



**REPORT TO:** PERFORMANCE AND AUDIT COMMITTEE – 24 SEPTEMBER 2019

**REPORT ON:** AUDIT SCOTLAND ANNUAL REPORT AND INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2018/19

**REPORT BY:** CHIEF FINANCE OFFICER

**REPORT NO:** PAC34-2019

## 1.0 PURPOSE OF REPORT

The purpose of this report is to present the Integration Joint Board's (IJB) Draft Audited Annual Statement of Accounts for the year to 31 March 2019 for approval, to note the draft external auditor's report in relation to these accounts and approve the response to this report.

## 2.0 RECOMMENDATIONS

It is recommended that the Performance and Audit Committee:

- 2.1 Notes the contents of the attached Audit Scotland cover letter (attached as Appendix 1) and the draft external auditor's report (attached as Appendix 2) including the completed action plan outlined on pages 22-26 of the report, and in particular that Audit Scotland have indicated they will issue an unqualified audit opinion on the IJB's 2018/19 Annual Accounts;
- 2.2 Endorses this report as the IJB's formal response to the external auditor's report;
- 2.3 Instructs the Chief Finance Officer to provide an update on progress of the action plan noted in Appendix 1 of the external auditor's report by January 2020;
- 2.4 Approves the attached Audited Annual Accounts (attached as Appendix 2) for signature and instructs the Chief Finance Officer to return these to the external auditor;
- 2.5 Instructs the Chief Finance Officer to arrange for the above Annual Accounts to be published on the Dundee Health & Social Care Partnership website by no later than 31 October 2019.

## 3.0 FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.

## 4.0 MAIN TEXT

### 4.1 Background

- 4.1.1 The IJB's Draft Annual Accounts 2018/19 were presented and approved by the IJB at its meeting on 25 June 2019 (Article XI of minute refers). The IJB is required to prepare financial statements for the financial year ending 31 March 2019 following the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The Annual Accounts report the financial performance of the IJB. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to the IJB for the delivery of the IJB's vision and its core objectives.

- 4.1.2 Audit Scotland's Annual Audit Plan for 2018/19 in relation to Dundee Integration Joint Board was presented to the Performance and Audit Committee meeting of the 25 March 2019 (Article IX of the minute refers). This described how the auditor would deliver their audit to the IJB, outlined their responsibilities and their intended approach.

## 4.2 External Auditors Report

- 4.2.1 Audit Scotland has now completed their audit work and, in accordance with auditing standards, are required to report the outcome of their work in relation to their review of the financial statements, prior to formally issuing their audit opinion. This requirement has been addressed in the attached External Auditor's Report.

- 4.2.2 The report summarises the findings in relation to the overall audit of the IJB for the year ended 31 March 2019. It describes the scope of audit work undertaken during 2018/19 and the issues arising from that work are divided into four key audit dimensions:

- Financial Sustainability
- Financial Management
- Governance and Transparency
- Value for Money

- 4.2.3 The main elements of Audit Scotland's audit work in 2018/19 have been:

- an audit of the IJB's 2018/19 annual accounts including the issue of an independent auditor's report setting out their opinions.
- consideration of the four audit dimensions noted in 4.2.2 above

- 4.2.4 In addition to the members of the IJB, the external auditor's report is also addressed to the Controller of Audit of the Accounts Commission for Scotland.

- 4.2.5 In relation to the four key audit dimensions noted above, Audit Scotland has identified no major issues and are of the opinion that the financial statements give a true and fair view of the state of the IJB's affairs and of its net expenditure for the 2018/19 financial year. A number of recommendations have been made which are reflected in the action plan. Audit Scotland has issued an unqualified independent auditor's report on the Dundee Integration Joint Board's Accounts for 2018/19.

## 4.3 Significant findings from the audit of the financial statements

- 4.3.1 As part of the audit of the 2018/19 annual accounts the following areas were noted:

- *Debtors Balances - Note 6 discloses the correct total debtors balance of £2.786 million. However, the balance related to NHS Tayside was understated by £1.837 million and the balance related to Dundee City Council was overstated by £1.837 million.*

Resolution: The audited accounts have been amended. The error had no impact on the general fund balance.

- *Hospital acute services (set aside) - The "set aside" budget is the IJB's share of the budget for delegated acute services provided by large hospitals, on behalf of the IJB. Included within the total IJB's net expenditure of £263.077 million is the £17.449 million of "set aside" costs. The budget and actual expenditure reported for the "set aside" are equal. The figure is based on 2016/17 activity levels for hospital inpatient and day case activity, provided by NHS National Services Scotland's Information Services Division and adjusted to reflect 2018/19 costs.*

Resolution (for information only): The set aside calculation is a transitional arrangement agreed with the Scottish Government. The Comprehensive Income and Expenditure Statement correctly incorporates set aside costs. The Chief Finance Officer continues to work with NHS Tayside to develop a methodology to measure set aside more accurately. The reliability of this approach will be assessed during 2019/20.

#### 4.4 Key Messages Arising from the External Audit Report

- 4.4.1 Audit Scotland has noted a number of judgements in relation to the audit dimensions as set out in Parts 2 and 3 of their report. Under financial management and sustainability, they have noted elements of uncertainty over the IJB's short term financial sustainability given the impact on reserves of the deficit incurred in 2018/19 leading to a low level of reserve balances and the sale of the projected overspend in 2019/20. In addition, it notes that while projected funding shortfalls have been set out within the Strategic and Commissioning Plan 2019-22, the IJB has yet to develop medium to long term financial plans to demonstrate how it will fund resource shortfalls in the future. In relation to governance, transparency and best value, Audit Scotland has recognised the arrangements in place to support scrutiny and governance by the IJB and the commitment to transparency. It also notes the outcome of the Scottish Ministerial Strategic Group for Health and Community Care self-evaluation which shows that while some progress has been made, the IJB and its partners have a significant amount of work to do to improve and further establish governance arrangements. Audit Scotland also noted the IJB is not currently able to demonstrate that it is meeting its statutory Best Value duty.

#### 4.5 Action Plan

- 4.5.1 Audit Scotland's 2018/19 recommendations for improvement and associated response by the IJB are noted in the Action Plan set out in Appendix 1 of the Audit Scotland Report.

It is recommended that the Chief Finance Officer provides an update on the progress of the agreed actions to meet these recommendations by January 2020 in order to support the 2019/20 audit process.

#### 5.0 POLICY IMPLICATIONS

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

#### 6.0 RISK ASSESSMENT

<b>Risk 1 Description</b>	There is a risk that failure to progress the Audit Scotland recommendations may weaken the IJB's governance arrangements and result in a negative future years audit opinion
<b>Risk Category</b>	Financial / Governance
<b>Inherent Risk Level</b>	Likelihood 2 x Impact 4 = Risk Scoring 8 (which is High Risk Level)
<b>Mitigating Actions</b> (including timescales and resources )	The development and implementation of the action plan as set out in Appendix 1 to the Audit Scotland Report by the timescales as stated will reduce the risk
<b>Residual Risk Level</b>	Likelihood 2 x Impact 3 = Risk Scoring 6 (which is a Moderate Risk Level)
<b>Planned Risk Level</b>	Likelihood 2 x Impact 3 = Risk Scoring 6 (which is a Moderate Risk Level)
<b>Approval recommendation</b>	Given the nature of the risks, these are deemed to be acceptable

#### 7.0 CONSULTATIONS

The Chief Officer, External Auditor and the Clerk have been consulted in the preparation of this Report.

**8.0 BACKGROUND PAPERS**

None.

Dave Berry  
Chief Finance Officer

DATE: 18 September 2019

## **Dundee City Integration Joint Board Audit of 2018/19 annual accounts**

18 September 2019

### **Independent auditor's report**

1. Our audit work on the 2018/19 annual accounts is now substantially complete. Subject to receipt of revised annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 24 September 2019. The proposed report is attached at **Appendix A**.

### **Annual audit report**

2. We also present for your consideration our proposed Annual Audit Report on the 2018/19 audit. International Standard on Auditing (ISA) 260 (Communication with those charged with governance) requires auditors to report specific matters arising from the audit of the annual accounts to those charged with governance, in sufficient time to enable appropriate action. Within the proposed Annual Audit Report, the section headed "Significant findings" sets out the issues which we consider require to be drawn to your attention.
3. The Annual Audit Report will be issued in its final form after the annual accounts have been approved for issue and the independent auditor's report has been signed.
4. In presenting this report to the Joint Board we seek confirmation that we have been informed of:
  - instances of any actual, suspected or alleged fraud;
  - events that have occurred since 31 March 2019 which could have a significant impact on the annual accounts;
  - instances of non-compliance with legislation.
5. The Annual Audit Report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.

### **Unadjusted misstatements**

6. We also report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. There are no unadjusted misstatements to be corrected.

## Representations from management

7. International Standard on Auditing 580 (Management representations) requires auditors to obtain representations on certain matters from management. Accordingly, as part of the audit completion process, we seek written assurances from the Chief Finance Officer, as the "proper officer" appointed by virtue of section 95 of the Local Government (Scotland) Act 1973, on aspects of the annual accounts.
8. A draft letter of representation is attached at **Appendix B**. This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

## Concluding remarks

9. I take this opportunity to record my thanks for the patient and courteous assistance extended to the audit team. The Chief Finance Officer provided good support to the audit team which helped to ensure that the audit process ran smoothly.

**Fiona Mitchell-Knight FCA**  
**Audit Director**  
**Audit Scotland**  
**4th Floor, The Athenaeum Building**  
**8 Nelson Mandela Place**

**Glasgow, G2 1BT**

## APPENDIX A: Proposed Independent Auditor's Report

### Independent auditor's report to the members of Dundee City Integration Joint Board and the Accounts Commission

#### Report on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Dundee City Integration Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income & Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the Dundee City Integration Joint Board as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 10th April 2017. The period of total uninterrupted appointment is three years. I am independent of the Dundee City Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Dundee City Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Dundee City Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

### **Responsibilities of the Chief Finance Officer and Performance and Audit Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Dundee City Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Performance and Audit Committee is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other information in the annual accounts**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on other requirements

### Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

## Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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

24 September 2019

## APPENDIX B: Template Letter of Representation (ISA 580)

Fiona Mitchell-Knight, Audit Director  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Fiona

### **Dundee City Integration Joint Board Annual Accounts 2018/19**

1. This representation letter is provided in connection with your audit of the annual accounts of Dundee City Integration Joint Board for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Board, Dundee City Council and NHS Tayside, the following representations given to you in connection with your audit of Dundee City Integration Joint Board's annual accounts for the year ended 31 March 2019.

### **Financial Reporting Framework**

3. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (2018/19 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
4. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the Dundee City Integration Joint Board at 31 March 2019 and the transactions for 2018/19.

### **Accounting Policies & Estimates**

5. All material accounting policies applied are as shown in the note to the financial statements. The accounting policies are determined by the 2018/19 accounting code, where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to Dundee City Integration Joint Board's circumstances and have been consistently applied.
6. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information

or experience. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

### **Going Concern Basis of Accounting**

7. I have assessed Dundee City Integration Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Dundee City Integration Joint Board's ability to continue as a going concern.

### **Liabilities**

8. All liabilities at 31 March 2019 of which I am aware have been recognised in the annual accounts.

### **Laws and Regulations**

9. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

### **Related Party Transactions**

10. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of International Accounting Standard 24.

### **Remuneration Report**

11. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

### **Management commentary**

12. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

### **Corporate Governance**

13. I confirm that the Dundee City Integration Joint Board has undertaken a review of the system of internal control during 2018/19 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
14. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2019, which require to be reflected.

**General**

15. I acknowledge my responsibility and that of Dundee City Integration Joint Board for the annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Dundee City Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
16. Disclosure has been made in the financial statements of all matters necessary to give a true and fair view of the financial position of Dundee City Integration Joint Board as at 31 March 2019 and the income and expenditure for the year then ended.
17. The information given in the narrative reports supporting the financial statements, including the Management Commentary, Annual Governance Statement and Remuneration Report, presents a balanced picture of Dundee City Integration Joint Board and is consistent with the financial statements.
18. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I confirm that there are no allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.
19. I confirm that I am not aware of any uncorrected misstatements.

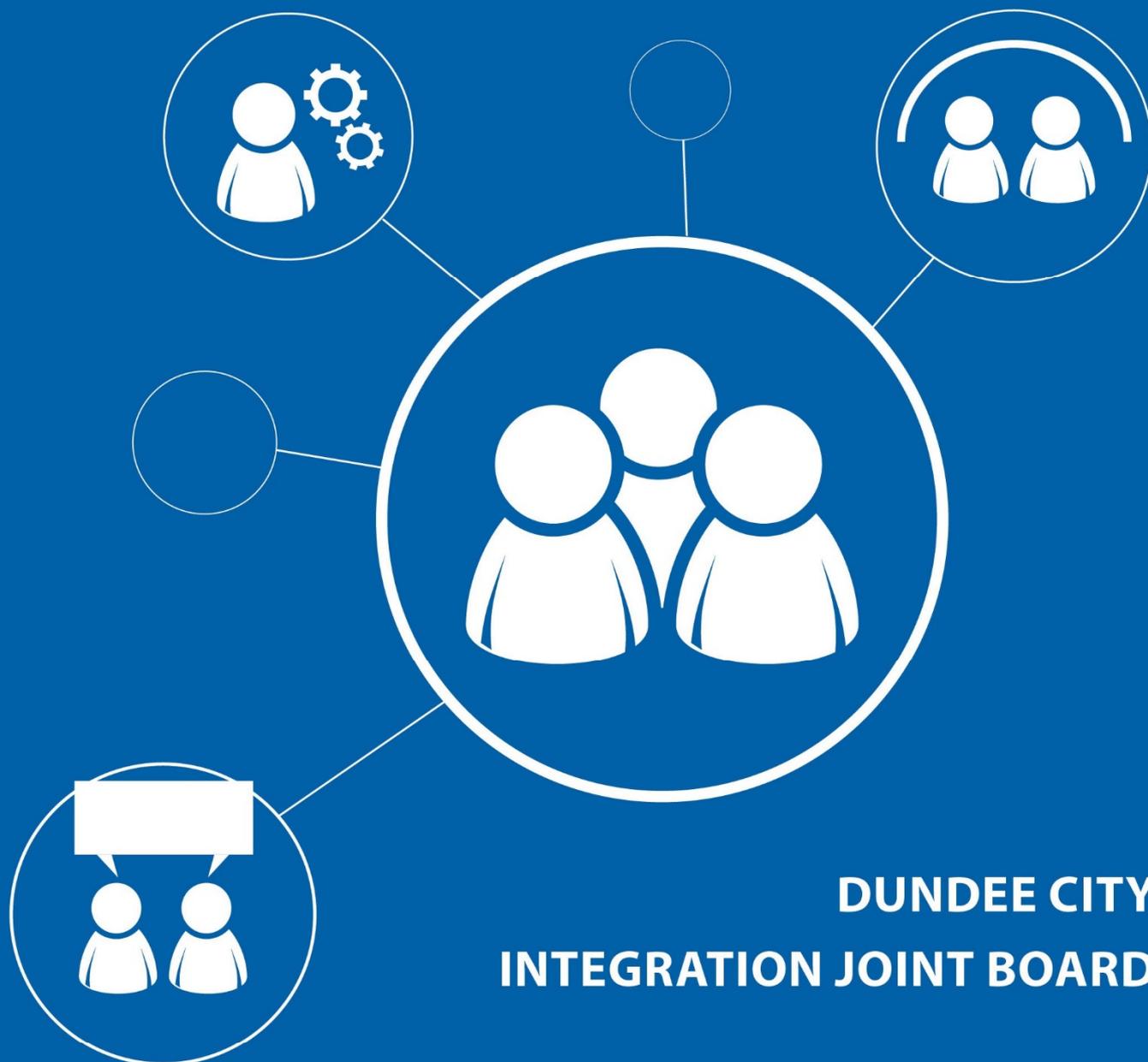
**Balance Sheet**

20. There have been no material events since the date of the balance sheet which would require the revision of the figures in the financial statements or notes thereto.
21. Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

Yours sincerely

Chief Finance Officer  
Dave Berry, CPFA

24 September 2019



# DUNDEE CITY INTEGRATION JOINT BOARD

Commonly known as the Dundee Health and Social Care Partnership

# ANNUAL ACCOUNTS

2018-19

Audited

## Dundee City Integration Joint Board

### Annual Accounts 2018-19

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## Introduction

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

Following approval from Dundee City Council and NHS Tayside, the Dundee Integration Scheme, the formal legal partnership agreement between the two parent organisations, was submitted to the Scottish Ministers in August 2015. On 3 October 2015 Scottish Ministers legally established Dundee's Integration Joint Board as a body corporate by virtue of the Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Amendment (No 3) Order 2015. The Integration Scheme was subsequently amended and approved by the Scottish Government with effect from 3<sup>rd</sup> April 2018 to take account of The Carers (Scotland) Act 2016.

Dundee City Integration Joint Board formally became responsible for the operational management and oversight of delegated health and social care functions with effect from 1 April 2016. The services delegated to Dundee City IJB by NHS Tayside and Dundee City Council are listed in the Dundee Integration Scheme, which can be accessed [here](#).

This publication contains the financial statements for Dundee City Integration Joint Board for the year ended 31 March 2019. The Management Commentary highlights the key activities carried out to date and looks forward, outlining the anticipated financial outlook for the future and the challenges and risks facing health and social care services over the medium term.

## Role and Remit of Dundee City Integration Joint Board

Dundee City Integration Joint Board (commonly known as Dundee Health and Social Care Partnership) has responsibility for providing defined health care and social care services for the residents of Dundee encompassing an area of 60 square kilometres and a population of 148,000. Like other parts of Scotland, Dundee is expected to see a significant rise in the number of older people with an increase of 45% in those over 75 anticipated over the next 20 years. Deprivation in Dundee is high with just over 29% of the population living in the 15% most deprived areas of Scotland. Overall Dundee is the fifth most deprived local authority area in Scotland, with only Glasgow, Inverclyde, West Dunbartonshire and North Ayrshire having higher deprivation (SIMD, Scottish Government 2016). Dundee males have the second lowest life expectancy in Scotland and Dundee females have the third lowest life expectancy in Scotland, with factors such as prevalence of substance misuse, mental health problems, smoking, and obesity all contributing to the reduced life expectancy. These factors highlight the scale of the challenges Dundee City Integration Joint Board faces over the coming years.

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

The table below notes the membership of Dundee City Integration Joint Board in 2018/19:

**Voting Members:**

<b>Role</b>	<b>Member</b>
<b>Nominated by Health Board</b>	Trudy McLeay (from 30/10/18)
<b>Nominated by Health Board</b>	Jenny Alexander (from 30/10/18)
<b>Nominated by Health Board</b>	Norman Pratt (from 30/10/18 until 31/03/19)
<b>Nominated by Health Board</b>	Doug Cross (until 25/09/18)
<b>Nominated by Health Board</b>	Judith Golden (until 29/5/18)
<b>Nominated by Health Board</b>	Munwar Hussain (until 28/8/18)
<b>Councillor Nominated by Dundee City Council</b>	Councillor Ken Lynn
<b>Councillor Nominated by Dundee City Council</b>	Bailie Helen Wright
<b>Councillor Nominated by Dundee City Council</b>	Councillor Roisin Smith

**Non-voting members:**

<b>Role</b>	<b>Member</b>
<b>Chief Social Work Officer</b>	Jane Martin (Dundee City Council) (until 31/07/19)
<b>Chief Officer</b>	David W Lynch
<b>Proper Officer Appointed under section 95 (Chief Finance Officer)</b>	Dave Berry
<b>Registered medical practitioner whose name is included in the list of primary medical performers prepared by the Health Board</b>	Frank Weber
<b>Registered nurse who is employed by the Health Board</b>	Sarah Dickie (NHS Tayside)
<b>Registered medical practitioner employed by the Health Board and not providing primary medical services</b>	Cesar Rodriguez (NHS Tayside) (until 31/3/19)
<b>Staff of the constituent authorities engaged in the provision of services provided under integration functions</b>	Raymond Marshall (NHS Tayside Staff Side Representative) Jim McFarlane (Dundee City Council Trade Union Representative)
<b>Director of Public Health</b>	Drew Walker (NHS Tayside)
<b>Third Sector Representative</b>	Christine Lowden (Dundee Voluntary Action)
<b>Service user residing in the area of the local authority</b>	Andrew Jack (Public Partner, NHS Tayside) (until 28/08/18) Linda Gray (from 18/12/18)
<b>Persons providing unpaid care in the area of the local authority</b>	Martyn Sloan (Carer, Dundee Carers Centre)

The Chair of Dundee City Integration Joint Board rotates on a two yearly basis with the Chairs position transferring in October 2018 to Trudy McLeay as a non-executive member of NHS Tayside Board and Councillor Ken Lynn acting as Vice Chair. As noted in the membership table above the Dundee City IJB experienced a higher level of turnover in membership over 2018/19.

The following changes in the membership of Dundee City IJB have taken place after the end of the 2018/18 financial year and up to 24 September 2019 when the audited annual accounts were authorised for issue:

- voting member: Professor Nic Beech (from 01/04/19), Nominated by Health Board.
- non-voting member: Registered medical practitioner, James Cotton (NHS Tayside) (from 01/04/19).
- non-voting member: Chief Social Worker Officer, interim position Diane McCulloch (Dundee City Council) (from 01/08/19)

The Chief Officer provides the strategic leadership and direction to the delegated operational services of the Dundee City Integration Joint Board. The Chief Officer is supported by the Head of Finance and Strategic Planning (as Chief Finance Officer) and the Head of Health and Community Care.

### Operations for the Year

2018/19 represents the third full financial year of Dundee City Integration Joint Board (commonly known as Dundee Health and Social Care Partnership) being formally responsible for planning and delivering community based health and social care services. The development and delivery of these services throughout 2018/19 was in line with the Dundee City Integration Joint Board's Strategic and Commissioning Plan which sets out the context within which integrated services in Dundee operate and is shaped around the Health and Social Care Partnership's vision that "Each Citizen of Dundee will have access to the information and support that they need to live a fulfilled life." Dundee City Integration Joint Board's Strategic and Commissioning Plan 2016/2021 was reviewed and replaced during 2018/19 with the new plan for 2019-2022 approved by the Dundee City IJB in March 2019. This can be found at:

[https://www.dundeehscp.com/sites/default/files/publications/dhscp\\_strategic\\_plan\\_2019-2022.pdf](https://www.dundeehscp.com/sites/default/files/publications/dhscp_strategic_plan_2019-2022.pdf).

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

The priorities in the 2019-2022 Strategic Commissioning Plan are consistent with and support the Scottish Government nine National Health and Wellbeing Outcomes which apply across all health and social care services. These are:

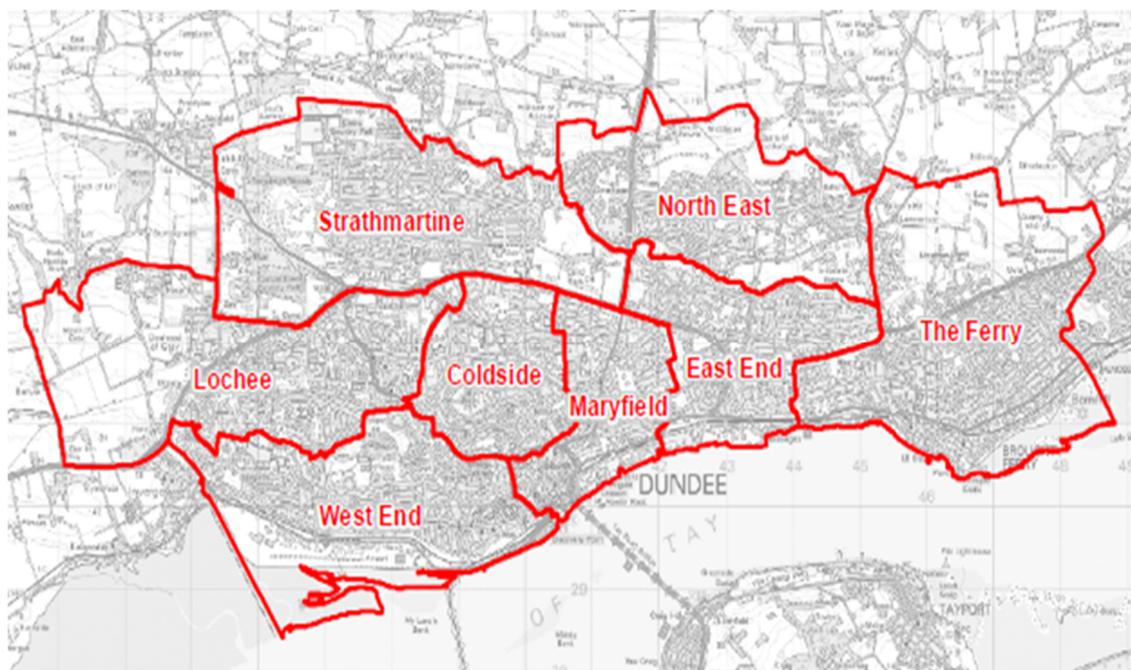
**Table 1 National Outcomes**

<b>Outcome 1. Healthier Living</b>	People are able to look after and improve their own health and wellbeing and live in good health for longer
<b>Outcome 2. Independent Living</b>	People, including those with disabilities, long term, conditions, or who are frail, are able to live as far as reasonably practicable, independently at home or in a homely setting in their community.
<b>Outcome 3. Positive Experiences and Outcomes</b>	People who use health and social care services have positive experiences of those services and have their dignity respected.
<b>Outcome 4. Quality of Life</b>	Health and social care services are centred on helping to maintain or improve the quality of life of service users.
<b>Outcome 5. Reduce Health Inequalities</b>	Health and social care services contribute to reducing health inequalities.
<b>Outcome 6. Carers are Supported</b>	People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
<b>Outcome 7. People are Safe</b>	People who use health and social care services are safe from harm.
<b>Outcome 8. Engaged Workforce</b>	People who work in health and social care services feel engaged with the work they do, are supported to continuously improve the information, support, care and treatment they provide
<b>Outcome 9. Resources are used Efficiently and Effectively</b>	Resources are used effectively and efficiently in the provision of health and social care services

### Operational Delivery Model

During 2018/19, Dundee Health and Social Care Partnership continued to redesign and develop its operational delivery structure with a view to embedding a full locality based model of integrated health and social care services to support the delivery of the Dundee City Integration Joint Board's strategic priorities. This structure is based around the eight Local Community Planning Partnership (LCPP) areas within the city as noted below.

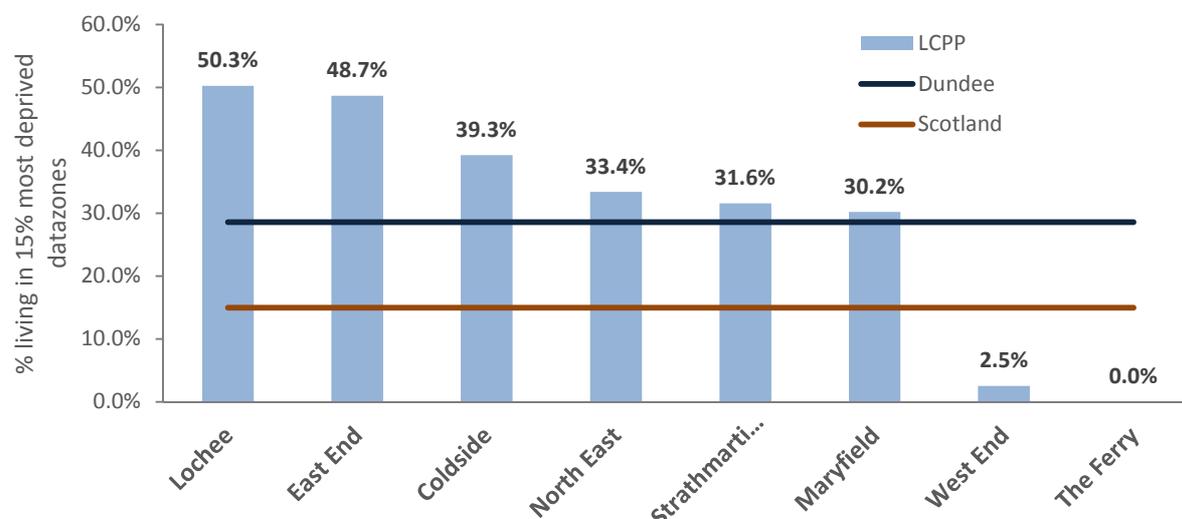
### Map of Eight Local Community Planning Partnership Areas



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

One of the key challenges in delivering on the Dundee City Integration Joint Board's Strategic Priorities and National Health and Wellbeing Outcomes is the high levels of inequalities which exist within the city with significant variances across locality areas, driven by high levels of deprivation and resultant impact on higher prevalence levels of health and multiple long term conditions. In addition to the frailty and ill health which is prevalent in the ageing population, many younger adults in Dundee are experiencing health conditions earlier in life as a result of deprivation and associated impact of substance misuse and mental health issues. In Dundee six out of eight Dundee LCPP areas are above the Scottish average of 15% and are also above Dundee's average of 28.6% (Chart 1). The combined effects of these are evidenced by the increased demand and usage of health and social care services in Dundee.

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



Source: Scottish Index of Multiple Deprivation 2016, Scottish Government

### Scrutiny and Performance

The Integration Joint Board's Performance and Audit Committee (PAC) provides the opportunity for committee members to better understand the needs of communities and to monitor and scrutinise performance of delegated services against delivering the strategic priorities through a range of performance indicators and benchmarking. Throughout 2018/19, the Integration Joint Board's Performance and Audit Committee received regular performance reports which quantified Dundee's health and social care challenges in relation to the baseline data against a range of performance indicators, designed to capture the progress made under integration over time. This includes nationally and locally set indicators, a number of which are reflected at locality level to assist the Dundee City Integration Joint Board in determining the areas of greatest need and to inform the targeting of resources. Dundee's 2018/19 performance against a range of national indicators is noted in Table 2 below. This shows continuing good progress is being made in relation to reducing emergency bed days and delayed discharges from hospital however challenges still remain in relation to emergency admissions to hospital, falls and readmissions. This information has also demonstrated that the performance gap between the most and least deprived LCPPs is narrowing for a number of these indicators. These have been subject to further in-depth scrutiny during 2018/19 through the PAC including a standardised locality performance analysis which reflected underlying performance for each area after taking into consideration the impact of income inequality and other socio economic factors. This highlighted that 3 of the 4 most deprived LCPP areas saw improved performance against the Dundee average after taking these factors into consideration with 2 of the more affluent areas seeing a deterioration in results. One deprived area remained the poorest of any LCPP area. This directs operational managers to further exploration of the underlying reasons behind these different levels of performance which will in turn influence further service development and redesign opportunities. Further information regarding the performance of Dundee Integration Joint Board can be found at the Annual Performance Report: <https://www.dundeehscp.com/publications/dhscp-annual-performance-report-2018-19>

Table 2

National Indicator	Dundee 15/16 (Baseline Year)	Dundee 17/18	Dundee 18/19	Scotland 2018/19
<b>Emergency admissions rate to hospital per 100,000 people aged 18+</b>	12,168*	12,815*	12,610	Not available
<b>Emergency bed days rate per 100,000 people aged 18+</b>	146,192*	135,284*	125,026	Not available
<b>Readmissions to acute hospital within 28 days of discharge rate per 1,000 population</b>	122*	127*	124	Not available
<b>Falls rate per 1,000 population aged 65+</b>	25	29*	31	Not available
<b>Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (Delayed Discharge bed days)</b>	832	349*	369	805

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

### Transforming Services

The Integration Joint Board's Transformation Programme is key to the Dundee City Integration Joint Board continuing to deliver change in the way in which health and social care services are provided and connects the overarching strategic priorities with service redesign opportunities. While an internal audit review undertaken during 2018/19 noted a number of recommendations around improving the governance around the Transformation Programme, the service based redesign programmes such as Reshaping Non-Acute Care have continued to make good progress and will contribute to future efficiencies. An action plan was presented to the Dundee City IJB in May 2019 in response to the issues raised within the internal audit review. The challenge for the Dundee City IJB is to be able to develop and sustain levels of change at scale and pace to meet the growing demographic needs with continuing financial restrictions.

Through delivery of the Dundee City Integration Joint Boards Strategic and Commissioning Plan, Dundee Health and Social Care Partnership continues to reduce the number of hospital beds it directly manages and continues to reduce the number of emergency bed days used by the Dundee population through the acute hospital sector. The bed base is part of the overall description within the legislation around health and social care integration known as the large hospital set aside, with the Dundee City Integration Joint Board being responsible for the planning of acute services that are delegated with NHS Tayside responsible for the operational oversight and management of these services. Further collaborative work will be undertaken

over 2019/20 with NHS Tayside to make continued progress in shifting resources from hospital based to community based care settings.

Further work around transformation of delegated health and social care services from 2019/20 onwards will be undertaken following consideration of the findings and recommendations of the Dundee Drugs Commission Report “Responding to Drug Use with Kindness, Compassion and Hope” and the ongoing Independent Inquiry into Mental Health Services in Tayside.

Dundee City IJB has continued to develop an assessment at home model to enable people to live independently at home or in a homely setting in their community.

#### **Models of Support / Pathways of Care - Independent Living Case study**

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

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

Source: DHSCP Annual Performance Report 2018-19

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

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

### Analysis of Financial Statements 2018/19

The Annual Accounts report the financial performance of Dundee City Integration Joint Board. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to the Dundee City Integration Joint Board for the delivery of its vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code 2018/19). The 2018/19 Accounts have been prepared in accordance with this Code.

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

The 2018/19 Annual Accounts comprise:-

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

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

### Financial Position at the End of March 2019

The overall financial performance consists of an underlying deficit of £3,630k in Social Care budgets (deficit of £403k in 2017/18) and an underlying surplus of £1,836k in NHS budgets (deficit of £2,119k in 2017/18) resulting in a net deficit of £1,794k. A deficit in 2018/19 was anticipated and the Integration Joint Board planned to use £2,740k of its reserves including transition funding to support the Reshaping Non-Acute Care Programme in order to fund the deficit. Over and above this, overspends were incurred during the year in relation to staff costs of £460k, including the effect of a higher than budgeted pay award and the non-achievement of savings through the redesign of care at home services. In addition, high demand for community based social care services led to an overspend in services provided by third and independent sector care providers of £319k, with supplies and services overspent by £107k mainly due to the impact of a year-end stock adjustment.

The NHS underspend position is mainly due to underspends in Scottish Government ring-fenced funding such as Primary Care, Mental Health Action 15 and Alcohol and Drug Partnership funding totalling £1,505k. This funding is carried forward in the Dundee City IJB's general fund balances to 2019/20 to be invested in new services and service redesign in line with the Scottish Government's requirements and local plans. A further underspend of £331k was achieved in community based operational services including the net impact of hosted

services recharged from Angus and Perth and Kinross IJB's. This position was achieved as a direct response to a request from NHS Tayside for a financial recovery plan in line with the integration scheme, prompted by the projection of a significant overspend in NHS budgets early on in the 2018/19 financial year. Uncommitted, non-recurring funding was applied by the IJB to support overspending areas of the budget such as GP Prescribing and In-Patient Mental Health Services.

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

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

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

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

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

Source: Dundee Health and Social Care Partnership Strategic and Commissioning Plan 2019-2022

*Note: Figures were provisional until Dundee City IJB budget for 2019/20 is set. Excludes value of Large Hospital Set Aside. The Strategic Commissioning Plan was approved on 29/3/19, in advanced of the approval of the 2019/20 budget.*

### **Key Risks and Uncertainties**

Dundee City IJB has prepared a Three Year Financial Framework to meet the challenges of demographic growth and policy pressures. While service redesign and development will continue to provide opportunities to deliver services more effectively and efficiently with better outcomes for individuals, the continuing funding restrictions and cost pressures facing the Dundee City Integration Joint Board will limit the ability to release and shift resources from traditional models of care (such as the Large Hospital Set Aside) for reinvestment. The impact of a challenging budget settlement from Dundee City Council to Dundee City Integration Joint Board for 2019/20 following a flat cash settlement in 2018/19 and continued cost pressures around the GP Prescribing budget and In-Patient Mental Health services within the NHS delegated budget provide real risks that the Integration Joint Board will be unable to sustain current levels of activity in order to deliver a balanced budget. Additional demand for services through the introduction of Free Personal Care for Under 65's from 1<sup>st</sup> April 2019 and through year two of the Carers Act are still only estimated and this will be monitored closely during the year.

The Dundee City Integration Joint Board's budget efficiency plans for 2018/19 were reliant on a range of non-recurring interventions such as the use of uncommitted reserves to cover known expenditure pressures. With further cost pressures emerging throughout the 2018/19 financial year there is a risk that the Dundee City Integration Joint Board is unable to drive change at the scale and pace necessary to replace these with sustainable and recurring plans from 2019/20 onwards and to cover additional cost pressures.

New GP Contract arrangements were introduced by the Scottish Government during 2018/19 to develop a sustainable model of general practice. This is supported through Primary Care Improvement funding from the Scottish Government and delegated to Integration Joint Boards. This will see the development of multi-disciplinary, community based support teams working in and around general practices to support areas previously the responsibility of GPs. To deliver this operational change, new competencies and skills of the workforce will be required. However, there are challenges in that Dundee may not be able to recruit or develop the workforce to deliver all the expectations or the risk that establishing new roles and opportunities creates instability across other services as staff move to the new services. There are also financial challenges in meeting the Scottish Government's and GP's expectations with the resources provided with potential funding shortfalls identified in future years.

There is a wider risk around the ability to develop and sustain the required workforce to deliver effective health and social care services given a profile of an ageing workforce, recruitment difficulties for particular professions such as nurses and competing demands within the traditional social care labour market through the projected growth in the hospitality sector in Dundee. The strategy to mitigate these risks will be set out during 2019/20 within the Dundee City IJB's Workforce and Organisational Development Strategy.

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

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

Whilst showing an improving position during 2018/19, the impact of NHS Tayside’s financial challenges, in addition to recent leadership changes, has created some uncertainty around the impact this will have on the Integration Joint Board over the coming year and beyond. However this also brings opportunities and the Dundee City IJB will work with NHS Tayside through the delivery of its emerging Transforming Tayside Programme and the Dundee City IJB’s Strategic and Commissioning Plan 2019-22 to ensure services remain fit for the future and improve outcomes for the people of Dundee.

Wider issues that present some degree of uncertainty to the Dundee City IJB include changes to the political environment as well as the impact of Brexit. There is a continuing high degree of uncertainty about future levels of public spending, particularly ahead of the Scottish Government’s 2019-2020 Spending Review. These could affect the long term planning relating to finance and the workforce. However, the Dundee City Integration Joint Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the constituent bodies, Dundee City Council and NHS Tayside, might be impaired as a result of a need to close facilities and reduce levels of service provision.

Regular identification and assessment of risk such as those uncertainties noted above is part of the Dundee City IJB’s risk management strategy with appropriate actions to eliminate or reduce the impact of such risks set out in the Dundee City IJB’s risk register when and where necessary. Areas for improvement around risk management following an Internal Audit assessment of Risk Maturity are reported in the governance statement.

## Conclusion

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

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



Signed:

24 September 2019

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

**David W Lynch**  
Chief Officer  
Dundee City  
Integration Joint Board

**Trudy McLeay**  
Chair  
Dundee City  
Integration Joint Board

**Responsibilities of the Dundee City Integration Joint Board**

The Dundee City Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature at a meeting of the Performance and Audit Committee on 24 September 2019.

Signed on behalf of the Dundee City Integration Joint Board

**Trudy McLeay**  
Chair  
Dundee City Integration Joint Board

24 September 2019

# STATEMENT OF RESPONSIBILITIES

## Responsibilities of the Chief Finance Officer

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

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

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

The Chief Finance Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Dundee City Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.

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

24 September 2019

## Introduction

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

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

## Remuneration: Integration Joint Board Chair and Vice Chair

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

Name	Post(s) held	Nominated by
K Lynn	Chair From 25 October 2016 to 29 October 2018 Vice Chair From 30 October 2018	Dundee City Council
D Cross	Vice Chair From 25 October 2016 to 25 September 2018	NHS Tayside
T McLeay	Chair From 30 October 2018	NHS Tayside

Dundee City Integration Joint Board does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the Integration Joint Board. The Chair and Vice Chair are remunerated by their relevant Integration Joint Board partner organisation. Dundee City Integration Joint Board does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. No taxable expenses were paid to the Chair or Vice Chair of the Integration Joint Board in 2018/19.

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

## Remuneration: Officers of Dundee City Integration Joint Board

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

## Senior Employees

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the Integration Joint Board has to be appointed and the employing partner has to formally second the officer to the Integration Joint Board. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation.

## REMUNERATION REPORT

The remuneration terms of the Chief Officer's employment are approved by the Dundee City Integration Joint Board. Other non-voting board members who meet the criteria for disclosure are included in the disclosures on the following page. The Chief Officer and Chief Finance Officer are both employed by Dundee City Council.

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

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 Dundee City Integration Joint Board balance sheet for the Chief Officer or any other officers. The senior officers are members of the Tayside Pension Fund which is a Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Scheme Regulations 2014. The Chief Officer is also a member of the NHS Pension Scheme (Scotland). The scheme is an unfunded multi-employer defined benefit scheme.

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

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

Pay band information is not separately provided as all staff pay information has been disclosed in the information above.

### **Exit Packages**

There were no exit packages payable during the financial year.

#### **Trudy McLeay**

Chair  
Dundee City Integration Joint Board

24 September 2019

#### **David W Lynch**

Chief Officer  
Dundee City Integration Joint Board

24 September 2019

## Introduction

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

## Scope of Responsibility

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

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

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



## The Governance Framework and Internal Control System

Dundee City Integration Joint Board comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the Dundee City Integration Joint Board. During 2018/19, the Dundee City Integration Joint Board continued to develop, enhance and review its governance arrangements as it moved through its third year of being responsible for the strategic planning and operational delivery of integrated health and social care services. This included progressing some areas highlighted as developments in the 2017/18 Annual Governance Statement.

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

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

Finance Officer has overall responsibility for the Dundee City Integration Joint Board's financial arrangements and is professionally qualified and suitably experienced to lead the Integration Joint Board's finance function and to direct staff accordingly.

- Formal monthly meetings of the senior leadership team including professional advisers.
- Standing Orders, Financial Regulations and a Code of Conduct including the publication of Register of Member's Interests and the nomination of the Clerk to the Integration Joint Board as Standards Officer were all in place during 2018/19. Standing Orders including terms of reference for the Performance and Audit Committee were reviewed and updated during the year.
- A scheme of delegation was in place which was reviewed and revised in April 2019.
- The Integration Joint Board met on seven occasions throughout the year to consider its business with a further three development sessions held as part of the 2019/20 budget development process.
- The Integration Joint Board's Performance and Audit Committee met on six occasions throughout the year to enhance scrutiny of the performance of the Integration Joint Board and audit arrangements in line with regulations and good governance standards in the public sector. One of these included a development session for new members.
- Internal Audit arrangements for 2018/19 were approved by the Performance and Audit Committee on 31 July 18 including the appointment of the Chief Internal Auditor of FTF Internal Audit and Management Services to the role of Chief Internal Auditor of the Integration Joint Board supported by Dundee City Council's Internal Audit Service. An Internal Audit Plan for 2018/19 was approved by the Performance and Audit Committee on 31 July 18, drawing on resources from both organisations.
- The assurances provided from internal audit through their independent review work of the Integration Joint Board's internal control systems.
- The Clinical, Care and Professional Governance Framework continued to evolve through the introduction of a Chairs Assurance Report from the Clinical, Care and Professional Governance Group.
- The Integrated Strategic Planning Group met on four occasions during the year with a further one development session.
- The Chief Finance Officer complied fully with the five principles of the role of the Chief Finance Officer, as set out in CIPFA guidance.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2018/19 this included the following:

- A focus on considering risk in decision making through the clear identification of risks in relation to Integration Joint Board decisions reflected in reports presented to the Integration Joint Board and Performance and Audit Committee.
- The approval and progressing in year of the Annual Internal Audit Plan with the presentation of Internal Audit reports and follow up action plans.
- Continued development of the performance management framework with a range of performance reports published and scrutinised by the Performance and Audit Committee throughout the year, including more detailed reviews of specific areas of concern as requested by the committee, including Falls analysis, Standardisation of Locality Performance Analysis and Readmissions Performance Analysis.
- A process of formal regular reporting of financial performance and monitoring to the Integration Joint Board was in place throughout 2018/19.
- The provision of regular budget development reports for 2019/20 to the Integration Joint Board.

- The provision of an assurance report from the chair of the Performance and Audit Committee outlining the key issues raised at the previous Performance and Audit Committee meeting to the following Integration Joint Board meeting.
- In-year reporting on issues relating to the Clinical, Care and Professional Governance Group in the form of the group's Chairs Assurance Report in line with the overarching strategy: Getting It Right for Everyone – A Clinical, Care and Professional Governance Framework with no major issues reported.
- Embedding the issuing of directions to NHS Tayside and Dundee City Council reflected in Integration Joint Board reports during the year.
- Reporting of the implications of national overview reports by scrutiny bodies such as Audit Scotland.
- Regular reporting to the Performance & Audit Committee of external scrutiny reports relating to delegated services from scrutiny bodies such as the Care Inspectorate and Mental Welfare Commission and supporting subsequent action plans.
- The development of a Governance Action Plan to progress previously recommended areas of improvement as recommended in the 2017/18 Internal Audit Report with a requirement to provide an update at each meeting of the Performance and Audit Committee. The Governance Action Plan was approved by the Performance and Audit Committee on 25 March 19.
- Provision of assurance to the Integration Joint Board that work was being undertaken to develop a range of governance principles to strengthen the governance arrangements associated with health and social care integration across Tayside as set out to the Dundee City IJB at its meeting of the 23 April 2019.
- Assurance provided around the quality of Social Work Services through the Chief Social Work Officer Governance Framework and Chief Social Work Officer's Annual Report.
- Reporting of complaints in relation to delegated Health and Social Care services.
- The approval of the Dundee City IJB's Strategic and Commissioning Plan 2019-2022 in March 2019, setting out the strategic direction of the Integration Joint Board and Health and Social Care Partnership including a 3 year financial framework.
- Assurances on the procedures, processes and systems of NHS Tayside and Dundee City Council.

### Review of Adequacy and Effectiveness

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

The review is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor's annual report, and reports from external auditors and other review agencies and inspectorates.

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

In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the

individual bodies' management assurances in relation to the soundness of their systems of internal control.

In preparing the Annual Governance Statement, the Dundee City Integration Joint Board gave consideration to both NHS Tayside and Dundee City Council's Annual Governance Statements. In its governance statement NHS Tayside states that it plans to take further steps to improve the clinical and care governance relationships between the Health and Social Care Partnerships and the Health Board. There were no issues arising which require any further disclosure in the Integration Joint Board's Governance Statement.

Throughout the year, the Performance and Audit Committee has considered a range of issues which cover its core responsibilities in providing the Integration Joint Board with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements. Assurances are provided through the internal audit reviews undertaken throughout the financial year and presented to the Performance and Audit Committee. During 2018/19 the committee received two substantial reports from the Chief Internal Auditor, the findings of which were considered in providing assurances within the Annual Governance Statement. The Risk Maturity assessment report, presented to Dundee City IJB on 25 Sept 2018 noted the progress to date and the priority given to Risk Management by the organisation. The report also noted the need for further work to be undertaken as the organisation matures. A Risk Management action plan was developed and presented to the PAC on 12 February 2019 in response to the outcome of the Internal Audit assessment. The Transformation Programme and Service Redesign report recognised the conscious effort that had been made to bring together the strands of transformational change. It, however, highlighted a number of improvements to enhance the adequacy and effectiveness of the system in place. This led to an assessment that the overall governance processes around the Transformation Programme were inadequate and an action plan was produced to respond to the recommendations. However given the nature of the issues highlighted, it is not deemed by the Chief Officer that these areas for improvement undermine the wider system of governance. The Transformation Programme and Service Redesign report was presented to the PAC on 12 February 2019.

The Chair of the Performance and Audit Committee provides an update to the next available Integration Joint Board meeting on the issues raised and any areas of concern which the Integration Joint Board should be made aware of. Over the course of 2018/19, no significant areas of concern were noted by the Chair of the Performance and Audit Committee.

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

The Chief Internal Auditor has carried out his review of the adequacy and effectiveness of the Integration Joint Board's framework of governance, risk management and control. The findings of this review are reflected in the Annual Internal Audit Report 2018/19 which was reported to the Integration Joint Board on 25 June 2019. The Annual Internal Audit Report supports the outcome of the Dundee City IJB's self-assessment process noted above and concludes that although some areas for improvement have been identified these do not impact on the level of assurance provided and reliance can be placed on the Integration Joint Board's governance arrangements and systems of internal controls for 2018/19. A management response, actions and planned completion dates in relation to these areas for improvement

were approved by the Dundee City IJB on 25 June 2019. Progress with these actions will be monitored through the Performance and Audit Committee.

### Continuous Improvement

The following areas for improvement have been identified through the self-assessment process and Annual Internal Audit Report. Progress against these will be monitored by the Performance and Audit Committee during 2019/20. A number of these are outstanding from previous year's continuous improvement plans and are now included in the Governance Action Plan and updated at each Performance and Audit Committee meeting with revised planned completion dates as appropriate. These have primarily been delayed due to the complexity, sensitivity and difficulty of the issues as well as resource capacity and the impact of other priorities across the wider partnership with NHS Tayside and the other Tayside Integration Joint Boards. The theme of adequacy of management capacity and provision of corporate support has been highlighted within the Internal Auditors Annual Report particularly in relation to driving transformational change while managing "business as usual". The development and implementation of a Workforce Plan as reflected in the areas for improvement section below is fundamental to meeting this challenge. A number of other areas of improvement have also been identified through completed internal audit reports.

In addition, the Integration Joint Board in partnership with Dundee City Council and NHS Tayside completed a self-evaluation in response to the findings of the Ministerial Strategic Group for Health and Community Care (MSG) report on the "Review of Progress with Integration of Health and Social Care" published in February 2019. The MSG report highlighted that many of the governance improvements highlighted in previous Dundee City IJB Internal Auditors Annual Reports are replicated across Scotland. Dundee City IJB submitted its response to the MSG on 15 May 2019 subject to further revisions to take account of further input from NHS Tayside in May 2019. The self-evaluation assessment was approved by Dundee City IJB on 25 June 2019. This assessment covers the key features required to support integration, including collaborative leadership, integrated finances, strategic planning for improvement, governance and accountability arrangements, information sharing and meaningful and sustained engagement. Many areas were assessed as established, with around 40% assessed as 'Partly established' and proposed improvement actions included against all proposals. Dundee City IJB has committed to take a lead role, through the Integrated Strategic Planning Group in working with Dundee City Council and NHS Tayside to identify specific arrangements and resources to support the progression of the MSG areas for improvement. The self – evaluation from the review of progress with integration of Health and Social care can be accessed [here](#).

Area for Improvement	Lead Officer	Planned Completion Date
<b><i>Previous Year Actions Carried Forward and Included in the Governance Action Plan</i></b>		
Development of improved Hosted Services arrangements around risk and performance management for hosted services	Chief Officer / Chief Finance Officer	Revised date December 2019
Clarification of deputising arrangements for the Chief Officer to be presented to the Dundee City IJB.	Chief Officer	Revised date October 2019

## ANNUAL GOVERNANCE STATEMENT

Further develop the Integration Joint Board's local Code of Governance	Chief Officer / Chief Finance Officer	Revised date October 2019
Update the Integration Joint Board's Participation and Engagement Strategy	Chief Officer / Chief Finance Officer	Revised Date October 2019
Development of Large Hospital Set Aside arrangements in conjunction with the Scottish Government, NHS Tayside and Angus and Perth and Kinross Integration Joint Boards	Chief Officer / Chief Finance Officer	Revised date December 2019
Development of regular IJB and PAC member induction and development process	Chief Officer / Chief Finance Officer	Revised date December 2019
<b>2018/19 Areas for Improvement Identified</b>		
Range of developments following the Internal Audit report on Risk Maturity as reflected in the Risk Management Action Plan, including updating the risk management strategy, streamlining risk registers to prevent duplication and agree reporting arrangements and schedules	Chief Finance Officer	All actions to be completed by December 2019
Strengthen governance arrangements around the Integration Joint Board's Transformation Programme as set out in the Transformation and Service Redesign Internal Audit Report and subsequent action plan	Chief Finance Officer	All actions to be completed by December 2019
Range of actions arising from the Workforce Internal Audit Review including development of the Integrated Workforce and Organisational Development Plan in addition to provision of staff governance reporting	Chief Finance Officer/Chief Officer	All actions to be completed by December 2019
Progress the range of improvement actions as set out in the Ministerial Strategic Group Review of Progress with Integration of Health and Social Care Report Self Evaluation	Head of Finance and Strategic Planning (as Chair of the Integrated Strategic Planning Group)	Progress report to be provided to the IJB by December 2019
Further learning from other IJB's reporting with regards to Best Value to be gained and considered for reflection in the 2019/20 Annual Performance Report	Chief Finance Officer	June 2020
Further development of the IJB and PAC minutes and papers to ensure full transparency and accurate recording of the discussions, questions asked and assurances provided	Chief Officer/ Chief Finance Officer/ Clerk to the Board	September 2019

Implementation of an action points update to each meeting of the IJB and PAC in addition to an annual workplan to be agreed at both meetings	Chief Officer/ Chief Finance Officer/ Clerk to the Board	September 2019
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### Conclusion and Opinion on Assurance

Whilst recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Dundee City Integration Joint Board's governance arrangements.

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

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

#### Trudy McLeay

Chair  
Dundee City Integration Joint Board

24 September 2019

#### David W Lynch

Chief Officer  
Dundee City Integration Joint Board

24 September 2019

# THE FINANCIAL STATEMENTS **40**

## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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

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

### Notes

\* AHP – Allied Health Professionals

\*\* FHS – Family Health Services

\*\*\* Reflects the impact of hosted services not attributable to specific client groups

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

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## MOVEMENT IN RESERVES STATEMENT

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

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

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## BALANCE SHEET

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

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

The unaudited accounts were issued on 25 June 2019 and the audited accounts were authorised for issue on the 24<sup>th</sup> September 2019.

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

24 September 2019

## 1. Significant Accounting Policies

### General Principles

The Financial Statements summarise Dundee City Integration Joint Board's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Dundee City Integration Joint Board was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS), and statutory guidance issued under Section 12 of the Local Government in Scotland Act 2003.

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

### Accruals of Income and Expenditure

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

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

### Funding

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

### Cash and Cash Equivalents

Dundee City Integration Joint Board does not operate a bank account or hold cash. Transactions are settled on behalf of Dundee City Integration Joint Board by the funding partners. Consequently Dundee City Integration Joint Board does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on Dundee City Integration Joint Board's Balance Sheet.

Employee Benefits

Dundee City Integration Joint Board does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. Dundee City Integration Joint Board therefore does not present a Pensions Liability on its Balance Sheet. Dundee City Integration Joint Board has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

Reserves

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

Indemnity Insurance

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

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the Dundee City Integration Joint Board's Balance Sheet. The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset. The Dundee City IJB currently has no known or potential claims against it.

**2. Critical Judgements and Estimation Uncertainty**Critical Judgements in Applying Accounting Policies

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

The value of the Large Hospital "set aside" expenditure reported within the total Integration Joint Board expenditure of £17.449m. This figure for 2018/19 has been agreed with NHS Tayside and will be included in both the NHS Tayside and Dundee City IJB annual accounts. The figure is based on the most recently available, full year activity levels for hospital inpatient and day case activity (2017/18) as provided by NHS Scotland's Information Services Division and 2016/17 unit costs information uplifted to 2018/19 provided by NHS Tayside. As such, the sum set aside included in the accounts will not reflect actual hospital usage in 2018/19. This is a transitional arrangement for 2018/19 agreed locally between NHS Tayside and the three Tayside Integration Joint Boards and with the Scottish Government. Work is progressing at a

## NOTES TO THE FINANCIAL STATEMENTS

national and local level to refine the methodology for calculating and planning the value of this in the future.

On behalf of all IJBs within the NHS Tayside area, Dundee City IJB acts as the lead partner under hosting arrangements for a range of services including Palliative Care, Brain Injury, Dietetics, Sexual and Reproductive Health and Psychology. It commissions services on behalf of the three Tayside IJB's and is responsible for the strategic planning and operational budget of those hosted services. The Dundee City IJB reclaims the cost of these services using an agreed methodology based around population shares from the other IJB's. Dundee City IJB is not responsible for covering the full cost of any overspends in these areas, nor do they retain the benefits of any underspends. The Dundee City IJB will also receive a corresponding charge from the other Tayside IJB's for the services they host on Dundee's behalf. This arrangement is treated as an agency arrangement.

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

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

### 3. Events after the Reporting Period

There were no events that occurred between 1 April 2019 and 24 September 2019 that would have an impact on the 2018/19 financial statements.

### 4. Expenditure and Income Analysis by Nature

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

## 5. Taxation and Non-Specific Grant Income

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

The funding contribution from the NHS Board shown above includes £17.449m in respect of 'set aside' resources relating to acute hospital and other resources (Large Hospital Set Aside). Dundee City Integration Joint Board has responsibility for the strategic planning of the amount set aside based on the local population's consumption of these resources. NHS Tayside has the responsibility to manage the costs of providing these services. The value of the set aside noted above is based on activity information provided by NHS Scotland's Information Services Division, set against direct expenditure figures provided by NHS Tayside. The methodology of calculating future values of the Large Hospital Set Aside is being developed locally and nationally.

## 6. Debtors

2017/18 £000	Description	2018/19 £000
0	NHS Tayside	1,837
4,596	Dundee City Council	949
<b>4,596</b>	<b>Total Debtors</b>	<b>2,786</b>

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

## 7. Creditors

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Usable Reserve: General Fund

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

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

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

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

#### Committed Balances

The transfers out in 2018/19 mainly reflect the planned draw down of general fund balances to support overall expenditure levels during the year including supporting transformation. The transfers in reflect the impact of Scottish Government funding for specific initiatives carried forward to 2019/20. £2,205m of the reserves are committed for integration and transformation purposes, mainly through the reinvestment of Scottish Government ring fenced funding for Primary Care, Mental Health Action 15 and Alcohol and Drug Partnership funding carried forward from 2018/19 and through transition funding to support the roll out of the enhanced community support acute model of care as set out in the Dundee City IJB's Proposed Model of Care for Older People – Business Case report agreed in October 2017 in addition to a provision made to support organisational change.

## 9. Related Party Transactions

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

### Dundee City Integration Joint Board Members

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

### Officers

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

### Key Management Personnel

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

### Transactions with NHS Tayside

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

## NOTES TO THE FINANCIAL STATEMENTS

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

### Balances with NHS Tayside

2017/18 £000	Description	2018/19 £000
0	Debtor balances: Amounts due from the NHS Board	1,837
6	Creditor balances: Amounts due to the NHS Board	1
<b>6</b>	<b>Net Balance with the NHS Board</b>	<b>1,836</b>

### Transactions with Dundee City Council

2017/18 £000	Description	2018/19 £000
84,881	Funding Contributions received from Dundee City Council	78,458
(101,962)	Net Expenditure on Services Provided by Dundee City Council	(103,604)
(4,658)	Support Services from Dundee City Council	0
<b>(21,739)</b>	<b>Net Transactions with Dundee City Council</b>	<b>(25,146)</b>

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

### Balances with Dundee City Council

2017/18 £000	Description	2018/19 £000
4,596	Debtor balances: Amounts due from Dundee City Council	949
0	Creditor balances: Amounts due to Dundee City Council	0
<b>4,596</b>	<b>Net Balance with Dundee City Council</b>	<b>949</b>

## 10. Value Added Tax (VAT)

Dundee City IJB is not a taxable person and does not charge or recover VAT on its functions. The VAT treatment of expenditure in the Dundee City IJB's accounts depends on which of the partner agencies is providing the service as these are treated differently for VAT purposes. The services provided to Dundee City IJB by the Chief Officer are outside the scope of VAT as they are undertaken under a special legal regime.

## 11. Agency Income and Expenditure

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

## NOTES TO THE FINANCIAL STATEMENTS

Expenditure Statement (CIES) since the Dundee City Integration Joint Board is not acting as principal in these transactions.

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

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

### 12. Provisions

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

### 13. Accounting Standards that have been issued but not adopted

There were no relevant accounting standards that have been issued but are not yet adopted in the 2019/20 Code of Practice on Local Authority Accounts in the United Kingdom.

## Independent Auditor's Report

### Independent auditor's report to the members of Dundee City Integration Joint Board and the Accounts Commission

#### Report on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Dundee City Integration Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income & Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the Dundee City Integration Joint Board as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 10th April 2017. The period of total uninterrupted appointment is three years. I am independent of the Dundee City Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Dundee City Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Dundee City Integration

Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

### **Responsibilities of the Chief Finance Officer and Performance and Audit Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Dundee City Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Performance and Audit Committee is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other information in the annual accounts**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of

assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on other requirements

### Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

## Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA  
Assistant Director  
Audit Scotland  
4th Floor  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
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**24 September 2019**