



PERTH AND KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

19 JUNE 2018

UNAUDITED ANNUAL ACCOUNTS 2017/18

Report by Chief Financial Officer (G/18/83)

PURPOSE OF REPORT

This report presents the Integration Joint Board's (IJB) Unaudited Annual Accounts for the financial year 2017/18 in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

1. BACKGROUND

- 1.1 The Unaudited Annual Accounts for 2017/18 are due to be submitted to the Controller of Audit by 30 June 2018.
- 1.2 The Annual Accounts are prepared in accordance with the 2015 CIPFA Code of Practice on Local Authority Accounting ("the Code").
- 1.3 These accounts also comply with the Local Authority Accounts (Scotland) Regulations 2014 which came into force in October 2014.

2. ANNUAL ACCOUNTS

- 2.1 The regulations require an annual review of the effectiveness of the IJB's system of internal control. This requirement will be met by the approval of the Annual Governance Statement by the Audit & Performance Committee of the IJB. The Statement is set out from page 16 of the attached accounts.
- 2.2 The Annual Accounts include a Management Commentary. The purpose of which is to provide users of the financial statements with integrated information on management's view of performance, position and progress (including forward looking information). This is set out from page 1 of the Accounts.
- 2.3 The regulations require the IJB to consider the unaudited accounts at a meeting to be held no later than 31 August 2018. Best practice is for the IJB to have formally considered the Unaudited Annual Accounts prior to submitting them to the appointed auditor and making them available for public inspection.

- 2.4 Following consideration of the Unaudited Annual Accounts, the Audit & Performance Committee is asked approve these and agree their submission to the IJB for their consideration on the 22 June 2018.

3. NEXT STEPS

- 3.1 Assuming approval by the IJB at its meeting on the 22 June 2018, the audit of the Annual Accounts will take place during July and August 2018. Audit Scotland (working with Council officers) will consider whether the Annual Accounts:

Give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the IJB at 31 March 2018 and of the income and expenditure of the IJB for the year then ended;

Have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

- 3.2 It is anticipated that the results of the audit will be summarised in the Draft Annual Report which incorporates the ISA260: Report to those Charged with Governance. It is anticipated that this Audit Scotland report will be considered by the Audit & Performance Committee on 25 September 2018 with the Final Annual Report on the 2017/18 Audit being considered by the IJB on 28 September 2018.
- 3.3 The Unaudited Annual Accounts are also available for public inspection between 2 July and 20 July 2018 (inclusive) with any objections being sent to the auditor.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 The Unaudited Annual Accounts will be submitted to the Controller of Audit by 30 June 2018 subject to approval by this Committee; approval by the IJB at its meeting on the 22 June 2018 and authorisation by the Chief Financial Officer
- 4.2 It is recommended that the Audit & Performance Committee approves the Unaudited Accounts and passes these for consideration by the IJB.

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**Perth and Kinross
Integration Joint Board
Annual Accounts 2017/18**

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SECTION 1: MANAGEMENT COMMENTARY

INTRODUCTION

This publication contains the financial statement for Perth & Kinross Integration Joint Board (IJB) for the year ended 31 March 2018.

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 2018. 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 & 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 has responsibility for providing social care and defined health care services for the residents Perthshire and Kinross encompassing an area of 5,000 square kilometres and a population of 150,000. In addition, the IJB provides 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 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.

A Council nominee was the Chair of the IJB until 30th September 2017 and the Vice-Chair was drawn from NHS Board Non-Executive Directors. From 1st October an NHS Board Non-Executive Director was the Chair and a Council nominee was appointed as Vice Chair. 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

The IJB has appointed a Clinical Director and a Chief Finance Officer. Corporate services including strategic planning, performance and business support services to the IJB are provided by NHS Tayside and Perth & Kinross Council.

PURPOSE AND OBJECTIVES OF THE IJB

The main purpose of integration is to improve the wellbeing of families, communities and people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. The Integration Joint Board has approved the following Vision for the Health and Social Care Partnership as part of its approved Strategic Plan for 2016-19: "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." The Integration Scheme puts in place a framework designed to deliver the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under Section 5(1) of the Public Bodies (Joint Working) (Scotland) Act 2014. The IJB Strategic Plan sets out a number of Strategic Objectives and Policy Priorities with accompanying Implementation and Resource Plans, Performance Framework and Strategic Risk Assessment, all designed to ensure a direction of travel by the Partnership consistent with National Objectives. The Partnership's agreed Strategic Objectives are as follows:

1. Prevention and early intervention
2. Person-centered 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

The plan places a lot of emphasis on the need for services and support to intervene early to prevent later, longer term issues arising, and enabling people to manage their own care and support by taking control and being empowered to manage their situation. Where this is not possible, our aim is for services to target resources where they are needed most, reducing ill health and deterioration and ultimately reducing health inequalities.

OPERATIONS FOR THE YEAR

The IJB's strategic ambitions sit alongside operational imperatives across a wide range of services. This creates a very challenging landscape to deliver major service redesign at the pace expected. However much progress has been made including:

- The development of Integrated Care Teams (ICTs) across the three localities in Perth & Kinross has continued aimed at providing targeted health and social care to restore and improve the quality of life for individuals in our communities. A Person Centered Framework has been developed for the purposes of identification of a named key worker.
- A redesign of Psychiatry of Old Age (POA) services has been taken forward increasing the Older Peoples Mental Health community based teams across Perth & Kinross allowing enhanced care in peoples homes. The enhanced teams are an integral part of the Integrated Care Team in each locality. In addition a multi-disciplinary POA Liaison Service has been established supporting wards at Perth

Royal Infirmary and Murray Royal Hospital dementia care, diagnosis of delirium and managing cognitive impairment needs.

- During the year, the fully implemented Discharge Hub at Perth Royal Infirmary has had a significant impact on ensuring timely and appropriate discharge from hospital, improving health and well being outcomes by reducing significantly the length of stay in a hospital setting and the overall risk of a delay. Further a new Social Care 'HART' team (Home Assessment Recovery Team) has been established in further support of timely discharge and early intervention and prevention. Care Home liaison services have also been enhanced ensuring timely and appropriate discharge to care home settings. A better locality focus on Care Home Liaison has also been established.
- During the year, a full review of residential care was undertaken. In Perth & Kinross there is a decline in demand for residential care home placements in line with national trend. However demand for nursing care home placements continues to increase and further investment will be required moving forward.
- The implementation of the Carer's Act has been a significant program of work. The IJB approved eligibility criteria during the year following consultation with key stakeholders. Additional carer support workers have been recruited. Further significant investment will be required moving forward.
- The implementation of a new care home contract was completed following an extensive tendering process. The demand of care at home continues to increase however and the sector has struggled to keep pace with demand. A review of the sustainability of the current service model is required.
- During 2017/18 the significant restructure of social work and social care field work teams was completed, ensuring a shift in resources to provide early and preventative interventions. Moving forward we will be working with communities to support the work that they can do to reduce isolation and loneliness.
- We have worked closely with clinicians at Perth Royal Infirmary and with staff across Community Hospitals to develop a sustainable service model for the future with pathways that ensure appropriate capacity and flow in and out of the inpatient environments.
- As the IJB responsible for hosting In Patient Mental Health and Learning Disabilities, we have completed an extensive review of these services with options identified and a three month public consultation on proposals for the future delivery of services. The preferred option will see the relocation of all 4 General Adult Psychiatry wards at the Carseview Centre in Dundee and all Learning Disability Inpatient Wards relocated to Murray Royal Hospital in Perth.
- Across our other hosted services, the Podiatry Service has successfully implemented a move to single use instrumentation in a number of areas. Further it has undertaken a review of workforce to ensure equity of access to specialist podiatry care across each locality. Within our Public Dental Service, the provision

of person centered care has continued with close community working to promote oral health prevention an intervention across all ages. Within Prison Healthcare, the completion of significant redesign of workforce has improved the effectiveness of service delivery including medicines prescribing.

- During 2017/18, we have provided funding to support GP capacity to work with us on quality, safe and cost effective prescribing. The program of engagement will step up further in 2018/19.
- The role of the Executive Management Team has been strengthened and this pivotal group now provides scrutiny review and support to all key transformation projects across the Partnership.

Looking forward to 2018/19, the Partnership has a number of key priorities focused on ensuring future sustainability of services:

- We will take forward the development of our Primary Care Improvement Plan aimed at ensuring that the benefits set out in the new contract for GP's are realised.
- We plan to expand Technology Enabled Care in the year ahead and enable people to choose the way their care and support are provided. This will complement our support to carers and reduce the need for Care at Home where this is appropriate.
- We will increase our support to carers through further enhanced community support, enabling people to remain at home for longer and avoiding unnecessary admissions and longer stays in hospital.
- For Inpatient Mental Health services the planning for and implementation of approved transformational changes will be taken forward. Further opportunities to deliver sustainable services will also be developed. This will include a review of the current inpatient drug and alcohol service.
- We will finalise the review of Inpatient model for Tay Ward, Stroke Services and our Community Hospitals. This forms a significant part of the wider development of a Perth & Kinross Integrated Clinical Strategy. The timescales for this will be determined by the broader NHS Tayside review of Unscheduled Care for which an Option Appraisal is to be completed by July. This will include a review of Emergency Department and General Medical Wards at PRI which form part of the IJB's large hospital set aside budget.
- There will be a further review of Psychiatry of Old Age Inpatient Services with an even greater focus on community based provision through the Integrated Care Teams in each locality.
- Within Prison Healthcare we will work with the Scottish Prison Service to consider implications of a move to Smoke Free Prisons

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:-

Data indicators

MSG Indicator	MSG Description	P&K Total Previous Year	P&K Current Year	P&K YTD diff from 16/17
1a	Emergency Admissions	15,128	15,021	↓ 107
2a	Unscheduled hospital bed days	111,324	102,451	↓ 8,873
3a	A&E Attendances	31,825	32,506	↑ 681
4.1	Delayed discharge bed days**	19,176	16,785	↓ 2,391
5.1	Proportion of last 6 months of life spent at home or in a community setting	88%	89%	↑ 0.46%
6.1	Percentage of population at home unsupported	98%	98%	↑ 0.03%

* Takes the last 12 months from the date shown in column D, except for MSG 5 and 6, where the previous financial year before is taken for comparison

** Changes to the calculation of delayed discharges came into effect in July 2016

Our work to ensure effective and appropriate flow into and from our hospital services has impacted positively on both levels of delayed discharge and unplanned admissions.

FINANCIAL MANAGEMENT

Background

The IJB's finances are overseen by the IJB's Chief Finance Officer with support from Finance functions within Perth & Kinross Council and NHS Tayside. This support is provided as part of overall arrangements for corporate support services whereby Perth & Kinross Council and NHS Tayside provide a range of services including, for example, Finance, Human Resources and Committee Services support without charge to Perth & Kinross IJB.

Prior to April 2016, the IJB had developed the financial governance infrastructure required to allow it to assume new responsibilities from 1st 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 2017/18 Annual Accounts comprise:-

- a) Comprehensive Income and Expenditure Statement – This statement shows that the IJB achieved a breakeven position overall.
- b) Against health budgets an underlying over spend of £1.279m was reported. However in line with the risk sharing agreement agreed with NHS Tayside and Perth & Kinross Council for the first three years of the IJB, NHS Tayside devolved further non-recurring budget to the IJB to balance income with expenditure. A breakeven position for 2017/18 is therefore reported against health budgets.
- c) Against Social Care budgets an underlying under spend of £2.637m was delivered. The Integration scheme sets out that under spends can be retained by the IJB as reserves following agreement with the Partners. Such agreement was not reached in relation to 2017/18 under spend. Instead Perth & Kinross Council reduced the budget to deliver breakeven and will carry forward the under spend in an earmarked reserve for Social Care.
- d) Movement in Reserves – The IJB carried £1.386m reserves into 2017/18 and these reserves were fully released into the budget in 2017/18. As above, the under spend on Social Care will be carried forward by Perth & Kinross Council. Therefore the IJB is reporting no reserve.
- e) Balance Sheet – In terms of routine business the IJB does not hold assets, however the movement in reserves noted above are reflected in the year-end balance sheet.
- f) Notes, comprising a summary of significant accounting policies, analysis of significant figures within the Annual Accounts and other explanatory information.

The Annual Accounts for 2017/18 do not include a Cash Flow Statement as the IJB does not hold any cash or cash equivalents.

The overspend on health services has arisen across GP Prescribing and Inpatient Mental Health Services. For GP Prescribing, anticipated national price reductions on specific medicines were not realized impacting significantly on the in year financial position. For Inpatient Mental Health, nursing costs and medical costs continue to be significantly higher than budgeted. Both areas are undergoing significant review and transformation with plans in place for 2018/19 that should see a significant reduction in levels of spend.

Financial Outlook, Risks and Plans for the Future

The IJB, like many others, 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 Financial Plan for 2018/19 is currently in development with the objective that the IJB operates within resources available. A budget settlement with Perth & Kinross Council and NHS Tayside has been agreed. Discussions are continuing with NHS Tayside in relation to Prescribing and Inpatient Mental Health (which Perth & Kinross IJB hosts on behalf of all three IJB's). However significant transformation and cost improvement plans are being developed for both areas which should support future financial sustainability.

However both settlements present significant challenges in terms of accommodating demographic and inflationary type pressures across core services. In particular pay, price and demand pressures across social care services are estimated at £4.6m for 2018/19 with similar levels forecast for the next two years. Whilst a significant transformation and efficiency programme has been identified for 2018/19 the scope of opportunity for further major transformation across services will not be sufficient to address the level of social care pressures moving forward. Both parent bodies are facing a very difficult financial outlook. Perth and Kinross Council have set an indicative budget for the IJB for 2019/20 and 2020/21 which could see further net cuts to the budget in both years. Early discussions are taking place with NHS Tayside and Perth and Kinross Council to ensure a collective understanding of the significant challenges and to provide a forum for agreement for the IJB's budget for 2019/20 and beyond.

In addition to the recurring settlement for 2018/19, NHS Tayside have agreed to distribute non-recurring funding to the IJB to take forward a number of agreed projects for which expenditure has been delayed and will now not be incurred until 2018/19.

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

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 2017/18 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 & Kinross.

Stephen Hay

IJB Chair

28/9/18

Rob Packham

Chief Officer

28/9/18

Jane Smith

Chief Financial Officer

28/9/18

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 28 September 2018.

Signed on behalf of the Perth and Kinross IJB

Stephen Hay
IJB Chair

28/9/18

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 2018 and the transactions for the year then ended.

Jane Smith
Chief Financial Officer

28/9/18

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 2018, Perth and Kinross IJB had 8 voting members and 12 non-voting members as follows:

Voting Members:

Linda Dunion (Chair)	Councillor Xander McDade
Councillor Crawford Reid (Vice Chair)	Judith Golden (NHS Employee Director)
Councillor Chris Ahern	Sheila Tunstall-James (Non Executive Member)
Councillor Eric Drysdale	Stephen Hay (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)	Fiona Fraser (Staff Organisations Rep.)
Dr Neil Prentice (Associate Medical Director)	Helen McKinnon (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 2017/18 the position of Chair was held by Councillor Dave Doogan until 3rd May 2017, then by Councillor Crawford Reid from 17th May until 30th September 2017, it was then held by Linda Dunion (NHS non-executive) from 1st October 2017 until 30th April 2018. The Chair is now held by Stephen Hay

(NHS non-executive).

The position of Vice-Chair was held by Linda Dunion (NHS non-executive) until 30th September 2017, then Councillor Crawford Reid until 30th April 2018. The position of Vice-Chair is to be confirmed at the June IJB.

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 2017/18.

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 2016/17 £	Senior Employees	Salary, Fees & Allowances £	Total 2017/18 £
83,965	Rob Packham Chief Officer	86,112	86,112
69,933	Jane Smith Chief Financial Officer	70,539	70,539
153,898	Total	156,651	156,651

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 31/03/17 £	For Year to 31/03/18 £		Difference from 31/03/17	As at 31/03/18
Rob Packham Chief Officer	12,703	13,168	Pension	1,257	24,945
			Lump sum	3,771	74,834
Jane Smith Chief Financial Officer	10,409	10,513	Pension	1,081	20,914
			Lump sum	(983)	49,679
Total	23,112	23,681	Pension	2,338	45,859
			Lump Sum	2,788	124,513

Disclosure by Pay Bands

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

Number of Employees in Band 2016/17	Remuneration Band	Number of Employees in Band 2017/18
1	£65,000 - £69,999	0
0	£70,000 - £74,999	1
1	£85,000 - £89,999	1

Stephen Hay
IJB Chair

28/9/18

Rob Packham
Chief Officer

28/9/18

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.

2016/17		2017/18			
Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000		£000	£000	£000
0	43,423	Community and Hospital Health Services	46,120	0	46,120
0	20,751	Hosted Health Services	20,970	0	20,970
0	28,190	GP Prescribing	28,467	0	28,467
0	35,448	General Medical/Family Health Services	39,678	0	39,678
0	17,672	Large Hospital Set aside	11,793	0	11,793
0	226	IJB Operating Costs	232	0	232
0	46,831	Community Care	46,808	0	46,808
0	192,541	Cost of Services	194,068	0	194,068
(193,927)	(193,927)	Taxation and Non-Specific Grant Income (Note 4)	0	(194,068)	(194,068)
(193,927)	(1,386)	(Surplus) or Deficit on Provision of	194,068	(194,068)	0
	(1,386)	Total Comprehensive (Income) and Expenditure (Note 3)			0

GP Prescribing costs are now separately presented in the Comprehensive Income and Expenditure Statement and 2016/17 figures have been amended to reflect this change.

Large Hospital expenditure has moved significantly from prior year. This is due to a change in methodology used to establish the amount set aside. For the 2016/17 accounts, the amount of set aside was calculated at £17.672m. This was based on the net cost attributed to occupied bed days. The net cost includes both direct and overhead costs. The changed in methodology has moved to a direct cost only and therefore reduced the set aside amount to £11.793m.

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 2017/18	General Fund Balance	Unusable Reserves: Employee Statutory Adjustment Account	Total Reserves
	£000	£000	£000
Opening Balance at 31 March 2017	(1,386)	0	(1,386)
Total Comprehensive Income and Expenditure	0	0	0
Increase or Decrease in 2017/18	1,386	0	1,386
Closing Balance at 31 March 2018	0	0	0

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 2017		Notes	31 March 2018
£000			£000
1,386	Short term Debtors	5	0
1,386	Current Assets		0
0	Short-term Creditors		0
0	Current Liabilities		0
0	Provisions		0
0	Long-term Liabilities		0

1,386	Net Assets		0
(1,386)	Usable Reserve: General Fund	6	0
0	Unusable Reserve: Employee Statutory Adjustment Account		0
(1,386)	Total Reserves		0

Jane Smith

28/9/18

Chief Financial Officer

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 2017/18 financial year and its position at the year-end of 31 March 2018.

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 2017/18, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The 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 and 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 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.

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 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 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. 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.

J. 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 28 September 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTE 3: EXPENDITURE AND INCOME ANALYSIS BY NATURE

2016/17		2017/18
£000		£000
46,831	Services commissioned from Perth and Kinross Council	46,808
145,484	Services commissioned from NHS Tayside	147,028
199	Other IJB Operating Expenditure	205
3	Insurance and Related Expenditure	3
24	External Audit Fee	24
(193,927)	Partner Funding Contributions and Non-Specific Grant Income	(194,068)
(1,386)	(Surplus) or Deficit on the Provision of Services	0

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

2016/17		2017/18
£000		£000
(48,229)	Funding Contribution from Perth and Kinross Council	(46,924)
(145,698)	Funding Contribution from NHS Tayside	(147,144)
(193,927)	Taxation and Non-specific Grant Income	(194,068)

The funding contribution from NHS Tayside shown above includes £11.793m 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

2016/17		2017/18
£000		£000
1,386	Perth and Kinross Council	0
1,386	Debtors	0

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.

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.

2016/17		2017/18
£000		£000
21,228	Expenditure on Agency Services	21,348
(21,228)	Reimbursement for Agency Services	(21,348)
0	Net Agency Expenditure excluded from the CIES	0

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

2016/17		2017/18
£000		£000
48,229	Perth and Kinross Council	46,924
145,698	NHS Tayside	147,144
193,927	Total	194,068

Expenditure – payments for delivery of integrated functions

2016/17		2017/18
£000		£000
62,005	Perth and Kinross Council	64,624
130,337	NHS Tayside	129,239
199	NHS Tayside: Key Management Personnel Non-Voting Board	205
192,541	Total	194,068

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

2016/17		2017/18
£000		£000
1,386	Debtor balances: Amounts due from Perth and Kinross Council	0
0	Creditor balances: Amounts due to Perth and Kinross Council	0
1,386	Total	0

Balances with NHS Tayside

2016/17		2017/18
£000		£000
0	Debtor balances: Amounts due from NHS Tayside	0
0	Creditor balances: Amounts due to NHS Tayside	0
0	Total	0

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

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

NOTE 10: 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.

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 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.