

Perth and Kinross
Integration Joint Board

Annual Accounts 2018/19

Unaudited





SECTION 1
MANAGEMENT COMMENTARY

SECTION 2
STATEMENT OF RESPONSIBILITIES

SECTION 3
REMUNERATION REPORT

SECTION 4
ANNUAL GOVERNANCE STATEMENT

SECTION 5
ANNUAL ACCOUNTS

SECTION 6
NOTES TO THE ANNUAL ACCOUNTS

SECTION 7
INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF PERTH AND KINROSS
INTEGRATION JOINT BOARD

SECTION 8
GLOSSARY OF TERMS

SECTION 1 MANAGEMENT COMMENTARY

INTRODUCTION

This publication contains the financial statements for Perth & Kinross Integration Joint Board (IJB) for the year ended 31 March 2019.

The Management Commentary outlines key messages in relation to the objectives and strategy of Perth & Kinross Integration Joint Board (IJB) and the financial performance of the IJB for the year ended 31 March 2019. It also provides an indication of the issues and risks which may impact upon the finances of the IJB in the future and the challenges we face in meeting the needs of the people of Perthshire and Kinross.

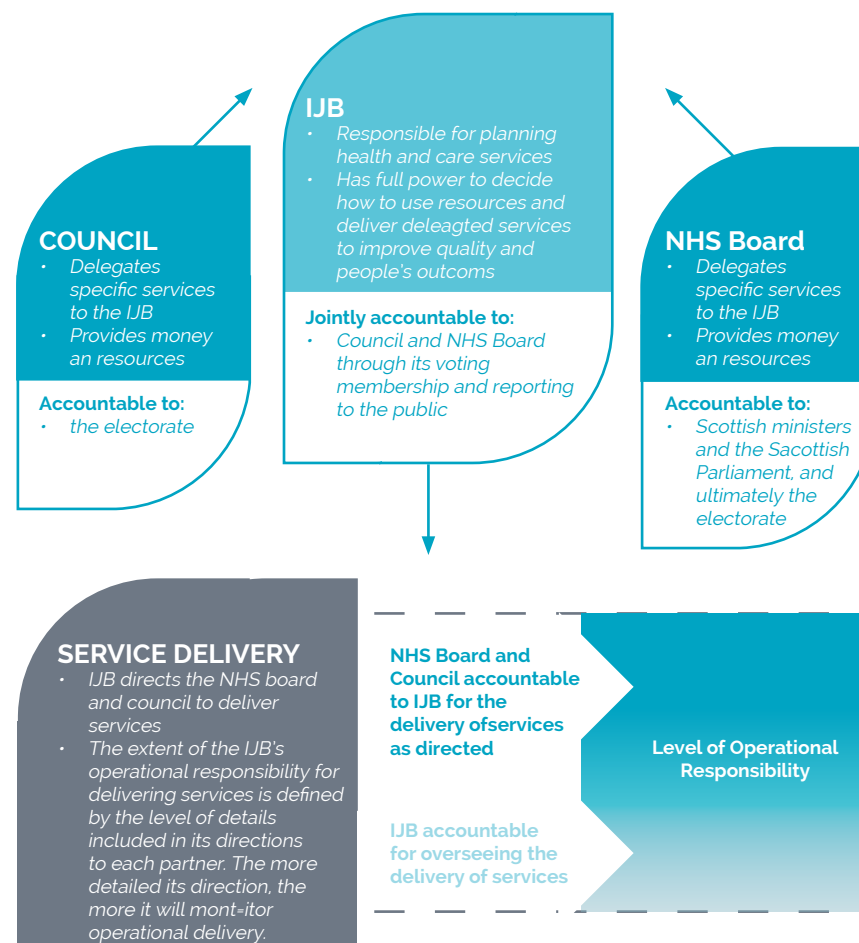
Perth & Kinross Integration Joint Board was established as a body corporate by order of the Scottish Ministers on 3 October 2015 as part of the establishment of the framework for the integration of health and social care in Scotland under the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB is a separate legal entity responsible for the strategic planning and commissioning of a wide range of services across Perth and Kinross. This includes social care, primary and community healthcare and unscheduled care for adults. In addition the IJB plans and commissions specific health care services across Tayside by means of hosted services arrangements agreed in the Integration Scheme between NHS Tayside and Perth & Kinross Council.

Exhibit 1 sets out the business model that supports the IJB's activities.

Exhibit 1 Integration Joint Boards.

There are 30 Integration Joint Boards across Scotland. Source: Audit Scotland



SECTION 1 MANAGEMENT COMMENTARY

Perth & Kinross Council and the NHS Tayside (Health Board), as the parties to the Integration Scheme, each nominate four voting members to sit on the IJB. The Council nominates Elected Members and the Health Board Non-Executive Directors.

An NHS Tayside Board Non Executive nominee was the Chair of the IJB during 2018/19 and the Vice-Chair was drawn from Perth & Kinross Council. A number of non-voting Representative Members sit on the Integration Joint Board and contribute to its proceedings. These Representatives are chosen from the Third Sector, Carers, Services Users, and Council and NHS Board staff. A GP Stakeholder Member has also been appointed along with a Medical Practitioner who is not a GP.

Management support to the IJB is led by the Chief Officer. The operational structure is a composite of three principal service areas:

- *Community Health/Hospital & Other Hosted Services*
- *Adult Social Care Services*
- *Inpatient Mental Health Services*

In line with the Integration Scheme corporate support to the IJB is provided by each parent body. Across a range of functions differing levels of support has been provided and significant work has been taken forward in 2018/19 to integrate and where necessary enhance resources available to build effective partnership functions.

The IJB's Chief Financial Officer has lead the development of an integrated finance team for P&K HSCP building on the finance support provided by Perth & Kinross Council and NHS Tayside. Further work is now being taken forward to develop other key integrated functions including performance, strategic planning and business support services during 2019/20.

A new Chief Officer commenced on 01 April 2019. The Chief Officer will review current leadership and management arrangements with a view to further integration.

PURPOSE AND OBJECTIVES OF THE IJB

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

The Integration Joint Board approved the following Vision for the Health and Social Care Partnership as part of its approved Strategic Plan for 2016-19:

"We will work together to support people living in Perth and Kinross to lead healthy and active lives and live as independently as possible in their own homes, or in a homely setting with choice and control over the decisions they make about their care and support."

SECTION 1 MANAGEMENT COMMENTARY

The Strategic Plan sets out a number of Strategic Objectives designed to ensure a direction of travel by the Partnership consistent with National Objectives:

1. Prevention and early intervention
2. Person-centred health, care and support
3. Working together with our communities
4. Reducing inequalities and unequal health outcomes and promoting healthy living
5. Making best use of available facilities, people and other resources

A review and refresh of the 2016-19 Strategic Plan is due to be completed by September 2019 however the overall vision and strategic objectives is not expected to change.

In 2018/19, PKHSCP redesigned its Strategic Planning Framework, creating four Programmes of Care: Older People and Unscheduled Care, Mental Health and Wellbeing, Primary Care and Carers. Strategic Planning Boards for each have been established providing a coordinated approach to achieving the objectives of the Health and Social Care Partnership's Strategic Commissioning Plan. The Boards report via the Strategic Planning and Commissioning Board to the IJB. The Strategic Planning & Commissioning Board has an affiliated Strategic Planning Group which acts as a reference group supporting the decision making responsibilities of the Strategic Planning & Commissioning Board (inclusive of Public Partner, 3rd Sector and Independent Sector membership). The IJB's strategic

ambitions sit alongside operational imperatives across a wide range of services. This creates a very challenging landscape for each Programme Board in developing and overseeing implementation of major plans for service redesign.

A summary of progress during 2018/19 and priorities moving forward for each Strategic Programme along with Inpatient Mental Health Services (which P&K HSCP host on behalf of all 3 Tayside IJB's) are set out on the following pages.

SECTION 1 MANAGEMENT COMMENTARY



Older People and Unscheduled Care (OPUSC) Board

During 2018/19 the IJB endorsed the Strategic Delivery Plan for Older People and Unscheduled which sets out plans for:

- *promoting thriving, resilient communities through volunteering, social prescribing and neighbourhood initiatives;*
- *investing in a rehabilitative model of care, based in communities to significantly improve people's ability to remain at home for as long as possible;*
- *reviewing the use of our inpatient hospital bed base and care home placements, exploring where possible, new models to support people in their own homes for as long as possible and to ensure equity of access'*
- *enhancing technology enabled care and home health monitoring to help people remain living in their own homes'*
- *continuing to improve the Admission and Discharge Pathways for people between hospital and the community.*

This ambitious transformation of services will be implemented during 2019/20.



SECTION 1 MANAGEMENT COMMENTARY



Mental Health and Wellbeing Board (MHWB)

During 2018/19 the Mental Health and Wellbeing agreed key principles for transformation of services moving forward:

- *Support individuals to maximise their independence and health with the right support at the right time with a focus on early intervention and prevention*
- *Embed multi-disciplinary team working at the heart of 'seamless' care pathways and support for people and promote equalities*
- *Implement a model of care that is financially sustainable.*

Detailed plans have been developed to enhance support to people with Mental Health issues, which will significantly increase the number of dedicated mental health professionals in statutory and non-statutory services in line with Action 15 of the Scottish Government Mental Health Strategy for which £0.300M has been allocated to Perth & Kinross IJB in 2018/19.

Detailed plans have also been developed to enhance services for people with Drug and Alcohol issues. Additional Scottish Government funding will be focused on enhancing the full pathway of a 'Recovery Oriented System of Care' including multi-disciplinary clinics, a Recovery Community and increased support for harm reduction.



SECTION 1 MANAGEMENT COMMENTARY

During 2019/20, we will be developing plans for new models of complex care for clients with Learning Disability and/or Autism. The aim is to develop a financially sustainable model that provides a high quality of care, delivering improved outcomes.

Further, as part of the wider Mental Health Alliance being established across Tayside we will work together to provide seamless care across pathways.



Primary Care Board (PCB)

During 2018/19 the Primary Care Board has overseen several significant programmes of transformation.

The PKHSCP Primary Care Improvement Plan approved by the IJB in June 2018 will significantly transform primary care services in direct support of general practice under the terms of the 2018 General Medical Services contract (the GMS contract). This includes redesign of vaccination services, ensure effective pharmacotherapy services, establish new Community Care and Treatment services, transform urgent care through establishment of Advance Nurse Practitioner led services, implement a musculoskeletal first point of contact and align improved mental health support services to GP practices. Ongoing review and implementation of the PCIF will be a significant priority for PKHSCP in 2019/20.

During 2018/19 the PKHSCP Quality Safety and Efficiency in Prescribing Programme (QSEP) has been established. A significant focus has been on the development of management information to understand variation across GP Practices and identify opportunities to improve effectiveness and efficiency. The impact of the increasing older population in Perth & Kinross has significantly increased expenditure on prescribing. We are engaging proactively with all GP Practices across Perth and Kinross to maximize effectiveness. Prescribing trends in Perth and Kinross (November 2018) highlight that all of the major indicators demonstrate improvements.



Other Hosted Services:

As part of the IJB's wider responsibilities for hosted services significant review and redesign has been progressed. Prison Healthcare activity has focused on ongoing service improvement following an inspection from Her Majesty's Inspectorate of Prisons and continuing with the Patient Safety Collaborative. The service has made some significant progress in relation to the provision of healthcare which has been commended by HMIPS in a follow up inspection.

There has been remodeling of Podiatry workforce to reduce inequity of specialist podiatry care across Tayside and optimize on the skill mix to support safe and effective patient care. We have supported the building of capacity and community capability for self care.

SECTION 1 MANAGEMENT COMMENTARY

For public dental services activity has continued to focus on providing high quality and accessible care for patients who have special care needs or who have difficulty accessing mainstream clinical services.



Carers Board:

The Carers Programme Board approved the Perth & Kinross Health and Social Care Partnership Short Break Services Statement on 6 December 2018. This is in line with the requirements of the Carers Scotland Act 2016. There is work underway in terms of public consultation allowing co-production of the Carers Strategy.



Inpatient Mental Health Services:

Perth & Kinross Health & Social Care Partnership hosts Inpatient Mental Health Services on behalf of all 3 IJB's in Tayside. During 2018/19, there have been significant challenges relating to the supply, attraction and retention of critical posts for medical and nursing workforce. We are developing a Mental Health Workforce Plan which will include a programme of work to reform the workforce across mental health with a clear understanding of



SECTION 1 MANAGEMENT COMMENTARY

current state and future workforce needs. In parallel we are progressing the implementation of the agreed Mental Health Transformation Plan which seeks to redesign the bed base across Tayside to deliver safe, effective services that are sustainable. We have worked in partnership with NHS Tayside and all 3 IJB's to establish a new Mental Health Alliance aimed at involving all stakeholders in the future redesign pathways and models of care moving forward. Further, our Mental Health & Learning Disabilities Improvement Plan aims to encourage and enable staff to work with people who use our services to deliver improvement in their areas, and to demonstrate how these improvements have made a difference. The primary purpose of the quality improvement programme is to improve patient outcomes.



Large Hospital Set Aside

The Older People and Unscheduled Care Board and the Perth Royal Infirmary (PRI) Clinical Forum have been critical in helping us to understand the impact of planned changes to service provision and performance on the delegated hospital budgets including large hospital set aside. There is also joint working around service design in relation to some clinical pathways.

The 3 Year Financial Plan for Core Health and Social Care Services, agreed by the IJB, sets out an anticipated shift in resources from bed-based to community over the three year period.

PERFORMANCE REVIEW

The Scottish Government has determined a key set of performance indicators that they consider measure the progress of integration. Our performance compared to last year against each of the indicators is set out below.

Ministerial Strategic Group for Health and Community Care (MSG) - Table 1 - MSG indicators				
MSG Indicator	MSG Description	P&K Total Previous Year 2017/18	P&K Current Year 2018/19	P&K YTD diff from 17/18
1a	Emergency Admissions	15,021	14,592	429
2a	Unscheduled hospital bed days	102,451	96,867	5,584
3a	A&E Attendances	32,506	32,888	382
4.1	Delayed discharge bed days *	16,785	14,203	2,582
5.1	Proportion of last 6 months of life spent at home or in a community setting	89.64%	89.68%	0.04%
6.1	Percentage of population at home unsupported	90.00%	n/a**	n/a

*All ages DDs including complex cases ** Information not available until October 2019

SECTION 1 MANAGEMENT COMMENTARY

Emergency Admissions

Enabling people to improve their own health and wellbeing is a key outcome for the health and social care partnership. One of the measures we use to understand if people are improving their own health is if they are reducing their likelihood of being admitted to hospital in an emergency with a resultant drop in emergency admissions. For the PKHSCP the number of emergency admissions over the last four years is relatively stable showing a slowly reducing/improving trend. This continues to be the case when we compare last year's numbers of emergency admission to this year.

Unscheduled (Unplanned) Hospital Bed Days

People who improve their own health and wellbeing are more likely to avoid a hospital admission and the resultant use of a hospital bed during their stay. But once a hospital admission has been necessary in an emergency, it is important for people to get back home as soon as they are fit to be discharged to avoid the risk of them losing their confidence and ability to live independently. Reducing the number of emergency bed days caused by unplanned admissions is how we measure our ability to get these people home faster. In PKHSCP we have seen a consistent reduction in the number of emergency bed days over the past 4 years. This continues to be the case in 2018/19 when comparing to previous years.

A&E Attendances

Reducing A&E attendances is an ongoing challenge across Scotland. Currently A&E attendances are seeing a slow increase

each year. A&E attendances can be an indication of the degree to which community services are helping people receive care in the right place at the right time. PKHSCP are working in collaboration with NHS Tayside to review attendances and pathways; increase awareness and use of Anticipatory Care Plans; Develop Community Care & Treatment Centres; focus on early intervention and prevention. Along with a variety of additional strategies the PKHSCP plan to slowly reduce A&E attendances over the coming years.

Proportion of Last Six Months of Life Spent at Home or in a Community Setting

The proportion of last six months of life spent at home or in a community setting should ideally represent the wishes and choices for patients and their carers and also demonstrates the effectiveness of having a planned approach to end of life care. For PKHSCP this is a positive indicator that demonstrates our year on year ability to meet the wishes of our people and support more of them at home receiving palliative or end of life care and our ability to support those with the most complex needs in their own home in their last six months of life and in accordance with their wishes.

Delayed Discharge

People should not have to wait unnecessarily for appropriate care to be provided after treatment in hospital. Being delayed in hospital is a poor outcome for the individual, is an ineffective use of scarce resource and potentially denies an NHS bed for someone else who might need it. Over the past four years, there has been a year on year improving picture in relation to

SECTION 1 MANAGEMENT COMMENTARY

delayed discharge for Perth and Kinross. We have recently seen the lowest level of delayed discharge since 2014. For people delayed, this represents a reduction in the impact of unnecessary time spent delayed in a hospital bed and reduces their chances of a poorer health and wellbeing outcome.

Percentage of Population at Home Unsupported

This new measure will demonstrate the combined success of a variety of key priorities of the Perth and Kinross partnership in shifting people away from high cost institutional care to lower cost care in the community where people's health and wellbeing will be greatly improved. It is expected that we will be tracking this measure for a number of years.

FINANCIAL MANAGEMENT

Background

The IJB's finance's are overseen by the IJB's Chief Financial Officer. The Chief Financial Officer is supported by finance staff from both Perth & Kinross Council and NHS Tayside.

Prior to April 2016, the IJB had developed the financial governance infrastructure required to allow it to assume new responsibilities from 1 April 2016. That financial governance infrastructure continues to be reviewed and refreshed.

Analysis of Financial Statements

The main objective of the Annual Accounts is to provide information about the financial position of the IJB that is useful

to a wide range of users in making and evaluating decisions about the allocation of resources.

The 2018/19 Annual Accounts comprise:

- a) **Comprehensive Income and Expenditure Statement** - this shows a surplus of £2.470M. This is made up of a breakeven position for the IJB overall plus £2.470M of earmarked funding that is being transferred to reserves for future commitments. Further detail is provided in section c) below and in Note 6. The underlying out-turn for the IJB is a £1.160M overspend. However in line with the risk sharing agreement with NHS Tayside and Perth and Kinross Council further non-recurring budget has been devolved to the IJB to deliver breakeven.
- b) **Movement in Reserves** – Earmarked reserves of £2.470M have been generated. Most significantly from Mental Health Action 15 Funding, Alcohol and Drug Partnership Funding and Primary Care Improvement Funding. This surplus has been transferred to earmarked IJB reserves for specific projects and commitments.
- c) **Balance Sheet** - In terms of routine business the IJB does not hold assets, however the transfer of £2.470M of earmarked reserves is reflected in the year-end balance sheet.
- 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 the IJB does not hold any cash or cash equivalents.

SECTION 1 MANAGEMENT COMMENTARY

Financial Performance 2018/19

Our financial performance for the year compared to Financial Plan is summarised in the table below:

	Financial Plan Shortfall £M	Budget £M	Actual £M	Year-End Variance Over/ (-)Under £M
Older Peoples Service/Physical Disabilities incl. AHPs	0.0	66.3	66.5	0.2
Learning Disabilities/Mental Health/Addictions	0.0	24.2	24.6	0.4
Planning/Management /Other Services	0.0	7.9	7.2	(0.7)
Sub-Total Core Services	0.0	98.4	98.3	(0.1)
Prescribing	0.5	26.7	27.5	0.8
General Medical Services	0.0	24.1	24.1	0.0
FHS	0.0	17.4	17.4	0.0
Hosted Services	0.4	21.0	21.4	0.4
Large Hospital Set Aside	0.0	14.3	14.3	0.0
Sub-Total All Services	0.9	201.9	203.0	1.1
Additional Budget from Partner Body				
NHS Tayside		0.3		(0.3)
Perth & Kinross Council		0.8		(0.8)
Total		203.0	203.0	0.0

SECTION 1 MANAGEMENT COMMENTARY

The out-turn in 2018/19 was an overspend of £1.1M, this compared to a financial plan gap of £0.9m. The primary areas of overspend are within:

- *Older People and Physical Disabilities Services due to unanticipated demand for Care Home Placements and Care at Home Services;*
- *Learning Disabilities and Mental Health Services due to an unprecedented level of demand for Community Services;*
- *GP Prescribing due to growth above expectation, undelivered savings and the impact of an unanticipated national reduction in funding;*
- *Inpatient Mental Health Services driven by supplementary staffing and a historic balance of undelivered savings.*

Of the £5.3M approved savings within Core Health and Social Care, £4.8M were delivered (90%). The undelivered balance contributed to the overall overspend position.

At the year end both Perth & Kinross Council and NHS Tayside increased the devolved budget to the IJB by £0.8M and £0.3M respectively, in order to support delivery of breakeven for 2018/19 in line with the Integration Scheme.

During 2018/19, funding was received from Scottish Government for a number of initiatives. These included Mental Health Action 15 monies, Alcohol & Drug Partnership Funding and funding to implement the Primary Care Improvement Plan.

The underspend of £2.5M against these funds in 2018/19 has been transferred to an earmarked IJB reserve to meet future year commitments.

Financial Outlook, Risks and Plans for the Future

The IJB, like many other Integration Joint Boards, faces significant financial challenges and will be required to operate within very tight financial constraints for the foreseeable future due to the difficult national economic outlook and increasing demand for services.

A 3 Year Financial Plan for Core Health & Social Care Services has been approved by the Integration Joint Board for 2019/20: 2021/22. A budget settlement with Perth & Kinross Council and NHS Tayside has been agreed for 2019/20 with indicative allocations for 2020/21 and 2021/22. A gap of circa £5M is currently predicted over the 3 year period despite a significant transformation and efficiency programme.

The scale of pay, price and demand pressures across social care services in particular is our biggest financial challenge. The IJB is committed to delivering services within resources available and a range of further radical proposals will be brought forward over 2019/20 to support delivery of financial balance.

Prescribing is another significant financial challenge for the IJB, with the increasing elderly population having a direct impact on growth. In addition unanticipated increases in the price of medicines in 2018/19 are expected to continue in 2019/20. This will be. Therefore despite a significant programme of

SECTION 1 MANAGEMENT COMMENTARY

efficiencies driven through the Quality Safety and Efficiency Programme (QSEP) and allocation of additional funding, an overspend is still predicted for 2019/20.

Perth and Kinross IJB have hosting responsibility for Inpatient Mental Health services and whilst any overspend is shared across the three IJB's in Tayside, Perth and Kinross IJB have strategic responsibility to deliver a financially sustainable service. An overspend is predicted again for 2019/20 with anticipated savings from approved transformation plans not been delivered as expected. Under new leadership, but facing significant challenges, a revised service model across General Adult Psychiatry and Learning Disabilities is being developed. This new model must support workforce and financial sustainability in the medium term. A new Mental Health Alliance across Tayside is being established which will ensure joint collaboration to deliver effective and affordable services.

In addition to the financial challenge a number of other key risks have been identified that may impact on the ability of the IJB to meet its Strategic Objectives:

- **Workforce:** *PKHSCP face a number of recruitment and retention challenges that may impact on the deliverability of existing and proposed service models. A number of factors are impacting on availability of staff including national shortages, the age of our workforce, rurality and the local economy. An integrated workforce plan is now required to identify the actions required to redesign sustainable models of care to within workforce expected to be available.*

- **Strategic planning and leadership:** *Both the Audit Scotland Update Report on Health and Social Care (November 2018) and the Ministerial Strategic Group Review of progress with Integration of Health and Social Care (February 2019) highlighted a number of challenges that need to be addressed on a Scotland wide basis to ensure the success of integration and speed up change. Appropriate leadership capacity and including strategic planning capacity have been particularly highlighted and this has been regularly reflected in our own assessments of effectiveness. The new Chief Officer will seek to understand the capacity gaps within PKHSCP and agree with both parent bodies the actions required to ensure a sustainable leadership structure that has the strategic planning capability to increase the pace of change. hat has the capability to increase the pace of change.*

FURTHER INFORMATION

These Annual Accounts refer to both the Perth & Kinross IJB Integration Scheme and the Perth & Kinross IJB Strategic Plan. These can be found at:

Perth & Kinross IJB Integration Scheme:

http://www.pkc.gov.uk/media/36049/Perth-and-Kinross-Integration-Scheme/pdf/Approved_Health_Social_Care_Integration_Scheme

SECTION 1 MANAGEMENT COMMENTARY

Perth & Kinross IJB Strategic Plan:

http://www.pkc.gov.uk/media/38714/Health-and-Social-Care-Strategic-Commissioning-Plan/pdf/2016193_strat_comm_plan_CLIENT

Perth & Kinross IJB publishes all formal Board papers at:

<http://www.pkc.gov.uk/ijb>

Further information regarding the Annual Accounts can be obtained from:

***Chief Finance Officer
Perth & Kinross IJB
2 High Street
PERTH
PH1 5PH***

CONCLUSION AND ACKNOWLEDGEMENTS

We are pleased to record that during 2018/19 the IJB has successfully delivered health and social care services to the population of Perth and Kinross and, for hosted services, to the population of Tayside. We acknowledge this has been a challenging year and the IJB's success has only been achieved through the hard work of staff employed in Perth & Kinross Council and NHS Tayside and other partner organisations.

Looking forward, while the IJB faces continuing challenging financial circumstances it also plans to continue to take

advantage of the opportunities available through Health and Social Care Integration to best deliver affordable health and social care services for the population of Perth and Kinross.

Robert Peat
IJB Chair

Gordon Paterson
Chief Officer

Jane Smith
Chief Financial Officer

Date: 27/9/19

SECTION 2 STATEMENT OF RESPONSIBILITIES

This statement sets out the respective responsibilities of the IJB and the Chief Financial Officer, as the IJB's Section 95 Officer, for the Annual Accounts.

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- *make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief financial 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 Integrated Joint Board on 27 September 2019.

Signed on behalf of the Perth and Kinross IJB

.....
Robert Peat
IJB Chair

Date: 27/9/19

SECTION 2 STATEMENT OF RESPONSIBILITIES

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the IJB'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 Accounting Code).

In preparing the Annual Accounts, the Chief Financial 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 Financial 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 Perth and Kinross Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.

.....
Jane Smith
Chief Financial Officer

Date: 27/9/19

SECTION 3 REMUNERATION REPORT

INTRODUCTION

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

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

BOARD MEMBERS

At 31 March 2019, Perth and Kinross IJB had 8 voting members and 12 non-voting members as follows:

Voting Members:

Robert Peat (Chair)
Councillor Xander McDade
Councillor Colin Stewart (Vice Chair)
Gillian Costello (Nurse Director)
Councillor Callum Purves
Lorna Birse Stewart (Non Executive Member)
Councillor Eric Drysdale
Professor Nic Beech (Non Executive Member)

Non-voting Members:

Robert Packham (Chief Officer)
Dr Drew Walker (Director of Public Health)
Jane Smith (Chief Financial Officer)
Allan Drummond (Staff Organisations Rep.)
Jacqueline Pepper (Chief Social Work Officer)
Stuart Hope (Staff Organisations Rep.)
Dr Douglas Lowden (Associate Medical Director)
Clare Gallagher
(Third Sector Representative)
Jim Foulis (Associate Nurse Director)
Linda Lennie (Service User Representative)
Dr Alistair Noble (SACH and External Advisor)
Bernie Campbell (Carers Representative)

During 2018/19 the position of Chair was held by Steven Hay, Non Executive, until 10 September 2018, then by Robert Peat, Non Executive, from 1 October 2018 until present day.

The position of Vice-Chair was held by Councillor Crawford Reid until 30th April 2018. The position of Vice-Chair from June 2018 until present day has been filled by Councillor Colin Stewart.

SECTION 3 REMUNERATION REPORT

IJB CHAIR AND VICE CHAIR

The voting members of the IJB are appointed through nomination by Perth & Kinross Council and NHS Tayside. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. There were no taxable expenses paid by the IJB to either the Chair or the Vice Chair in 2018/19.

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

OFFICERS OF THE IJB

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

Chief Officer

The Integration Joint Board requires to appoint a proper officer who has responsibility for the administration of its financial affairs in terms of Section 95 of the 1973 Local Government

(Scotland) Act. The employing contract for the Chief Financial Officer will adhere to the legislative and regulatory governance of the employing partner organisation. The remuneration terms of the Chief Financial Officer as approved by the IJB.

Other Officers

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

Total 2017/18 £	Senior Employees	Salary, Fees & Allowances £	Total 2018/19 £
86,112	Rob Packham Chief Officer	89,261	89,261
70,539	Jane Smith Chief Financial Officer	72,675	72,675
156,651	Total	161,936	161,936

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

SECTION 3 REMUNERATION REPORT

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

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/18	For Year to 31/03/19		Difference from 31/03/18	As at 31/03/19
	£	£		£	
Rob Packham Chief Officer	13,168	13,510	Pension	1,182	26,726
			Lump sum	3,547	80,178
Jane Smith Chief Financial Officer	10,513	10,829	Pension	1,563	22,979
			Lump sum	298	51,169
Total	23,681	24,339	Pension	2,745	49,705
			Lump Sum	3,845	131,347

Disclosure by Pay Bands

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

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
1	£70,000 - £74,999	1
1	£85,000 - £89,999	1

Robert Peat
IJB Chair

Gordon Paterson
Chief Officer

Date: 27/9/19

SECTION 4 ANNUAL GOVERNANCE STATEMENT

INTRODUCTION

The Annual Governance Statement explains Perth & Kinross Integration Joint Board's (IJB) governance arrangements and reports on the effectiveness of the IJB's system of internal control.

SCOPE OF RESPONSIBILITY

Perth & Kinross IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

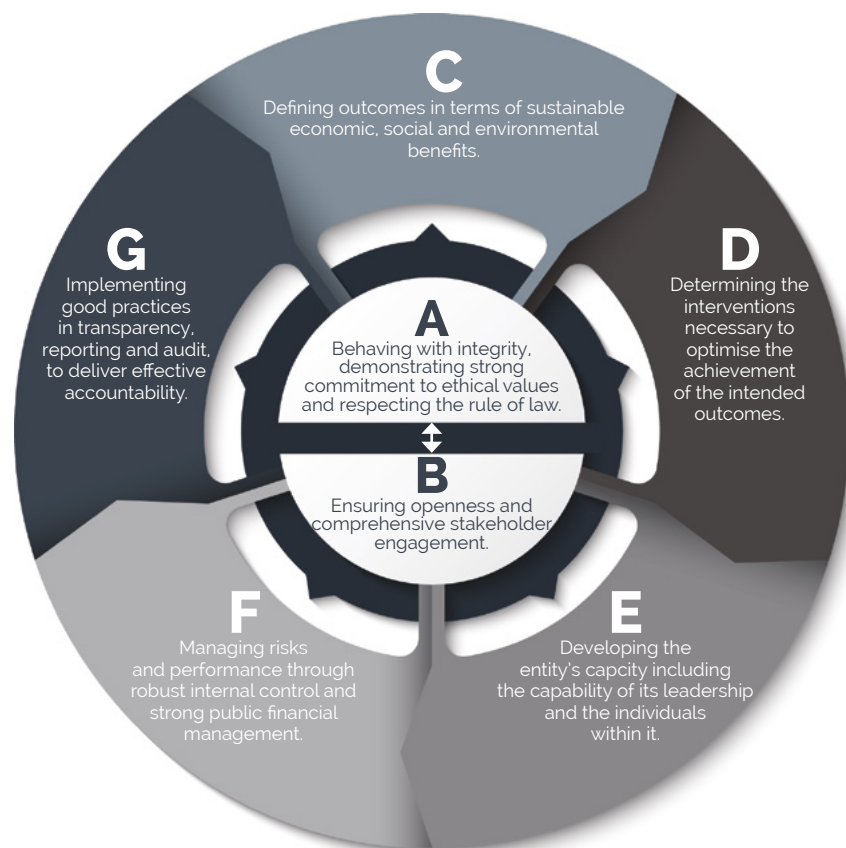
To meet this responsibility the IJB has established arrangements for governance that includes a system of internal control. The system is intended to manage risk to support achievement of the IJB's policies, aims and objectives. Reliance is also placed on the NHS Tayside and Perth & Kinross Council systems of internal control that support compliance with both organisations policies and promotes achievement of each organisations aims and objectives including those of the IJB. Assurance has been received from both NHS Tayside and Perth and Kinross Council as to the effectiveness and adequacy of those systems. The systems can only provide reasonable and not absolute assurance of effectiveness.

PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values by which the IJB is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the IJB to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Perth & Kinross IJB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The core principles of good governance are set out in the diagram on the following page.

SECTION 4 ANNUAL GOVERNANCE STATEMENT



As a relatively new public body, the IJB supported by the HSCP Team have worked hard to develop an effective governance framework underpinned by these principles and to ensure that it operates effectively in practice. We have been supported by our parent bodies but have also sought to identify best practice systems and processes from elsewhere. The key features of the governance framework that was in place during 2018/19 are summarised below.

LEADERSHIP, CULTURE AND VALUES

A code of conduct for members and employees is in place along with a register of interest. A standards officer has been appointed and standing orders are in place. The development programme for IJB members has been in place since inception and this has been a key feature in developing working relationships between the Chair, members and officers. This includes visits to our health and social care services in the community, in hospitals and in the prison. It also includes the provision of induction sessions/refreshes at regular intervals. This has been particularly important in the face of significant changes to membership.

The Chair and Chief Officer meet regularly and the Chief Financial Officer and Chair of the Audit and Performance Committee meet on a monthly basis. The Strategic Commissioning Plan has provided a clear sense of shared direction and purpose across the IJB membership and HSCP Team and the refresh which is underway will further align our collective and collaborative activity.

SECTION 4 ANNUAL GOVERNANCE STATEMENT

The IJB Chair is supported effectively to carry out his role with independent legal and governance support and effective committee services. The Chief Officer is a Director in the parent organisations, a member of the Executive Teams, attends the Board and Council and is directly accountable to both Chief Executives, who provide regular one to ones. As well as the support from both parent bodies Executive Group, the Chief Officer benefits from the support of the Council's Chief Social Work Officer, who is a member of the IJB and the Clinical and Professional Governance Forum.

STAKEHOLDER ENGAGEMENT

The IJB Meetings are public meetings and membership includes wide stakeholder representation including carers, service users and the third sector. A Communication Strategy and Participation and Engagement Strategy have been agreed by the IJB at inception and both are now being refreshed to learn from our experience thus far.

The Strategic Commissioning Plan was developed following engagement with over 4000 local people and the role and membership of the Strategic Planning Group has been refreshed to ensure it provides a critical forum for wide stakeholder involvement in shaping strategic delivery plans moving forward. Our locality managers are part of the Local Action Partnerships (Community Planning). In addition the HSCP are represented on a number of wider community groups eg Alcohol and Drugs Partnership. Our overarching Strategic Planning and Commissioning Board and four Strategic

Programme Boards have been designed to promote strong leadership and engagement with clinical stakeholders. In developing its new Strategic Commissioning Plan the HSCP will engage further with key stakeholders and will also reflect on the effectiveness of the existing strategic planning and engagement activity. A refresh of the role and remit of the Communications and Engagement Group is underway as well as a review of corporate support.

We have a Health and Social Care Strategic Forum, facilitated by PKAVS, our third sector interface. This connects third sector organisations into the HSCP and contributes to joint strategic planning and commissioning, organisational development, locality working, volunteering and quality assurance. Feedback from members confirms that the forum provides an effective means for raising issues and influencing the HSCP's direction and activity.

The Partnership works closely with Independent Contractors such as Care Providers, GPs, Dentists, Optometrists and Pharmacists in the delivery of Health and Care Services across Perth and Kinross. The Partnership has engaged regularly with all elected members of Perth and Kinross Council around the challenges and opportunities and the 3 Year Financial Plan.

The refresh of the Strategic Plan will challenge us to further develop our work in and engagement with local communities and the transformation work that follows will require us to redesign services together with citizens and communities to deliver improved outcomes

SECTION 4 ANNUAL GOVERNANCE STATEMENT

VISION, DIRECTION AND PURPOSE

The Strategic Commissioning Plan 2016-2019 has provided a clear vision and the Performance Strategy approved by the IJB set out the commitment to ensure we have the framework in place to measure our success. Since May 2018, the HSCP has been developing a new strategic delivery model made up of four strategic programmes of care, involving a range of stakeholders in strategic planning and operational developments. Recognising that there are challenges around our current approach to Strategic Planning, as well as the imminent publication of an inspection report, the IJB and both parent bodies have agreed that we can defer the production and publication of our next Strategic Plan until later in the year. This will inform a review of the current structures and systems for planning and commissioning to build on our programmes of care structure and ensure connections into localities, clear leadership arrangements and supporting capacity and a robust process for systematic monitoring and review of overall progress across all strategic priorities.

DECISION MAKING

All reports to the IJB are in an agreed format that supports effective decision making. The IJB Annual Work plan for 2018/19 has been developed to ensure regular opportunity for review and scrutiny of progress in delivering strategic priorities. The role of EMT has been strengthened to ensure robust review and scrutiny of progress in delivering our transformation and service redesign priorities at locality level

and for escalation of operational risk that will impact on strategic delivery. The membership of EMT has been extended to ensure wider involvement of clinical colleagues.

The development of integrated financial planning ensures a consistent approach across health and social care services. The establishment of the IJB Budget Review Group has provided IJB members with the forum for ensuring detailed understanding of the pressures and opportunities and has ensured that our members are informed to make the difficult decisions that are inevitable in the current financial climate.

ORGANISATIONAL DEVELOPMENT

The IJB Members are supported by a programme of training and development throughout the year. PKHSCP has a formal leadership structure that has been endorsed by the IJB however the new Chief Officer is considering the future organisational structure to achieve greater integration and improved effectiveness. PKHSCP relies heavily on the Corporate Support arrangements in place with NHS Tayside and Perth and Kinross Council across a range of key areas including HR, Finance, Strategic Planning and Organisational Development. As part of the wider review of organisational structure, the Chief Officer will look to address key gaps which will ensure sufficient capacity, in particular around planning and performance, workforce and organisational development. A strong coherent focus on development of a workforce plan is now required.

SECTION 4 ANNUAL GOVERNANCE STATEMENT

SCRUTINY AND ACCOUNTABILITY

Accountability is about ensuring that those making decisions are answerable for them. We have learned from best practice elsewhere to ensure transparent reporting of our actions, but also to ensure that in this complex landscape our stakeholders can understand our intentions. We have particularly tried to ensure reports to the IJB are clear and concise with the audience in mind.

In order to comply with regulations outlined by the Scottish Government's Integrated Resources Advisory Group, the IJB established an Audit and Performance Committee in July 2016. The role of the IJB Audit and Performance Committee ensures that good governance arrangements are in place for the IJB. It is the responsibility of this sub committee to ensure that proportionate audit arrangements are in place for the IJB and that annual financial statements are compliant with good practice standards.

We report at regular intervals on financial performance and we are required to publish externally audited Annual Accounts each year. We are drafting our third Annual Performance Report which will account for our activity, report on our success and outline further areas for improvement and development.

We have provided regular reports to the IJB Audit and Performance Committee on our progress in implementing all external and internal audit recommendations and we have included a transparent assessment of how we are delivering against our Best Value responsibilities within the Annual Performance Report.

INTERNAL CONTROL FRAMEWORK

The governance framework above operates on the foundation of internal controls including management and financial information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

The IJB uses the systems in NHS Tayside and Perth & Kinross Council to manage its financial records. Development and maintenance of these systems is undertaken by both parent bodies as part of the operational delivery of the Health & Social Care Partnership. In particular the systems include:

- *comprehensive budgeting systems;*
- *setting of targets to measure financial performance*
- *regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts.*

The Chief Financial Officer has implemented a three year budgeting process linked to which facilitates the prioritisation of resources in the face of competing demands in line with Strategic Priorities.

During 2018/19 the Audit and Performance Committee has approved a refreshed risk management strategy and strategic risk register including mitigating actions and an escalation process. We have developed an annual work plan for the IJB which will set out clear timescales for reporting on each of our programmes of care including agreed performance

SECTION 4 ANNUAL GOVERNANCE STATEMENT

targets. EMT has provided an improved oversight function in delivering transformation and service redesign and monitoring the financial position. The Audit and Performance Committee have provided a strong scrutiny and review of our actions to develop our governance arrangements. The establishment of new Clinical Care Governance sub-group has been agreed by the IJB to provide improved scrutiny and oversight as further streamlining of review arrangements are taken forward. This will be an area of significant focus as we seek to further embed a performance review framework across all services.

We have an agreed Internal Audit Services from FTF Audit & Management Services.

We have agreed with PKC to the appointment of their Data Protection Officer to the IJB to ensure our GDPR requirements are met. In parallel we have ensured effective arrangements are in place with PKC and NHS Tayside for the sharing of data.

We are working with our NHS Tayside colleagues to set up an effective forum for ensuring that the planning of services that fall within our large hospital set aside budget is undertaken in a way that enables the IJB's intentions to shift the balance of care can be effectively progressed.

We are working hard with the other IJB's in Tayside to ensure strong and effective arrangements are in place to support the strategic planning and delivery of hosted services. These arrangements need to carefully consider the responsibilities of the hosting partnership alongside the wider obligation of each IJB to the strategic planning of all services to their population.

The wider internal control framework also includes:

- *Procedures for Complaints handling*
- *Clinical Care Governance monitoring arrangements*
- *Procedures for Whistle blowing*
- *Data Sharing arrangements*
- *Code of Corporate Governance including Scheme of Delegation; Standing Financial instructions, standing orders, scheme of administration*
- *Reliance on procedures, processes and systems of partner organisations*

Perth and Kinross IJB's relationship with both partner bodies has meant that the controls in place in one body inevitably affect those in the other. The draft NHS Tayside Governance Statement 2018/19 concludes that corporate governance was operating effectively throughout the financial year. Perth & Kinross Council has approved a Governance Statement which also concludes positively on the adequacy and effectiveness of internal controls, accompanied by an Annual Internal Audit Report which concludes that reasonable reliance can be placed on the Council's risk management and governance arrangements, and systems of internal control for 2018/19, subject to management implementation of the agreed actions detailed in Internal Audit reports. Whilst both contain some issues which are of interest to the IJB, neither would give rise to any requirement for consideration in the IJB's Governance Statement.

SECTION 4 ANNUAL GOVERNANCE STATEMENT

ONGOING REVIEW AND FURTHER DEVELOPMENTS

We have independently developed a governance self-assessment tool which considers current internal control and governance arrangements against CIPFA Delivering Good Governance Framework. We have undertaken a full self-assessment each year since inception building a library of evidence and identifying priority areas for further development which have then been included in our Transforming Governance Action Plan.

The Audit and Performance Committee have received regular reports on progress in delivering the Action Plan. We are committed to continue to work hard to achieve best practice in all areas of governance and will fully consider all recommendations for improvement within the Joint Inspection Report to be published in July 2019 and will seek to consolidate those areas where we have performed well.

The 2018/19 Transforming Governance Action Plan contained a number of areas for improvement and progress has been made in key areas. The IJB's Audit and Performance Committee has provided a scrutiny role over progress which can be summarized as follows:

- *As part of the development of the 3 year Financial Plan the Chief Officer and Chief Financial Officer have met with elected members across all parties to describe the financial challenge and Strategic Direction. This has supported a much more collaborative approach to budget setting for 2019/20*

- *Further development of the Budget Review Group Process has ensured all IJB members have the necessary information to make decisions around allocation of resources in line with strategic priorities*
- *The establishment of a new strategic planning structure through four Programmes of Care improved the effectiveness of strategic planning arrangements and has provided a platform to build on moving forward.*
- *A refreshed Risk Management Framework has been agreed by the Audit and Performance Committee inclusive of a risk escalation process. A high level strategic risk profile has developed which is now being regularly updated and reported to the Audit and Performance Committee*
- *Appointment of Data Protection Officer for Perth and Kinross IJB to ensure compliance with General Data Protection Regulations*
- *Improvement in the level and effectiveness of finance support to budget holders*
- *Establishment of Mental Health Alliance to set the strategic intention for Mental Health Services Tayside-wide*
- *All Hosted Services have been aligned to relevant Strategic Programme of Care Boards which are providing a strategic oversight including services hosted by other IJB's*

SECTION 4 ANNUAL GOVERNANCE STATEMENT

Those areas identified which still require further development have been captured in the 2019/20 Transforming Governance Action Plan.

REVIEW OF ADEQUACY AND EFFECTIVENESS

Perth and Kinross IJB has responsibility for conducting, at least annually a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness of the framework has been informed by:

- *The work of the Executive Management Team who have responsibility for development and maintenance of the governance environment*
- *The Annual Report by the Chief Internal Auditor*
- *Reports from Audit Scotland and other review agencies including the Audit Scotland Report on the Review of Health and Social Care Integration*
- *Self-assessment against the Delivering Good Governance in Local Government Framework 2016 Edition (CIPFA)*
- *Self assessment against the Ministerial Strategic Group Recommendations*
- *Draft Annual Governance Statements for Perth and Kinross Council and NHS Tayside*

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

In addition to regular reports to the IJB's Audit and Performance Committee during 2018/19, the Chief Internal Auditor prepares an annual report to the Audit and Performance Committee including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

The Internal Audit Annual Report 2018/19, received by the Audit & Performance Committee 18 June 2019 highlights findings which indicate some weaknesses in the internal control environment. None of these are considered material enough to have a significant impact on the overall control environment and it is the opinion of the Chief Internal Auditor that the systems of internal control relied upon by the IJB provide reasonable assurance against loss.

ACTION PLAN FOR 2019/20

Significant progress has been made against the 'Transforming Governance' Action Plan agreed for 2018/19. However following a full self-assessment process and feedback from the Formal Joint Inspection, refreshed actions have now been set out to further strengthen the governance arrangements and these will include:-

SECTION 4 ANNUAL GOVERNANCE STATEMENT

Leadership, Culture & Values

- *How effective is the IJB Board? Assessment of performance against the PKIJB Integration Scheme with IJB members will provide improved understanding of the IJB's role and remit*
- *Review of PKHSCP organizational structure*
- *Leadership Development Program focused on Collaborative Practice*
- *IJB Member Development: Refresh of induction and review and refresh of IJB Annual Training and Development Plan.*
- *Annual Development Meetings between Chair and Members*
- *Development of a statement of our vision and values to be developed to become front and centre of all IJB activities moving forward*

Stakeholder Engagement

- *Effective Stakeholder Engagement: Review of role of Engagement Group and development of engagement and participation strategy to support localities, providing a process for deciding on the level of engagement required.*

- *Effective Communication with our Public: Development of a coordinated approach to communication and marketing supported by dedicated expertise*
- *Effective Engagement and Co-production at Locality Level: individual locality reports brought forward to the IJB*
- *Effective engagement with PKC Elected members: embed a Health & Social Care Session into the Perth & Kinross Council rolling program for elected members*

Vision, Direction & Purpose

- *Development of our next three-year Strategic Commissioning Plan will set a shared vision and clear priorities which will align our collective and collaborative activity*
- *Measuring our performance: Develop a 'measure what you value rather than value what you measure' approach aligned to the refreshed strategic plan. Redesign of corporate support functions to deliver integrated performance reporting as standard.*
- *How effective are our Program Boards?: Building on our Programme Boards review of our planning and commissioning structures and leadership arrangements to ensure a strong connection to localities, clear leadership arrangements and supporting capacity made a robust Strategic Planning and Commissioning Board which provides a balanced*

SECTION 4 ANNUAL GOVERNANCE STATEMENT

focus on all priorities and a mechanism for systematic review and monitoring using SMART principles.

- *How effective is our Strategic Planning Group?
A review of role and remit to be carried out*

Decision Making

- *Development of Effective workforce, OD and E Health & Care Plans*
- *Corporate Support: Development of new structure under CFO to ensure sufficient capacity*
- *Improve the effectiveness of the connection of PKHSCP planning with Parent Body Strategic Planning (Transforming Tayside/Perth and Kinross Offer)*

Internal Controls

- *Support NHST to ensure timely agreement of budgets moving forward*
- *Reach agreement with NHST on refreshed finance support arrangements for IPMH*
- *Large Hospital Set Aside: support NHST to ensure strong mechanism for overseeing progress*
- *Risk Sharing/Using totality of resources: Agreement of risk sharing arrangements*
- *Directions: embed the routine issue of Directions as part of normal business process*

- *Clinical Care Governance: Embed a consistent framework for performance review across all services, providing assurance to the new sub committee of the IJB on the safety and effectiveness of services ensuring streamlining of our arrangements with those of both parent bodies*

Scrutiny And Accountability

- *A comprehensive improvement plan will be developed that brings together the findings of the Joint Inspection, the findings of the Annual Governance Self Assessment and as part of that the MSG Review of Integration. In developing our Improvement Plan we will look to the progress and success achieved elsewhere in Scotland through benchmarking activity, the Chief Officer's involvement in the National Chief Officers' Group and the improvement support available from both inspectorates*

These will be incorporated into the Partnership Improvement Plan and updates on progress will be provided to each meeting of the IJB's Audit & Performance Committee along side the Strategic Risk Register and mitigating actions.

SECTION 4 ANNUAL GOVERNANCE STATEMENT

CONCLUSION AND OPINION ON ASSURANCE

While recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that internal control environment operating during 2018/19 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment.

Robert Peat
IJB Chair

Gordon Paterson
Chief Officer

Date: 27/9/19

SECTION 5 ANNUAL ACCOUNTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2017/18				2018/19	
Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
-	28,317	Community and Hospital Health Services	28,660	-	28,660
-	20,970	Hosted Health Services	21,433	-	21,433
-	28,467	GP Prescribing	27,520	-	27,520
-	39,678	General Medical/Family Health Services	41,480	-	41,480
-	11,793	Large Hospital Set aside	14,346	-	14,346
-	236	IJB Operating Costs	241	-	241
-	65,993	Community Care	69,405	-	69,405
-	195,454	Cost of Services	203,085	-	203,085
(194,068)	(194,068)	Taxation and Non-Specific Grant Income (Note 4)		(205,555)	(205,555)
(194,068)	1,386	(Surplus) or Deficit on Provision of Services	203,085	(205,555)	(2,470)
	1,386	Total Comprehensive (Income) and Expenditure (Note 3)			(2,470)

Whilst this statement shows a surplus of £2.470M, this surplus relates to a number of specific spend projects and future commitments.

SECTION 5 ANNUAL ACCOUNTS

All surplus has been transferred to earmarked IJB reserves for specific projects and commitments. (As per Movement in Reserves Statement and Note 6 below).

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

MOVEMENT IN RESERVES STATEMENT

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

Movements in Reserves During 2018/19	General Fund Balance
	£000
Opening Balance at 31 March 2018	-
Total Comprehensive Income & Expenditure	(2,470)
(Increase) or Decrease in 2018/19	(2,470)
Closing Balance at 31 March 2019	(2,470)

Movements in Reserves During 2017/18	General Fund Balance
	£000
Opening Balance at 31 March 2017	(1,386)
Total Comprehensive Income & Expenditure	1,386
(Increase) or Decrease in 2017/18	1,386
Closing Balance at 31 March 2018	-

SECTION 5 ANNUAL ACCOUNTS

BALANCE SHEET

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

31 March 2018 £000		Notes	31 March 2019 £000
-	Short term Debtors	5	2,470
-	Current Assets		2,470
-	Short-term Creditors		-
-	Current Liabilities		-
-	Provisions		-
-	Long-term Liabilities		-
-	Net Assets		2,470
-	Usable Reserve: General Fund	6	(2,470)
-	Unusable Reserve: Employee Statutory Adjustment Account		-
-	Total Reserves		(2,470)

The unaudited annual accounts were issued on 26 June 2019, and the audited annual accounts were authorised for issue on 27 September 2019.

Jane Smith
Chief Financial Officer

Date: 27/9/19

SECTION 6 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A GENERAL PRINCIPLES

The Financial Statements summarise the Integration Joint Board's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

B ACCRUALS OF INCOME AND EXPENDITURE

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

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

C FUNDING

The IJB is funded through funding contributions from the statutory funding partners, Perth & Kinross Council and NHS Tayside. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Perth and Kinross.

D CASH AND CASH EQUIVALENTS

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the

SECTION 6 NOTES TO THE FINANCIAL STATEMENTS

balance sheet. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

E EMPLOYEE BENEFITS

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a pensions liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer and a Chief Financial Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

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

F PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

A review for contingent assets and liabilities has been undertaken for the IJB and none have been identified at 31 March 2019.

G RESERVES

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

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

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by

SECTION 6 NOTES TO THE FINANCIAL STATEMENTS

legislation. It defers the charge to the General Fund for the Chief Officer's absence entitlement as at 31 March, for example any annual leave earned but not yet taken. The General Fund is only charged for this when the leave is taken, normally during the next financial year.

H INDEMNITY INSURANCE

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

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where

material, presented as either a debtor or disclosed as a contingent asset.

I CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

The value of the Large Hospital Set Aside expenditure reported within the total Integration Joint Board expenditure of £14.346M is based on the most recently available activity levels for hospital inpatient and day case activity as provided by NHS Services Scotland's Information Services Division and direct cost information provided by NHS Tayside. This is a transitional arrangement for 2018/19 agreed locally between NHS Tayside and the three Tayside

Integration Joint Boards and with the Scottish Government. Work is progressing at a national and local level to refine the methodology for calculating and planning the value of this in the future.

J RELATED PARTY TRANSACTIONS

Related parties are organisations that the IJB can control or influence or who can control or influence the IJB. As partners in the Joint Venture of Perth and

SECTION 6 NOTES TO THE FINANCIAL STATEMENTS

Kinross Integration Joint Board, both Perth & Kinross Council and NHS Tayside are related parties and material transactions with those bodies are disclosed in note 8 in line with the requirements of IAS 24 Related Party Disclosures.

K SUPPORT SERVICES

Support services were not delegated to the IJB and are provided by the Council and the Health Board free of charge as a 'service in kind'. These arrangements were outlined in the report of Corporate Supporting Arrangements to the IJB on 23 March 2016.

NOTE 2: EVENTS AFTER THE REPORTING PERIOD

The Annual Accounts were authorised for issue by the Chief Financial Officer on 27 September 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTE 3: EXPENDITURE AND INCOME ANALYSIS BY NATURE

2017/18 £000		2018/19 £000
65,993	Services commissioned from Perth and Kinross Council	69,405
129,225	Services commissioned from NHS Tayside	133,439
205	Other IJB Operating Expenditure	210
3	Insurance and Related Expenditure	3
28	External Audit Fee	28
(194,068)	Partner Funding Contributions and Non-Specific Grant Income	(205,555)
1,386	(Surplus) or Deficit on the Provision of Services	(2,470)

Costs associated with the Chief Officer and Chief Financial Officer are included within 'other IJB operating expenditure'. The insurance and related expenditure relates to CNORIS costs (see note 1,H). Auditor fees related to fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor.

SECTION 6 NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: TAXATION AND NON-SPECIFIC GRANT INCOME

2017/18 £000		2018/19 £000
(46,924)	Funding Contribution from Perth and Kinross Council	(51,661)
(147,144)	Funding Contribution from NHS Tayside	(153,894)
(194,068)	Taxation and Non-specific Grant Income	(205,555)

The funding contribution from NHS Tayside shown above includes £14.346M in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

NOTE 5: DEBTORS

2017/18 £000		2018/19 £000
-	NHS Tayside	2,470
-	Debtors	2,470

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

NOTE 6: USABLE RESERVE: GENERAL FUND

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

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

SECTION 6 NOTES TO THE FINANCIAL STATEMENTS

As at March 2018, the IJB's Annual Accounts showed that Perth & Kinross IJB had no reserves. The following table sets out the earmarked reserve balances as at 31 March 2019 which are required for specific commitments in future years.

	Balance as at 1 April 2018 £000	Transfers (In)/Out £000	Balance as at 31 March 2019 £000
Primary Care Improvement Fund	0	642	642
Mental Health Action 15 Fund	0	171	171
Primary Care Transformation Fund	0	359	359
Alcohol and Drug Partnership Fund	0	572	572
Partnership Transformation Fund	0	554	554
GP Recruitment Fund	0	118	118
Mental Health Bundle	0	54	54
Closing balance at 31 March 2019	0	2,470	2,470

NOTE 7: AGENCY INCOME AND EXPENDITURE

On behalf of all IJBs within the NHS Tayside area, Perth and Kinross IJB acts as the host partnership for Learning Disability Inpatient services, Substance Misuse Inpatient services, Public Dental services/Community Dental services, General Adult Psychiatry (GAP) Inpatient services, Prisoner Healthcare and Podiatry.

The IJB directs services on behalf of Dundee and Angus IJBs and reclaims the full costs involved. The payments that are made on behalf of the other IJBs, and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB 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		2018/19 £000
21,348	Expenditure on Agency Services	21,432
(21,348)	Reimbursement for Agency Services	(21,432)
-	Net Agency Expenditure excluded from the CIES	-

SECTION 6 NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: RELATED PARTY TRANSACTIONS

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

Income – payments for integrated functions

2017/18 £000		2018/19 £000
46,924	Perth and Kinross Council	51,661
147,144	NHS Tayside	153,894
194,068	Total	205,555

Expenditure – payments for delivery of integrated functions

2017/18 £000		2018/19 £000
66,010	Perth and Kinross Council	69,541
129,239	NHS Tayside	133,334
205	NHS Tayside: Key Management Personnel Non-Voting Board Members	210
195,454	Total	203,085

This table shows that expenditure within Perth & Kinross Council is £17.880M greater than Perth & Kinross Council funding contributions. This represents IJB funding received from NHS Tayside being directed into Perth & Kinross Council.

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include the Chief Officer; the Chief Financial Officer. Details of the remuneration for some specific post-holders are provided in the Remuneration Report.

Perth & Kinross Council employs the council staff and Chief Social Work Officer representatives on the IJB Board but there is no discrete charge for this representation.

Balances with Perth and Kinross Council

2017/18 £000		2018/19 £000
-	Debtor balances: Amounts due from Perth and Kinross Council	-
-	Creditor balances: Amounts due to Perth and Kinross Council	-
-	Total	-

SECTION 6 NOTES TO THE FINANCIAL STATEMENTS

Balances with NHS Tayside

2017/18 £000		2018/19 £000
-	Debtor balances: Amounts due from NHS Tayside	2,470
-	Creditor balances: Amounts due to NHS Tayside	-
-	Total	2,470

NOTE 9: VAT

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

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

Where the Council is the provider, income and expenditure excludes any amounts relating to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is recoverable from HM Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as income from the commissioning IJB.

SECTION 7: INDEPENDENT AUDITOR'S REPORT

SECTION 8: GLOSSARY OF TERMS

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

Accounting Period

The period of time covered by the Accounts normally a period of twelve months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.

Accruals

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

Asset

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

Audit of Accounts

An independent examination of the IJB's financial affairs.

Balance Sheet

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Consistency

The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.

Contingent Asset/Liability

A Contingent Asset/Liability is either:

- *A possible benefit/obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the IJB's control; or*
- *A present benefit/obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.*

Creditor

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

SECTION 8: GLOSSARY OF TERMS

Debtor

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

Defined Benefit Pension Scheme

Pension scheme in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

Entity

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

Post Balance Sheet Events

Post Balance Sheet events are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

Exceptional Items

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

Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the IJB. These grants may be specific to a particular scheme or may support the revenue spend of the IJB in general.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IRAG

Integration Resources Advisory Group

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

Liability

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

SECTION 8: GLOSSARY OF TERMS

Provisions

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

PSIAS

Public Sector Internal Audit Standards.

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer, the Chief Finance Officer, the Heads of Service and their close family and household members.

Remuneration

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

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB.

Revenue Expenditure

The day-to-day expenses of providing services.

Significant Interest

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

SOLACE

Society of Local Authority Chief Executives.

The Code

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