HMRC

HM Revenue and Customs

IAS

International Accounting Standards

IFRS

International Financial Reporting Standards

IJB

Integration Joint Board

IM&T

Information, Management and Technology

LASAAC

The Local Authority (Scotland) Accounts Advisory Committee.

Liability

A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

NRAC

National Resource Allocation Committee. This committee generates a formula to reflect the needs of a population based on the population demographics, deprivation, rurality etc.

Provisions

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

PSIAS

Public Sector Internal Audit Standards 2013

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include Elected Members, the Chief Executive, the Executive Directors and their close family and household members.

Remuneration

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

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB. Some capital reserves such as Fixed Asset Restatement Account cannot be used to meet current expenditure.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

Useful Economic Life

The period over which the local authority will derive benefits from the use of a non-current asset.