

Public Document Pack



Scottish Borders
Health and Social Care
PARTNERSHIP

A meeting of the **Health & Social Care Integration Joint Board Audit Committee** will be held on **Monday, 12th August, 2019 at 2.00 pm** in Council Chamber, Scottish Borders Council, Council Headquarters, Newtown St Boswells

AGENDA

Time	No		Lead	Paper
14.00	1	Announcements & Apologies	Chair	Verbal
14.01	2	Declarations Of Interest	Chair	Verbal
14.02	3	Minutes Of Previous Meeting Wednesday 5 June 2019	Chair	Attached (Pages 3 - 6)
14.05	4	Matters Arising Action Tracker	Chair	Attached (Pages 7 - 10)
14.10	5	External Audit Annual Audit Report 2018/19 For The Scottish Borders Health And Social Care Integration Joint Board	IJB External Auditors (Audit Scotland).	Appendix 2019-AC7 (Pages 11 - 46)
14.35	6	Final Audited Annual Report And Statutory Accounts 2018/19 For The Scottish Borders Health And Social Care Integration Joint Board	IJB Interim Chief Finance Officer	Appendix-2019-AC8 (Pages 47 - 88)
14.55	7	Any Other Business	Chair	Verbal
14.59	8	Date And Time Of Next Meeting Monday 11 November 2019 at 2.00pm in the Council Chamber, Scottish Borders Council	Chair	Verbal

Approximate time 15.00-16.00 Immediately after the formal business of the IJB Audit Committee meeting there will be an Informal Session held in private. The primary focus of the Informal Session will be to provide an opportunity for the members of the IJB Audit Committee to be involved in the annual review 2019/20 of the IJB's Local Code of Corporate Governance.

Membership of Committee:- Councillor J Greenwell, Councillor T Weatherston (Chair), Mr M Dickson and vacancy (Non-Executive Directors NHS Borders) and Mr A Clark (External Member)

Louise Ramage
Business Lead for Health & Social Care
Scottish Borders Health & Social Care Partnership
Tel: 01896 828290 (NHS Borders); 01835 826685 (Scottish Borders Council)
Email: Louise.Ramage@borders.scot.nhs.uk



Minutes of a meeting of the **Scottish Borders Health and Social Care Integration Joint Board Audit Committee** held on Wednesday 5 June 2019 at 2.00pm in Committee Room 4, Scottish Borders Council, Newtown St Boswells.

Present: Cllr T Weatherston (Chair)
Cllr J Greenwell
Mr M Dickson, Non Executive (NHS)
Mr A Clark, Independent Member

In Attendance: Mrs J Stacey, Chief Internal Auditor IJB (SBC)
Miss L Ramage, Business Lead for Health & Social Care
Mr M Porteous, Chief Finance Officer IJB
Miss S Holmes, Internal Audit SBC
Mr G Samson, Audit Scotland
Mrs G Woolman, Audit Scotland

1. Apologies and Announcements

Apologies had been received from Mrs Karen Hamilton, Mr Robert McCulloch-Graham, Miss Iris Bishop and Mr Asif Haseeb.

The Chair confirmed the meeting was quorate.

2. Declarations of Interest

The Chair sought any verbal declarations of interest pertaining to items on the agenda.

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted there were none.

3. Minutes of Previous Meeting

The minutes of the previous meeting held on 11 February 2019 were approved.

4. Action Tracker

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** updated and noted the action tracker.

5. Scottish Borders Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2018/19

Mrs Jill Stacey provided an overview of the content of the report and highlighted several elements including: scope, risk management and fundamental improvements.

The Chair queried the support agreement from both host organisations to the IJB and the recruitment challenges, particularly in relation to Chief Finance Officer, which may impact on IJB deliverables. Mrs Gillian Woolman advised the Chief Finance Officer roles vary between boards and forward planning should have began to permanently appoint to Mr Mike Porteous' interim position. Mr Mike Porteous agreed and would ideally have a handover period due to the complexity of the role.

The Chair requested reference to be made in the introduction for management actions to be more explicit in their current status following the original recommendations and the supporting evidence.

Mrs Gillian Woolman highlighted that the scope of the report appeared to be restricted to the IJB itself, without enough flow of evidence to consider the assurances on internal control within NHS Borders and Scottish Borders Council.

Mrs Gillian Woolman suggested a protocol should be adopted for the sharing of internal audit reports from both partner organisations through the committee for assurance purposes. It was confirmed that the chairs of the audit committees from IJB, NHS Borders and Scottish Borders Council meet twice per year to discuss internal audit plans and reports for assurance purposes to avoid duplication of reporting.

Clarification was provided to members on the role of the Strategic Planning Group; ongoing delivery of the Strategic Plan but not a decision making body.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the assurances contained within the Scottish Borders Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2018/19.

6. Draft Annual Report and Statutory Accounts 2018/19 for the Scottish Borders Health and Social Care Integration Joint Board

Mr Mike Porteous presented the Draft Accounts to the Audit Committee ahead of their submission to external audit to enable the Audit Committee to scrutinise the content. Mr Mike Porteous highlighted the key issues on each page of the document.

Members engaged in an in-depth discussion regarding the sustainability of the funding allocation when compared to a recurrent level of overspend and the inevitable problems to be overcome in order to close the financial gap.

Cllr John Greenwell expressed concern over the risk of the 2019/20 budget not gaining agreement from the IJB. Mr Mike Porteous provided assurance that day to day business would not be affected by this risk and advised the Directors of Finance from both NHS Borders and Scottish Borders Council will present a total picture of the budgetary position, relative to the IJB. The IJB Financial Plan 2019/20 will then again be presented for decision, based on the assurances provided by the partners to the IJB.

Mrs Gillian Woolman advised the financial statement should clearly outline that the additional input of funding from both organisations directly correspond to overspend within their delegated areas and asked for further transparency during ongoing joint financial planning processes.

The Chair thanked members for their attendance and participation in committee meetings.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** highlighted typographical and presentational areas for amendment

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the release of the Unaudited Annual Accounts 2018/19 for annual external audit, with the suggested amendments incorporated.

7. IJB Audit Committee Annual Report 2018/19 and Annual Self-Evaluation

The Chair introduced the report and Mrs Jill Stacey gave an overview of the content.

Mrs Jill Stacey advised that clarification was required on the admin support for the committee going forward.

Mrs Gillian Woolman advised that an amendment to the report should be made to highlight the lack of consistent attendance of the Chief Officer Health & Social Care and Chief Finance Officer at committee meetings.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the IJB Audit Committee Annual Report 2018/19 (Appendix 1) which incorporates its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance, subject to amendments discussed.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed that the IJB Audit Committee Annual Report 2018/19 should be presented to the IJB.

8. Audit Scotland Report March 2018 – Auditing Best Value – Integration Joint Boards

Mrs Jill Stacey gave an overview of the content of the report, highlighting the guidance to assist auditors with assessing best value within IJBs, and advised that the key points relating to health and social care integration within the Scottish Borders Council Best Value

Assurance Report, which is expected to be published in October 2019, should be considered at a future committee meeting.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the publication of the report from Audit Scotland.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed at a future IJB Audit Committee meeting to review the key points relating to health and social care integration within the Scottish Borders Council Best Value Assurance Report, when published, within the context of Scottish Borders IJB.

9. Any Other Business

The Chair advised that a permanent change in membership should be made to replace Mr John Raine with Mrs Karen Hamilton.

10. Date and Time of next meeting

The Chair advised that the next meeting of the Scottish Borders Health and Social Care Integration Joint Board Audit Committee was due to be held on 12 August 2019 at 2.00pm in the Chamber, Scottish Borders Council.

The meeting concluded at 3.45pm.

Signature:
Chairman



SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE: Action Tracker

Meeting held 17 December 2018

Agenda Item: Strategic Risk Register

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
2	5	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed:-</p> <p>(b) To receive a review of the IJB Strategic Risk Register on at least an annual basis;</p>	Jill Stacey	2019	<p>In Progress: annual review of IJB Strategic Risk Register scheduled in the workplan for the Audit Committee for November each year.</p>	G
3	5	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed:-</p> <p>(c) To request that the IJB Full Board review the IJB Strategic Risk Register on a six monthly basis.</p>	Rob McCulloch-Graham / Louise Ramage	2019	<p>In progress: Risk Register added to IJB Business Plan for review in June and December each year.</p> <p>Update: The Risk Register review has been postponed from June to August 2019; intend to follow the recommended cycle next year.</p>	R

Agenda Item: Accounts Commission Report November 2018: Health and Social Care Integration Update on Progress

Page 8

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
4	7	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD'S AUDIT COMMITTEE:</p> <p>(a) Noted the publication by Accounts Commission carried out by Audit Scotland on the progress with integration 'Health and Social Care Integration – An Update on Progress'.</p> <p>(b) Agreed the proposal to report to a future meeting of IJB any lessons and actions required within Scottish Borders Health and Social Care IJB as a result of the report.</p>	Rob McCulloch-Graham / Louise Ramage	2019	<p>In progress: Item scheduled to the 11 September 2019 IJB meeting.</p> <p>Update: Agreement that, considering wider ministerial and self evaluation reviews, the combination of action trackers into a master document should be created as an opportunity for Audit Committee to scrutinise and challenge the performance against action plans.</p>	

Meeting held 5 June 2019

Agenda Item: IJB Audit Committee Annual Report 2018/19 and Annual Self-Evaluation

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
7	7	<p>The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed that the IJB Audit Committee Annual Report 2018/19 should be presented to the IJB.</p>	Jill Stacey	June 2019	Complete: Presented to IJB at 19 June 2019 meeting.	

Agenda Item: Audit Scotland Report March 2018 – Auditing Best Value – Integration Joint Boards

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
8	8	The SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE agreed at a future IJB Audit Committee meeting to review the key points relating to health and social care integration within the Scottish Borders Council Best Value Assurance Report, when published, within the context of Scottish Borders IJB.	Jill Stacey	end 2019	In progress: The Scottish Borders Council Best Value Assurance Report is expected to be published in October 2019. Scheduled in the workplan for the Audit Committee for November 2019.	

Page 9

KEY:	
	Overdue / timescale TBA
	<2 weeks to timescale
	>2 weeks to timescale
Blue	Complete – Items removed from action tracker once noted as complete at each H&SC IJB Audit Committee meeting

This page is intentionally left blank

Audit Committee

12 August 2019

Scottish Borders Integration Joint Board (IJB)
Newtown St Boswells
TD6 0SA

Dear Audit Committee Members,

Scottish Borders IJB Audit of 2018/19 annual accounts

Independent auditor's report

1. Our audit work on the 2018/19 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 15 August (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit Committee's consideration our proposed annual report on the 2018/19 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

Misstatements

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

Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to the Audit Committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

7. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer on aspects of the annual accounts, including the judgements and estimates made.

8. A letter of representation template is attached at [Appendix B](#). This should be printed on headed paper, signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Yours faithfully,

Gillian Woolman MA FCA CPFA

APPENDIX A: Proposed Independent Auditor's Report

Independent auditor's report to the members of Scottish Borders Integration Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

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

In my opinion the accompanying financial statements:

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

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Chief Financial Officer and Integration Joint Board audit committee for the financial statements

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

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

The Integration Joint Board audit committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report

has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Gillian Woolman MA FCA CPFA
Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

August 2019

APPENDIX B: Letter of Representation (ISA 580)

Gillian Woolman, Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Dear Gillian

Scottish Borders Integration Joint Board Annual Accounts 2018/19

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

General

3. The IJB and I have fulfilled our statutory responsibilities for the preparation of the 2018/19 accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by the IJB have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that there are no uncorrected misstatements.

Financial Reporting Framework

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

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the accounts. The accounting policies are determined by the 2018/19 accounting code, where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to the IJB's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

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

Liabilities

10. All liabilities at 31 March 2019 of which I am aware have been recognised in the annual accounts.
11. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2019 of which I am aware where the conditions specified in the 2018/19 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2019. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.
12. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2019 or to reflect material changes in the assumptions underlying the calculations of the cash flows.
13. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Fraud

14. I have provided you with all information in relation to
- my assessment of the risk that the financial statements may be materially misstated as a result of fraud
 - any allegations of fraud or suspected fraud affecting the financial statements
 - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

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

Related Party Transactions

16. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2018/19 accounting code. I have made available to you the identity of all the IJB's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

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

Management commentary

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

Corporate Governance

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

Balance Sheet

- 21.** All events subsequent to 31 March 2019 for which the 2018/19 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Michael Porteous
Chief Financial Officer

Scottish Borders Integration Joint Board

2018/19 Annual Audit Report



 AUDIT SCOTLAND

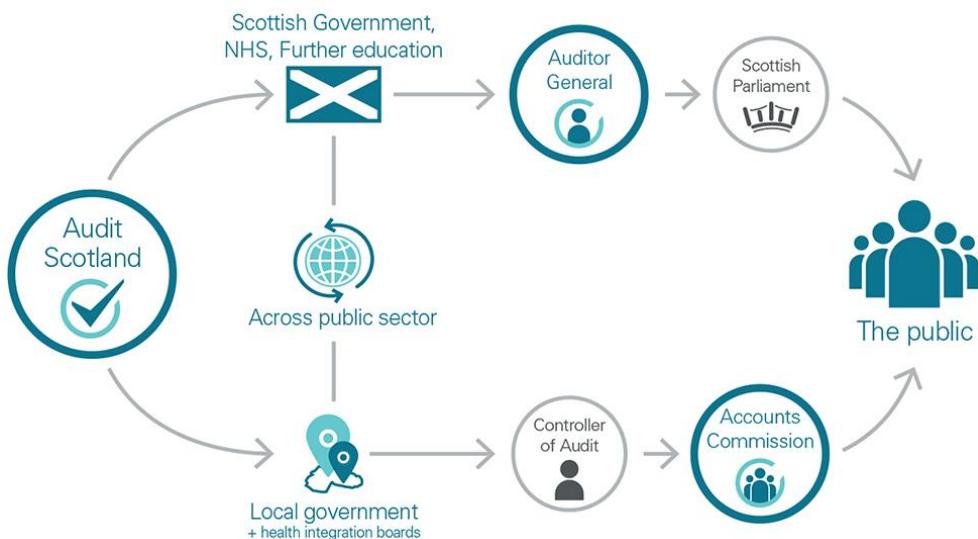
Prepared for Scottish Borders Integration Joint Board and the Controller of Audit

August 2019

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

Key messages	4
Introduction	5
Part 1 Audit of 2018/19 annual accounts	7
Part 2 Financial management and sustainability	10
Part 3 Governance, transparency and value for money	14
Appendix 1 Action plan 2018/19	18
Appendix 2 Significant audit risks identified during planning	23
Appendix 3 Summary of national performance reports 2018/19	26

Key messages

2018/19 annual report and accounts

- 1 Scottish Borders Integration Joint Board's (IJB) annual accounts give a true and fair view and were properly prepared.
- 2 The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with proper accounting practices.

Financial management and sustainability

- 3 Arrangements to appoint a permanent Chief Financial Officer (CFO) for the IJB should be made as soon as possible as the current CFO is on secondment.
- 4 The IJB reported a breakeven position for the year. This was achieved with additional funding of £3.2 million during the year and £5.2 million at the year end from partners.
- 5 The IJB budget for 2019/20 has not been formally approved due to the high level of unidentified savings in the proposed budget, most of which relate to healthcare services.

Governance, transparency and value for money

- 6 The IJB has adequate governance arrangements in place that support the scrutiny of decisions by the board. However improvements could be made in some areas, including ensuring board meetings are better attended and scheduled, as well as expanding the work considered by the Audit Committee.
- 7 Arrangements for the monitoring and reporting of risks relating to the IJB have improved during the year.
- 8 The recent self assessment for the Ministerial Strategic Group for Health and Community Care noted that the IJB is only partly established in most areas.

Introduction

1. This report is a summary of our findings arising from the 2018/19 audit of Scottish Borders Integration Joint Board ("the IJB").
2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit Committee meeting on 11 February 2019. This report comprises the findings from our main elements of work in 2018/19 including:
 - an audit of the IJB's 2018/19 annual accounts including issuing an independent auditor's report setting out our opinions
 - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: [Code of Audit Practice 2016](#)

Adding value through the audit

3. We add value to the IJB, through audit, by:
 - identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
 - reporting our findings and conclusions in public
 - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides

- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability
- 4.** In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

- 5.** The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
- 6.** Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice (2016), supplementary guidance, and International Standards on Auditing in the UK.
- 7.** As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:
- the appropriateness and effectiveness of the performance management arrangements,
 - the suitability and effectiveness of corporate governance arrangements,
 - the financial position and arrangements for securing financial sustainability.
- 8.** In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.
- 9.** This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.
- 10.** Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.
- 11.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2018/19 audit fee of £25,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.
- 12.** This report is addressed to both the board and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.
- 13.** We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

Part 1

Audit of 2018/19 annual accounts



Main judgements

Scottish Borders Integration Joint Board's (IJB) annual accounts give a true and fair view and were properly prepared.

The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with applicable guidance.

Audit opinions on the annual accounts

14. The annual accounts for the year ended 31 March 2019 are due to be approved by the board on 14 August 2019. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

15. Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, and the information and explanations we received.

The annual accounts are the principal means of accounting for the stewardship of the board's resources and its performance in the use of those resources.

Submission of annual accounts for audit

16. We received the unaudited annual accounts on 18 June 2019 in line with our agreed audit timetable. Financial information was provided to the IJB in a timely manner from the partner authorities in order to allow officers to prepare the accounts by the statutory deadline.

17. The working papers provided with the unaudited annual accounts were of a reasonable standard and finance staff provided support to the audit team which helped ensure the audit process ran smoothly.

Risks of material misstatement

18. Appendix 2 provides a description of those assessed risks of material misstatement in the financial statements and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

19. We have no issues to report from our work on the risks of material misstatement highlighted in our 2018/19 Annual Audit Plan.

Materiality

20. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The

assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

- 21.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and was based on the 2018/19 budget. Specifically, regarding the annual accounts we assess the materiality of uncorrected misstatements, both individually and collectively.
- 22.** On receipt of the 2018/19 unaudited annual accounts we reviewed our materiality bases and concluded that they remained appropriate ([Exhibit 2](#)).

Exhibit 2

Materiality values

Materiality level	Amount
Overall materiality	£2.79 million
Performance materiality	£1.95 million
Reporting threshold	£55,000

Source: Audit Scotland

Significant findings from the audit in accordance with ISA 260

- 23.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. There are no significant findings arising from the audit of the IJB.

Evaluation of misstatements

- 24.** There were no material adjustments to the unaudited annual accounts arising from our audit. There were no individual misstatements which exceeded our reporting threshold.

Other Findings

- 25.** Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted for and are reflected in the audited annual accounts.

Qualitative aspects of the audit

- 26.** We have no significant findings to report around the qualitative aspects of the 2018/19 accounting practices.

Good practice in financial reporting

- 27.** The annual accounts reflect good practice as set out in the Audit Scotland good practice note on '[Improving the quality of local authority accounts – integration joint boards](#)' (April 2018).

Follow up of prior year recommendations

- 28.** The IJB has made limited progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Part 2

Financial management and sustainability



Main judgements

Arrangements to appoint a permanent Chief Financial Officer (CFO) for the IJB should be made as soon as possible as the current CFO is on secondment.

The IJB reported a breakeven position for the year. This was achieved with additional funding of £3.2 million during the year and £5.2 million at the year end from partners.

The IJB budget for 2019/20 has not been formally approved due to the high level of unidentified savings in the proposed budget, most of which relate to healthcare services.

Financial management

29. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering several factors, including whether:

- the Chief Financial Officer has sufficient status to be able to deliver good financial management
- standing financial instructions and standing orders are comprehensive, current and promoted within the IJB
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- IJB members provide a good level of challenge and question budget holders on significant variances.

30. The Chief Financial Officer (CFO) is responsible for financial management and strategic planning, keeping adequate proper accounting records, providing financial monitoring reports to the IJB, and taking steps for the prevention and detection of fraud and other irregularities.

31. During 2017/18 the responsibilities of the CFO role were covered by the Director of Finance at NHSB and the Chief Financial Officer at SBC. A recruitment campaign to appoint a new CFO was run during the year, however a lack of sufficient interest in the position meant that no appointment was made. A new CFO was appointed on a 12 month secondment from August 2018.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



Recommendation 1

The IJB should make arrangements to appoint a CFO on a permanent basis as soon as possible.

Systems of internal control

- 32.** The IJB does not have any financial systems of its own. All financial transactions are processed through the financial systems of NHS Borders (NHSB) and Scottish Borders Council (SBC). The key financial systems it relies upon include general ledger, trade payables, trade receivables and payroll.
- 33.** As part of our audit approach we sought assurances from the external auditors of NHSB and SBC (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal controls for NHS Borders and Scottish Borders Council that impacted on the IJB.
- 34.** As we have reported in prior years, the transactions of the IJB are not recorded in a financial ledger, but are instead recorded in separate working papers. In order to improve record keeping and allow for easier financial reporting, we continue to recommend that the IJB is set up as a separate entity in one of the partner organisation's ledgers.



Recommendation 2

The IJB should record its transactions in a ledger to improve record keeping and financial reporting.

Risk management

- 35.** A Risk Management Strategy was approved by the IJB in March 2016 which includes the: reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance. The strategy identifies how risks will be identified and reported to the IJB and is included as a section in the IJB's Code of Corporate Governance.
- 36.** It was highlighted in our annual audit reports for 2016/17 and 2017/18, along with the Internal Audit Annual Assurance Reports for those years, that risk management had not yet been embedded at the IJB. A strategic risk register had been prepared but had not been considered at any meetings of the IJB. This has been addressed during 2018/19 and the strategic risk register was scrutinised by the IJB at its meeting in January 2019. The board agreed that the register will be brought to the IJB at six monthly intervals.
- 37.** Based on our review of the evidence we concluded that the IJB has appropriate risk management arrangements which should be subject to regular review by the board.

Financial performance in 2018/19

- 38.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer. All funding and expenditure is incurred by partners' bodies (NHS Borders and Scottish Borders Council) and processed in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the IJB.

- 39.** During the year the original budget for 2018/19 was supplemented by additional funding from the partners of the IJB, with NHSB providing an additional £5.2 million for delegated services at the year end, as well as an additional £1.4 million for set-aside services. SBC provided an additional £3.2 million for social care services, which resulted in an underspend of £0.3 million to be returned to the council at the year end. These contributions allowed the IJB to achieve a breakeven position as summarised in [Exhibit 3](#) below. The additional funding was mainly required due to: non-delivery of savings; overspends resulting from recruitment challenges which required locum and agency staff to cover services; and increased costs of services including care at home. The financial position was reported to the IJB at each of its meetings during the year so that members were kept informed of the actual position and of changes to the budget during the year.
- 40.** Arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance. Guidance issued by the Scottish Government during the year confirmed that transitional arrangements agreed in 2016/17 could continue to be applied in 2018/19. In common with other IJBs, a notional figure has been agreed and included in the annual accounts. The Scottish Government expects that IJBs should make progress during 2019/20 in using the set aside budget as a mechanism for shifting the balance of care.



Recommendation 3

The IJB and NHSB should work to establish revised processes for planning and performance management of delegated hospital functions and associated resources.

Exhibit 3 Performance against budget

IJB budget summary	Original Budget £m	Revised Budget £m	Actual £m
Funding from NHS Borders	95.1	96.3	101.5
Additional allocation from NHS Borders at year end for delegated services		5.2	
NHS Borders large hospital set-aside	20.1	25.1	25.1
Funding from Scottish Borders Council	53.6	56.3	56.3
Total funding	168.8	182.9	182.9

Source: Scottish Borders IJB annual accounts

Financial planning and sustainability

- 41.** The IJB allocates the resources it receives from NHSB and SBC in line with the Strategic Plan. The 2019/20 financial plan was presented to the board in May 2019.

- 42.** The report identifies that the budget allocation to the IJB totals £176.3 million, which is funded by £49.1 million from SBC for social care, £104.1 million from NHS Borders for healthcare and £23.1 million healthcare set-aside.
- 43.** The report included a requirement to deliver £13.3 million of savings during the year in order to break even. Savings plans had been identified which would deliver £1.6 million of savings, leaving a remaining requirement of £11.7 million, the majority of which (£11.1 million) sits with the health board. It was expected that the health board will be required to request brokerage from the Scottish Government in 2019/20 in order to achieve a break even position.
- 44.** The budget was not accepted at the April board meeting due to the level of financial gap in the plan.



Recommendation 4

Plans to meet the required savings should be identified and the budget for the year agreed by the IJB as soon as possible.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Reserves strategy

- 45.** The Integration Scheme for the IJB is included within its Code of Corporate Governance. A reserves policy was agreed by the IJB in February 2017. Both these documents set out the arrangements between the partners for addressing and financing any overspends or underspends. Planned underspends in an element of the operational budget arising from specific management action may be retained by the IJB to either fund additional in year capacity or be carried forward to fund capacity in future years of the Strategic Plan. Any unplanned underspend will be returned to NHSB or SBC by the IJB either in the proportion that individual pressures have been funded or based on which service the savings relate. At the year end the IJB did not hold any reserves.

EU Withdrawal

- 46.** There remains significant uncertainty about the detailed implications of the UK's withdrawal from the EU (i.e. Brexit). It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:
- Workforce - the extent to which changes to migration and trade policies are likely to affect the availability of skilled and unskilled labour.
 - Funding – the extent to which potential changes to funding flows are likely to affect the finances of the organisation and the activity that such funding supports.
 - Regulation – the extent to which potential changes to regulation across a broad range of areas overseen at an EU level are likely to affect the activities of the organisation.
- 47.** Scottish Borders Council and NHS Borders have been making preparations for the impact of EU withdrawal on services. The IJB will wish to be well informed in how the council and the health board are working to monitor and respond to the impact of the EU withdrawal.

Part 3

Governance, transparency and value for money



Main judgements

The IJB has adequate governance arrangements in place that support the scrutiny of decisions by the board. However improvements could be made in some areas, including ensuring board meetings are better attended and scheduled, and expanding the work considered by the Audit Committee.

Arrangements for the monitoring and reporting of risks relating to the IJB have improved during the year.

The recent self assessment for the Ministerial Strategic Group for Health and Community Care noted that the IJB is only partly established in most areas.

Governance arrangements

48. The IJB was established under The Public Bodies (Joint Working) (Scotland) Act 2014. Its role is to: oversee the development and preparation of the Strategic Plan for services delegated to it; allocate resources in accordance with the Strategic Plan and ensure that the national and local health and wellbeing outcomes are met.
49. The governance structure at the IJB consists of two layers:
- The IJB approves decisions proposed by the Executive Management Team (EMT). The EMT consists of senior officers from NHSB and SBC, including their Chief Executives. The board receives regular progress updates from the EMT through the Chief Officer and Chief Financial Officer as well as frequent and regular financial and performance planning and management reports.
 - The EMT supports the Chief Officer to commission tests of change and/or service redesign. These are then drawn up into business cases at the operational level of the governance structure and returned to the EMT for review and decision making. The EMT also considers or supports the preparation of all reports to the IJB and advises the Chief Officer on the IJB's governance, planning, monitoring and reporting responsibilities.
50. The Strategic Planning Group, Public Participation Forum and the Joint Staff Forum offer advice to the IJB whilst the Health and Social Care Joint Management Team provide operational support and delivery and progress reporting.
51. The Scottish Borders Integration Joint Board is comprised of voting members appointed from the health board and council and meets almost monthly during the year. During 2018/19, the August 2018 meeting of the board became inquorate part way through the meeting and the January 2019 meeting was inquorate from the start. This meant that decisions could not be taken by the board and had to be brought back for confirmation at the next board meeting. In addition, the schedule of board meetings during 2019 has been revised several times during the year.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.



Recommendation 5

The IJB should ensure that arrangements are in place for members to attend meetings and emphasise the importance of attending meeting.

52. The IJB also operates an Audit Committee comprised of four voting members of the IJB (two health board representatives and two council representatives). Its membership also includes one additional non-voting member appointed from an external body in order to provide additional independence and enhance the scrutiny by the committee.
53. The remit of the Audit Committee is to provide high level oversight of the IJB's framework of internal financial control, corporate governance, risk management systems and associated internal control environment. It meets four times a year to consider business. We are aware that the chair of the IJB Audit Committee meets regularly with the chairs of the council and health board audit committees during the year, in order to discuss audit matters relevant to the IJB. However it would be beneficial if relevant audit reports from the partner organisations were also brought to the IJB Audit Committee for consideration, as happens at other IJBs.



Recommendation 6

The IJB Audit Committee should consider relevant audit reports from partner organisations as part of its business.

54. Although not members of the Audit Committee, it is good practice that officers including the Chief Officer, Chief Financial Officer and Chief Internal Auditor attend committee meetings to support the work of the committee. We noted that the Chief Officer only attended one Audit Committee meeting during the year and the Chief Financial Officer did not attend one meeting. Officers should attend meetings of the Audit Committee in order to aid the effective scrutiny of activities.



Recommendation 7

Officers should attend meetings of the IJB Audit Committee in order to improve effectiveness of scrutiny.

Openness and transparency

55. There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. Transparency means that the general public has access to understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.
56. The IJB's purpose and vision are outlined in its Strategic Plan. A Strategic Plan for 2018 - 2021 was agreed by the IJB during 2018/19. The plan outlines a number of national and local policies, strategies going forward and the key priorities going forward. The Strategic Plan sets out the actions that the partnership will take and provides a basis for measuring how well they are doing and how these are linked to the IJB's priorities and the national outcomes.

57. Full details of the meetings held by the IJB and the Audit Committee are available through the SBC website and both meetings are open to the public to attend. This is considered good practice as not all public sector bodies offer this level of transparency, particularly when it comes to the Audit Committee.

58. We concluded that the IJB demonstrates a commitment to openness and transparency through these approaches.

Internal audit

59. Internal audit provides the IJB board and Chief Officer with independent assurance on the IJB's overall risk management, internal control and corporate governance processes.

60. The internal audit function is carried out by the Internal Audit service of Scottish Borders Council. We carried out a review of the adequacy of the internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

61. To minimise duplication of effort we consider the work of Internal Audit wherever possible. In 2018/19 we did not use any internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. However we used Internal Audit's work, reported in their Annual Assurance Report for 2018/19, as part of our wider dimension work.

Value for money

62. To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. Our audit covers the four audit dimensions, as set out in [Exhibit 1](#), which are key components of securing best value in the provision of services and the use of resources.

Best value and performance management

63. Integration Joint Boards have a statutory duty to make arrangements to secure best value. To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

64. The IJB refreshed its Performance Management Framework (PMF) at the start of 2019. The PMF is for the period 2018 – 2021 to support the IJB in assessing work to achieve the objectives set out in the Strategic Plan for the same period.

65. The Strategic Plan identifies three strategic priorities that are underpinned by seven partnership principles which inform local objectives. These local objectives are linked to the Scottish Government's nine health and wellbeing outcomes. The local objectives are:

- Prevention and early intervention
- Accessible services
- Care close to home
- Delivery of services with an integrated care model
- Greater choice and control
- Optimise efficiency and effectiveness

- Reduce health inequalities
- 66.** The PMF sets out the strategic context and performance reporting arrangements at the IJB in order to increase transparency and enable closer scrutiny of performance, for services commissioned by the IJB. An Integration Performance & Finance Group monitors and reports on the performance against indicators, with performance reports taken to the IJB on a quarterly basis.
- 67.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of the strategic commissioning plan.
- 68.** The IJB published its Annual Performance Report at the end of July 2019, which set out its performance against the local and national integration indicators identified by the IJB and the Scottish Government.
- 69.** The IJB has effective arrangements for managing performance and monitoring progress towards their strategic objectives.

Productivity review

- 70.** During 2018/19 the IJB started a project to review the whole Community Pathway across SB Cares, NHSB Treatment Rooms and Community Nursing. This work is being carried out by Meridian, a consultancy firm, and initial work started looking at SB Cares in January 2019. The IJB is using this as an opportunity to review processes and pathways to ensure that they have sufficient resources in place to deliver the best service possible to patients.
- 71.** The Chief Officer has kept the board updated on progress with the work at each board meeting. A report on the work done to date is expected from Meridian in August 2019. It is important that the IJB uses the results of this work to make sure it fully understands the work being commissioned from partners and demonstrate that it is achieving value for money.

Progress with health and social care integration

- 72.** In March 2019 the Ministerial Strategic Group for Health and Community Care (MSG) issued a self evaluation template to health and social care partnerships as part of an evaluation of progress with the integration of health and social care. The IJB worked with the council and health board to complete the self evaluation and submitted a return to the MSG in May 2019. The self evaluation was carried out against proposals, with each proposal being assessed as either not yet established, partly established, established or exemplary. The IJB evaluated itself as being not yet established in one area, partly established in 15 areas, established in 6 areas and exemplary in no areas. The one area that was assessed as being not yet established was agreeing budgets timeously.

National performance audit reports

- 73.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2018/19 we published some reports which are of interest to the board as outlined in [Appendix 3](#).
- 74.** Relevant national reports are considered by the IJB Audit Committee during the year. The recommendations made in these reports are considered by the audit committee and reports on any actions required are taken to the IJB board.

Appendix 1

Action plan 2018/19

No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Chief Financial Officer</p> <p>There is no permanent Chief Financial Officer (CFO) at the IJB, with the current CFO on secondment for one year, until August 2019.</p> <p>Risk - financial management and reporting to the IJB and preparation of the annual accounts could be adversely affected by the departure of the interim CFO.</p>	<p>The IJB should make arrangements to appoint a CFO on a permanent basis.</p> <p>Paragraph 31</p>	<p>Agreed. The current Chief Financial Officer's secondment has been extended and the intention is to fill the post permanently by December.</p> <p>Responsible Officer Chief Officer Agreed date December 2019</p>
2	<p>Financial ledger</p> <p>As we reported in 2016/17 and 2017/18, the financial transactions of the IJB are currently based on transactions within the ledgers of NHSB and SBC, with the year end accounts prepared based on workings recorded in a spreadsheet.</p> <p>Risk - without a separate ledger for the IJB financial monitoring and reporting is not being carried out as efficiently as possible.</p>	<p>The IJB should arrange for its financial transactions to be recorded within a financial ledger in order to allow easier financial monitoring and reporting.</p> <p>Paragraph 34</p>	<p>Agreed.</p> <p>Responsible Officer Chief Financial Officer Agreed date March 2020</p>
3	<p>Hospital acute services (set aside)</p> <p>Arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance. In common with other IJBs, a notional budget has been agreed and included in the annual accounts. This was a transitional arrangement for 2016/17 that was agreed by the Scottish Government to continue in 2017/18 and</p>	<p>The IJB and health board should prioritise establishing revised processes for planning and performance management of set aside hospital functions and associated resources in 2019/20.</p> <p>Paragraph 40</p>	<p>The Set Aside Board is meeting throughout the year. Actual spend has been reported throughout 2018/19.</p> <p>Responsible Officers NHS Border Director of Finance Chief Financial Officer</p>

2018/19. It is expected by the Scottish Government that progress will be made in 2019/20 in managing the set aside budget as a mechanism for shifting the balance of care.

Risk – the sum set aside in the annual accounts is not being managed by the IJB as expected by the legislation.

4 Financial Planning

The 2019/20 budget for the IJB requires the delivery of £13.3 million of savings during the year in order to breakeven. The budget was not approved by the IJB at the start of the financial year as plans to achieve £11.7 million of the savings were still unidentified.

Risk – the IJB is not able to develop appropriate budgets each year if full savings plans are not in place.

Plans to meet the required savings should be identified and the budget for the year should be approved by the IJB.

[Paragraph 44](#)

A paper is being presented to August IJB seeking approval of the resource allocations made by NHS Borders and Scottish Borders Council. The partners are working to identify and deliver savings to meet the targets required to break even.

Responsible Officer

Chief Financial Officer

Agreed date

31 March 2020.

5 Board meetings

During 2018/19, one meeting of the board became inquorate part way through the meeting and one meeting was inquorate from the start. This meant that decisions could not be taken by the board and had to be brought back for confirmation at the next board meeting. In addition, the schedule of board meetings during 2019 has been revised several times during the year.

Risk – the IJB is not able to effectively carry out its business and make decisions.

The IJB should ensure that arrangements are in place for members to attend meetings and emphasise the importance of attending meeting.

[Paragraph 51](#)

No other meetings have been inquorate. Members have been reminded of their commitment and responsibilities to the IJB.

Responsible Officer

Chief Officer

6 Audit Committee agendas

While we are aware that the chair of the IJB Audit Committee meets regularly with the chairs of the council and health board audit committees during the year, in order to discuss audit matters relevant to the IJB. It would be beneficial if relevant audit reports from the partner organisations were also brought to the IJB Audit Committee for consideration.

Risk – Audit Committee members may be unaware of

The IJB Audit Committee should consider relevant audit reports from partner organisations as part of its business.

[Paragraph 53](#)

Agreed. The year's agenda will incorporate audit reports from Scottish Borders Council and NHS Borders as part of routine business.

Responsible Officer

Chief Officer

relevant risks arising at partner organisations.

7	Audit Committee attendance <p>It is good practice for officers including the Chief Officer, Chief Financial Officer and Chief Internal Auditor to attend Audit Committee meetings to support the work of the committee. We noted that the Chief Officer only attended one Audit Committee meeting during 2018/19 and the Chief Financial Officer did not attend one meeting.</p> <p>Risk – the Audit Committee may not be able to effectively scrutinise committee business if officers are not available to answer questions.</p>	<p>Officers should attend meetings of the Audit Committee in order to aid the effective scrutiny of activities.</p> <p>Paragraph 54</p>	<p>Agreed. 2018/19 was a particularly challenging year for the Chief Officer and other officers. There is now more management capacity and the situation will be rectified from August 2019.</p>
Responsible Officer Chief Officer			

Follow up of prior year recommendations

b/f	Financial ledger <p>As we reported last year the financial transactions of the IJB are currently based on transactions within the ledgers of NHSB and SBC, with the year end accounts prepared based on workings recorded in a spreadsheet.</p> <p>There is a risk that without a separate ledger for the IJB financial monitoring and reporting is not being carried out as efficiently as possible.</p>	<p>The IJB should arrange for its financial transactions to be recorded within a financial ledger in order to allow easier financial monitoring and reporting.</p>	<p>See action plan point 2 above</p>
b/f	Hospital acute services (set aside) <p>Arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance. In common with other IJBs, a figure has been agreed and included in the annual accounts based on the budget agreed at the start of the year. This was a transitional arrangement for 2016/17 that was agreed by the Scottish Government to continue in 2017/18.</p> <p>There is a risk that in future years the sum set aside recorded in the annual</p>	<p>NHSB and the IJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2018/19.</p>	<p>See action plan point 3 above</p>

	accounts will not reflect actual hospital use.	
b/f	<p>Financial Planning</p> <p>The 2018/19 budget for the IJB requires the delivery of £9.88 million of savings during the year in order to breakeven. This is split £7.44 million from NHSB and £2.44 million from SBC. The budget was not approved by the IJB as plans to achieve £5.24 million of the NHS savings were still unidentified.</p> <p>There is a risk that the IJB is not able to develop appropriate budgets each year if full savings plans are not in place.</p>	Plans to meet the required savings should be identified and the budget for the year should be approved by the IJB. See action plan point 4 above
b/f	<p>Financial Position</p> <p>In August 2018 a paper was scheduled for consideration by the Board on the 2018/19 financial position based on the proposed budget. The anticipated outturn for the 2018/19 financial year was an overspend of £7.06 million more than budget, mostly due to £4.81 million of unidentified savings.</p> <p>There is a risk that the IJB is not able to effectively manage its expenditure within budget and additional funding is required from its partner organisations.</p>	The Board should continue to monitor financial performance and ensure savings plans are in place to manage forecast overspends. See action plan point 4 above
b/f	<p>Governance</p> <p>The Board's August 2018 meeting became inquorate part way through the meeting meaning that papers, including financial monitoring and performance reporting, could not be considered by the Board.</p> <p>There is a risk that the Board is not able to provide effective scrutiny without sufficient prioritisation of agenda items in meetings.</p>	The Board should ensure that agenda items are prioritised and that there is sufficient time at meetings to adequately scrutinise papers. See action plan point 5 above
b/f	<p>Risk management</p> <p>As we reported last year, although the IJB has a risk management strategy in place, and a risk register has been prepared, risk management is</p>	Risk management arrangements should be embedded at the Board and risk registers should be regularly reported to the Board. A strategic risk register was scrutinised by the board in January 2019. The board agreed that the risk register will be considered by the board at six monthly intervals. Page 39

	<p>not fully embedded, and the risk register has not been considered by the Board.</p> <p>This is an ongoing area of improvement with an associated Internal Audit action agreed by Management.</p> <p>There is a risk that the risk management arrangements are not effective.</p>	<p>We concluded that risk management has improved at the board and we will continue to monitor these arrangements.</p>
--	---	--

b/f	<p>Performance information</p> <p>Information on performance that is reported to the Board has continued to develop during 2017/18. There are still areas that could be improved, including updating the Communications and Stakeholder Engagement Plan and developing a clear policy on what, how and when staff and their representatives within the partner organisations are consulted.</p> <p>This is an ongoing area of improvement with associated Internal Audit actions agreed by Management.</p> <p>There is a risk that the board is not receiving appropriate indicators to allow monitoring of the implementation of the commissioning plan.</p>	<p>Performance indicators used should continue to be improved and aligned to the refreshed Strategic Plan.</p>	<p>Performance management arrangements have improved during the year. A revised Performance Management Framework has been agreed which is aligned with the revised Strategic Plan.</p>
------------	--	--	--

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
1 Risk of management override of controls Although we have not identified any specific risks of management override relating to the IJB, ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.	Owing to the nature of this risk, assurances from management are not applicable in this instance	Assurances were provided by the auditors of NHSB and SBC regarding the completeness, accuracy and allocation of income and expenditure. No issues were identified.
2 Chief Financial Officer There is no permanent Chief Financial Officer (CFO) at the IJB, with the current CFO on secondment for one year, until August 2019. There is a risk that financial reporting to the IJB and preparation of the annual accounts could be adversely affected by the departure of the interim CFO.	Ongoing monitoring and reporting of IJB budget to the board during the year. Management assurances that arrangements will be in place in time to ensure business continuity.	A permanent CFO has not yet been appointed. See point 1 in appendix 1.
3 Hospital Set Aside Sum Arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance; a notional figure is to be agreed and included in the financial statements.	Ongoing discussions with NHS Borders ensuring that set aside is appropriately disclosed in the 2018/19 financial statements.	See point 3 in appendix 1.

Audit risk	Assurance procedure	Results and conclusions
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
4 Financial sustainability The IJB's financial plan for 2018/19 requires a significant level of efficiency savings, totalling £9.9m, of which £5.2m were unidentified. An update in June 2018 on the delivery of planned savings stated that there was now £6.2m unidentified savings, an increase of £1.0m from the original £5.2m. There is a risk that overspends may require additional payments from Scottish Borders Council and NHS Borders and that there may be difficulties in producing a balanced outturn in future years.	Regular financial monitoring is reported to the IJB. The integration scheme outlines the procedures that partner bodies should follow in the event of an overspend.	Additional contributions from partners were required during the year to achieve a break even position at the year end. The 2019/20 budget was not approved due to the level of unidentified savings. See point 4 in appendix 1.
5 Financial management: Budget setting Due to the high level of unidentified savings needed, the IJB only formally agreed their budget for 2018/19 in December 2018. There is a risk that the IJB is not able to develop appropriate budgets each year if savings plans are not in place.	Savings plans and budget setting process will be reviewed to ensure it is done in a more timely manner.	The budget for 2019/20 was not agreed by the IJB at the start of the year. See point 4 in appendix 1.
6 Governance: Risk Register The Board has not regularly had oversight of the IJB strategic risk register. The current IJB strategic risk register was first presented to the audit committee on 17 December 2018 and submitted to the full board on 28 January 2019 for approval. There is a possibility that risk management has not been embedded into the culture of the IJB and that board members are not aware of strategic risks.	IJB Strategic Risk Register will be reviewed by the full Board on a six monthly basis on recommendation by the audit committee.	A strategic risk register was scrutinised by the board in January 2019. It was agreed that the risk register will be considered by the board at six monthly intervals. We concluded that risk management has improved at the board and we will continue to monitor these arrangements.

Audit risk	Assurance procedure	Results and conclusions
7 Governance: Audit Committee	<p>The annual accounts and our Annual Audit Report (AAR) for 2017/18 were taken to the IJB audit committee in September 2018. The agenda for this meeting was issued with some items still outstanding (including the AAR which was still being cleared with officers). It was also noted that the audited annual accounts were not circulated with the agenda and these were only emailed to members of the committee 15 minutes before the start of the meeting.</p> <p>The meeting was not attended by the Chief Officer, nor the CFO from the council (who was signing the accounts for 2017/18).</p> <p>There is a risk that the opportunity for audit committee members to discharge their responsibilities effectively is compromised.</p>	<p>Agendas and papers for the Audit Committee have been prepared in a more timely manner during the year.</p>

Appendix 3

Summary of national performance reports 2018/19

2018/19 Reports		
	Apr	
Local government in Scotland: Challenges and performance 2018		
Councils' use of arm's-length organisations		May
Scotland's colleges 2018		Jun
		Jul
Forth Replacement Crossing		Aug
Children and young people's mental health		Sept
NHS in Scotland 2018		Oct
Health and social care integration: update on progress		Nov
		Dec
		Jan
		Feb
		Mar
	Local government in Scotland: Challenges and performance 2019	

Reports relevant to Integration Joint Boards

[Local government in Scotland: Challenges and performance 2018](#) – April 2018

[Councils' use of arm's-length organisations](#) – May 2018

[Children and young people's mental health](#) – September 2018

[NHS in Scotland 2018](#) – October 2018

[Health and social care integration: update on progress](#) – November 2018

[Local government in Scotland: Financial overview 2017/18](#) – November 2018

[Local government in Scotland: Challenges and performance 2019](#) – March 2019

Scottish Borders Integration Joint Board

2018/19 Annual Audit Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

This page is intentionally left blank

Scottish Borders Health & Social Care
Integration Joint Board Audit Committee

Meeting Date: 12 August 2019



Report By	Mike Porteous, Chief Finance Officer
Contact	Mike Porteous, Chief Finance Officer
Telephone:	07973981394

2018/19 INTEGRATION JOINT BOARD ANNUAL AUDIT REPORT

Purpose of Report:	The purpose of this report is to request the IJB Audit Committee recommends the 2018/19 Annual Audit Report for approval by the IJB at its next meeting.
---------------------------	--

Recommendations:	The IJB Audit Committee is asked to: a) Recommend the independent auditor's 2018/19 Annual Audit Report (AAR) is submitted to the IJB for approval at its meeting on 14 th August 2019.
-------------------------	--

Personnel:	N/A
------------	-----

Carers:	N/A
---------	-----

Equalities:	There are no equalities impacts arising from the report.
-------------	--

Financial:	No resourcing implications beyond the financial resources identified within the report. The report has been reviewed by the Chief Officer and approved by NHS Borders' Director of Finance and Scottish Borders Council's Chief Financial Officer for factual accuracy.
------------	--

Legal:	Supports the delivery of the Strategic Plan and is in compliance with the Public Bodies (Joint Working) (Scotland) Act 2014 and any consequential Regulations, Orders, Directions and Guidance.
--------	---

Risk Implications:	To be reviewed in line with agreed risk management strategy. The key risks outlined in the report form part of the draft financial risk register for the partnership.
--------------------	---

Background

- 2.1 The Public Bodies (Joint Working) (Scotland) Act 2014 requires that the Integration Joint Board is subject to the audit and accounts provisions of a body under Section 106 of the Local Government (Scotland) Act 1973. This means the IJB must prepare and publish a set of Annual Accounts at the end of each financial year.
- 2.2 These accounts must be reviewed by an Independent Auditor who will report their findings to the IJB Audit Committee as part of their AAR. The report presents the Auditor's opinion of the accounts and allows them to bring any matters of concern to the committee's attention. The Code of Audit practice sets out the four dimensions which form the scope of the audit work carried out – Financial Management / Financial Sustainability / Value for Money / Governance and Transparency.
- 2.3 The IJB Audit Committee is responsible for advising the IJB on whether or not they should approve the Annual Audit Report.

2018/19 – Annual Audit Report

- 3.1 The 2018/19 audit of Borders IJB was undertaken by Audit Scotland. The key messages highlighted within the AAR are:

2018/19 Annual Accounts

The Auditors have given the accounts an unqualified report which means they consider that the accounts meet the regulations and requirements of the Act and that they are a true and fair view of the IJB's financial position.

Financial Management and Sustainability

The IJB reported a breakeven position for the year. This was achieved with additional funding of £3.2m from Scottish Borders Council and £5.24 million from NHS Borders for core delegated functions.

The Auditors noted the Chief Financial Officer post should be made permanent as soon as possible and that the 2019/20 resource allocations from partner bodies had not been formally approved at the time of the audit.

Governance, Transparency and Best Value

The Auditors noted that the monitoring and reporting of risks relating to the IJB has improved in 2018/19. However they indicated improvements could be made in attendance at Board meetings and that the IJB Audit Committee could expand the work it considers.

They also noted the IJB had self assessed itself as only partially established in most areas as part of the Ministerial Strategic Group for H&CC.

Action Plan and Risk

The report also included Appendices for an Action Plan and for Risks. The Action Plan sets out recommendations for improvements for the IJB. The responses of

the CO and CFO to these recommendations are also presented within the Action Plan

The risks noted within Appendix 2 of the AAR reflect the issues presented throughout the report and within the Action Plan.

Summary

- 4.1 The unqualified report and the acknowledgement of the existence of suitable processes and procedures provide the IJB Audit Committee with assurance over the financial aspects of its operation. The recommendations made within the report have been acknowledged and where relevant actions agreed.
- 4.2 The IJB Audit Committee is recommended to submit the 2018/19 AAR to the IJB for approval.

This page is intentionally left blank



Scottish Borders Integration Joint Board

ANNUAL ACCOUNTS 2018/19

**For the Financial Year
01 April 2018 to 31 March 2019**

(Audited)

Table of Contents

Page	Section
3	Management Commentary
14	Remuneration Report
19	Statement of Responsibilities
21	Annual Governance Statement
26	Independent Auditor's Report
	 Statement of Accounts:
30	<i>Comprehensive Income and Expenditure Account</i>
30	<i>Movement in Reserves Statement</i>
31	<i>Balance Sheet</i>
	 Notes to the Accounts:
32	<i>1 – Significant Accounting Policies</i>
34	<i>2 – Events after the Reporting Period</i>
34	<i>3 – Expenditure and Funding Analysis</i>
35	<i>4 – Expenditure and Income Analysis by Nature</i>
35	<i>5 – Taxation and Non-Specific Grant Income</i>
36	<i>6 – Debtors and Creditors</i>
36	<i>7 – Related Party Transactions</i>
38	<i>8 – Other Notes to the Accounts</i>

Management Commentary

Purpose

Welcome to the Annual Accounts for the Scottish Borders Health and Social Care Partnership Integration Joint Board for the year ended 31 March 2019. The purpose of the Management Commentary is to inform all users of the 2018/19 Statement of Accounts and help them assess how the Integration Joint Board (IJB) has performed in fulfilling its duties over the course of the financial year.

The Scottish Borders

The Scottish Borders area is 473,614 hectares (1,827 square miles) and is located in the South East of Scotland. It has Edinburgh and the Lothians to the North, Northumberland to the South and Dumfries and Galloway to the West.

The Scottish Borders is a rural area with a population of 115,270 in 2018, an increase of 0.2% from the previous year, which is the same as the Scottish average. Scottish Borders is a medium-sized Local Authority area in terms of its population but it has a large land area and a sparse population density. The largest town is Hawick with an estimated population of 13,889, followed by Galashiels with 12,603. The latest information indicates 28% of the Scottish Borders population lives in settlements of below 500 people or in isolated hamlets.

The population of Scottish Borders has risen by 8.7% in the past 10 years, a faster rate of increase than the Scottish average of 7.1%. The population of the Scottish Borders has an older structure than average, with a lower proportion of under 25s and a higher proportion of over 25s, and especially of over 75s, than average for Scotland. In the past 10 years, the 25-44 age group in Scottish Borders saw the largest percentage decrease (a drop of 24.4%) and the 65-74 age group saw the largest increase (48.1%).

Whilst the overall population of the Scottish Borders is not projected to increase significantly over the coming years, the average age of the Scottish Borders population will continue to increase as the current older working-age cohort become pensioners, with fewer younger people to replace them, and just because everyone is expected to live longer. The 16-24 age group is projected to see the largest decrease (a drop of 8.4%) by 2026, and the 75+ age group is projected to see the largest percentage increase (33.5%). In terms of actual numbers, the 45-64 age group will remain the largest cohort.

These demographic factors have a unique and challenging impact on the models of providing levels and costs of health and social care in the Scottish Borders, both currently and in the future.

Role and Remit of the Integration Joint Board

The Scottish Borders Integration Joint Board (IJB) is a legal entity in its own right which was created following the implementation of the Joint Working Public Bodies (Scotland) Act 2014. On 6th February 2016, Ministerial approval was given to establish the Integration Joint Board between NHS Borders and Scottish Borders Council in order to integrate the planning and commissioning of health and social care services in the Scottish Borders.

The operation of the IJB is governed by its Scheme of Integration which sets out the body corporate model of integration within the Scottish Borders and details the functions delegated. These delegated functions include:

Adult Social Care Services*	Acute Health Services (**Provided in a hospital)	Community Health Services***
<ul style="list-style-type: none"> • Social Work Services for adults and older people; • Services and support for adults with physical disabilities and learning disabilities; • Mental Health Services; • Drug and Alcohol Services; • Adult protection and domestic abuse; • Carers support services; • Community Care Assessment Teams; • Care Home Services; • Adult Placement Services; • Health Improvement Services; • Re-abllement Services, equipment and telecare; • Aspects of housing support including aids and adaptations; • Day Services; • Local Area Co-ordination; • Respite Provision • Occupational Therapy services. 	<ul style="list-style-type: none"> • Accident and Emergency; • Inpatients services in these specialities: <ul style="list-style-type: none"> - General Medicine; - Geriatric Medicine; - Rehabilitation Medicine; - Respiratory Medicine; - Psychiatry of Learning Disability; • Palliative Care Services provided in a hospital; • Inpatient hospital services provided by GPs; • Services provided in a hospital in relation to an addiction or dependence of any substance; • Mental Health services provided in a hospital, except secure forensic mental health services. 	<ul style="list-style-type: none"> • District Nursing; • Primary Medical Services (GP Practices),*** • Out of Hours Primary Medical Services,*** • Public Dental Services,*** • General Dental Services,*** • Ophthalmic Services,*** • Community Pharmacy Services,*** • Community Geriatric Services; • Community Learning Disability Services; • Mental Health Services; • Continence Services; • Kidney Dialysis outwith the hospital; • Services provided by health professional that aim to promote public health; • Community Addiction Services; • Community Palliative Care; • Allied Health Professional Services.

*Adult Social Care Services for adults aged 18 and over.
**Acute Health Services for all ages – adults and children.
***Community Health Services for adults aged 18 and over, excepting those marked with asterisks (**), which also include services for children.

The IJB has a responsibility for the strategic planning of hospital services most commonly associated with the emergency care pathway. As such, the IJB has control of the resources supporting those associated hospital functions retained by NHS Borders and set-aside for the population of the Scottish Borders: the “Set-Aside Budget”. They are shown in the middle column above.

Strategic Plan

The IJB renewed its Strategic Plan in 2018/19, setting out its strategic objectives for 2018/19 – 2020/21. The plan sets out what the IJB wants to achieve to improve health and well-being in the Borders through integrating health and social care services.

The partnership's Strategic Plan also describes some of the actions it is taking to make the shift towards more community-based health and social care services, the outcomes sought to achieve these and the steps being taken to deliver our local objectives. It also outlines the performance measures used to assess the progress we are making.

Within the refreshed strategic plan the number of objectives has been reduced from nine to three with a focus on keeping people healthy and well, improving service flow and managing health conditions.

The refreshed strategic objectives are:-

- We will improve the health of the population and reduce the number of hospital admissions;
- We will improve the flow of patients into, through and out of hospital;
- We will improve the capacity within the community for people who have been in receipt of health and social care services to better manage their own conditions and support those who care for them.

A number of key principles are outlined within the Strategic Plan which underpin all three high level objectives:

- Prevention and early intervention;
- Accessible services;
- Care close to home;
- Delivery of services within an integrated care model;
- Greater choice and control;
- Optimise efficiency and effectiveness;
- Reduce health inequalities.

This high level plan will be supported by the implementation of strategies related to specific themes such as dementia, mental health, carers and locality plans that reflect differing patterns of need across the Scottish Borders.

Operations of the IJB

[Annual Performance Report 2018/19](#)

The partnership will publish its 2018/19 Annual Performance Report (APR) in July 2019. This will provide a comprehensive summary of the Partnership's financial performance and its performance against the Local and National Integration Indicators identified by the IJB and the Scottish Government.

The partnership's priorities for 2019/20 are also set out in the report and we will continue to work hard to deliver responsive health and social care services which are focused on the needs of the people who use them and their local communities.

A key focus for the Partnership going forward will be delivering our joint programme of transformation to ensure that we can successfully address the challenges and achieve the Partnership's objectives to ensure the best possible health and wellbeing for our communities.

A full copy of the Annual Performance Report can be requested by contacting the IJB Chief Officer, Scottish Borders Council HQ, Newtown St Boswells, Melrose. TD6 0SA or on 01835 824000.

Performance against Strategic Objectives 2018/19

The Strategic Plan 2018/19 – 2020/21 focuses on the delivery of the three local Strategic Objectives which are aligned to the health and wellbeing outcomes. Performance against these objectives is highlighted through a number of key achievements summarised under each objective.

STRATEGIC OBJECTIVE 1:

We will improve the health of the population and reduce the number of hospital admissions.

We are committed to helping older people to manage their own health better, improving fitness and reducing social isolation. We know that the number and proportion of older people in the Borders is increasing and we therefore need to promote ‘active ageing.’ We know that many older people in Scottish Borders report poor health therefore we must promote healthier lifestyles, earlier detection of disease and support to recover and manage their conditions. We know that the population of the Scottish Borders is spread over a large geographical area with many people living in rural locations, therefore services need to be provided locally and accessible transport arrangements put in place.

Key Achievements:

- The Primary Care Improvement Plan was submitted to Scottish Government on 31st August 2018. It sets out our intentions over the coming 3-years to improve primary care settings through investment in key areas including vaccinations, community treatment and community link workers.
- The Action 15 Plan was also submitted to the Scottish Government in 2018. This set out our plans to invest in Mental Health services across the partnership.
- We held our inaugural ‘Living with and caring for Dementia’ event in November 2018. This was attended by over 100 staff, people with dementia and their carers. It was an opportunity to listen and learn – as who better to explain what it is really like to live with dementia than the very people who are going through it?
- The first Borders Healthy Lives Week brought together a wide-range of staff from across the Partnership and the Third Sector. Over 100 people took part in our Pledge Challenge, making a commitment to look after their health and wellbeing. Pledges ranged from drinking more water, eating more fruit, cycling more and entering a half marathon. All reinforcing the message that small changes can make big differences
- Funding of £98k from Scottish Government was obtained to support a 2-year project to encourage access to bowel, breast and cervical cancer screening for people with learning disabilities and mental health service patients.

STRATEGIC OBJECTIVE 2:

We will improve the flow of patients into, through and out of hospital.

We are committed to reducing the time that people are delayed in hospital. People should also have a greater and more flexible choice of different services which meet their long-term housing, care and support needs. We know that we need to continue to listen, involve, plan and deliver services across the five localities. We know that housing and supported accommodation options have an important role to play in regard to the flow of patients. We know that a number of people need flexible support arrangements to maintain and improve their quality of life.

- The Discharge Programme has been formed to bring together the linked services across the partnership focussing on preventing admissions, reducing the number of delayed discharges within the hospital system, and enabling people to remain in the community longer.

Specific changes within the Discharge Programme includes the following:

- Hospital to Home (H2H) has been expanded across all 5 localities and has helped develop peoples' confidence and skills so that they can carry out activities themselves, enabling them to continue living at home. So far H2H has been able to accommodate over 200 patients.
- The STRATA project went live in 2018/19. This automates and improves the process of discharging patients from hospital into residential care or care at home providers. The system uses a real-time directory of available care home beds, capacity and specialist services allowing these to be matched to patients.

STRATEGIC OBJECTIVE 3:

We will improve the capacity within the community for people who have been in receipt of health and social care services to better manage their own conditions and support those who care for them.

We are committed to supporting people to manage their own conditions, by improving access to health and social care services in local communities, by improving support to carers and by delivering more supported accommodation, including extra care homes, dementia care and mixed tenure provision. We know that a range of support is required to support for people with dementia and their carers. We know that we need high quality support for the 12,500 people aged 16 and over who are providing unpaid care in the Scottish Borders.

- A service that provides one-to-one personal support for people with cancer has been rolled out across the Borders. The 'TCAT' service is free; it provides tailored advice, information and support to help people regain a sense of control over their lives. It is being delivered in partnership between The Partnership, MacMillan Cancer Support, NHS Borders and the British Red Cross.
- An innovative mountain biking project for people currently experiencing mental ill health was delivered by the Partnership, Developing Mountain Biking in Scotland

(DMBinS) and Napier University. It promoted the therapeutic benefits of cycling in improving mental health, increased personal resilience, social skills and confidence.

- The IJB Technology Enabled Care (TEC) Strategy is in place. This strategy sets the direction of travel for the Partnership use of TEC and identifies the priorities in trialling different pieces of TEC, such as:
 - *Florence*: is a health monitoring system, allowing individuals to monitor their health condition from home. It uses text messages to allow Health clinical staff to collect readings or symptom information remotely from patients. Florence can alert clinicians if a patient's condition worsens to allow them to intervene appropriately. Florence is being trialled in the West GP Cluster for Blood Pressure, COPD and Asthma.
 - *ARMED (Advanced Risk Modelling for Early Detection)* use of wearable devices to monitor, predict and therefore prevent falls. If a person's normal state/pattern of sleep, body composition or grip strength changes then the system raises an alert. A pilot of ARMED is underway in Deanfield residential care home, Dovecot extra care home and within the Cheviot hospital to home team.

Key Partnership Decisions 2018/19

The IJB continued to meet regularly in 2018/19 both as a formal meeting to transact business and also through Development sessions to enhance its understanding of the more complex issues it faces as the Partnership continues to evolve.

Key aspects of the IJB's business include a focus on governance and operating arrangements as well as performance and resource planning.

Examples of key governance decisions it has made during the financial year include:-

- Welcoming new voting members to the Board;
- Appointment of a temporary Chef Finance Officer, Mr Michael Porteous;
- Approval of the Local Code of Corporate Governance;
- Agreement to expand the Hospital to Home initiative;
- Agreement to pilot the STRATA initiative
- Approval of its Communications Strategy;
- Agreement to receive a review of the Strategic Risk Register twice yearly.

Examples of key performance and resources decisions it has made during the financial year include:-

- Approval of its refreshed Strategic Plan 2018/19 – 20/21;
- Review of the Integrated Care Fund Schemes and Direction of the remaining funding.
- Direction of the remaining Social Care Funding;
- Approval and delivery of its 2018/19 financial plan;
- Direction of resources to assist with Joint Winter Planning performance;
- Approval of the allocation of additional Drug & Alcohol funding received from Scottish Government.

Locality Planning

Locality planning is a key tool in delivery of the change required to meet new and existing demands in the Borders. The IJB has developed locality arrangements, where professionals, communities and individuals can inform locality planning and redesign of services to meet local need in the best way. This is achieved through having ‘Locality Working Groups’ in each of the five localities of:

- Berwickshire
- Cheviot
- Eildon
- Teviot & Liddesdale
- Tweeddale.

Each Locality has a Locality Plan. In the long-term, there are opportunities to further integrate the Locality Plans within Community Planning Partnership (CPP) arrangements, but in the short-term the Partnership is planning to strengthen and bolster Locality Working Group arrangements

Governance

The governance structure of the Partnership includes the operation of the IJB and the EMT:

- **The Integration Joint Board (IJB)** as the governing body, approves all decisions of the Health and Social Care Partnership, excluding those delegated to the Executive Management Team (EMT). It receives regular progress updates from the EMT through the Chief Officer and Chief Financial Officer as well as frequent and regular financial and performance planning and management reports.
- **The Executive Management Team (EMT)** supports the **Chief Officer** to commission tests of change and/or service redesign. These are then drawn up into business cases by the operational level of the governance structure and returned to the EMT for review and decision making. The EMT also considers or supports the preparation of all reports to the IJB and advises the Chief Officer on the Partnership’s governance, planning, monitoring and reporting responsibilities.

The Strategic Planning Group and the Joint Staff Forum offer advice to the Integration Joint Board whilst the Health and Social Care Joint Management Team provide operational support and delivery and progress reporting.

The Partnership continues to review performance, identify strengths and areas for improvement and work to deliver continuous improvement in its governance, operations and performance.

At the start, middle and end of the financial year, the IJB and its partners undertake a full review and evaluation of its degree of compliance with legislation and recommended best practice in relation to the Partnership’s financial governance, planning, management and reporting arrangements. A number of positive outcomes have been reported following these processes and clear forward planning is in place to continue to provide full assurance to the Partnership going forward.

A quarterly performance reporting scorecard has been developed for the IJB, in line with the themes defined by the Ministerial Strategy Group. In addition to these themes, the scorecard allows for the reporting on more localised measures which have a primary, community or social care focus.

Financial Position at 31 March 2019

Delegated Budget

The partnership reported a break even position against the Delegated Budget at 31 March 2019. Additional allocations from the funding bodies were required during the year and at year end to deliver a break even position overall.

The reported position across delegated functions is summarised below:

Delegated Functions Total	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
Joint Learning Disability Service	20,216	21,156	21,526	(370)
Joint Mental Health Service	15,422	16,775	16,973	(198)
Joint Alcohol and Drug Service	530	770	744	26
Older People Service	19,281	20,772	20,762	10
Physical Disability Service	3,322	3,677	3,599	78
Prescribing	21,700	22,795	22,737	58
Generic Services	68,155	66,890	71,482	(4,592)
Over allocation returned to Scottish Borders Council		(252)		(252)
Additional Allocation from NHS Borders	0	5,240	0	5,240
	148,626	157,823	157,823	0

Key pressures within the 2018/19 delegated function's accounts impacting on out-turn have been:

- significant increased demand for services associated with an increasing ageing population and increased complexity of care needs
- pressures arising from challenges in recruitment and retention of staff resulting in the need for higher cost locum or agency staff to cover services
- the non-delivery of savings
- meeting the increased costs of service provision in areas such as care at home and in relation to patients transitioning into adult specialist services.

Despite the above the IJB delivered significant success through savings and efficiencies made within the pharmacy service with a small underspend reported against the Prescribing budget in 2018/19.

The IJB continued to support the delivery of services such as Hospital to Home and the Matching Unit which are instrumental in reducing the number of delayed discharges and providing effective care for people in a community setting. These services contributed directly to the more effective management of patient flow across hospital and community services and a significant reduction in spend over the winter period.

However additional funding was required to deliver a break even position for 2018/19. Additional allocations of £3.2m were made during the financial year by the Scottish Borders Council to fund pressures within Social Care services resulting in a small underspend at year end which has been returned to the Council. NHS Borders required additional funding from the Scottish Government in order to meet its financial obligations. A brokerage agreement was reached with the Scottish Government which provided NHS Borders with additional in year funding and enabled them to make an additional allocation of £5.240m to fund the Health services overspend within NHS delegated functions.

Large Hospital Budget Retained and Set-Aside

Legislation sets out that Integration Authorities are responsible for the strategic planning of hospital services most commonly associated with the emergency care pathway along with primary and community health care and social care.

In relation to the Large Hospital Budget Retained by NHS Borders and Set-Aside, an overspend position has been reported at 31 March 2019, summarised as:

Set Aside Healthcare Functions	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
Accident & Emergency	2,003	2,742	2,912	(170)
Medicine & Long-Term Conditions	11,847	14,491	15,571	(1,080)
Medicine of the Elderly	6,288	6,509	6,642	(133)
Planned Savings & Actions				0
Additional Allocation from NHS Borders		1,383		1,383
	20,138	25,125	25,125	0

Key pressures within the 2018/19 set aside accounts impacting on out-turn have been:

- the impact of vacancies and the subsequent use of agency staff to ensure rotas are supported and services are fully operational
- high patient acuity impacting on staffing levels

The brokerage secured by NHS Borders enabled it to make an additional contribution of £1.383m the year end to deliver a break even position for the Set-Aside services overall.

Other Resources

Social Care Funding

The Scottish Government funding of £7.397m is contained within their 2018/19 baseline allocation to NHS Borders and subsequently forms part of the delegated funding to the IJB. These resources have been directed in full to Scottish Borders Council to meet the costs of implementation of an increased Scottish Living Wage from 01 October 2017, increased market provider costs and increased demand for social care services, in particular care at home. In summary resources have been directed within Social Care services on the following basis:

Social Care Fund	Directed Funding 2016/17 to 2018/19
	£'000
Scottish Living Wage	2,455
Demographic Pressures	3,220
Market Provider costs	1,722
	7,397

Integrated Care Fund

The resources the IJB is allocated from NHS Borders included separate funding previously allocated under the banner of Integrated Care Fund (ICF). This funding of £2.13m was allocated annually for the 3 years to 2017/18, providing a total of £6.39m over the life of the programme. Funding was carried forward into 2018/19 to meet the residual costs of live programmes of work and a small overspend was recorded. The funding of £2.13m has now been included in the base funding allocated to the IJB and the overspend was met from this budget in 2018/19.

A summary of the ICF expenditure is detailed below, in the context of previous spend and total allocations:

	Budget Allocation 2015/16 £'000	Budget Allocation 2016/17 £'000	Budget Allocation 2017/18 £'000	Budget Allocation 2018/19 £'000	Actual Outturn over 3 year £'000	(Over) / Under Commitment £'000
NHS Borders-Led	21	621	317	713	1,672	0
SBC -led	204	703	1,764	2,047	4,756	(38)
	225	1,324	2,081	2,760	6,428	(38)

Former Older People's Change Fund

Prior to the establishment of the Health and Social Care Partnership, NHS Borders, Scottish Borders Council and their third and fourth sector partners worked together to deliver the Reshaping Care Programme, funded by the Scottish Government Change Fund allocation over 4 years to March 2015. This programme is now complete, but a residual uncommitted balance on the funding allocation of £450k remains for carry forward to 2019/20 for use by the Partnership.

Financial Outlook

The IJB continues to face significant financial challenges and a financial recovery plan is being drawn up to identify potential solutions to the recurring service pressures and unmet savings targets. The partnership is facing a number of risks which will require management and mitigation in 2019/20 and beyond:

- the 2019/20 Financial Plan remains draft and does not currently address all historic and existing pressures
- the financial challenges facing NHS Borders will result in a requirement for further brokerage in 2019/20 to enable it to meet its statutory obligations, including funding any overspend incurred by the IJB
- the partnership's Strategic Plan has been updated and relaunched to cover the 3 years from 2018/19 to 2020/21. Both NHS Borders and Scottish Borders Council will receive only a 1-year financial settlement
- prescribing remains a high risk area due to the level of spend and volatility of price and supply
- there is an ongoing risk in relation to the sustainability of the workforce both internally and with our external care partners

- further cost pressures may emerge during 2019/20 that are not yet projected or provided for within either partner's financial plans, nor the resources delegated to the IJB
- the risk of loss of service provision as a result of market failure would result in additional costs as alternative supply is transitioned

Risk, Uncertainty and Change

Management of risk and in particular, Financial Risk is one of the key responsibilities of the Board. Strategic and Operational Risk Registers for the Partnership are now in place. Specific prevalent risks are outlined above and within the Partnership's Risk Register, these are categorised across the following strategic themes:

- Lack of change in culture to partnership approach
- Unclear direction by IJB to utilise resources efficiently and effectively
- Insufficient future market for care to meet increasing demand
- Lack of partnership approach to engagement and consultation
- Slippage in delivery by partners of efficiency savings and the ambitious programme to transform to new models of care
- Insufficient workforce skills and capacity to meet demand and transformed service delivery
- Significant supplier failure to provide services
- Reputational damage if someone comes to harm
- Lack of resources and governance to implement change and transformation programmes and projects
- Insufficient oversight of information governance

In 2018/19, the IJB chair was Dr Stephen Mather, who is an NHS Borders Non-Executive Director. The vice –chair was Councillor David Parker. In addition to the chair and vice-chair the IJB Board comprises 4 additional voting members from NHS Borders and 4 from Scottish Borders Council. During 2018/19 1 new council member joined the Board, replacing Councillor Laing

Annual Accounts

The Integration Joint Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires preparation in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

Michael Porteous CPFA
Chief Financial Officer

On behalf of the Integration Joint Board Members and Officers of Scottish Borders Health and Social Care Partnership Integration Joint Board

14 August 2019

Remuneration Report

Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require various disclosures about the remuneration and pension benefits of specific IJB members and senior employees in respect of earnings and pension benefits.

Remuneration

The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Employee. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure below.

The information contained in the report is subject to external audit. The explanatory text within the report is reviewed by external auditors to ensure that it is consistent with the financial statements.

Remuneration of Integration Joint Board Members

The voting members of the IJB are appointed through nomination by NHS Borders and Scottish Borders Council. Nomination of the IJB Chair and Vice-Chair posts alternates between an elected member and a Health Board representative. In December 2018 the Scheme of Integration was amended from a 2 year rotation to a 3 year rotation of these posts on the basis of continuity of leadership and retention of experience. IJB Board members at 31 March 2019 are:

- Dr S Mather (Chair)
- Councillor D Parker (Vice Chair)
- Mr M Dickson
- Mrs K Hamilton
- Mr T Taylor
- Mr J Raine
- Councillor J Greenwell
- Councillor S Haslam
- Councillor T Weatherston
- Councillor E Thornton-Nicol

Additional remuneration paid to IJB members including the Chair, Vice – Chair and other Board members relating to their role on the IJB are detailed below. All IJB Board members are supplied to the IJB at zero cost to the Board by their respective organisations.

Expenses 2017/18 £	Name	Post(s) Held	Nominated By	Expenses 2018/19 £
2,601	Dr Stephen Mather	Chair	NHS Borders	2,935
Nil	Mr David Parker	Vice-Chair	Scottish Borders Council	Nil
1,020	Mrs Karen Hamilton	Member	NHS Borders	714
1,351	Mr David Davidson	Member	NHS Borders	238
Nil	Mr Malcolm Dickson	Member	NHS Borders	1,127
393	Mr Tristram Taylor	Member	NHS Borders	Nil
5,365	Total			5,014

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 and Vice-Chair of the IJB as they are defined above.

Remuneration of Senior Employees

The term 'Senior Employee' means:

1. Any employee who has responsibility for the management of the Integration Joint Board to the extent that the person has the power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
2. Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
3. Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The IJB does not employ any staff in its own right. Specific post-holding officers are non-voting members of the board however.

Chief Officer: Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

Other Officers: The services of a Chief Finance Officer (CFO) have been secured through a secondment appointment. The CFO undertakes the statutory role of section 95 Officer for the IJB. The employment contract for the CFO will adhere to the legislative and regulatory framework of the employing partner organisation. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

The Chief Officer therefore has responsibility for the management of the IJB, supported by the Chief Financial Officer from a financial context. Regardless of how these posts are supplied to the partnership or funded, both are therefore deemed to be Senior Employees in line with criterion 1 above.

Total 2017/18 £	Name	Employing Organisation	Salary 2018/19 £	Fees and Allowances £	Total 2018/19 £
46,361 (FY£ £99,883)	Mrs Elaine Torrance (01 March 2017 to 17 September 2017)	Scottish Borders Council			
49,920 (FY£ £105,322)	Mr Rob McCulloch-Graham	Scottish Borders Council	104,094	703	104,797
96,281	Total		104,094	703	104,797

The post of CFO was initially undertaken by the Chief Finance Officer for Scottish Borders Council within his duties as Section 95 Officer. The Chief Financial Officer role was then undertaken from 6 August 2018 to 31 March 2019 by Mr Michael Porteous on a secondment basis.

Total 2017/18 £	Name	Employing Organisation	Salary 2018/19 £	Fees and Allowances £	Total 2018/19 £	
25,263 (FYE £50,526)	Mr Paul McMenamin (01 March 2017 to 30 September 2017)	Scottish Borders Council				
	Mr Michael Porteous (06 August 2018 to 31 March 2019)	NHS Borders	38,614 (FYE £59,090)	146	38,760	
25,263	Total		Total	38,614	146	38,760

During the period, no payments were made in respect of bonuses, compensation for loss of office or any non-cash benefits. No exit packages were agreed by the Board during this period.

Rob McCulloch-Graham held an employment contract with Scottish Borders Council on Scottish Borders Council pay terms and conditions of employment and is a member of the Scottish Borders Council Local Government Pension Scheme (LGPS). This scheme became a career average pay scheme on 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary. Accrued benefits from 1 April 2015 will be based on career average salary.

Mr Michael Porteous has an employment contract with an NHS Board and is a member of the NHS Pension Scheme (Scotland) 2015. The NHS Superannuation Scheme became a career average pay scheme from 1 April 2015. Benefits built up to 31 March 2015 are protected and based on final salary.

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 the 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 and the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions:

Name	In-Year Pension Contributions For Year To		Accrued Pension Benefits At 31 March 2019	
	31 March 2018 £	31 March 2019 £	Pension £	Lump Sum £
Chief Officer Mrs Elaine Torrance (01 April 2017 to 17 September 2017)	8,241			
Chief Officer Mr Rob McCulloch-Graham (09 October 2017 to 31 March 2018)	8,986	18,737	9,195	0
	Movement from 31 March 2018 =		8,146	0
Chief Financial Officer Mr Paul McMenamin (01 April 2017 to 30 September 2017)	4,355			0
				0
Chief Financial Officer Mr Michael Porteous (06 August 2018 to 31 March 2019)	6,821	5,108	18,153	52,236
	Movement from 31 March 2018 =		1,884	3,429
	Total Movement from 31 March 2018 =		10,030	3,429

*₁Pro-rata for period employed as Chief financial Officer 06 August 2018 to 31 March 2019

The regulations require any officer whose remuneration for the year was £50,000 or above, to be disclosed in bandings of £5,000. For the IJB in 2018/19 this is:

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
	£95,001 - £100,000	
	£100,001 - £105,000	1

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

On behalf of the Councillors and Officers of Scottish Borders Health and Social Care Partnership

14 August 2019

Statement of Responsibilities

Integration Joint Board

The Integration Joint Board has appointed its Chief Officer on a permanent basis.

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 the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Joint Board, 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); and
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Integration Joint Board at its meeting on 14 August 2019.

Signed on behalf of Scottish Borders Health and Social Care Partnership Integration Joint Board

Dr Stephen Mather
Chair

14 August 2019

Chief Financial Officer

The Chief Financial Officer (CFO) is seconded at no cost to the IJB from one or other partner organisation. The post was filled from 6 August with a full time secondee from outwith the Borders. Prior to this date the role was covered by the Chief Financial Officer of Scottish Borders Council in addition to his substantive role.

The CFO is responsible for the preparation of the IJB's Annual Accounts in accordance with the 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 CFO is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- complying with the Code of Practice and legislation.

The CFO is also required to:

- keep adequate proper accounting records which are up to date; and
- take reasonable steps to ensure the propriety and regularity of the finances of the IJB.

I certify that the financial statements give a true and fair view of the financial position of Scottish Borders Health and Social Care Partnership Integration Joint Board as at 31 March 2019 and the transactions of the Joint Board for the year then ended.

Michael Porteous CPFA
Chief Financial Officer

14 August 2019

Annual Governance Statement 2018/19

Introduction

The Annual Governance Statement explains the IJB's governance arrangements and system of internal control and reports on their effectiveness.

Scope of Responsibility

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

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

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

The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either NHS Borders or Scottish Borders Council, as well as non-voting members including a Chief Officer appointed by the Board.

The IJB's Local Code of Corporate Governance (IJB Local Code) sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. The revised IJB Local Code approved by the Board in September 2018 reflects the changing context of integration and is consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the revised Framework in existence during 2018/19 included:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the approved Scheme of Integration, Constitution and Standing Orders to make sure that public business is

conducted with fairness and integrity. The Board has a standalone Terms of Reference setting out its remit.

Reliance is placed on the values and standards set out in the codes of conduct within the employer partner organisations, which incorporate “The Seven Principles of Public Life” identified by the Nolan Committee on Standards in Public Life.

The IJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the IJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the IJB Chief Officer supported by Board Secretary, Chief Financial Officer, and Chief Internal Auditor as appropriate.

B. Ensuring openness and comprehensive stakeholder engagement

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plan of the Health and Social Care Partnership and Locality Plans were developed following consultations with interested parties including members of the public.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The vision, strategic objectives and outcomes are reflected in the Scottish Borders Health & Social Care Partnership’s Strategic Plan 2018-2021 and the associated Implementation Plan, as an appendix, which have been updated to reflect on-going assessment of need. This is underpinned by the Locality Plans which provide the associated implementation actions. Implications are considered during the decision making process covering Policy/Strategy, Consultation, Risk Assessment, Compliance with requirements on Equality and Diversity, and Resource/Staffing.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

In determining how services and other courses of action should be planned and delivered the partnership has a statutory responsibility to involve patients and members of the public.

The Scottish Borders Health & Social Care Partnership's Strategic Plan 2018-2021 is based on consultation during its review and update.

The IJB has issued directions to the partners primarily to deliver business as usual with the exception of a limited amount of commissioning through ICF and Social Care funding. In future there will be more use of directions as service redesign and recommissioning in line with the transformation programme is progressed.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The IJB Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information/support to inform decision-making and scrutiny.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the IJB. The IJB Chief Officer also meets regularly with the Chief Executives of the partner organisations.

Members of the IJB Board are provided with the opportunity to attend Development Sessions relevant to their role.

F. Managing risks and performance through robust internal control and strong public financial management

The IJB Chief Officer has overall responsibility for directing and controlling the partnership. The IJB Board is responsible for key decision-making.

The IJB has approved a Risk Management Strategy which includes: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance.

The IJB Chief Financial Officer is responsible for the proper administration of all aspects of the Partnership's financial affairs including ensuring appropriate advice is given to the Board on all financial matters. The IJB CFO post has been filled on an interim basis until August 2019.

The IJB's system of internal financial control is dependent upon on the framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

Revenue Budget Monitoring reports are presented to the Board at each meeting for monitoring and control purposes including the annual outturn. Financial reporting for the

partnership requires the application of appropriate financial regulations, codes of financial practice, and reporting standards.

The IJB also relies upon the partners for:

- pursuing a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably; and
- management of data in accordance with applicable legislation.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Chief Officer Audit & Risk of Scottish Borders Council is the IJB's Chief Internal Auditor to provide an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

The IJB responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The IJB Audit Committee is integral to overseeing assurance and monitoring improvements in internal control and governance.

Quarterly Performance Reports were presented to the Board for monitoring and control purposes. An Annual Performance Report for 2018/19 is being prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2018/19 setting out the financial position in accordance with relevant accounting regulations is also being prepared.

The IJB completed a self-assessment return in May 2019 for the Ministerial Strategic Group as part of the review of progress with health and social care integration.

Review of Adequacy and Effectiveness

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment against the IJB's Local Code of Corporate Governance consistent with the principles of the CIPFA/SOLACE Framework (2016), carried out by IJB Internal Audit; IJB Internal Audit reports; IJB External Audit reports; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Borders and Scottish Borders Council) Internal Audit and External Audit reports.

During the year a full update of the IJB's Local Code of Corporate Governance was carried out as part of Internal Audit work with evidence of how good governance is operating in practice. This demonstrates that 12 of the previous year's 15 improvement actions have been addressed.

Improvement Areas of Governance

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code:

- 1 Fully embed risk management into the culture of the IJB.
- 2 Develop a medium-term Financial Strategy.
- 3 Recruit on a permanent basis to the IJB Chief Financial Officer post.

The implementation of these actions to enhance the governance arrangements in 2019/20 will be driven and monitored by the IJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2019/20 is designed to test improvements and compliance in governance and risk management arrangements, achievement of transformation and change in service delivery (and the associated workforce development), and performance management.

Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements and system of internal control, while recognising that improvements are required to fully demonstrate compliance with the Local Code in order for the IJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

Dr Stephen Mather
Chair

14 August 2019

Rob McCulloch-Graham
Chief Officer

14 August 2019

Independent Auditor's Report

Independent auditor's report to the members of Scottish Borders Integration Joint Board and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

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

In my opinion the accompanying financial statements:

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

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Chief Financial Officer and Integration Joint Board audit committee for the financial statements

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

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

The Integration Joint Board audit committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Gillian Woolman MA FCA CPFA

Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

August 2019

Statement of Accounts

Comprehensive Income and Expenditure Statement (CIES) for the Year Ended 31 March 2019

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments, these would be included in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. For 2018/19, there are no statutory adjustments.

Gross Expenditure 2017/18 £'000	Income 2017/18 £'000	Net Expenditure 2017/18 £'000		Gross Expenditure 2018/19 £'000	Income 2018/19 £'000	Net Expenditure 2018/19 £'000	Note
96,247	0	96,247	Health Services Delegated	102,274	0	102,274	4,7
54,475	0	54,475	Social Care Services Delegated	58,432	0	58,432	
24,418	0	24,418	Health Services Retained and Set-Aside by NHS Borders	25,125	0	25,125	
150	0	150	Corporate Services	162	0	162	
175,290	0	175,290	Cost of Services	185,993	0	185,993	
0	(175,290)	(175,290)	Taxation and Non-Specific Grant Income	0	(185,993)	(185,993)	5
175,290	(175,290)	0	Surplus or (Deficit) on Provision of Services	185,993	(185,993)	0	
			Total Comprehensive Income and Expenditure			0	

The Integration Joint Board came into existence in February 2016. The 2018/19 Comprehensive Income and Expenditure Statement reflects the third year of financial operation.

Movement in Reserves Statement

The IJB does not at this time have Reserves.

The Comprehensive Income and Expenditure Statement reports no net surplus or deficit on the provision of services at 31 March 2019. No statutory adjustments have been made in respect of any absence entitlement on the part of the Chief Officer which has been earned but not yet taken as at 31 March 2019.

Following these positions therefore, no net movement in reserves has been calculated for 2018/19.

Balance Sheet at 31 March 2019

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. At 31 March 2019, these remain nil.

31 March 2018 £'000			31 March 2019 £'000		Note
11,694	11,694	Short-Term Debtors	15,002	15,002	6
(11,694)	(11,694)	Current Assets	(15,002)	(15,002)	6
		Short-Term Creditors			
		Current Liabilities			
0		Provisions	0	0	
	0	Long-Term Liabilities			
	0	Net Assets		0	
	0	Useable Reserve: General Fund		0	
	0	Useable Reserve: Employee Statutory Adjustment Account		0	
	0	Total Reserves		0	

The unaudited accounts were issued on 10th June 2019 and the audited accounts were authorised for issue on 14 August 2019

Michael Porteous CPFA
Chief Financial Officer

14 August 2019

Notes to the Annual Accounts

1 – Significant Accounting Policies

1.1 General Principles

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

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

It is therefore required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires these to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounting convention adopted in the Annual Accounts is historical cost. They are prepared on a going-concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year in which 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.

1.3 Funding

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

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

1.5 Employee Benefits

The IJB does not directly employ staff. Officers 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. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as Employee-Related costs. Where material, the Chief Officers absence entitlement as at 31 March will be accrued, for example in relation to annual leave earned but not yet taken. There are no charges from funding partners for other staff.

1.6 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.

No provisions or contingent liabilities or assets have been made at 31 March 2019.

1.7 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.

1.8 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

In November 2016, HMRC issued an opinion on the VAT treatment of services provided by IJB's partners. This related to the VAT treatment of the exchanges of staff between the Health Board and Local Authority, when under the direction of the Integrated Joint Board.

Relevant to the Scottish Borders, where other than the Chief Officer, the supply of these services is seen as part of the party's statutory obligation/contribution to the IJB and therefore the LA/HB have not recharged for any costs incurred, HMRC's opinion is that there is no consideration and as such no supply for VAT purposes.

HMRC has issued a final view that the secondment of the Chief Officer is outside the scope of VAT as the provision of a Chief Officer by and HB and/or LA to the IJB is done under a special legal regime. Therefore the LA/HB should not be charging VAT to the other party on this supply as it outside the scope of VAT.

2 – Events after the Reporting Period

2.1 Events after the Reporting Period / Balance Sheet Date

The unaudited Annual Accounts were authorised for issue by the Chief Financial Officer on 10th June 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2019, the figures in the financial statements and notes would normally be adjusted in all material respects to reflect the impact of this information. There are no identified Events after the Reporting Period to 31 March 2019.

3 – Expenditure and Funding Analysis

3.1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the funding available to the IJB in the form of funding partner contributions has been used in providing services. This is compared to the cost of services on an accounting basis.

2017/18			2018/19		
Net Expenditure Chargeable to the General Fund £'000	Adjustments £'000	Net Expenditure in the CIES £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments £'000	Net Expenditure in the CIES £'000
20,025	0	20,025	Joint Learning Disability Service	21,526	0
15,597	0	15,597	Joint Mental Health Service	16,973	0
767	0	767	Joint Alcohol and Drug Service	744	0
19,298	0	19,298	Older People Service	20,762	0
3,535	0	3,535	Physical Disability Service	3,599	0
			Prescribing*	22,737	22,737
89,396	0	89,396	Generic Services	71,482	0
23	0	23	Older Peoples Change Fund	85	0
2,081	0	2,081	Integrated Care Fund	2,798	0
24,418	0	24,418	Health Services Retained and Set-Aside by NHS Borders	25,125	0
150	0	150	Corporate Services	162	0
175,290	0	175,290	Cost of Services	185,993	0
(175,290)	0	(175,290)	Other Income and Expenditure	(185,993)	0
0	0	0	(Surplus) or Deficit on Provision of Services	0	0

* Prescribing expenditure was shown within Generic services in 2017/18

No adjustments are required in relation to the statutory requirement to defer any charge to the General Fund for the Chief Officer's absence entitlement at 31 March 2019.

4 – Expenditure and Income Analysis by Nature

4.1 Expenditure and Income Analysis by Nature

2017/18 £'000		2018/19 £'000
120,222	Services commissioned from NHS Borders	127,399
54,918	Services commissioned from Scottish Borders Council	58,432
126	Employee Benefits Expenditure	137
24	Auditor Fee: External Audit	25
(175,290)	Partners' Funding Contributions	(185,993)
(0)	Cost of Services	(0)

The Fee charged by the Independent Auditor for 2018/19 was £25,000.

5 – Taxation and Non-Specific Grant Income

5.1 Taxation and Non-Specific Grant Income

2017/18 £'000		2018/19 £'000
(125,250)	Funding Contribution from NHS Borders	(134,050)
(50,040)	Funding Contribution from Scottish Borders Council	(51,943)
(175,290)	Taxation and Non-Specific Grant Income	(185,993)

The funding contribution from the NHS Board shown above includes £25.125m 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.

6 – Debtors and Creditors

6.1 Debtors

The IJB's Debtors include money owed to the partnership at 31 March 2019 and any payments made in respect of delegated functions in advance of the 2019/20 financial year:

31 March 2018 £'000		31 March 2019 £'000
1,432	Funding NHS Borders	3,761
10,262	Funding Scottish Borders Council	11,241
0	Funding Non-Public Sector	0
11,694	Debtors	15,002

6.2 Creditors

The IJB's Creditors include payments due by the partnership not yet made by the 31 March 2019 and any income it has received in advance of the 2019/20 financial year:

31 March 2018 £'000		31 March 2019 £'000
(1,432)	Funding NHS Borders	(3,761)
(10,262)	Funding Scottish Borders Council	(11,241)
0	Funding Non-Public Sector	0
(11,694)	Creditors	(15,002)

7 – Related Party Transactions

7.1 Related Party Transactions

The IJB has related party relationships with NHS Borders and Scottish Borders 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.

NHS Borders

2017/18 £'000		2018/19 £'000
(125,250)	Funding Contributions	(134,050)
0	Service Income	0
120,665	Expenditure on Services Provided	127,399
0	Key Management Personnel	0
12	Support Services	13
(4,573)	Net Transactions with NHS Borders	(6,638)

Key Management Personnel: There are no non-voting Board members employed by the NHS Board and recharged to the IJB..

31 March 2018 £'000		31 March 2019 £'000
1,432	Debtors: Amounts Due from NHS Borders	3,761
(1,432)	Creditors: Amounts Due to NHS Borders	(3,761)
0	Net Balance with NHS Borders	0

Scottish Borders Council

2017/18 £'000		2018/19 £'000
(50,040)	Funding Contributions	(51,943)
0	Service Income	0
54,475	Expenditure on Services Provided	58,432
126	Key Management Personnel	137
12	Support Services	13
4,573	Net Transactions with Scottish Borders Council	6,638

Key Management Personnel: The senior officers employed by the Local Authority and recharged to the IJB include only the Chief Officer. Details of the remuneration for some specific post-holders are provided in the Remuneration Report.

31 March 2018 £'000		31 March 2019 £'000
10,262 (10,262)	Debtors: Amounts Due from Scottish Borders Council Creditors: Amounts Due to Scottish Borders Council	11,241 (11,241)
0	Net Balance with Scottish Borders Council	0

8 – Other Notes to the Accounts

8.1 Provisions:

No provisions have been made at the 31 March 2019.

8.2 Useable Reserve: General Fund:

The IJB does not hold a balance on its General Fund Reserve at 31 March 2019. The IJB has an approved Reserves Policy which enables it over time 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. The Policy can also enable a contingency fund to be established in order to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

8.3 Unusable Reserve: Employee Statutory Adjustment Account:

Only one officer, the Chief Officer, requires to be considered in relation to absence entitlement earned but not yet taken at 31 March 2019. The value of this untaken but accrued entitlement is not considered material to the overall financial position of the IJB as presented in the Comprehensive Income and Expenditure Statement.

8.4 Agency Income and Expenditure:

The Scottish Borders Partnership IJB is co-terminus between NHS Borders and Scottish Borders Council. The IJB does not act as the lead agency / manager for any delegated health or care services nor does it commission services on behalf of any other IJBs.

8.5 Contingent Assets and Contingent Liabilities:

No Contingent Liabilities or Contingent Assets have been identified relating to any item not recognised on the IJB's Balance Sheet.