



# **Perth and Kinross Integration Joint Board**

## **Annual Accounts**

**2020/21**

**Un-Audited**

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## SECTION 1: MANAGEMENT COMMENTARY

### INTRODUCTION

Welcome to Perth & Kinross Integration Joint Boards (IJB) Annual Accounts for 2020/21. This publication contains the financial statements for Perth and Kinross Integration Joint Board (IJB) for the year ended 31 March 2021.

The Management Commentary outlines key messages in relation to the strategy, objectives and the financial performance of the IJB for the year ended 31 March 2021. 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 it faces in meeting the needs of the people of Perth and Kinross.

The Annual Accounts are prepared in accordance with the relevant legislation, regulations and the proper accounting practices which primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) supported by International Financial Reporting Standards (IFRS) and statutory guidance under Section 12 of the Local Government in Scotland Act 2003.

The Management Commentary is intended to provide an effective overview to a complex document allowing the reader to determine the IJB's overall performance for the year. The Management Commentary is structured as follows:-

- Role and Remit
- Strategic Objectives
- Review of Activities and Impact of Covid 19 Pandemic
- Performance Overview
- Financial Overview
- Strategic Risks and Outlook for future years

### ROLE AND REMIT

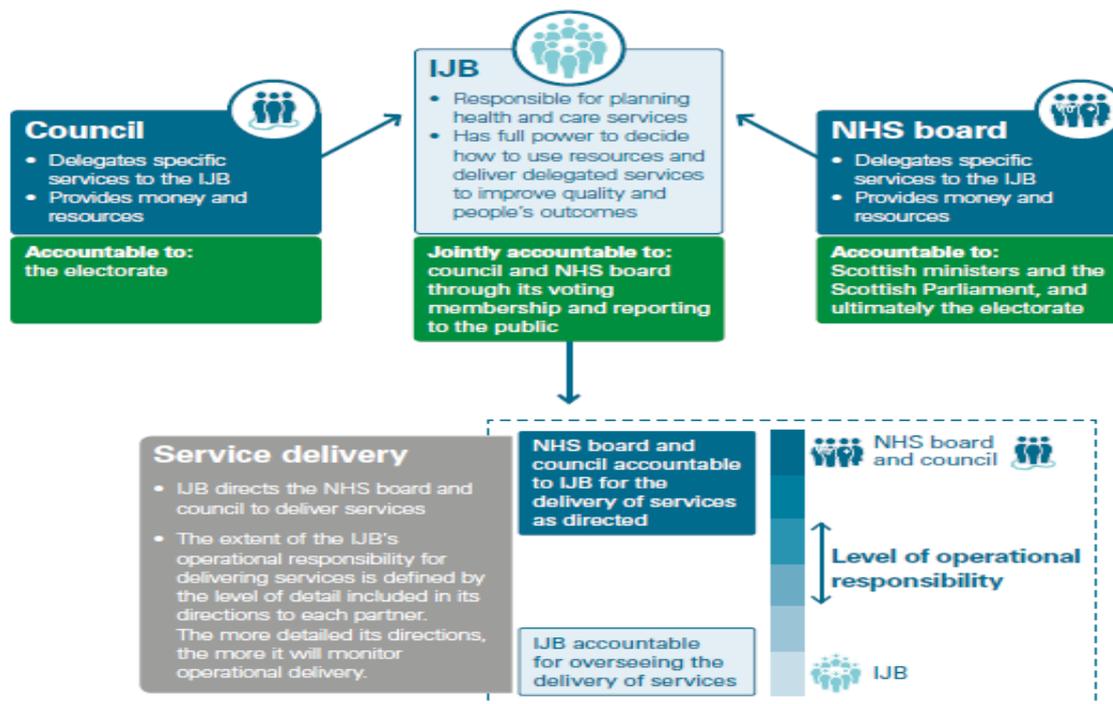
The IJB is a legal entity responsible for the strategic planning and commissioning of a wide range of services across Perth and Kinross. This includes social care, primary and community healthcare and unscheduled care for adults. In addition, the IJB plans and commissions specific health care services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

The policy ambition is to improve the quality and consistency of services to patients, carers, service users and their families; to provide seamless, joined-up, quality health and social care services in order to care for people in their own homes or a homely setting where it is safe to do so; and to ensure resources are used effectively and efficiently to deliver services that meet the increasing number of people with longer-term and often complex needs, many of whom are older. The IJB has governing oversight whilst Perth & Kinross Health & Social Care Partnership (PKHSCP) has responsibility for the operational delivery of these services.

The IJB sets the direction of PKHSCP via the preparation and implementation of the Strategic Commissioning Plan and seeks assurance on the management and delivery of integrated services through appropriate scrutiny and performance monitoring, whilst ensuring the effective use of resources.

**Exhibit 1 below** sets out the governance arrangements that support delivery of PKIJB's strategic priorities. The IJB's strategic ambitions sit alongside operational imperatives across a wide range of services.

**Exhibit 1**  
**Integration Joint Boards**  
 There are 30 Integration Joint Boards across Scotland.



Source: Audit Scotland

The services delegated by NHS Tayside and Perth & Kinross Council to Perth & Kinross IJB for strategic planning and commissioning are set out in Table 1 below.

Delegated Partnership Services			Services Hosted by Perth and Kinross HSCP
Community Care	Health	Hospital	
<ul style="list-style-type: none"> <li>• Services for adults with a physical disability</li> <li>• Services for older people</li> <li>• Services for adults with a learning disability (including Autism Services)</li> <li>• Mental health services</li> <li>• Drug and alcohol services</li> <li>• Adult protection and domestic abuse services</li> <li>• Carers' support services</li> </ul>	<ul style="list-style-type: none"> <li>• District nursing services</li> <li>• Substance misuse services</li> <li>• Primary medical services</li> <li>• General dental services</li> <li>• Ophthalmic services</li> <li>• Community geriatric medicine</li> <li>• Primary medical services to patients out-of-hours</li> <li>• Community palliative care services</li> <li>• Community learning disability services</li> <li>• Community mental</li> </ul>	<ul style="list-style-type: none"> <li>• Accident and Emergency services provided in a hospital</li> <li>• Inpatient hospital services: General medicine; Geriatric medicine; Rehabilitation medicine; Respiratory medicine; Psychiatry of Learning Disability.</li> <li>• Palliative care services provided in a hospital</li> <li>• Inpatient hospital</li> </ul>	<ul style="list-style-type: none"> <li>• Learning disability inpatient services*</li> <li>• Substance misuse inpatient services*</li> <li>• Public Dental Services/Community Dental Services</li> <li>• General Adult Psychiatry Inpatient Services*</li> <li>• Prison Healthcare</li> <li>• Podiatry</li> </ul>

<ul style="list-style-type: none"> <li>• Health improvement services</li> <li>• Equipment, adaptations and technology enabled care</li> <li>• Residential and nursing care home placements</li> <li>• Care at home</li> <li>• Reablement services</li> <li>• Respite and day care</li> </ul>	<p>health services</p> <ul style="list-style-type: none"> <li>• Community continence services</li> <li>• Community kidney dialysis services</li> <li>• Public Health promotion</li> <li>• Allied health professionals</li> <li>• Community hospitals</li> </ul>	<p>services provided by GP's</p> <ul style="list-style-type: none"> <li>• Services provided in a hospital in relation to an addiction or dependence on any substance</li> <li>• Mental health hospital services except secure forensic mental health services</li> <li>• Pharmaceutical services</li> </ul>	
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\* On the 12th March 2020, the Minister for Mental Health wrote to the Chief Executive of NHS Tayside and advised that 'the operational management of inpatient general adult psychiatry services must now be led by NHS Tayside. This led to the responsibility for these services transferring from the Chief Officer of Perth and Kinross HSCP to an Interim Director for Mental Health in NHS Tayside. It was therefore agreed that the overspend in relation to IPMH Services would transfer from the 3 Tayside IJB's to NHS Tayside with immediate effect. The full planning and commissioning implications for these services are being considered as part of the review of the IJB Integration Schemes across Tayside.

## STRATEGIC OBJECTIVES

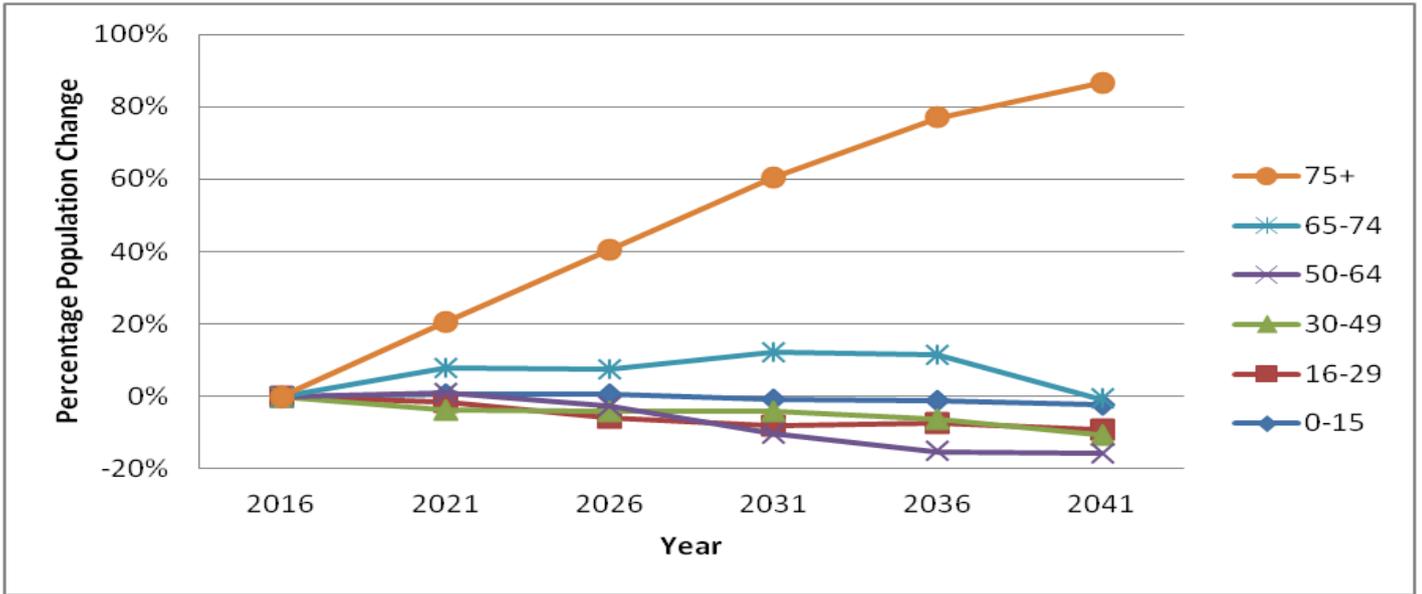
The Strategic Commissioning Plan approved in December 2019 sets out the vision and priorities for PKIJB. The vision as a Health and Social Care Partnership is to work together to support people living in Perth and Kinross to lead healthy and active lives and to live as independently as possible, with choice and control over their care and support. Our aim is to improve the wellbeing and outcomes of people living in Perth and Kinross, to intervene early and to work with the third and independent sectors and communities, to prevent longer-term issues arising.

The services and support we offer people will be developed locally, in partnership with communities, the third and independent sectors. As a partnership we will be integrated from the point of view of individuals, families and communities and responsive to the particular needs of individuals and families in our different localities. We will make the best use of available facilities, people and resources ensuring we maintain quality and safety standards as the highest priority.

The population of Perth and Kinross live and work across its expansive 5,300 square kilometres. Over the coming decades the area is expected to experience significant demographic change, especially in relation to the projected increase in older people, the majority of whom are increasingly fit and active until much later in life and are an important and significant resource, with a great contribution to make in their local communities.

The diagram below show the projected population change for Perth and Kinross by age band. Between 2016 and 2041 the number of those aged over 65 (particularly those aged over 75) is set to increase significantly according to projections.

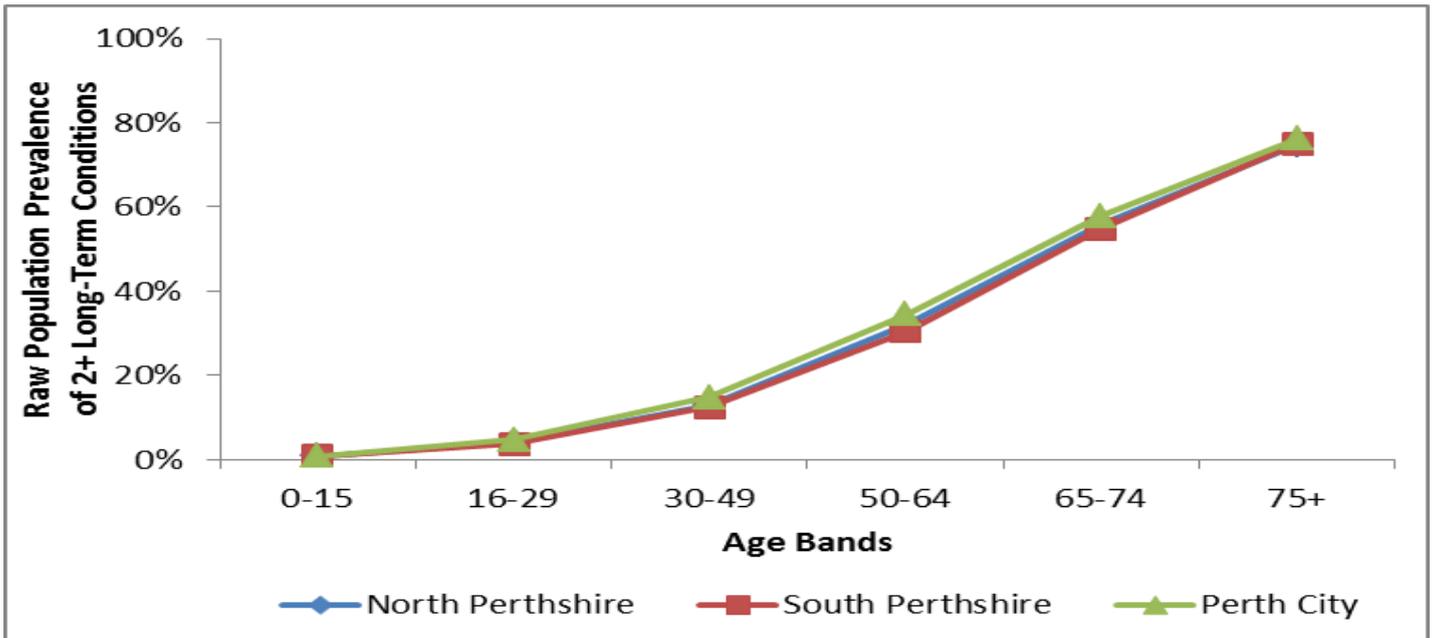
*Projected percentage population change for Perth & Kinross (2016-2041)*



We know that the need for support from health and social care services increases with age and the challenge for services and communities will be to ensure that people are supported to be able to lead healthy, fulfilling lives at home for as long as possible.

The following diagram presents the population prevalence of people with two or more long-term conditions for North Perthshire, South Perthshire and Perth City. This shows that in each Perth and Kinross locality, multi-morbidities become more common with age. Indeed, over half of residents age 75+ have two or more long-term conditions, compared with just under 4% of people aged 16-29 years.

*Crude population prevalence of people with 2+ long-term conditions by age band for each locality*



\* Source: P&K IJB 2019-2024 Strategic Commissioning Plan

Across Perth and Kinross the proportion of people living with complex need increases as the number of long-term conditions increases.

The scale of increased demand and increasing complex needs means that we cannot provide services in the way we have before - we don't have enough money to do so. With growing demand for support and less money available we want to work with individuals and communities to find ways to better support people in their local areas. A significant programme of change is set out in the Strategic Commissioning Plan with targets to measure success. The 3 Year Financial Plan approved by the IJB for 2020/21 to 2022/23 is fully linked to the Strategic Commissioning Plan objectives.

## REVIEW OF ACTIVITIES AND IMPACT OF COVID 19 PANDEMIC

For 2020/21 PKHSCP committed to:

- Progress and deliver a range of commitments and priorities set out in the IJB's Strategic Commissioning Plan Action Plan;
- Undertake a number of strategic commissioning projects to transform service delivery;
- Develop and implement a new organisational structure;
- Continue to focus on delivering the Medium-Term Financial Framework;
- Increase the effectiveness of delivery through implementation of the Partnership Improvement Plan

Many of our Strategic Commissioning Plan and Service Transformation commitments and priorities were paused during our response to the Covid-19 pandemic. We developed Covid Mobilisation and Remobilisation Plans which set out key priorities. Many of our activities have continued to deliver on the core strategic ambitions of PKIJB. Areas where we were able to make significant progress despite, or perhaps because of, the pandemic were digital innovations, shifting the balance of care, preventing admissions, community asset building and development of our complex care services:-

- PKHSCP fully embraced the roll out of Technology Enabled Care including the expanded use of 'Near Me' enabling online video consultations with GPs. This is now available to all services. It continues to be a feature of service delivery and will remain an option going forward allowing us to consider rationalisation and downsizing of the estate we use which will hopefully result in some cost savings.
- We have continued the expansion of other Technology Enabled Care which supports vulnerable people to live as independently as possible in their own homes for as long as possible. The use of this technology reduces the need for the provision of Care at Home and Care Home placements which would otherwise be necessary.
- The Frailty Pathway describes the journey of frail, mainly elderly, clients from home to hospital and back again, perhaps with the use of step up or step-down facilities in between. The Pathway was developed using a multi-disciplinary approach with resource flexing to where it was needed most. The focus was to keep people out of hospital as far as possible or, if they were admitted, to make their stay as short as possible. The embedding of our Locality Integrated Care Service (LiNCs) was key to increasing capacity of the pathway and reducing emergency admissions. Through our Re-Mobilisation Plan we also expanded our District Nursing evening service to assist with the rapid triage, assessment, and support of deteriorating patients and reducing the need for out of our admission to hospital. A critical success factor was the close, collaborative working and improved communication channels which put the person at the centre of decision making and improved their experience of services overall.

- Our Care at Home Resilience Project is working to ensure that we continue to have the capacity and plans in place to deal with surges in demand. We have implemented a range of responses to ensure service delivery is maintained throughout the pandemic and further work is now ongoing to develop new, sustainable models of service delivery. This new approach will work in a community focussed manner, learning from best practice elsewhere, to provide greater choice and improved access to services. This will be advanced, subject to the demands of the pandemic, in the course of the year.
- In line with Scottish Government direction on Urgent Care, we have significantly developed our Urgent Care pathway, which defines how patients can best access service within Perth and Kinross. This work builds on the work of our Locality Integrated Care Service, our community based Advanced Nurse Practitioners and our MIUs (Minor Injury Units).
- We have begun work re-commissioning Respite and Day Care services
- Although paused for a while due to the pandemic, the 3-5 Year transformation programme for Complex Care has made significant progress with several work streams including Transitions, Independent Living, Behavioural Support and Technology Enabled Care making progress during the year.

We had begun to take forward the development of a new integrated organisational structure although this has been delayed for a full 12 months due to the pandemic.

The 3 Year Financial Plan approved by the IJB in March 2020 contained a significant programme of transformation that has been delayed due to the pandemic. Due to the level of planning uncertainty created by the Covid Pandemic, the IJB approved a 1 Year Balanced Budget for 2021/22 linked to the 2021/22 Remobilisation Plan. However, it is fully committed to the further development of a 3 Year Financial Plan 2022/23: 2024/25 which will deliver both on its agreed ambitions as well as refreshed strategic delivery ambitions learning from Covid.

Despite the pressures of Covid response, we have been able to take forward many of the planned improvements set out in the Partnership Improvement including the development of a 1 year Workforce plan, continued development of our Performance Reporting Framework and the Pan Tayside Review of the Integration Scheme. During the pandemic, transformational activity was driven by the priorities of the contingency level phases and significantly influenced by Scottish Government direction. This was delivered via our Command Structure and huddle arrangements which supported rapid decision making and alignment of staff to critical priorities. We are learning the lessons of this approach and enhancing our decision making arrangements moving forward. Lessons are being learnt from our success in rapid development of Remobilisation Plans over 3 phases in increasing the effectiveness of our strategic planning arrangements.

## PERFORMANCE OVERVIEW

Perth and Kinross HSCP performance against Scottish Government key measurements of performance in respect of Health and Social Care integration has improved markedly from the previous financial year. This has been influenced significantly by our response to the COVID-19 pandemic throughout 2020/21. The following table along with explanatory narrative provide a summary of our performance compared to 2019/20.

ID	Indicator	Annual Performance 2019/20	12 months December 2020/21	% Movement compared to 2019/20
MSG 1a	Emergency Admissions per 100,000 population (all ages in acute hospitals)	10,319	9,341	-9.48%
MSG 2a	Number of unscheduled hospital bed days; acute specialties per 100,000 population	69,876	59,252	-15.20%
MSG 3	A&E attendances per 100,000 population	22,641	15,696	-30.67%
MSG 4.1	Delayed Discharge bed days per 100,000 population	8,170	5,009	-38.69%
MSG 5.1	Proportion of last 6 months of life spent at home or in a community setting	89.93%*	90.43%*	0.56%
*Data remains provisional and is subject to validation		Within 3%, or are meeting or exceeding our target	Between 3% and 6% away from meeting our target	More than 6% away from meeting our target

## EMERGENCY ADMISSIONS

The rate of emergency admissions provides an indication of the extent to which the health and wellbeing needs of the population are being well managed and provided for. Many people who attend hospital as an emergency case could potentially have been supported earlier, preventing their decline and reducing the occurrence of an emergency situation.

A reduction in the rate of emergency admissions normally indicates an improvement in partnership working as fewer people requiring emergency treatment in hospital suggests that their health and wellbeing needs are being managed in a planned way rather than via an emergency.

It can be seen that we have improved performance against this measure from 10,319 admissions per 100,000 in 2019/20 to 9,341 for the 12 months to Dec 2020. This is an improvement of 9.48% from the rate for 2019/20.

The COVID-19 pandemic will have impacted on this measure in a range of ways with reductions in community activity contributing a depressing effect on this indicator. Against this however the pandemic presented significant increases in demand for community based services. With large scale investment in these services in recent years, and the effective mobilisation of staff from across Health and Social Care to support our most critical services, we have been able to support patients and service users to remain at home or in a community setting without the need for emergency attendances (see 3 below) or admissions. Of particular note in assisting to improve performance against this measure is the investment made in our Locality Integrated Care Service which although now well established as an effective multidisciplinary model of working, continues to expand and streamline patient pathways. By engaging a multidisciplinary team of professionals early in a patient's journey we have been able to address their needs without further deterioration and the resultant emergency admission to hospital. We have also invested in a Community Respiratory Service which will improve our ability to support patients in respect to respiratory issues which are a major contributor to the number of emergency admissions which we have.

## UNSCHEDULED HOSPITAL BED DAYS

Following any admission to hospital it is important that people are supported to return home as quickly as possible once they are clinically fit to be discharged. This indicator is linked to 1a-the number of Emergency Admissions and 4.1 delayed discharges.

Bearing in mind the relationships with other related indicators, the rate of unscheduled bed days provides an understanding of the effectiveness of Health and Social Care services in speeding up the process of discharge. Reductions in this measure indicate that where someone has required hospital based care in an emergency, community based services are efficiently being made available to support people to continue their treatment and care at home. It also indicates that people are able to leave hospital swiftly, creating capacity for others to receive the treatment and care they need.

We have improved performance against this measure from a rate of 69,876 per 100,000 in 2019/20 to 59,252 for the 12 months to December 2020. This represents a 15.20% reduction year on year and continues the downward trend across recent years.

Similar to indicators 1a-Emergency Admissions above and 4.1 Delayed discharges below, the COVID-19 pandemic has had a significant impact on performance against this measure. It should however be borne in mind that the investments we have made in community based services in recent years, combined with the effectiveness of our response to pandemic pressures, has ensured that the Health and Social Care partnership has been well placed to respond to the pandemic and the varying demands which it has presented.

## **A&E ATTENDANCES**

The number of A&E attendances provides a further measure in respect to the effectiveness of services in planning and providing care for those that need it earlier, and in the most appropriate setting thereby reducing the need for attendance at accident and emergency.

We have reduced the rate of A&E attendances in the 12 months to Dec 2020 from 22,641 per 100,000 in 2019/20 to 15,696. This is a reduction of 30.67% and reverses the increasing trend seen in recent years.

In line with other related indicators (above) this measure needs to be considered in the context of the COVID-19 pandemic. Despite the increased pressures that the pandemic has brought we can see that our performance against this indicator has improved.

With the further investment mentioned above in respect our community respiratory service and the expansion of support to GP Practices via Advance Nurse Practitioners for Urgent Care, we continue to work across Health and Social Care to improve pathways of care to support patients and service users to access the services they need at the right time and in the right location.

## **DELAYED DISCHARGES**

Waiting for alternative care while fit for discharge represents a poor outcome for patients and is an ineffective use of limited resources. Reductions in the number of people delayed in hospital demonstrates improved effectiveness of Health and Social Care services to mobilise quickly to cater for the needs of patients as they transition from hospital to community base services.

In recent years we have improved performance against this indicator, year on year, and this has continued throughout 2020/21. The rate of delayed discharge per 100,000 population reduced from 8,170 in 2019/20 to 5,009 in the 12 months to Dec 2020, a 38.69% reduction.

The COVID-19 pandemic will have had a significant impact on this as citizens were in 'lockdown' for much of this time and elective care was reduced significantly in this period. Nonetheless the pandemic brought additional pressures and our performance against this measure indicates that services have indeed been mobilised effectively against those pressures.

In particular the creation of our "SWITCH Team" which provides short-term in-house Care at Home services has increased the speed with which patients can be supported rapidly to

transition out of hospital until independent sector care providers can provide services. The success of this team has been contingent on the continued expansion of our locality based integrated model of care (LInCs) which has created a robust multi-disciplinary way of working which sees the right profession engage with patients and services at the right time in the right setting.

## PROPORTION OF LAST 6 MONTHS OF LIFE SPENT AT HOME OR IN A COMMUNITY SETTING

This indicator provides an insight into the extent to which palliative, and end of life care is being provided in a planned way, reflecting best practice and bearing in mind the wishes of patients and their family as far as is practicable. In interpreting this indicator it is important to acknowledge the suitability and the appropriateness of the location of the care provided may alter throughout the period of care as may the wishes of patients and families.

In the year to December 2020 the proportion of the last 6 months of life spent at home or in a community setting has increased in Perth and Kinross from 89.93% to 90.43%. This improvement in our performance has been impacted by the increased investment in community based services. Although the COVID-19 pandemic will have affected many facets of the Health and Social Care, our sustained improvement in this measure indicates progress in improving outcomes for patients and service users in providing end of life care.

## FINANCIAL OVERVIEW

### Financial Performance

The 3 Year Financial Plan, approved by the IJB in March 2020, contained a significant programme of transformation to bring a balanced position over a 3 year period. Our financial performance compared to the Financial Plan for 2020/21 is summarised in the table below:

	2020/21 Financial Plan Position Over/(Under)	2020/21 Year End Out-turn Over/(Under)	Movement from Plan Over/(Under)
	£m	£m	£m
Core	1.665	0.035	(1.630)
Hosted Services	0.098	(0.302)	(0.400)
Prescribing	(0.588)	(0.588)	0.000
GMS	0.000	(0.106)	(0.106)
Health	1.175	(0.961)	(2.136)
Social Care	0.000	(2.926)	(2.926)
<b>Total</b>	<b>1.175</b>	<b>(3.887)</b>	<b>(5.062)</b>

Finance Update reports have been presented to the IJB throughout 2020/21, reporting on the projected in year position and the impact of Covid-19. Expenditure incurred as a direct result of Covid-19 was fully funded by additional Scottish Government income, with no impact on year end out-turn. However, for many operational variances it proved challenging to differentiate those resulting from Covid-19 and those not, as nearly all services were affected directly or indirectly. It is clear the Covid-19 pandemic and the PKHSCP mobilisation response has been a significant cause for the financial position to move from plan and, mirroring the performance indicators, the financial position reflects shifts in demand for services.

In Social Care, the reduction in demand for care home placements shifted to an increased demand for care at home. However, much of this demand was met through the effective re-tasking of staff from across Health and Social Care. Some significant delays in the provision of adult care packages due to a lack of carers led to an underspend that was not directly a result of Covid-19.

In Health, the delay in the programme of transformation resulted in planned investment monies slippage and a subsequent underspend. This will now be carried forward as part of IJB reserves to invest in 2021/22. Planned spend of uncommitted monies and planned recruitment was also delayed, resulting in additional unanticipated underspend. Where vacancies arose during the year, the change in service demand meant critical vacancies were covered through staff deployment, whilst others were not immediately filled. Again, this led to unanticipated underspends across services.

Savings plans attributed to the Health & Social Care transformation programme have been affected. In line with the Covid-19 local mobilisation plan, supported by the Scottish Government, these unachieved savings were included within the costs of the plan and were part of the additional funding allocation made by the Scottish Government and therefore had no impact on the out-turn position.

As part of the development of the 3 Year Financial Plan 2022/23: 2024/25, we will seek to better understand changes to expenditure patterns and potential implications for future years.

## **FINANCIAL STATEMENTS**

### **Background**

The IJB's finances 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.

### **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 2020/21 Annual Accounts comprise:

(a) Comprehensive Income and Expenditure Statement - This shows a surplus of £12.741m. The underlying operational outturn is a £3.887m underspend of which Health Services are £0.961m and Social Care £2.926m. In line with the Integration Scheme, this surplus has been added to the IJB reserve to carry forward into 2021/22. The remaining surplus of £8.854m relates to the movement and increase in reserves. Further detail is provided in section (b) and (c) below and in Note 6.

(b) Movement in Reserves - In 2020/21, earmarked reserves had an opening balance of £1.159m, this has increased by £12.741m, providing a closing balance of £13.900m. During 2020/21, a significant level of funding has been provided by the Scottish Government to the IJB via NHS Tayside. In addition to the underlying operational underspends, the most significant balances held are for Covid-19 and Primary Care Improvement Funding.

(c) Balance Sheet - In terms of routine business the IJB does not hold assets, however the balance of £13.900m 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 2020/21 do not include a Cash Flow Statement as the IJB does not hold any cash or cash equivalents.

## **MEDIUM TERM FINANCIAL STRATEGY**

Building on the significant progress and lessons learned through our response to the Covid-19 pandemic, the 2021/22 Remobilisation Plan prioritises support and investment where it is most required. The 2021/22 one year balanced budget, approved at the IJB in March 2021, builds

on the indicative budget approved by the IJB last March 2020. This has been updated significantly to reflect Covid Remobilisation Plan priorities.

The setting of a one year financial plan for 2021/22 was agreed by the IJB in recognition of the level of planning uncertainty. However, the IJB and its Executive Management Team are fully committed to developing a 3 year Financial Plan for the years 2022/23 to 2024/25. This will incorporate the direction set out in the previously approved 3 year financial plan; the lessons learned from 2020/21; and the predicted and unforeseen pressures as a result of Covid-19. Other key factors in its development will be the funded Scottish Government service development priorities including the Primary care Improvement Plan; Mental Health Action 15; Mental Health Recovery and Renewal; Alcohol and Drug Partnership; Drug Deaths, the Community Living Change Fund for complex care and District Nursing.

In addition, the Scottish Government have identified some early priorities for the implementation of recommendations within the Independent Review of Adult Social Care. These will require to be considered.

## STRATEGIC RISKS AND OUTLOOK FOR FUTURE YEARS

The IJB's key strategic risks are contained in the Strategic Risk Register, along with an assessment of level of risk facing the IJB. The Strategic Risk Register is monitored and updated frequently by the PKHSCP Executive Management Team who in turn report to the IJB Audit & Performance Committee and the IJB on a regular basis. At the Audit & Performance Committee in February 2021 the revised Strategic Risk Register was approved. Strategic Risks had been reviewed and refreshed to consider the implications of Covid -19. It was agreed that the Risk Improvement Plan be developed and brought back for consideration. The IJB approved the revised Tayside Strategic Risk Management Strategy Register at its meeting on April 2021 and agreed to hold a workshop on the strategic risks and the IJB's risk appetite during 2021/22. A summary of the Strategic Risk Register is set out in the table below.

Risk	Priority
1 <u>FINANCIAL RESOURCES</u> : There are insufficient financial resources to deliver the objectives of the Strategic Plan.	Very High
2 <u>WORKFORCE</u> : As a result of our ageing workforce, difficulties in recruiting suitably skilled and experienced staff in some areas, and the impact of COVID-19, there is a risk that the Partnership will be unable to maintain its workforce appropriately leading to unsustainable services.	Very High
3 <u>SAFE WORKING</u> : There is a risk that COVID-19 restrictions on safe working practice and social distancing leads to a reduction in service provision inhibiting the ability of the Partnership to achieve its strategic aims.	Very High
4 <u>SUSTAINABLE CAPACITY AND FLOW</u> : As a result of the demographics of the people who use our services in Perth and Kinross and the impact of COVID-19 on our population there is a risk of 'capacity and flow' within our services being unsustainable.	High
5 <u>SUSTAINABLE DIGITAL SOLUTIONS</u> : As a result of being insufficiently digitally enabled or integrated there is a risk that the Partnership will not be able to adapt effectively and efficiently to deliver new models of working.	High
6 <u>VIABILITY OF EXTERNAL PROVIDERS</u> : As a result of social care market conditions, availability of services, and COVID-19, there is a risk that external providers of care will not be able to meet people's assessed needs in the most appropriate way.	Medium
7 <u>INSUFFICIENT PREPAREDNESS FOR FUTURE COVID-19 (OR OTHER PANDEMIC) PRESSURES</u> : Due to the scale of future COVID-19 outbreaks being unknown, there is a risk that preparations to sustain service provision will be insufficient.	Low
8 <u>WIDENING HEALTH INEQUALITIES</u> : As a consequence of COVID-19 there is a risk that health inequalities widen significantly.	High
9 <u>LEADERSHIP TEAM CAPACITY</u> : As a result of insufficient capacity in the Leadership Team there is a risk that the clear direction and leadership required to achieve the vision for integration is not achieved.	High
10 <u>CORPORATE SUPPORT</u> : As a result of insufficient Corporate staff resource there is a risk that functions (such as improvement and project support, robust administration as well as core corporate duties such as performance, risk management, strategic planning, governance and audit) will be Service unable to deliver as required to achieve strategic	High

	Risk	Priority
	objectives.	
11	<u>PRIMARY CARE</u> : As a result of insufficient suitable and sustainable premises, and a lack of available national and cross-system flow of financial support, there is a risk that we will not be able to provide, within the legislative timeframe, the necessary services as defined within the 2018 General Medical Services Contract.	Very High
12	<u>EU WITHDRAWAL</u> : There is a risk that the UK will leave the EU without the necessary provisions in place to safeguard supplies, protect staff and reduce the effects of vulnerable UK citizens returning to the area, impacting on the ability of the IJB to ensure the sustainable delivery of Health and Care Services.	Low
13	<u>INPATIENT MENTAL HEALTH SERVICES</u> : There is a risk that due to the complexity of the governance arrangements for Inpatient Mental Health Services Perth and Kinross IJB will not be able to meet its Strategic Planning responsibilities.	Medium

The Covid -19 Pandemic and its long term impact creates an increased level of uncertainty both in terms of the shape and scale of the future services required to meet the needs of our population but also in terms of resources that can be made available by the Scottish Government. Further, the Independent Review of Adult Social Care and its recommendations will fundamentally change the planning landscape moving forward and delivery of the ambitions within the review will require legislative change as well as significant additional investment.

## 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's Audit & Performance Committee on 13 September 2021.

Signed on behalf of the Perth and Kinross IJB

Councillor Eric Drysdale

IJB Chair

Date:

## 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 2021 and the transactions for the year then ended.

Jane Smith

Chief Financial Officer

Date:

## 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 following 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 2021, Perth and Kinross IJB had 7 voting members and 11 non-voting members as follows:

#### **Voting Members:**

Councillor Eric Drysdale (Chair)

Bob Benson (Vice-Chair) (Non-Executive Member)

Councillor Callum Purves

Councillor John Duff

Councillor Xander McDade

Pat Kilpatrick (Non-Executive Member)

Ronnie Erskine (Non-Executive Member)

#### **Non-voting Members:**

Gordon Paterson (Chief Officer)

Jane Smith (Chief Financial Officer)

Jacqueline Pepper (Chief Social Work Officer)

Dr Lee Robertson (Secondary Medical Care Practitioner Representative)

Sarah Dickie (Associate Nurse Director)

Bernie Campbell (Carer Public Partner)

Sandra Auld (Service User Public Partner)

Allan Drummond (Staff Representative)

Stuart Hope (Staff Representative)

Sandy Watts (Third Sector Representative)

Lynn Blair (Independent Sector Representative)

During 2020/21, the position of Chair was held by Councillor Eric Drysdale.

During 2020/21, the position of Vice-Chair was held by Bob Benson, Non-Executive.

## 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 postholders 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 2020/21.

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.

### Other Officers

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 adheres to the legislative and regulatory governance of the employing partner organisation. The Chief Financial Officer is included in the disclosures below.

<b>Total</b>	<b>Senior Employees</b>	<b>Salary,</b>	<b>Total</b>
<b>2019/20</b>		<b>Fees &amp; Allowances</b>	<b>2020/21</b>
7,706	<b>Rob Packham</b> Chief Officer	0	0
108,024	<b>Gordon Paterson</b> Chief Officer	120,426	120,426
74,952	<b>Jane Smith</b>	87,487	87,487
<b>190,682</b>	<b>Total</b>	<b>207,913</b>	<b>207,913</b>

Gordon Paterson was appointed to the position of Chief Officer on the 1<sup>st</sup> of April 2019. Rob Packham retired on the 30<sup>th</sup> of April 2019, there was an overlapping hand-over period of one month.

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

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

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/20 £	For Year to 31/03/21 £		Difference from 31/03/20 £	As at 31/03/21 £
Rob Packham	1,579	-	Pension	n/a	n/a
			Lump sum	n/a	n/a
Jane Smith Chief Financial Officer	15,614	16,125	Pension	2,182	27,256
			Lump sum	1,722	54,323
Gordon Paterson Chief Officer	18,364	20,472	Pension	7,296	56,381
			Lump sum	10,557	102,507
<b>Total</b>	<b>35,557</b>	<b>36,597</b>	<b>Pension</b>	<b>9,478</b>	<b>83,637</b>
			<b>Lump Sum</b>	<b>12,279</b>	<b>156,830</b>

## 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.

<b>Number of Employees in Band</b>	<b>Remuneration Band</b>	<b>Number of Employees in Band</b>
<b>2019/20</b>		<b>2020/21</b>
1	£70,000 - £74,999	0
0	£85,000 - £89,999	1
1	£105,000 - £109,999	0
0	£120,000 - £124,999	1

## EXIT PACKAGES

No exit packages were paid to IJB staff during this period or the previous period.

Councillor Eric Drysdale

IJB Chair

Gordon Paterson

Chief Officer

Date: 13 September 2021

**SECTION 4: ANNUAL GOVERNANCE STATEMENT**

## 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.

2019/20		2020/21
Net Expenditure		Net Expenditure
£000		£000
33,036	Community and Hospital Health Services	36,412
22,587	Hosted Health Services	24,534
27,008	GP Prescribing	26,413
44,080	General Medical/Family Health Services	48,255
16,280	Large Hospital Set aside	16,177
282	IJB Operating Costs	301
72,336	Community Care	78,796
<b>215,609</b>	<b>Cost of Services</b>	<b>230,888</b>
(214,298)	Taxation and Non-Specific Grant Income (Note 4)	(243,629)
<b>1,311</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(12,741)</b>
<b>1,311</b>	<b>Total Comprehensive (Income) and Expenditure (Note 3)</b>	<b>(12,741)</b>

This statement shows a surplus of £12.741m, which includes the balances remaining on various Scottish Government and Partnership funds and constitutes the Movement on Reserves in year. This balance has been included within earmarked reserves at 31st March 2021(as per Movement in Reserves Statement and Note 6 below).

### 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.

<b>Movements in Reserves During 2020/21</b>	General Fund Balance
	£000
<b>Opening Balance at 31 March 2020</b>	<b>(1,159)</b>
Total Comprehensive Income and Expenditure	(12,741)
(Increase) or Decrease in 2020/11	(12,741)
<b>Closing Balance at 31 March 2021</b>	<b>(13,900)</b>

<b>Movements in Reserves During 2019/20</b>	General Fund Balance
	£000
<b>Opening Balance at 31 March 2019</b>	<b>(2,470)</b>
Total Comprehensive Income and Expenditure	1,311
(Increase) or Decrease in 2019/20	1,311
<b>Closing Balance at 31 March 2020</b>	<b>(1,159)</b>

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

<b>31 March 2020</b>		<b>Notes</b>	<b>31 March 2021</b>
£000			£000
1,159	Short Term Debtors	5	13,900
<b>1,159</b>	<b>Current Assets</b>		<b>13,900</b>
-	Short-Term Creditors		-
-	<b>Current Liabilities</b>		-
-	Provisions		-
-	<b>Long-Term Liabilities</b>		-
<b>1,159</b>	<b>Net Assets</b>		<b>13,900</b>
(1,159)	Usable Reserve: General Fund	6	(13,900)
<b>(1,159)</b>	<b>Total Reserves</b>		<b>(13,900)</b>

The unaudited annual accounts were issued on 21 June 2021, and the audited annual accounts were authorised for issue on 13 September 2021.

**Jane Smith**

13/9/21

Chief Financial Officer

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## 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 2020/21 financial year and its position at the year-end date of 31 March 2021.

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 2020/21, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The Chief Financial Officer is responsible for making an annual assessment of whether it is appropriate to prepare the accounts on a going concern basis. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, an authority's financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for at least twelve months from the date of approval of the financial statements and it can only be discontinued under statutory prescription.

#### 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 and Kinross Council and NHS Tayside. Expenditure is incurred as the IJB commission's 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 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 2021.

#### **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.

## **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 and 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 Integration Scheme sets out the process for determining the value of the resources used in Large Hospitals, to be Set-Aside by NHS Tayside and made available to the IJB. The value of the Large Hospital Set-Aside expenditure reported in 2019/20 was £16.280m. The total expenditure in 2020/21 of £16.177m 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 2020/21 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 Kinross Integration Joint Board, both Perth and 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.

## **I. 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 13 September 2021. 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 2021, 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**

<b>2019/20</b>		<b>2020/21</b>
£000		£000
72,336	Services commissioned from Perth and Kinross Council	78,796
142,992	Services commissioned from NHS Tayside	151,791
249	Other IJB Operating Expenditure	266
3	Insurance and Related Expenditure	3
29	External Audit Fee	32
(214,298)	Partner Funding Contributions and Non-Specific Grant Income	(243,629)
<b>1,311</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(12,741)</b>

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.

**NOTE 4: TAXATION AND NON-SPECIFIC GRANT INCOME**

<b>2019/20</b>		<b>2020/21</b>
£000		£000
(54,077)	Funding Contribution from Perth and Kinross Council	(56,743)
(160,221)	Funding Contribution from NHS Tayside	(186,886)
<b>(214,298)</b>	<b>Taxation and Non-specific Grant Income</b>	<b>(243,629)</b>

The funding contribution from NHS Tayside shown above includes £16.177m 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

2019/20		2020/21
£000		£000
1,159	NHS Tayside	10,974
0	Perth & Kinross Council	2,926
<b>1,159</b>	<b>Debtors</b>	<b>13,900</b>

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.

As at March 2021, the IJB's Annual Accounts showed that Perth & Kinross IJB had reserves totalling £13.900m. The following table sets out the earmarked reserve balances as at 31 March 2021 which are required for specific commitments in future years.

	Balance as at 1 April 2020	Transfers (In)/Out	Balance as at 31 March 2021
	£000	£000	£000
Primary Care Improvement Fund	66	1,608	1,674
Mental Health Action 15 Fund	19	152	171
Primary Care Transformation Fund	355	(27)	328
Alcohol and Drug Partnership Fund	206	316	522
Partnership Transformation Fund	431	(23)	408
GP Premises Improvement Fund	82	(18)	64
Community Living Change Fund	0	505	505
Winter Planning Fund	0	188	188
District Nursing Fund	0	61	61
Reduce Drugs Death Fund	0	67	67
Drugs Death Task Force	0	78	78
COVID 19 Fund	0	4,547	4,547
Health Reserves Fund (NHS Tayside)	0	1,400	1,400
20/21 Health Operational Underspend	0	961	961
20/21 Social Care Operational Underspend	0	2,926	2,926
<b>Closing Balance at 31 March 2021</b>	<b>1,159</b>	<b>12,741</b>	<b>13,900</b>

#### **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, Public Dental services/Community Dental 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.

Perth & Kinross IJB previously hosted Inpatient Mental Health on behalf of Angus and Dundee and as such, recharged the costs associated to the relevant IJB. As detailed at Note 10 to the accounts, the Scottish Government actioned the transfer of operational management responsibility for Inpatient Mental Health Services in Tayside from the Integrated Joint Boards (previously hosted by Perth & Kinross) to NHS Tayside. This means there is no recharge from Perth & Kinross IJB to Angus or Dundee in 2020/21.

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

<b>2019/20</b>		<b>2020/21</b>
£000		£000
22,908	Expenditure on Agency Services	6,207
(22,908)	Reimbursement for Agency Services	(6,207)
-	<b>Net Agency Expenditure excluded from the CIES</b>	-

#### **NOTE 8: RELATED PARTY TRANSACTIONS**

The IJB has related party relationships with the NHS Tayside and the Perth and 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

<b>2019/20</b>		<b>2020/21</b>
£000		£000
54,077	Perth and Kinross Council	56,743
160,221	NHS Tayside	186,886
<b>214,298</b>	<b>Total</b>	<b>243,629</b>

##### Expenditure – payments for delivery of integrated functions

<b>2019/20</b>		<b>2020/21</b>
£000		£000
72,368	Perth and Kinross Council	78,831
142,992	NHS Tayside	151,791
249	NHS Tayside: Key Management Personnel Non-Voting Board Members	266
<b>215,609</b>	<b>Total</b>	<b>230,888</b>

This table shows that expenditure within Perth and Kinross Council is £22.088m greater than Perth and Kinross Council funding contributions. This represents IJB funding received from NHS Tayside being directed into Perth and Kinross Council and also the transfer to general fund balances of £2.926m.

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 and 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

<b>2019/20</b>		<b>2020/21</b>
£000		£000
-	Debtor balances: Amounts due from Perth and Kinross Council	2,926
-	Creditor balances: Amounts due to Perth and Kinross Council	-
-	<b>Total</b>	<b>2,926</b>

Balances with NHS Tayside

<b>2019/20</b>		<b>2020/21</b>
£000		£000
1,159	Debtor balances: Amounts due from NHS Tayside	10,974
-	Creditor balances: Amounts due to NHS Tayside	-
<b>1,159</b>	<b>Total</b>	<b>10,974</b>

**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 H.M. 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 H.M. 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.

## NOTE 10: INPATIENT MENTAL HEALTH

During 2020-21, the Scottish Government actioned the transfer of operational management responsibility for Inpatient Mental Health Services in Tayside from the Integrated Joint Boards (previously hosted by Perth & Kinross) to NHS Tayside. This meant that NHS Tayside managed the budget and associated variances in 2020-21.

The IJB retains responsibility for the consumption of, and level of demand placed on these resources. This means that £9.072m has been included within the Hosted Services line in the CIES in 20-21, which constitutes Perth & Kinross IJB's share of Inpatient Mental Health.

<b>2019/20</b>		<b>2020/21</b>
£000		£000
14,047	Expenditure on Hosted Services	15,462
8,540	Expenditure on Inpatient Mental Health	9,072
<b>22,587</b>	<b>Total Expenditure on Hosted Services</b>	<b>24,534</b>

**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 (e.g. cash and stock). A non-current asset provides benefits to the IJB and to the services it provides for a period of more than one year.

### Audit of 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.

### **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 e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

## 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 incash.

## 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.