

Public Document Pack



A meeting of the **Health & Social Care Integration Joint Board** will be held on **Wednesday, 21st October, 2020 at 10.00 am** in via Microsoft Teams

AGENDA

Time	No		
10:00	1	ANNOUNCEMENTS AND APOLOGIES	Chair
10:02	2	DECLARATIONS OF INTEREST <i>Members should declare any financial and non financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.</i>	Chair
10:03	3	MINUTES OF PREVIOUS MEETING - 23 SEPTEMBER 2020	Chair
10:05	4	ACTION TRACKER	Chair
10:06	5	ANNUAL ACCOUNTS 2019/20	Chief Financial Officer
10:29	6	ANY OTHER BUSINESS	Chair
10:30	7	DATE AND TIME OF NEXT MEETING Wednesday 18 November 2020 10am to 12pm Microsoft Teams	Chair

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Minutes of a meeting of the **Scottish Borders Health & Social Care Integration Joint Board** held on **Wednesday 23 September 2020** at **10am** via Microsoft Teams

Present:

(v) Cllr D Parker (Chair)	(v) Ms S Lam, Non Executive
(v) Cllr J Greenwell	(v) Mr M Dickson, Non Executive
(v) Cllr S Haslam	(v) Mrs K Hamilton, Non Executive
(v) Cllr T Weatherston	(v) Mr J McLaren, Non Executive
(v) Cllr E Thornton-Nicol	
Mr R McCulloch-Graham, Chief Officer	
Mr D Bell, Staff Officer SBC	
Ms Y Smith, Partnership Representative NHS	
Dr K Buchan, GP	
Mrs L Gallacher, Borders Carers	
Mr K Allan, Associate Director of Public Health	
Mr S Easingwood, Chief Social Work and Public Protection Officer	
Mrs N Berry, Director of Nursing, Midwifery & Acute Services	
Mrs M Low, Service User	

In Attendance:

- Miss I Bishop, Board Secretary
- Mr R Roberts, Chief Executive NHS
- Mr D Robertson, Chief Financial Officer SBC
- Mr A Bone, Director of Finance NHS
- Mrs J Stacey, Internal Auditor
- Ms J Holland, Chief Operating Officer SBCares
- Ms S Bell, Communications Manager SBC
- Ms C Oliver, Communications Manager NHS
- Mr G McMurdo, Programme Manager, SBC
- Ms L Keir, Clinical Psychologist
- Ms V Thurlby, Consultant Clinical Psychologist
- Mrs I Thomson, Operational Manager, Mental Health Service
- Mr A McGilvray (Press)
- Mr J Anderson (Press)

1. APOLOGIES AND ANNOUNCEMENTS

Apologies had been received from Mr Tris Taylor, Non Executive, Dr Tim Patterson, Director of Public Health, Mrs Jenny Smith, Borders Care Voice and Dr Lynn McCallum, Medical Director.

Mr Keith Allan deputised for Dr Tim Patterson.

Mr Rob McCulloch-Graham welcomed Mrs Morag Low, service user to the meeting.

The Chair confirmed the meeting was quorate.

The Chair welcomed guest speakers and members of the press to the meeting.

2. DECLARATIONS OF INTEREST

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

Mr John McLaren declared that he was a member of the Joint staff Forum.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** noted the declaration.

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting of the Health & Social Care Integration Joint Board held on 19 August 2020 were amended at page 4, item 8, paragraph 5, line 2 replace “directed” with “requested” and at page 6, paragraph 2, after SIP insert “ and so inclusion of that Group in governance in an advisory role was welcomed. He also queried ..” and with those amendments the minutes were approved.

4. MATTERS ARISING

Ms Sonya Lam noted that Action 8 had been on the action tracker for a considerable amount of time and enquired if it could be dealt with in an alternative way. Mr Rob McCulloch-Graham commented that with the use of MS Teams he was hopeful that plans to address the action would be secured in the next 8-10 weeks.

Mrs Karen Hamilton enquired if the timescale for Action 3 was for the review to have been completed by the end of March 2020. Mr McCulloch-Graham confirmed that it was.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** noted the action tracker.

5. ANNUAL PERFORMANCE REPORT 2019/20

Mr Rob McCulloch-Graham introduced the report which focused on the financial year 2019/20 and also covered some of the initiatives that had been undertaken over the last few months.

Mr Graham McMurdo provided an overview of the report which included the legislative requirement to produce the Annual Report by July each year. Given the onset of the COVID-19 Pandemic all Integration Joint Boards (IJBs) had been granted an extension to the end of September to produce their reports. Mr McMurdo highlighted that the report was currently in a draft format and required proof reading. He welcomed any changes and feedback on the content and commented that the intention was to publish the report by the end of September. The report covered the period April 2019 to March 2020 and in performance terms COVID-19 played a small part in the report, however he felt it was important that the report pick up the priorities for 2021 and the anticipated impact of COVID-19 on those priorities.

Mr Malcolm Dickson commented that it was an excellently produced report, with good use of graphics, logical structure and useful links to other sources/reports. Because he was fully

conscious that the Health & Social Care Partnership (H&SCP) continued to concentrate efforts on the response to the Pandemic and remobilisation, with Finance Officer and Business Lead vacancies, some of the comments and suggestions he offered could be used for consideration of improvement to next year's iteration of the Annual Report.

Mr Dickson enquired if the report had been circulated to the Strategic Planning Group (SPG) members for comment. Mr McCulloch-Graham advised that it had been the intention to share it with the SPG however that had not happened and he would ensure it was shared with them that afternoon.

Mr Dickson commented in regard to page 8 of the report, the raw population figures in age groups by locality did not tell the reader anything about the comparative proportions between Localities. Percentage figures in brackets after the age-group numbers would help, both in the table and the doughnuts below. On the same page, under the heading 'BOLDER' the metrics could not show improvement if they were not compared to data from the previous year or, better still, data from the previous 4 years. Mr McMurdo commented that he would include that change to the table and for the Bolder section the intention had been to provide a snap shot rather than a comparison and he accepted that it might be of limited value.

Mr Dickson enquired about page 22, section 9 and why 110.6 emergency hospital admissions in the first box could be described as "Better than target (91.9)". Mr McMurdo confirmed that the statement was incorrect and he would have it corrected.

Mr Dickson commented that on page 26, section 13, the cross-referencing was helpful in showing the Strategic Implementation Plan (SIP) links to National Outcomes and the priority workstreams that had been approved for implementation. He suggested it be used for discussion/illustration in a future SPG meeting.

Mr Dickson commented that on page 28, section 15, he understood why the governance structure, approved in the current year 2020/21, was being included, ie because the Report had necessarily been delayed and would otherwise seem to be out of date. However, he thought it should be clearly explained for the sake of accuracy. Mr McMurdo agreed that it was important to show the revised governance and priorities and commented that he would update the narrative to be more explicit that the governance had changed after the last year end.

Mr Dickson enquired at page 61, section 48 if "now approved" to "the proposed budget for 2020/21" should be added. Mr McMurdo advised that he would make the amendment.

Mr Dickson enquired at page 63, section 50 if the phrase 'Partnership Commissioning Plan' should be used rather than 'Strategic Implementation Plan'. Mr McMurdo advised he would amend the wording to make it less confusing.

Mr Dickson enquired at page 68, section 55, if the split of spend across Localities could be expressed by 1,000 or 100 head of population. Mr McMurdo explained that he had included the data to try and break down the budget to locality level and it was based on population only. He agreed to look at it in terms of per head of population.

Mr Dickson enquired at page 73, section 60, if reference could be made to the involvement of SPG in the development of the Performance Framework. Mr McMurdo advised that he would amend the narrative accordingly.

Mr Dickson commented in regard to page 77, section 64 that the notes in the right hand column relating to 'Percentage of A&E patients seen within 4 hours' appeared to be unfinished. Mr McMurdo commented that there were some notes missing and he would update the section.

Ms Sonya Lam commented that some data related to the financial year end and some to the calendar year and she enquired if a single measure could be used. Mr McMurdo commented that the data was constrained by Government with some information only available by calendar year or financial year. He assured the IJB that he took the latest data available and agreed that a single consistent approach would be helpful, however it was not possible at present. He agreed to include a footnote to explain the point.

Mr John McLaren referred to the cover paper in regard to risk. Mr McMurdo advised that the SCP and SIP were the places at which financial and resources risk would be identified.

Mrs Karen Hamilton noted that reference had been made to the impact of COVID-19 on the priorities for 2021 and enquired if it should be more explicit with a single chapter of its own. Mr McMurdo commented that it was referenced under each strategic objective which was the "look forward" part of the document. Mrs Hamilton suggested it might be further articulated in the Executive Summary.

Mr Ralph Roberts welcomed the report and noted its emphasis on health issues and suggested in the longer term the production of single sets of documentation could be produced which linked in with the acute sector in some way. He suggested there could be benefit in moving towards a more whole system approach in the future.

Cllr Tom Weatherston commented that he was content to support the report, however he enquired about the "goodie bag" in terms of cost, uptake and feedback. Mr McMurdo commented that it had been put in place to provide equipment for people to trial themselves and if it proved useful they could go on to purchase that equipment. He was unaware of the affordability of the scheme. Mr McCulloch-Graham commented that the initiative remained a trial at present. The intention had been that some of the equipment used could reduce admissions and would assist in the shift of the balance of care and associated funding. There were several initiatives within the programme, all of which required evaluation when enough data was available as well as an affordability appraisal.

Cllr John Greenwell commented that the covering report talked of showing performance in relation to the National Health and Wellbeing Outcomes and he enquired if there was any work undertaken in regard to the Lesbian, Gay, Bisexual and Transgender (LGBT) community and hospital admissions. Mr McCulloch-Graham advised that he was unaware of that specific element and suggested he investigate the query outwith the meeting and take it to the Leadership Team of the IJB.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** proposed changes to the draft APR.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** approved the APR for publication, subject to the IJB directed changes being made.

6. FINANCIAL MONITORING REPORT

Mr David Robertson provided an overview of the content of the report and the forecast deficit of £7.359m. He set out the key areas of financial pressure as at 30 June 2020 for both NHS Borders (NHSB) and Scottish Borders Council (SBC). The monitoring report set out the financial performance against each of the headings within the partnership.

Mr Robertson commented that SBC had produced a balanced position for the end of the financial year: pressures were being managed within delegated functions; there was movement on savings; a reduction in cost pressures to combat COVID-19 were assisted by additional finance from Scottish Government and managed through the IJB and remobilisation plan as reported to Ministers. There had been an initial allocation of £1.078M from Scottish Government and a further £737k share of funding paid to the partnership. In addition to those funding was being looked at to provide support for the living wage. There remained on-going issues in regard to the management of the social care function which it was anticipated would be resolved by the end of the year.

Mr Andrew Bone reported on the NHS Borders position and advised that £6.494m of adverse pressure was attributable to the healthcare functions. There were 3 major components to the deficit including: non delivery of savings; COVID-19 expenditure; and clarification of NHS financial allocations. The core position for NHSB was slightly underspent if savings and COVID-19 expenditure were excluded. NHSB was not in a position to finalise all of the forecasting as it was still working through the issues of remobilisation of health services, flu vaccination, second wave of COVID-19 and winter planning.

Mrs Karen Hamilton enquired if there was any indication of when clarification would be received on NHSB funding. Mr Bone advised he anticipated notification within the next few weeks.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** noted the forecast adverse variance of (£7.359m) for the Partnership for the year to 31 March 2021 based on available information

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** noted the forecast position included £1.078m Scottish Government funding allocations representing the IJB's share of a £50m tranche of funding to support immediate challenges in the Social Care sector. Further allocations of £0.737m had been received after period end, and would be allocated for future reports.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** noted that the position included additional funding vired to the Health and Social Care Partnership during the first quarter by Scottish Borders Council of £2.965m to meet previously reported pressures across social care functions from managed forecast efficiency savings within other non-delegated local authority services

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** noted that any expenditure in excess of the delegated budgets in 2020/21 would require to be funded by additional contributions from the partners in line with the approved scheme of integration

7. COMMUNITY HOSPITAL & CARE HOME ASSESSMENT TEAM (CHAT) UPDATE

The Chair welcomed Mrs Irene Thomson, Ms Vicky Thurlby and Ms Louise Keir to the meeting. Ms Keir provided an informative presentation on the Community Hospital and Care Home Assessment Team (CHAT) and highlighted several elements including: objectives; capacity; lessons learned from care homes; demand; referrals; learning about admissions; impact on mental health beds; clinical challenges and difficulties in demonstrating efficacy.

Mr Malcolm Dickson congratulated the team on the success of the service and welcomed a fuller evaluation towards the end of the financial year. He was keen that the IJB understood the benefit to the individual patient as well as how much the service cost and how much it saved. He found it remarkable that there were no readmissions and asked that data be extrapolated to show a data comparison of pre CHAT and post CHAT.

Mr Dickson enquired if the private sector care homes would contribute anything to the transition service in terms of the provision of training being supplied by the partnership to their staff. Mrs Thomson advised that a financial contribution was not expected from care homes as the purpose had been to up-skill staff to ensure care homes were confident to accept dementia patients on a longer term basis.

Mr Ralph Roberts enquired if there had been any impact from COVID-19 on the way the service had been delivered. Ms Reid commented that whilst COVID-19 had impacted on the service, a more creative way of working had been introduced whereby: care homes were largely supported through telephone calls instead of on-site face to face meetings; link workers were in place and established contact with care homes once or twice a week; and the feedback received from care homes was that they were appreciative of the link worker role and their continual support.

Mrs Thomson commented that each member of the CHAT was tested weekly for COVID-19 and visited a limited number of care homes at a time.

Cllr Shona Haslam commented that the presentation had been a helpful update and had not been an evaluation of the service as described in the recommendation. She sought confirmation that data would be collected to ensure a full evaluation could be carried out. In the meantime she declined to note the report as per the recommendation, as it was incorrect.

Mr Rob McCulloch-Graham confirmed that the service had been operating since September 2019, it had impacted on other professions and had enabled the sustained closure of a ward in the Borders General Hospital (BGH). With the impact of COVID-19 in the early part of the year there had not been enough data collected to undertake a proper evaluation. He accepted the report was an update on the service being delivered and not an evaluation of it and he committed to bring back a proper evaluation report in due course.

Mrs Thomson commented that the baseline data over the previous 5 year period which would be required to undertake an evaluation was not available in terms of admissions to the BGH as that data was captured via postcode.

Cllr Haslam commented that the IJB needed to understand the issue it was trying to resolve, which would be clear if baseline data were available to enable a full evaluation of the programme to take place. She further commented that there was much work to be done around evaluation at the start, middle and end of the project to understand the differences being made to individual patients. She accepted it was a useful report but again reiterated that it was not an evaluation report.

Mrs Nicky Berry welcomed the presentation and commented that the health service had several complex patients who were delayed discharges within the community hospitals that required specific placements for dementia care. The CHAT service allowed those complex patients to be fully supported in care home placements for the long term. She agreed with Cllr Haslam that the IJB should be mindful of the need for a proper evaluation of the service given the finite budget that was available to the partnership.

Cllr Elaine Thornton-Nicol commented that as a Dementia champion she found the CHAT service to be an incredibly welcome initiative. She highlighted that one of the biggest issues for patients was the constant movement back and forth between health care and care home settings and being able to place a patient in a care home long term reduced the stress on the patient. She also welcomed the weekly COVID-19 testing of staff. She recognised that IT support to care homes required attention to enable them to embrace the "Near Me" facility. She further suggested the report be noted as an update report.

Ms Sonya Lam enquired about sustainability and risks. Ms Reid commented that the intention was to provide sustainability through the building up of capacity to provide training alongside the national programme for training, it would enable the up-skilling of staff in care homes and in turn expand capacity.

Ms Lam enquired if the third sector had been included. Ms Thomson commented that the third sector were not included at present given the limited resources available. The main focus was on the up-skilling of a broad range of care staff.

Mr John McLaren welcomed the presentation and suggested admission data was only one part of the evaluation and suggested the movement of people to the right place should also be included. He further confirmed that he was content to accept the suggestion that the report be noted as an update report instead of an evaluation report.

Mrs Thomson also advised that in terms of patient experience it was more positive given the reduction in multiple moves for patients.

Mr McCulloch-Graham took cognisance of the need for a full evaluation report and agreed that the report should be taken as an update report.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** is asked to noted the update on the CHAT service.

Cllr Shona Haslam recorded her dissent from the decision.

8. STRATEGIC PLANNING GROUP (SPG) UPDATE

Mr Rob McCulloch-Graham provided a short update to the meeting and commented that Jane Douglas, Chair of Scottish Care Homes and Chief Executive of Queens House had joined the SPG. He further commented that the SPG had: been fundamental in reshaping reporting on a quarterly basis, given feedback received had suggested an imbalance on the key performance indicators being used; discussed the priorities that the IJB had agreed at its Development session in August; reviewed the 10 workstreams identified within the SIP; and recognised the need for greater inclusion of independent sector care homes.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** noted the report.

9. JOINT STAFF FORUM – TERMS OF REFERENCE

Mr Rob McCulloch-Graham advised that the intention in asking the Joint Staff Forum (JSF) to review its terms of reference was to enable it to be more fundamental in the strategy development of the partnership.

Further discussion focused on: membership and commitment to the JSF; workforce project development remit; project development; and submission of the revised terms of reference to the SPG for discussion ahead of submission to the IJB.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** noted the existing Terms of Reference for the Joint Staff Forum.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** sought a review of the present terms of reference and membership.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD** asked that a revised terms of reference document be brought to the Strategic Planning Group for discussion, and that it then be progressed to a future IJB for approval.

10. ANY OTHER BUSINESS

No further items of business were raised.

11. DATE AND TIME OF NEXT MEETING

The Chair confirmed that the next meeting of the Scottish Borders Health & Social Care Integration Joint Board would be held on Wednesday 18 November 2020, from 10am to 12noon, via Microsoft Teams.

The meeting concluded at 11.47am.

Signature:
Chair

Scottish Borders Health & Social Care Integration Joint Board

Action Tracker



Meeting held 8 May 2019

Agenda Item: Primary Care Improvement Plan (April 2019-March 2020)

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Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
8	7	Future development session to be led by service users and primary care leads in regard to long term conditions.	Rob McCulloch-Graham	TBA	In light of Covid-19, it was suggested that this session is delayed until safe to do so. 23.09.20 Update: Mr Rob McCulloch-Graham commented that with the use of MS Teams he was hopeful that plans to address the action would be secured in the next 8-10 weeks.	

Meeting held 19 August 2020

Agenda Item: Primary Care Improvement Plan: Update

Agenda Item 4

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
2	7	Evaluation report of new Primary Care Mental Health Service, funded through PCIP.	Rob McCulloch-Graham Kevin Buchan	August 2021		

Agenda Item: Strategic Implementation Plan & Priorities

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
3	11	Undertake a review of the Scheme of Integration.	Rob McCulloch-Graham Iris Bishop	March 2021	<p>23.09.20 Update: Mrs Karen Hamilton enquired if the timescale for Action 3 was for the review to have been completed by the end of March 2021. Mr McCulloch-Graham confirmed that it was.</p> <p>09.10.20: Update: An initial review of the scheme is currently being taken forward and a timeline for completion is being worked up.</p>	

KEY:	
	Overdue / timescale TBA
	<2 weeks to timescale
	>2 weeks to timescale

Scottish Borders Health & Social Care Integration Joint Board



Meeting Date: 21 October 2020

Report By	Chief Financial Officer
Contact	Paul McMenamin, NHS Borders, Deputy Director of Finance / Finance Business Partner
Telephone:	01896 827750
SCOTTISH BORDERS INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/20 (AUDITED)	
Purpose of Report:	The purpose of this report is to present, for noting, the final audited Annual Accounts of the Integration Joint Board (IJB) for the period to the 31 March 2020, complying with its statutory responsibility to produce financial statements in respect of financial year 2019/20.
Recommendations:	The Health & Social Care Integration Joint Board is asked to: <ul style="list-style-type: none"> a) note the 2019/20 Annual Accounts (audited); and b) approve the report and the 2019/20 Annual Accounts.
Personnel:	There are no personnel implications resulting from this report.
Carers:	There is no impact on carers resulting from this report.
Equalities:	There is no impact on the partnership's equality and diversity requirements arising from this report.
Financial:	The accounts and their underlying supporting records contain all financial information for the partnership's activities to 31st March 2020.
Legal:	The requirement for the Integration Joint Board to produce Annual Accounts for 2019/20 is contained within Regulation 5 (1) of the Local Authority Accounts (Scotland) Regulations 2014.
Risk Implications:	There are no risks directly arising from this report. The accounts are now audited and the Independent Auditor has expressed an opinion that they represent a true and fair view of the IJB's financial affairs during 2019/20 and at the 31 March 2020. The Independent Auditor has made a number of recommendations within the Management Letter and Audit Report that require consideration and addressing by the IJB and its officers.

Background

- 1.1 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 requires the IJB to prepare and publish a set of Annual Accounts at the end of each financial year.
- 1.2 These accounts must be reviewed by an Independent Auditor who reports their findings to the IJB Audit Committee. The report will present the Independent Auditors opinion on the accounts and bring any matters of concern to the Audit Committee. The independent Auditors of the Border's IJB are Audit Scotland.
- 1.3 Integration Joint Board accounts normally require preparation in draft by 30 June each financial year, subject to audit, following which they require approval by the IJB Audit Committee by 30 September. They also require noting by the IJB itself following this approval by the Audit Committee. This year, as a result of the Covid-19 pandemic, a more flexible approach has been required. Draft unaudited accounts were prepared in advance of 30 September and their audit was completed and a final set of accounts submitted to the IJB Audit Committee in advance of the revised statutory deadline of 31 October 2020.
- 1.4 IJB's are specified in legislation as 'section 106' bodies under the terms of the Local Government (Scotland) Act 1973 as amended and as such they are expected to prepare their financial statements in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.

2019/20 Draft Annual Accounts (audited)

- 2.1 The Scottish Borders Health and Social Care Partnership Integration Joint Board was established on 06 February 2016. The 2019/20 accounts therefore represent the fourth year of operation of the IJB.
- 2.2 Under the Code of Practice on Accounting for Local Authorities in the United Kingdom, the IJB accounts must meet a number of specific reporting requirements. These include:
 - Management Commentary
 - Remuneration Report
 - Statement of Responsibilities
 - Annual Governance Statement
 - Independent Auditor's Report
 - Statement of Accounts
 - Disclosure Notes to the Accounts
- 2.3 The Partnership's governance arrangements determine who is responsible for signing the financial statements each year, following specification in Regulations under s.105 of the Local Government (Scotland) Act 1973. This is provided for within the Annual Accounts and consists of the IJB Chair, Chief Officer and Chief Financial Officer where relevant. The accounts also require signing by the Independent Auditor by the same date.

- 2.4 Unaudited accounts were presented to the IJB Audit Committee for noting on 31 August 2020 and submitted to Audit Scotland, the partnership's appointed External Auditor, on 10th September 2020. Following a process of independent audit involving the provision of supplementary evidence, explanatory information and incorporation of suggested presentational and technical amendments, a final version incorporating the External Auditor's audit opinion has been agreed. This version is included as **Appendix 1** to this report.
- 2.5 Audited accounts are included as **Appendix 1** to this report following their approval by the IJB Audit Committee on 21 October 2020.

Independent Auditor's Conclusion and Recommendations

- 3.1 The external Independent Auditor submitted the 2019/20 Draft Annual Audit Report on 12 October 2020. It remains draft as, whilst the work of the Independent Auditor is substantially complete, it is subject to the outstanding matters being concluded and final review of the resulting revised set of financial statements provided to them prior to the meeting of the IJB Audit Committee on 21 October 2020.
- 3.2 This will enable the Independent Auditor to issue an unqualified auditor's report on 21 October 2020.
- 3.3 The Independent Auditor's draft Annual Audit Report to the Members of the Scottish Borders Integration Joint Board and the Accounts Commission, together with the Letter of Representation has also been provided and will be considered separately by the Audit Committee on 21 October. In addition to the auditor's judgement on the 2019/20 Annual Accounts, it also contains a detailed evaluation of the activities of the IJB against the dimensions of audit that frame the wider scope of public sector audit requirements – Financial Management and Sustainability and Governance, Transparency and Value for Money.
- 3.4 The report also recommends an Action Plan based on the 2019/20 Annual Accounts Audit.
- 3.5 In summary, the Key Messages highlighted within the Independent Auditor's draft Annual Audit Report are:

2019/20 Annual Accounts

- 1 Our audit opinions were all unqualified. These covered the financial statements, the remuneration report, the management commentary and the annual governance statement.

Financial management and sustainability

- 2 The ongoing need to appoint a Chief Financial Officer to the Integration Joint Board on a permanent basis.
- 3 IJB functions continue to remain under significant financial pressure. In 2019/20, significant additional resource required delegating by partners in order to achieve the reported financial position. In 2020/21, ongoing financial

pressure, exacerbated by the additional and opportunity costs of the Covid-19 mobilisation plan, will also require additional funding.

Governance, transparency and value for money

- 4 Better attendance at Board meetings during 2019/20 is one of a number of factors that provide assurance that adequate governance arrangements are in place across the IJB.
 - 5 Performance monitoring, reporting and management arrangements are effective.
 - 6 The IJB is only partly established across the majority of functions requiring the delivery of an action plan in 2020/21.
- 3.6 An unqualified audit opinion on its statutory financial reports and recognition of the robustness of its governance, financial planning and budgetary control arrangements by the Independent Auditor provides the IJB not only with assurance over the financial aspects of its operations, but is a measure of the progress which it continues to make.
- 3.7 A number of key points have been highlighted for further development. These form the key recommendations within the Action Plan set out by the Independent Auditor and will be progressed to completion during 2020/21.



Scottish Borders
Health and Social Care
PARTNERSHIP

Scottish Borders Integration Joint Board

ANNUAL ACCOUNTS 2019/20

**For the Financial Year
01 April 2019 to 31 March 2020**

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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 2020. The purpose of the Management Commentary is to inform all users of the 2019/20 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 covers an area of 473,614 hectares (1,827 square miles) and is located in the South East of Scotland. It is situated between Northumberland to the South, Edinburgh and the Lothians to the North, and Dumfries and Galloway to the West.

The Scottish Borders is a rural area with a population of 115,270 in 2019. The population has remained stable for a number of years in total although has had marginal increases across its 5 localities during this time.

Locality	ALL	0 to 15	16 to 64	65+	% 0 to 15	% 16 to 64	% 65+
Berwickshire	20,969	3,400	12,134	5,435	16%	58%	26%
Cheviot	19,433	2,940	11,016	5,477	15%	57%	28%
Eildon	35,598	5,955	21,794	7,849	17%	61%	22%
Teviot and Liddesdale	17,925	2,900	10,538	4,487	16%	59%	25%
Tweeddale	21,345	3,851	12,639	4,855	18%	59%	23%
Scottish Borders	115,270	19,046	68,121	28,103	17%	59%	24%
Scotland	5,438,100	919,502	3,492,484	1,026,114	17%	64%	19%

Whilst the size of the Scottish Borders population puts it in the medium sized category it has a large land area and a sparse population density which presents its own challenges in providing health and social care.

59% of the population of the Scottish Borders is aged between 16 and 64 years of age. This is against a national average of 64%. Conversely, 24% of its population is over 65 years of age, significantly about the national average of 19%.

Whilst the overall population of the Scottish Borders may not be projected to increase significantly over the coming years, the average age of the Scottish Borders population is expected to continue to increase (i.e.) as the current older working-age cohort become pensioners with an increased life expectancy, there is expected to be fewer younger people to replace them. The Borders 16-24 age group is projected to further decrease by over 10% before 2026), and the 75+ age group is projected to increase by almost 30% over the same period.

These demographic factors therefore have a unique and challenging impact on the models of health and social care provision in the Scottish Borders and their costs and directly drive the strategic objectives, transformation requirements, planned shifts in the balance of care and resource realignment targeted by the Health and Social Care Partnership.

Role and Remit of the Integration Joint Board

On 6th February 2016, Ministerial approval was given under the Joint Working Public Bodies (Scotland) Act 2014 to establish The Scottish Borders Integration Joint Board (IJB) between NHS Borders and Scottish Borders Council. The IJB is a separate legal entity set up 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 to it by NHS Borders and Scottish Borders Council. These delegated functions include:

<p>ADULT SOCIAL CARE SERVICES*</p> <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-ablement Services, equipment and telecare; • Aspects of housing support including aids and adaptations; • Day Services; • Local Area Co-ordination; • Respite Provision; • Occupational therapy services. 	<p>ACUTE HEALTH SERVICES (PROVIDED IN A HOSPITAL)*</p> <ul style="list-style-type: none"> • Accident and Emergency; • Inpatient hospital services in these specialties: <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 on any substance; • Mental health services provided in a hospital, except secure forensic mental health services. 	<p>COMMUNITY HEALTH SERVICES*</p> <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 professionals that aim to promote public health; • Community Addiction Services; • Community Palliative Care; • Allied Health Professional Services
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*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, and those marked with an asterisk (), also include services for children

The IJB has a responsibility for the strategic planning of hospital services most commonly associated with the emergency / unscheduled 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 Strategic Plan 2018 – 2021 sets out what the IJB wants to achieve through improved health and well-being for Borders residents.

The Strategic Plan also describes priorities and actions being taken forward, including shifting the balance towards more locality-based health and social care services and outlines the performance measures used to assess the progress we are making.

The Strategic Plan is due to be refreshed in 2021, but it is anticipated that the strategic objectives will remain broadly unchanged. Our strategic objectives focus on prevention, flow and community care:

- 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.

Our Strategic Plan is underpinned by a Strategic Implementation Plan (SIP) which sets out the detail and timescales for the range of projects contributing towards the strategic objectives. The SIP has been extensively developed throughout the year and is set out under the following 10 prioritised workstreams:

- Carers Support Services
- Localities Operations
- Mental Health Provision
- Older People's Pathway
- Technological Support and Enabled Care
- Primary Care Improvement Plan
- Learning and Physical Disabilities Provision
- Joint Capital Planning
- Commissioning of Services
- Workforce Support and Provision

Significant progress has been made during 2019/20 in implementing several of these workstreams and several of the outcomes are summarised later in this commentary. Work continues on all these workstreams although the impact of Covid-19 may alter the pace of change.

Operations of the IJB

Covid – 19 Pandemic

The Covid-19 pandemic emerged towards the end of the 2019/20 financial year resulting in a significant and rapid change in the configuration and provision of health and social care services in the Scottish Borders. The impact of these temporary operational changes and recovery from them is regularly captured and reported to the Scottish Government, together with the impact across non-delegated Health and Social Care functions, within a Covid-19 Local Mobilisation and Recovery Plan and supporting financial model.

Whilst a range of immediate actions were taken to create additional local capacity within health and social care and support resilience during the pandemic, the vast majority of costs relating to the mobilisation plan actions are expected to be incurred in 2020/21 financial year. The Mobilisation and Recovery Plan continues to be updated and refined in line with national guidance and local requirements to ensure that cost estimates, funding requirements and potential unachieved savings are presented to the Scottish Government. To date, funding has yet to be allocated by the Scottish Government to both the Health and Social Care Partnership, NHS Borders and Scottish Borders Council in respect of the majority of direct, indirect and opportunity costs incurred to date or forecast going forward, a key financial risk to overall affordability currently.

Annual Performance Report 2019/20

The partnership's Annual Performance Report (APR) is normally published by 31st July of each year. As a result of resource being redirected from across the Partnership to deliver its Covid-19 response, the IJB has exercised the power granted to public authorities under the Coronavirus (Scotland) Act 2020 to delay production of the Annual Performance Report until 31 October 2020.

The APR provides 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 APR also reports on delivery of the strategic objectives, highlighting projects that have been delivered under each objective.

A key focus for the Partnership going forward continues to 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 2019/20, once available, can be requested by contacting [Mr Robert McCulloch-Graham, IJB Chief Officer, Scottish Borders Council HQ, Newtown St Boswells, Melrose. TD6 0SA](#) or by telephoning [01835 824000](tel:01835824000).

Performance against Strategic Objectives 2019/20

The Strategic Plan 2018/19 – 2020/21 sets out three local Strategic Objectives which are aligned to national health and wellbeing outcomes. These Strategic Objectives are:

1. We will improve the health of the population and reduce the number of hospital admissions
2. We will improve the flow of patients into, through and out of hospital
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.

In September 2019, the Partnership approved and published its Strategic Implementation Plan (2019-2024). This is the commissioning plan vehicle through which it aims to deliver its Strategic Plan objectives and which also includes comprehensive governance and decision-making arrangements outlining required routes for all decision-making.

Whilst the drivers that influenced the creation of the Strategic Objectives and the subsequent Strategic Implementation Plan (SIP) still remain, the SIP now requires review as a result of the Covid-19 pandemic, prioritising work in order to meet both short and longer term requirements.

Despite the impact of Covid-19, the Partnership has made considerable progress against delivery of these objectives which is highlighted through a number of key deliverables made during 2019/20 each of which are linked to a Strategic Objective. The significant areas are summarised below.

Strategic Objective 1: Discharge Programme of Work

An evaluation of the Discharge Programme of work and a funding model for its continued development was developed during 2019/20 and presented to the March 2020 IJB. The programme is comprised of a range of services that individually and collectively facilitate timely discharge from hospital and that reduce demand for health and social care services:

Home First	A locality based nurse led reablement service that aims to return patients to independent or supported living following a hospital stay.
Waverley Transitional Care	Reablement service for 16 bedded transitional care unit.
Garden View	15 bedded assessment unit supporting patients to return home or to supported accommodation.
Matching Unit	The team source and secure homecare support for patients to facilitate their timely discharge.
Strata	Cloud based system that links available care home capacity to patient need and greatly reduces the time taken to discharge a patient.

To date the programme has evidenced:

- 8% reduction in hospital occupied bed-days
- 10% reduction in new care package hours.

In March 2020, a report was presented to the IJB which proposed a whole system approach to fund the continued operation of the services within the programme. This included the integration of services within core service delivery and the utilisation of savings released from the redesign of bed based services. The IJB approved the proposed model of delivery and the funding model for 2020/21.

Ongoing delivery of the workstreams supporting this Strategic Objective also enabled related developments to be progressed. Processes and procedures underpinning the Trusted Assessor system have now been established and the delivery model is expected to be in place during 2020/21. Work is also progressing on enhancing the reablement model within the Home First service. Establishing a whole system approach to the programme will enable further development of the service model and strengthen the partnership working that currently exists.

Strategic Objective 2: Demand Modelling

A presentation at the Health and Social Care Partnership IJB meeting in February 2020 detailed demand-modelling work undertaken to forecast the future requirements for the whole system Borders 'bed-base' (i.e.) how many beds we require for hospital-based care, residential care, intermediate care, specialist dementia care and respite care. Modelling also took into account the demands for home care across the Borders. Two areas of context behind the demand modelling are:

- 1) Borders population is only predicted to increase overall by 1.78% by 2041, but the proportion of the population over 65 cohort (and in particular those in the over 75 and 85 cohorts) will increase significantly (36% in total) placing increasing demands on health and social care services and their continued financial sustainability:

Year	All	%All
2019	115,270	1.78
2041	117,318	

Year	65+	% 65+
2019	28,103	24%
2041	38,245	33%

- 2) People are staying in hospital longer than necessary – resulting in increased risk of mortality, hospital-acquired infections, mental ill-health and reductions in mobility.

The modelling undertaken has indicated that the Scottish Borders has a relatively high number of acute (hospital) beds and a relatively low number of non-acute (e.g. short and long-term residential social care) per head of population. Based on such demographic data as the summary above alone, indications are that should this trend continue, an additional 100 non-acute beds will be required by 2025.

The Health and Social Care Partnership IJB has agreed a range of programmes of work be taken forward to tackle this challenge, shifting the balance of care from acute to community settings on a whole-system basis. The Partnership's Joint Financial Planning process highlighted the challenges in driving this programme of change forward within the current financial environment and the need for a whole system approach to funding the change.

It should be noted however that the demand modelling work was undertaken pre-Covid-19 pandemic and the model is being amended to take its impact into account.

Strategic Objective 3: Cauldshiels

In August 2019, the Health and Social Care Partnership IJB approved and directed the closure of 14 beds in the Cauldshiels ward of Borders General Hospital. A national review of the bed base across all of Scotland's inpatient Mental Health services identified a proportionate overprovision within the Scottish Borders. This was supported by lower than national occupancy rates for all acute mental health inpatient beds with only approximately 50% of available capacity being occupied at that time.

The decision was taken to address this over-provision by reducing capacity from 26 inpatient beds down to a recommended 12 and amending the model of care for the remaining beds whilst shifting the balance of care through investment of resource into community mental health services.

As well as enabling investment into the quality of dementia care, the decision to close Cauldshiels ward also delivers significant annual revenue resource savings of approximately **£0.400m** and removes the requirement for substantial backlog maintenance investment in the fabric of the Cauldshiels facility.

The release of funds for investment also contributed towards the expansion and development of community services and capacity including:

- Investment into the Care Home and Community Assessment Team (CHAT) which supports care homes and nursing home staff with challenging patient behaviours
- **£0.338m** recurring annual funding earmarked to purchase additional specialist dementia care home beds as required.

Whilst these investments are still being implemented by the Partnership, the Joint Mental Health service has been able to maintain the inpatient service within the reduced bed base whilst the Community Assessment Team continues to expand to the planned levels of resource to support the new ways of working.

Key Partnership Decisions 2019/20

In addition to regular, frequent and scheduled formal meetings to transact its business the IJB, each year, holds a number of member and officer development sessions. This helps enhance its understanding of the complexities and challenges facing the services it commissions and informs the collective direction of travel to deliver its strategic priorities.

Key aspects of the IJB's business include a focus on governance and operating arrangements, strategic, operational and financial planning and monitoring of its performance and resources.

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

- Appointing new voting members to the Board
- Approval of the Local Code of Corporate Governance
- Agreement to extend 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 the Strategic Implementation Plan
- Agreement to redesign the Mental Health inpatient bed base and expand community services
- Approval of whole system approach to funding the Discharge Programme
- Review of the Transformation Fund and Direction of the uncommitted funding
- Approval of the Physical Disabilities strategy
- Approval and delivery of the 2019/20 Financial Plan
- Approval of the 2020/21 Financial Plan
- Direction of resources to assist with Joint Winter Planning and Performance.

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

Further developing our approach to Locality working has been a strategic and operational aim throughout the year. The vision for the future seeks to provide a seamless multi agency approach to health and social care services within localities, incorporating third sector and volunteers in delivering effective and efficient hospital discharges and rehabilitation, reablement and early intervention and prevention services.

A Locality Model was identified as the way forward and work had started to review existing provision and define the model before Covid 19 impacted on progress.

During the first half of the financial year, the Partnership established 5 Community Assistance Hubs (CAHs) – one in each locality. The effects of the pandemic on the development and implementation of the Locality Model are still to be fully assessed but early indications are that the CAHs have successfully provided and coordinated our pandemic response. Additionally, they have also highlighted the clear benefits of joined up working and demonstrated how essential resilience teams, community education & learning, volunteers and the Third Sector are in delivering local services and supporting communities.

As we approach the second half of 2020/21, work has resumed in developing and implementing the Partnership's objective of a joint and coordinated locality approach to the provision of health and social care across the Scottish Borders.

As we start to emerge from the Covid-19 pandemic, it is now increasingly important that we quickly and fully develop our Locality model and work to provide a seamless, multi-agency local approach to the delivery of health and social care services, with a focus on:

- Prevention
- Early intervention
- Rehabilitation
- Reablement
- Hospital discharge.

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.

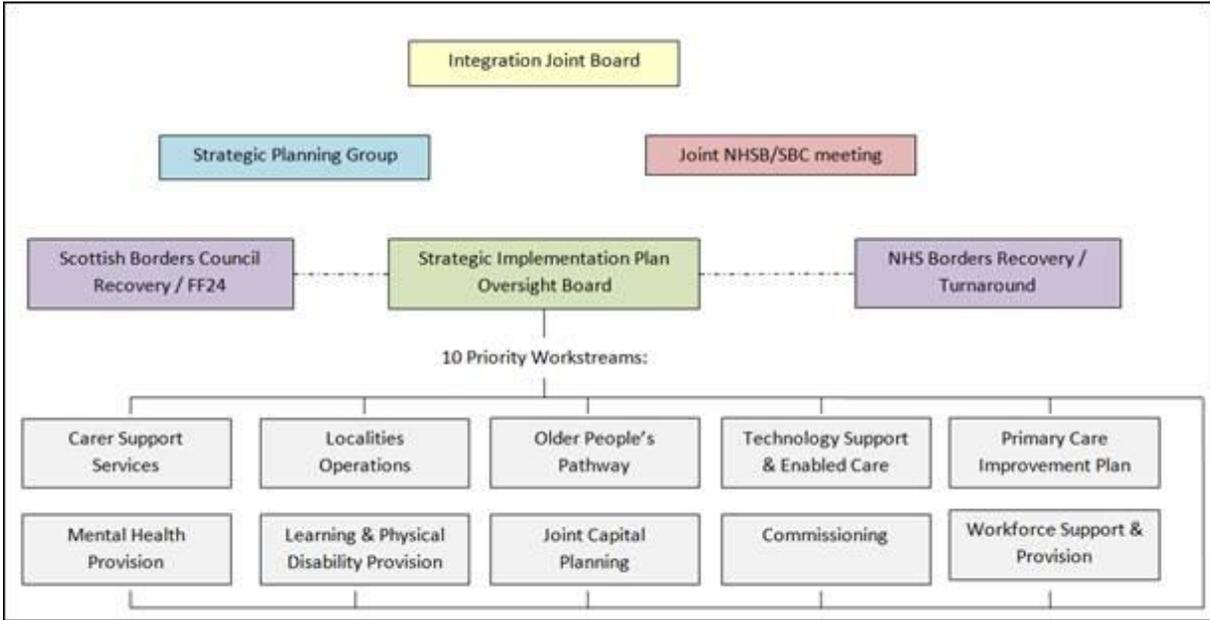
The Strategic Planning Group and the Joint Staff Forum offer advice to the Integration Joint Board whilst the Health and Social Care Joint Management Team provide operational support and delivery and progress reporting.

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

The Health and Social Care Partnership IJB and undertakes a regular and frequent 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.

The overall governance structure of the Health and Social Care Partnership, including how it has structured the 10 priority workstreams of its Strategic Implementation Plan, together with its interface with NHS Borders and Scottish Borders Council with regard to Transformation and the delivery of planned efficiency savings, is demonstrated by the diagram below:



Financial Position at 31 March 2020

Delegated Budget

The partnership reported an under-spend position of **£3.108m** against the Delegated Budget at 31 March 2020. This under-spend related entirely to ring-fenced funding received by NHS Borders which has been carried forward to 2020/21. In order to achieve this however, additional allocations from each funding partner were required during the year and at year end to deliver a break even position overall. At the 31 March 2020, the additional allocations made were:

£'000	
Additional Allocations Delegated by Partners at 31 March 2020	
NHS Borders	6,255
Scottish Borders Council	883
	7,138

The reported position across delegated functions is summarised below:

<i>Delegated Functions Total</i>	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
Joint Learning Disability Service	17,852	22,202	22,568	(366)
Joint Mental Health Service	16,813	18,533	18,301	232
Joint Alcohol and Drug Service	545	865	891	(26)
Older People Service	24,818	22,279	22,991	(712)
Physical Disability Service	3,457	3,129	3,191	(62)
Prescribing	22,795	23,741	23,559	182
Generic Services	64,098	68,101	71,379	(3,278)
NHS / SBC Additional Contribution	0	7,138	0	7,138
	150,378	165,988	162,880	3,108

During 2019/20 functions delegated to the Partnership experienced a wide range of expected financial pressures. Drivers for this included:

- Increased demand for social care, both residential and at home, as a result of an increased number of older people requiring care and support, particularly in the 75-84 and 85+ age cohorts
- Increased cost as a result of both need/activity and cost/price within the Joint Learning Disability Service, particularly in relation to the placement of our patients and clients in residential placements
- Additional social care clients transitioning from Children and Families (a service which is not delegated to the IJB) to Adult Health and Social Care services
- Part or non-delivery of planned Financial Planning savings across both Health and Social care functions delegated to the Partnership
- Additional investment requirements as the Partnership strives to deliver its Health and Social Care transformation programme workstreams

Additional funding allocations were required to be made by partners to mitigate these pressures. During the financial year, **£3.182m** of corporate support was provided to Health and Social Care functions by Scottish Borders Council, of which **£0.883m** was made at 31 March 2020, mainly from planned delivery of targeted remedial savings across other non-delegated local authority functions. **£6.255m** of additional support was provided to healthcare functions by NHS Borders. This required additional funding from the Scottish Government in order to enable NHS Borders 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 the required allocation at 31 March 2020.

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 over-spend position has been reported by NHS Borders at 31 March 2020, summarised as:

NHS Borders Set Aside Healthcare Functions	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
Accident & Emergency	2,516	2,957	3,206	(249)
Medicine & Long-Term Conditions	6,767	6,695	6,725	(30)
Medicine of the Elderly	13,231	16,033	16,175	(142)
Planned Savings & Actions	0	(1,825)	0	(1,825)
Contribution from NHSB	0	1,518	0	1,518
	22,514	25,378	26,106	(728)

In terms of the Health and Social Care Partnership, the IJB directed **£25.378m** to NHS Borders in 2019/20. During the financial year, NHS Borders spent **£26.106m**, resulting in an over-spend of (**£0.728m**) within these Health Board functions. The over-spend position remains the responsibility of NHS Borders and as a result, has been absorbed within the overall health board financial position at outturn. The Health and Social Care partnership therefore is reporting a breakeven position at outturn summarised as:

IJB Set Aside Healthcare Functions	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
IJB-directed Set-Aside Functions	22,514	25,378	25,378	0
	22,514	25,378	25,378	0

Key pressures within the 2019/20 Set -Aside functions which resulted in NHS Borders spending **£0.728m** more than was directed by the IJB include:

- 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 impact of Covid-19 on acute hospital functions late in the financial year

The brokerage secured by NHS Borders enabled it to make an additional contribution of **£1.518m** at the year end.

Other Resources

Transformation Fund

Reported within the 2018/19 accounts of the Health and Social Care Partnership, the Integrated Care Funding (ICF) stream ended on 31 March 2017/18. This was a 3-year funding allocation made by the Scottish Government to support partnerships to begin a programme of transformation of health and social care services. Each year, **£2.130m** was allocated to the Partnership and was committed across a range of transformation workstreams.

At the end of 2017/18, the Partnership had overcommitted its programme by **£0.038m**, although at that point in time, there was still a significant level of expenditure to be incurred resulting in carry forward of ICF funding to 2018/19.

From 1 April 2018, ICF funding was baselined within the annual NHS funding allocation and it was agreed that the annual sum of **£2.130m** would be delegated to the Health and Social Care Partnership as the IJB Transformation Fund. As a result of the ongoing completion of workstreams supported by the residual ICF funding, no spend was incurred against the Transformation Fund during 2018/19, enabling its carry forward (net of the **£0.038m** over-commitment on ICF funding in 2017/18) to 2019/20 where it was further supplemented by an additional **£2.130m**.

During 2019/20, expenditure on the Transformation Fund was **£3.826m**. A summary of the funding and expenditure profile is detailed below:

	2018/19 Allocation £'000	2019/20 Allocation £'000	2017/18 Over Commitment £'000	2019/20 Available Funding £'000	2019/20 Actual Expenditure £'000	2019/20 Funds c/f £'000
Transformation Fund	2,130	2,130	(38)	4,222	(3,826)	396

During 2019/20, the Fund was directed to support a range of initiatives, some of which were newly implemented and some which continued from when they were funded via ICF. These included:

- Community Capacity Building
- Transport Hub
- Matching Unit
- STRATA
- Specialist Dementia
- Transitional Care
- Home First.

In addition, a non-recurring contribution of **£0.704m** was made to support revenue pressures within social care functions during 2019/20.

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. During 2019/20, a further **£0.272m** was utilised to provide ongoing Older People's services formerly created by the Change Fund leaving a residual balance on the original funding allocation of **£0.178m** remaining for carry forward to 2020/21 for use by the Partnership.

	Balance b/f from 2018/19 £'000	2019/20 Actual Expenditure £'000	Balance c/f to 2020/21 £'000
Older People's Change Fund	450	(272)	178

Total funds carried forward to 2020/21 therefore are:

	£'000
Ringfenced funding carried forward in Delegated Functions	3,108
Transformation Fund	396
Older People's Change Fund	178
	3,682

Financial Outlook

The IJB continues to face significant financial challenges and both of its partners are facing challenges in meeting the demand for health and social care services within the financial quantum available. This, going forward, will have a direct impact on the levels of funding provided to the IJB. Within the IJB, the key barriers to managing the financial position arises from demographic pressures of demand, together with capacity to plan and deliver required levels of transformation and efficiency savings. The significant growth anticipated in the number of older people and their need for suitable services, requires innovative solutions to allow services to be provided within funding levels available and, the ability of the partnership to transform services to help meet this demand.

The partnership faced a number of risks which required management and mitigation in 2019/20. Going forward, these continue to be prevalent:

- the 2020/21 Financial Plan does not currently address all historic and existing pressures
- the Partnership's Delegated and Set-Aside Budgets are under considerable pressure in 2020/21 as a result of the additional spend requirement of responding to the Covid-19 situation during the first half of the financial year, the additional costs of remobilisation and recovery, slippage in Transformation Programme workstreams and the inability across partner organisations to deliver required efficiency savings on which the Financial Plan is predicated. In respect of planned savings, even pre-

Covid-19, there remained a significant shortfall between the level of planned efficiency savings required and those identified, particularly from a NHS Borders perspective

- only limited funding has been allocated by the Scottish Government to date (at the date of production of unaudited accounts) in respect of resourcing the additional direct and opportunity costs of Covid-19 within Partnership functions. These allocations relate mainly to social care additional Covid-19 costs, an increase in payment rates that enables social care providers to pay staff an increased Scottish Living Wage and an allocation to GP Practices to meet additional costs of Covid-19 including opening on the Easter and May Public Holidays
- there is also a risk to the level of other expected non-Covid-19 funding allocations to delegated functions and whilst the Scottish Government has confirmed some expected allocations in full such as Primary Care Improvement Plan, there is a lack of both clarity and certainty in relation to others such as the Mental Health Bundle and Action 15 funding
- a specific risk to the Partnership in 2020/21 is that as a result of ever diminishing levels of carry forward, there is insufficient former Older Peoples' Change Fund balance to meet ongoing commitments from the second half of 2020/21
- with pressures across all health board and council functions as a result of the Covid-19 pandemic, both delegated and non-delegated, there is a significant risk this year that neither partner will be in a position to make additional contributions to top-up the budget delegated to the IJB or Set-Aside as it has in previous financial years and accordingly, the Partnership may be at risk of significant over-spend without alternative solutions come the end of the financial year
- the financial challenges facing NHS Borders is expected to result in a requirement for further brokerage in 2020/21 to enable it to meet its statutory obligations, including funding any over-spend incurred by the IJB
- the partnership's Strategic Plan covers the 3 years from 2018/19 to 2020/21. Similarly, its Strategic Implementation Plan runs from 2019/20-2023/24. Both NHS Borders and Scottish Borders Council currently 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 within core operational services may emerge during 2020/21 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.

Going forward, delivering financial balance will require the H&SC Partnership to increase its focus on identifying and delivering a greater level of savings in year and on a recurring basis. Monitoring of existing actions to mitigate emerging pressures will further support a reduction in spend required to address the pressures it experienced during 2019/20 and deliver affordability within a revised financial planning landscape, reducing in time, the requirement for Scottish Government brokerage.

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 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 the IJB to utilise resources efficiently and effectively
- Insufficient future provider 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 and financial loss if someone comes to harm
- Lack of resources or inadequate governance to implement change and transformation programmes and projects
- Insufficient oversight of information governance
- Financial, space and staffing capacity to delivery required levels of service following the Covid-19 pandemic
- formal confirmation that the costs incurred by the Partnership to date responding to the Covid-19 situation will be funded by the Scottish Government has yet to be received.

The Scottish Borders Health and Social Care Partnership maintains both Strategic and Operational Risk Registers. These are reviewed regularly and frequently by the Integration Joint Board and include actions to ensure that the risks outlined above are mitigated and managed appropriately.

The Integration Joint Board

During 2019/20, the IJB was chaired by Dr Stephen Mather, who is an NHS Borders Non-Executive Director. During the same period the Vice-Chair was Councillor David Parker, an Elected Member and Convenor of Scottish Borders Council. Councillor Parker took over the role of Chair in September 2020. From the same date, the Vice-Chair role was undertaken by Mr Malcolm Dickson.

In addition to the Chair and Vice-chair, the IJB Board comprises 4 additional voting members from NHS Borders (Non-Executive Members) and 4 from Scottish Borders Council (Elected Members). Following the departure of Mr John Raine in March 2019, Mr John McLaren, in his capacity as an NHSB Non Executive Director was appointed to the Integration Joint Board. He was previously a Non Voting member of the IJB in his capacity as Employee Director for NHS Borders. This position was filled by a Partnership Representative.

The Board is also constituted by a number of non-voting members. These include a range of officers from across the wider partnership including Scottish Borders Council (e.g. Chief Social Work Officer), NHS Borders (e.g. Medical Director) and representatives of the Third Sector, Staff, GPs, Carers and Housing sectors. A number of officers across Scottish Borders Council and NHS Borders are also required to be in attendance.

The Chief Officer of the Integration Joint Board is Mr Rob McCulloch-Graham who has been in post since late 2017. The Chief Officer is also a member of the Board.

The post of CFO was undertaken during the whole of 2019/20 by Mr Michael Porteous on a secondment basis and is also a member of the Board. Mr Porteous' secondment ended on 2

August 2020. The CFO post currently remains vacant with statutory responsibilities being undertaken on an interim basis by Mr David Robertson, Chief Financial Officer of Scottish Borders Council.

Annual Statement of 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.

Cllr David Parker
Chair of the IJB

Mr Rob McCulloch-Graham
Chief Officer
H&SC Partnership

Mr David Robertson CPFA
Acting Chief Financial
Officer (s.95) IJB

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

<Date>

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 every 3 years. IJB Board members at 31 March 2020 are:

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

Additional remuneration and expenses 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 no cost to the Board by their respective organisations.

Expenses 2018/19 £	Name	Post(s) Held	Nominated By	Expenses 2019/20 £
2,935	Dr Stephen Mather	Chair	NHS Borders	3,296 ^{*1}
0	Cllr David Parker	Vice-Chair	Scottish Borders Council	0
0	Cllr John Greenwell	Member	Scottish Borders Council	54
0	Cllr Shona Haslam	Member	Scottish Borders Council	97
0	Cllr Tom Weatherston	Member	Scottish Borders Council	163
0	Cllr Thornton-Nicol	Member	Scottish Borders Council	5
714	Mrs Karen Hamilton	Member	NHS Borders	0
238	Mr David Davidson	Member	NHS Borders	0
1,127	Mr Malcolm Dickson	Member	NHS Borders	2,104
0	Mr Tristram Taylor	Member	NHS Borders	0
0	Mr John McLaren	Member	NHS Borders	0
5,014	Total			5,719

^{*1} Dr Stephen Mather left the role of voting member and Chair of the IJB on 31 August 2020

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 £0.150m 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 within a financial context as Section 95 Officer (Local Government Scotland Act 1973) to the Partnership. 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 2018/19 £	Name	Employing Organisation	Salary 2019/20 £	Fees and Allowances £	Total 2019/20 £
104,797	Mr Rob McCulloch-Graham	Scottish Borders Council	104,279	8,461	112,740
38,760 (FYE 58,277)	Mr Michael Porteous	NHS Borders	63,570	0	63,570
104,797	Total	Total	167,849	8,461	176,310

*1 Mr Michael Porteous left the post of Chief Financial Officer to the IJB on 02 August 2020

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.

Mr 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, replacing previous 2008 section and 1997 scheme. 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 2020	
	31 March 2019 £	31 March 2020 £	Pension £	Lump Sum £
Chief Officer Mr Rob McCulloch-Graham	18,737	20,167	11,677	0
	Movement from 31 March 2019 =		2,482	0
Chief Financial Officer Mr Michael Porteous (06 August 2018 to 31 March 2019)	5,108	8,073	21,895	58,578
	Movement from 31 March 2019 =		3,742	6,342
	Total Movement from 31 March 2019 =		6,224	6,342

*1 Mr Michael Porteous left the post of Chief Financial Officer to the IJB on 02 August 2020

The regulations require any officer whose remuneration for the year was **£0.050m** or above, to be disclosed in bandings of **£0.005m**. For the IJB in 2019/20 this is:

Number of Employees in Band 2018/19	Remuneration Band	Number of Employees in Band 2019/20
	£50,001 - £55,000	
	£55,001 - £60,000	
	£60,001 - £65,000	1
	£65,001 - £70,000	
	£70,001 - £75,000	
	£75,001 - £80,000	
	£80,001 - £85,000	
	£85,001 - £90,000	
	£90,001 - £95,000	
	£95,001 - £100,000	
1	£100,001 - £105,000	
	£105,001 - £110,000	
	£110,001 - £115,000	1

Cllr David Parker
Chair of the IJB

Mr Rob McCulloch-Graham
Chief Officer
H&SC Partnership

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

<Date>

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 Audit Committee at its meeting on <Date>

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

Cllr David Parker
Chair of the IJB

<Date>

Chief Financial Officer

The Chief Financial Officer (CFO) is seconded at no cost to the IJB from one or other partner organisation.

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 2020 and the transactions of the Joint Board for the year then ended.

Mr David Robertson CPFA
Acting Chief Financial
Officer (s.95) IJB
<Date>

Annual Governance Statement 2019/20

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), which was approved by the Board in September 2018, sets out the framework and key principles which require to be complied with to demonstrate effective governance. The IJB Local Code 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 Local Code in existence during 2019/20 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 engagement 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 Strategic Implementation Plan, which reflect on-going assessment of need. These are underpinned by the Locality Plans which provide the associated implementation actions.

Implications are considered during the decision making process by way of the standard report template covering Personnel, Carers, Equalities, Financial, Legal, and Risk implications.

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 and describes the planned redesign of Health and Social Care. The Strategic Implementation Plan sets out how services will be planned and delivered using the integrated budgets to achieve the strategic objectives.

The IJB, as strategic commissioner of health and social care services, gives directions to NHS Borders and Scottish Borders Council for delivery of the services in line with the

Strategic Plan. In future there will be more use of directions as service redesign and re-commissioning 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. Improved strategic risk review and reporting to the Board have been established to embed risk management into the culture of the IJB.

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 2020.

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:

- Counter fraud and corruption arrangements; 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. Their role is to provide an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. Provision of Internal Audit services 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 2019/20 is being prepared to outline progress against strategic objectives over the year (the deadline has been extended in light of the COVID-19 outbreak).

The Annual Accounts and Report for 2019/20 sets out the financial position in accordance with relevant accounting regulations.

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. Progress with implementation of improvements set out in an Action Plan is being monitored.

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.

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 Recruit on a permanent basis to the IJB Chief Financial Officer post
- 2 Improve the clarity and transparency of Directions from the IJB to partners
- 3 Review the Workforce Strategy to align to Strategic Plan priorities.

The implementation of these actions to enhance the governance arrangements in 2020/21 will be driven and monitored by the IJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2020/21 is designed to test improvements in governance arrangements.

The conclusion from the review activity outlined above is that in 2019/20, the IJB demonstrated improvements to its governance arrangements by way of progressing the implementation of 2 of the 3 improvement areas of governance within the previous year's annual governance statement, namely:

- Fully embed risk management into the culture of the IJB

- Develop a medium-term Financial Strategy.

The permanent resourcing of a Chief Financial Officer has not been successful and is therefore included as one of the further improvement actions noted in the section above.

Again, as a result of the Covid-19 pandemic, the development of a revised medium-term Financial Strategy has been delayed. This remains a key priority for 2020/21.

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.

Covid-19 Response

The above assurance reflects the assessment of governance in place during normal operations in 2019/20 prior to the significant Covid-19 outbreak in late March 2020. The Scottish Borders Health and Social Care Partnership played a strategic role in the emergency response with innovations, new business processes and solutions, and new technology being embraced in order to deliver services to the community. This was achieved using new ways of decision-making, amended governance arrangements, leadership and implementation including virtual meetings, conference calls, and systems remote access. The learning from the Covid-19 response will now feature in a fundamental review of the future decision-making processes of the partnership.

CLlr David Parker
Chair of the IJB

Mr Rob McCulloch-Graham
Chief Officer
H&SC Partnership

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

<Date>

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 2020 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 financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Board as at 31 March 2020 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 2019/20 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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four 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 report in a separate Annual Audit Report, 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

<Date>

Statement of Accounts

Comprehensive Income and Expenditure Statement (CIES) For the Year Ended 31 March 2020

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 2019/20, there are no statutory adjustments.

Gross Expenditure 2018/19	Income 2018/19	Net Expenditure 2018/19		Gross Expenditure 2019/20	Income 2019/20	Net Expenditure 2019/20	Note
£'000	£'000	£'000		£'000	£'000	£'000	
102,274	0	102,274	Health Services Delegated	104,285	0	104,285	3,4,7
58,432	0	58,432	Social Care Services Delegated	62,693	0	62,693	
25,125	0	25,125	Health Services Retained and Set-Aside by NHS Borders	25,378	0	25,378	
162	0	162	Corporate Services	174	0	174	
185,993	0	185,993	Cost of Services	192,530	0	192,530	
0	(185,993)	(185,993)	Taxation and Non-Specific Grant Income	0	(196,212)	(196,212)	5
185,993	(185,993)	0	(Surplus) or Deficit on Provision of Services	192,530	(196,212)	(3,682)	
						0 Total Comprehensive Income and Expenditure	(3,682)

The Integration Joint Board came into existence in February 2016. In 2015/16 a set of shadow-Board accounts were prepared. The 2019/20 Comprehensive Income and Expenditure Statement therefore represents the financial activity pertaining to the fourth full year of financial operation of the IJB since its formation.

Under the Scheme of Integration, both partners are required to fund any adverse outturn balance on delegated services. The net expenditure position above therefore is generated by the funding uncommitted at 31 March 2020 summarised on page 16.

Total Comprehensive Income and Expenditure of (£3.682m) includes a breakeven position for the IJB on Set-Aside functions. The impact of an over-spend of £0.728m on these functions has been accounted for as part of NHS Borders' overall 2019/20 outturn position. As such therefore, there is no impact on the Health and Social Care Partnership's outturn position or on earmarked general reserves carried forward to 2020/21.

Movement in Reserves Statement

The IJB approved its Reserves Policy in 2016/17. In 2019/20, the policy has been applied for the first time in order to carry forward funding held by Scottish Borders Council on behalf of the Integration Joint Board. This relates to ring-fenced funding allocations to NHS Borders and unspent Older People's Change Fund and Transformation Fund balances.

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 2020.

	General Fund Balance £'000	Useable Reserves: Employee Statutory Adjustment Account £'000	Total Reserves £'000
Opening Balance at 31 March 2019	0	0	0
Adjustments between accounting basis and funding under regulations	(3,682)	0	(3,682)
Closing Balance at 31 March 2020	(3,682)	0	(3,682)
Increase or Decrease during 2019/20	(3,682)	0	(3,682)

Balance Sheet at 31 March 2020

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

31 March 2019 £'000			31 March 2020 £'000		Note
15,002		Short-Term Debtors	5,606		6
	15,002	Current Assets		5,606	
(15,002)		Short-Term Creditors	(1,924)		6
	(15,002)	Current Liabilities		(1,924)	
0		Provisions	0		
	0	Long-Term Liabilities		0	
	0	Net Assets		3,682	
		0 Useable Reserve: General Fund		3,682	
		0 Useable Reserve: Employee Statutory Adjustment Account		0	
	0	Total Reserves		3,682	

The unaudited accounts were issued on 10 September 2020 and the audited accounts were authorised for issue on <Date>

David Robertson CPFA
Acting Chief Financial
Officer (s. 95) IJB

<Date>

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 2019/20 financial year and its position at the year-end of 31 March 2020.

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 2020, 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 2020 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 2020.

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 2020 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 2020, 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 where appropriate, only to the extent when 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 local authority and health board 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 a HB and/or LA to the IJB is done under a special legal regime. Therefore the local authority and health board 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 10 September 2020. 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 2020, 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 2020.

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.

2018/19			2019/20		
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
21,526	0	21,526	22,568	0	22,568
16,973	0	16,973	18,301	0	18,301
744	0	744	891	0	891
20,762	0	20,762	22,991	0	22,991
3,599	0	3,599	3,191	0	3,191
22,737	0	22,737	23,559	0	23,559
71,482	0	71,482	71,379	0	71,379
85	0	85	272	0	272
2,798	0	2,798	3,826	0	3,826
25,125	0	25,125	25,378	0	25,378
162	0	162	174	0	174
185,993	0	185,993	192,530	0	192,530
(185,993)	0	(185,993)	(196,212)	0	(196,212)
0	0	0	(3,682)	0	(3,682)

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 2020.

4 – Expenditure and Income Analysis by Nature

4.1 Expenditure and Income Analysis by Nature

2018/19 £'000		2019/20 £'000
127,399	Services commissioned from NHS Borders	129,663
58,432	Services commissioned from Scottish Borders Council	62,693
137	Employee Benefits Expenditure	147
25	Auditor Fee: External Audit	27
(185,993)	Partners' Funding Contributions	(196,212)
(0)	Net Cost of Services / (Surplus)	(3,682)

The Fee charged by the Independent Auditor for 2019/20 was £26,560.

5 – Taxation and Non-Specific Grant Income

5.1 Taxation and Non-Specific Grant Income

2018/19 £'000		2019/20 £'000
(134,050)	Funding Contribution from NHS Borders	(140,786)
(51,943)	Funding Contribution from Scottish Borders Council	(55,426)
(185,993)	Taxation and Non-Specific Grant Income	(196,212)

The funding contribution from the NHS Board shown above includes **£25.378m** 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 2020 and any payments made in respect of delegated functions in advance of the financial year 2020/21:

31 March 2019 £'000		31 March 2020 £'000
3,761	Funding NHS Borders	13
11,241	Funding Scottish Borders Council	5,593
0	Funding Non-Public Sector	0
15,002	Debtors	5,606

6.2 Creditors

The IJB's Creditors include payments due by the partnership not yet made by the 31 March 2020 and any income it has received in advance of the financial year 2020/21:

31 March 2019 £'000		31 March 2020 £'000
(3,761)	Funding NHS Borders	0
(11,241)	Funding Scottish Borders Council	(1,924)
0	Funding Non-Public Sector	0
(15,002)	Creditors	(1,924)

The net balance between Debtors and Creditors relates to the earmarked reserves held by the IJB of **£3.682m**.

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

2018/19 £'000		2019/20 £'000
(134,050)	Funding Contributions	(140,786)
0	Service Income	0
127,399	Expenditure on Services Provided	129,663
0	Key Management Personnel	0
13	Support Services	13
(6,638)	Net Transactions with NHS Borders	(11,110)

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

31 March 2019 £'000		31 March 2,020 £'000
3,761	Debtors: Amounts Due from NHS Borders	13
(3,761)	Creditors: Amounts Due to NHS Borders	0
0	Net Balance with NHS Borders	13

Scottish Borders Council

2018/19 £'000		2019/20 £'000
(51,943)	Funding Contributions	(55,426)
0	Service Income	0
58,432	Expenditure on Services Provided	62,693
137	Key Management Personnel	147
13	Support Services	14
6,638	Net Transactions with Scottish Borders Council	7,428

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 2019 £'000		31 March 2,020 £'000
11,241 (11,241)	Debtors: Amounts Due from Scottish Borders Council Creditors: Amounts Due to Scottish Borders Council	5,593 (1,924)
0	Net Balance with Scottish Borders Council	3,669

Net Transactions with the Integration Joint Board's partners and Net Balance with the Integration Joint Board's partners of **£3.682m** relates in full to the carry forward of earmarked reserves on behalf of the Integration Joint Board.

8 – Other Notes to the Accounts

8.1 Provisions:

No provisions have been made at the 31 March 2020.

8.2 Useable Reserve: General Fund:

The IJB does not hold a balance on its General Fund Reserve at 31 March 2020. 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 2020. 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.

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Audit Committee

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

21 October 2020

Scottish Borders Integration Joint Board Audit of 2019/20 annual accounts

Independent auditor's report

1. Our audit work on the 2019/20 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 21 October 2020 (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 consideration our draft annual report on the 2019/20 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.

Unadjusted misstatements

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

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 copied onto headed notepaper and returned to us with the final agreed annual accounts prior to the independent auditor's report being certified. Due to Covid-19 restrictions, electronic signatures will be arranged this year.

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 2020 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 financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Board as at 31 March 2020 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 2019/20 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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four 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 report in a separate Annual Audit Report, 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

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 2019/20

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 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the 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 2020.

General

3. The IJB and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by 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 2019/20 (2019/20 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 financial statements give a true and fair view of the financial position of the IJB at 31 March 2020 and the transactions for 2019/20.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2019/20 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 2020 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 2020 of which I am aware where the conditions specified in the 2019/20 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 2020. 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 2020 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 2019/20 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 2019/20 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 2020, which require to be reflected.

Balance Sheet

21. All events subsequent to 31 March 2020 for which the 2019/20 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

David Robertson
Chief Finance Officer

Scottish Borders Integration Joint Board

2019/20 Annual Audit Report



 AUDIT SCOTLAND

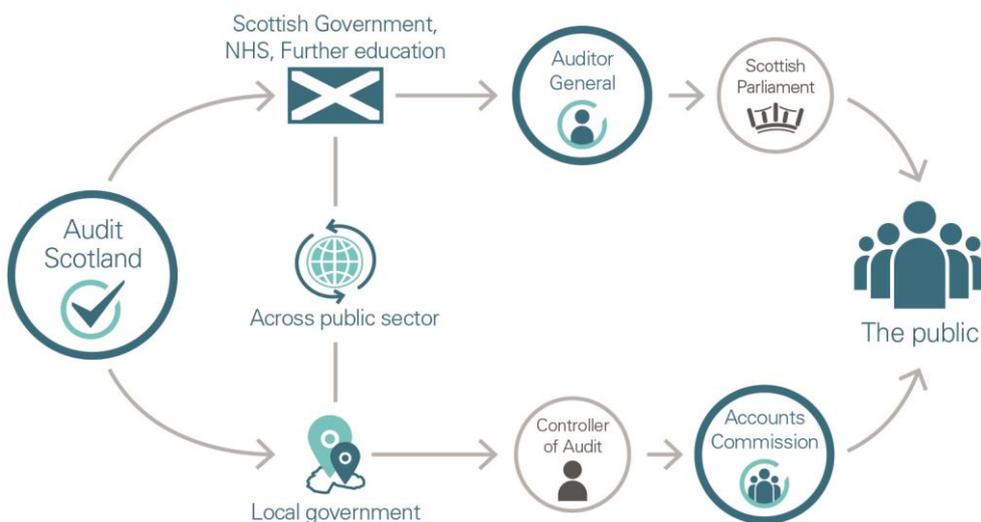
Prepared for the Scottish Borders Integration Joint Board and the Controller of Audit

October 2020

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.

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Key messages

2019/20 annual report and accounts

- 1 Scottish Borders Integration Joint Board's financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- 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.
- 3 Due to the impact of Covid-19 the unaudited annual accounts were not received by the agreed deadline of 30 June 2020. The unaudited annual accounts were received on 10 September 2020.

Financial management and sustainability

- 4 As reported in the previous three years, there is still no permanent Chief Financial Officer (CFO). Arrangements to appoint a permanent CFO for the IJB should be made as soon as possible as the current CFO has been appointed on a temporary basis.
- 5 The IJB reported a surplus position for the year due to underspends against delegated functions. This was achieved with additional funding of £3.2 million during the year and £5.2 million at the year end from partners.
- 6 The budget for 2020/21 was accepted by the Board in March 2020. The most recent financial monitoring information shows a forecast overspend against budget of £7.4m.

Governance, transparency and value for money

- 7 There are adequate governance arrangements in place that support the scrutiny of decisions by the board. Some improvements were made in the year, including better attendance at board meetings however there are still areas for improvement.
- 8 The IJB has effective arrangements for managing performance and monitoring progress towards their strategic objectives.
- 9 The self-assessment for the Ministerial Strategic Group for Health and Community Care noted that the IJB is only partly established in most areas. An action plan has been put in place to address this.

Introduction

1. This report summarises the findings from our 2019/20 audit of Scottish Borders Integration Joint Board (“the IJB” or “the Board”).

2. The scope of our audit was set out in our Annual Audit Plan presented to the 09/03/20 meeting of the Audit Committee. This report comprises the findings from our:

- audit of the IJB’s annual accounts
- 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*

3. Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the IJB has had to respond to the Covid-19 pandemic. This impacted on the final month of the year and will continue to have significant impact into financial year 2020/21. However, we have not had to amend our 2019/20 planned audit work and there were no new or emerging risks that related to the audit of the financial statements and the wider dimensions of audit, due to the pandemic.

Adding value through the audit

4. We add value to the IJB through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
- providing clear conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

5. 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

6. 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 also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

7. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the Code of Audit Practice (2016) and supplementary guidance and International Standards on Auditing in the UK.

8. As public sector auditors we give independent opinions on the annual report and 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.

9. Further details of the respective responsibilities of management and the auditor can be found in the Code of Audit Practice 2016 and supplementary guidance.

10. This report raises matters from our audit. The 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.

11. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.

Auditor Independence

12. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

13. We confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £26,560 as set out in our Annual Audit Plan, remains unchanged.

14. We are not aware of any relationships that could compromise our objectivity and independence.

15. 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.

16. We would like to thank management and staff for their cooperation and assistance during the audit.

Part 1

Audit of 2019/20 Annual Accounts



Main judgements

The IJB's financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

The audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and prepared in accordance with proper accounting practices.

Due to the impact of Covid-19 the unaudited annual accounts were not received by the agreed deadline of 30 June 2020. The unaudited annual accounts were received on 10 September 2020.

Our audit opinions on the annual accounts are unmodified

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

18. The annual accounts for the year ended 31 March 2020 were approved by the Board on 21 October 2020.

19. As reported in the independent auditor's report:

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

Covid-19 had an impact on the agreed audit timetable

20. The unaudited annual accounts were not received in line with our agreed audit timetable on 30 June 2020. The IJB was unable to deliver unaudited financial statements in accordance with the original audit timetable due to the impact of Covid-19 on the partner organisations, which caused delays. We received the unaudited annual accounts on 10 September 2020.

21. The unaudited annual accounts provided for audit were complete and of a good standard and finance officers provided support to the audit team which helped ensure the final accounts audit process ran smoothly.

Overall materiality is £2.9 million

22. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

23. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. Upon receipt of the unaudited annual accounts we reviewed our materiality calculations and no significant changes were identified. There was no impact on our audit approach.

Exhibit 1 Materiality values

Materiality level	Materiality
Overall materiality	£2.9 million
Performance materiality	£2.0 million
Reporting threshold	£60 thousand

Source: Annual Audit Plan 2019/20

Appendix 2 identifies the main risks of material misstatement and our audit work to address these

24. [Appendix 2](#) provides our assessment of risks of material misstatement in the annual accounts. It also summarises the work we have done to gain assurance over the outcome of these risks.

25. We have no issues to report from our work on the risks of material misstatement highlighted in our Annual Audit Plan. However, we have raised points relating to the wider dimension risks

26. We have reported a number of issues from our work on the risks of material misstatement. These relate to the appointment of a permanent Chief Financial Officer and the Hospital Set Aside Sum. We have also raised points regarding the wider dimension risks of Financial Sustainability and Governance. These are included in the action plan at [Appendix 1](#).

Significant findings from the audit of the annual accounts

27. 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. We have no significant findings to report around the qualitative aspects. The significant findings are summarised in [Exhibit 2](#).

Exhibit 2 Significant findings from the audit of the financial statements

Finding	Resolution
<p>1. Carry forward of underspends against budget are now shown as an earmarked reserve in the IJB accounts</p> <p>In prior years, underspends have always been returned to the partner bodies and shown as debtor and creditor</p>	<p>Management advised that the IJB had a policy on reserves and this policy would be applied in the 2019/20 accounts. Therefore, an earmarked reserve was</p>

Finding	Resolution
<p>balances, which were then returned to the IJB in the following financial year.</p> <p>To aid in transparency, we have recommended that these be shown as an earmarked reserve in the IJB accounts, to highlight that this is IJB funding that can be used for specific purposes in 2020/21.</p> <p>This has a significant impact on the amounts disclosed in the Balance Sheet, Comprehensive Income and Expenditure Statement (CIES) and Movement in Reserves Statement, as adjustments were made to income, debtors and creditors. The accounts now show an earmarked reserve of £3.7m on the balance sheet relating to delegated functions, older peoples change fund and transformation fund balances carried forward.</p>	<p>created on the balance sheet. The adjustments have been reviewed and agreed with management.</p>
<p>2. Hospital Set Aside Sum</p> <p>The amount of funding included in the CIES for the set aside sum in the unaudited version of the accounts was £26.1m, which matched the expenditure of £26.1m. The actual contributions provided for set aside by NHS Borders was £25.4m (a difference of £0.7m).</p> <p>We requested that the income and expenditure shown in the CIES was adjusted to show the actual contribution of £25.4m.</p>	<p>Management agreed to amend the accounts to accurately reflect the Hospital Set Aside Sum position in the 2019/20 accounts. The adjustments have been reviewed and agreed with management.</p>

Source: Audit Scotland

All identified misstatements were adjusted in the accounts.

28. Adjustment of identified misstatements resulted in increased net assets of £3.7m and an increase to the net surplus on the CIES by £3.7m. These adjustments mainly consist of an increase to reserves of £3.7m, a decrease in debtors of £3.1m, a decrease to creditors of £6.8m and a decrease to both income and expenditure for set aside of £0.7m. We have concluded that the misstatements identified arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. All identified misstatements were adjusted.

Slow progress was made on prior year recommendations

29. The IJB has made slow progress in implementing our prior year audit recommendations. Of the seven recommendations made in our 2018/19 annual audit report, only two have been fully actioned, with one partly actioned and four not yet actioned. 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

Management should appoint a permanent Chief Financial Officer (CFO) as soon as possible as the current CFO has been appointed on a temporary basis.

The Board reported a surplus position for 2019/20 of £3.7m. This was achieved through additional contributions from partner organisations.

The budget for 2020/21 was accepted by the Board in March 2020. This includes a funding gap of £8.0m. Savings £3.0m have been identified, leaving a forecast overspend of £5.0m for 2020/21.

Financial Management

30. 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.

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

32. During 2019/20 the responsibilities of the CFO role were covered by the interim CFO, who was appointed on a secondment basis. This secondment ended in August 2020 and the role is now being filled on a temporary basis by the Executive Director Finance and Regulatory of Scottish Borders Council. We have reported in the previous three years that the CFO post should be filled on a permanent basis.



Recommendation 1

Management should appoint a CFO on a permanent basis as soon as possible.

Systems of internal control

33. 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.

34. As part of our audit of the IJB 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.

35. 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.

The IJB operated within budget and had an underspend of £3.7m

36. The IJB does not have any tangible 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 information to the IJB.

37. During the year the original budget for 2019/20 was supplemented by additional funding from the partners of the IJB, with NHSB providing an additional £6.3 million for delegated services at the year end, as well as an additional £1.5 million for set-aside services. SBC provided an additional £3.2 million for social care services. The IJB has reported an underspend of £3.7 million for the year, as summarised in Exhibit 3 below. The accounts disclose an overspend of £0.7m by NHS Borders against the Set Aside budget. This overspend is not recognised in the IJB's accounts as it is the responsibility of NHS Borders. Therefore, it does not impact on the accumulated reserves of the IJB. 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.

38. 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. Scottish Government guidance issued during the year confirmed that transitional arrangements agreed in 2016/17 could continue to be applied in 2019/20. A notional figure has been agreed and included in the annual accounts. The Scottish Government expects that IJBs should make progress during 2020/21 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 in 2019/20

Funding	Original Budget £m	Revised Budget £m	Actual Outturn £m	Variance £m
Funding for Delegated functions	150.4	166.0	162.9	3.1
Funding for Large Hospital Set-Aside	22.5	25.3	25.3	0
Funding for Transformation fund	4.2	4.2	3.8	0.4
Funding for Older Peoples Change fund	0.5	0.5	0.3	0.2
Total Funding	177.6	196.0	192.3	3.7

Source: Scottish Borders IJB Accounts 2019/20

Financial Planning and Sustainability

39. The IJB allocates the resources it receives from NHS Borders and Scottish Borders Council in line with the Strategic Plan. The 2020/21 financial plan was presented to the Board in March 2020. This also included high-level forecasts for 2021/22 and 2022/23.

40. The report identifies that the budget allocation to the IJB for 2019/20 totals £186.9 million, which is funded by £51.5 million from SBC for social care, £110.9 million from NHS Borders for healthcare and £24.5 million healthcare set-aside.

41. The report included a requirement to deliver £8.0 million of savings during the year in order to breakeven. Savings plans had been identified which would deliver £3.0 million of savings, leaving a remaining requirement of £5.0 million, all of which sits with NHS Borders. It was expected that the NHS Borders will have to request brokerage from the Scottish Government in 2020/21 and find additional savings in order to achieve a break-even position.

Existing financial plans are being monitored following the impact of the Covid-19 pandemic

42. Finance monitoring reports are presented to the Board meetings on a regular basis. The most recent monitoring report was presented to the Board in September 2020, which included figures for the first quarter of 2020/21. This reports a forecast overspend of £7.4m against the original budget, which includes additional costs of Covid-19. The report states *Further reports will be brought to the IJB as the*

financial year progresses on a regular and frequent basis. As this happens, further analysis and refinement as a result of the impact of the Covid-19 pandemic on activity levels, mobilisation costs, remobilisation plans and associated costs, lost income and unachievable savings will take place. Management expect that any overspends at the year-end will be funded by the partner bodies in line with the agreed scheme of delegation to ensure the IJB achieves a break-even position



Recommendation 4

The IJB are currently forecasting an overspend of £7.4m for 2020/21. Plans to make the necessary savings should be agreed with the partner organisations and the impact of Covid-19 should continue to be monitored on a regular basis.

Reserves strategy

43. 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 to. At the year end the IJB holds an earmarked reserve of £3.7m relating to carry forward of underspends against delegated functions, transformation fund and older peoples change fund, as documented in [Exhibit 3](#) above.

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. We have noted improvements in Board and audit committee attendance in 2019/20.

The IJB has effective arrangements for managing performance and monitoring progress towards their strategic objectives.

The self-assessment for the Ministerial Strategic Group for Health and Community Care noted that the IJB is only partly established in most areas. An action plan has been put in place to address this.

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.

Overall governance and transparency arrangements were adequate

44. We commented on governance arrangements in detail in our 2018/19 Annual Audit Report. Our previous year's conclusion is still relevant, that 'the IJB has adequate governance arrangements in place that support the scrutiny of decisions by the board'. Follow up of the action plan points raised in 2018/19 has been documented in [Appendix 1](#). There have been no significant changes to the governance of the IJB during 2019/20, with the exception of comments below on the response to the Covid-19 pandemic. The governance and transparency arrangements we consider include:

- board and committee structure and conduct
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption. This includes action in response to the National Fraud Initiative
- openness of board and committees
- public access to information via websites
- reporting of performance and whether this is fair, balanced and understandable.

The Covid-19 pandemic has affected governance and working arrangements

45. The pandemic has had an impact on the governance arrangements of the IJB. Covid-19 required a rapid and shared response, which meant that the existing Executive Management Team (EMT) structure was replaced by a new joint group from across the partner bodies. This allowed the Board to consider any paper or issue without the approval of the EMT, which ensured the IJB was more agile in

decision-making. The Board and Audit Committee have continued to meet virtually to ensure that the governance structure remains effective.

46. The IJB has also re-focused its Strategic Implementation Plan (SIP) as a result of Covid-19, which has led to an increased number of priority workstreams, overseen by the SIP Oversight Board. The role of the SIP Oversight Board is to lead on the delivery of the SIP, to oversee and coordinate the agreed work identified within the SIP and to hold the officers responsible for individual work streams accountable for the delivery of their agreed objectives. Membership of this board comes from across the partnership.

47. We conclude that, in response to the significant disruption in recent months, arrangements put in place by the Board have supported appropriate governance and accountability.

Board and audit committee attendance

48. In our 2018/19 annual audit report we raised recommendations relating to Board attendance due to a meeting becoming inquorate during the year (see b/f recommendation 5 in Appendix 1). We also raised a recommendation highlighting that the Chief Officer and Chief Financial Officer did not regularly attend Audit Committee meetings, which limited the effectiveness of the scrutiny provided by the committee. (See b/f recommendation 7 in Appendix 1)

49. From a review of Board and Audit Committee minutes in 2019/20, we have noted that no Board meetings were inquorate during 2019/20 and the CO and CFO attended all Audit Committee meetings during the year. This is an improvement on the prior year and has allowed more effective scrutiny.

Openness and transparency

50. 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.

51. 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.

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

Internal audit

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

54. To minimise duplication of effort we consider the work of Internal Audit wherever possible. In 2019/20 we did not place any formal reliance on the work of internal audit for our financial statements audit, however we used their work as part of our wider dimension work.

Best Value is concerned with using resources effectively and continually improving services.

Value for money

55. Integration Joint Boards have a statutory duty to make arrangements to secure best value. To achieve value for money the Board 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.

56. The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. The deadline for this was extended for 2019/20 due to the impact of Covid-19. 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.

57. Management presented the Annual Performance Report for 2019/20 to the Board in September 2020, which set out the IJB's performance against the local and national integration indicators identified by Board and the Scottish Government. Within this report the IJB has recognised the need to provide best value and commented on the recommendations made in SBC's 2019 Best Value Assurance Report which highlighted improvement areas for the IJB.

58. Performance reports are regularly reviewed by the IJB to ensure scrutiny of performance information. We have concluded that the IJB has effective arrangements for managing performance and monitoring progress towards their strategic objectives.

Progress with health and social care integration

59. 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.

60. As raised in our Annual Audit Plan we reported that an action plan has been put in place to track progress against this self-evaluation, which would be scrutinised by the Audit Committee. From review of Audit Committee papers and minutes, the action plan was presented to the Audit Committee in March 2020 however there has been no review of progress against this since then.



Recommendation 5

The IJB Audit Committee should receive regular updates on progress against the action plan arising from the self-evaluation carried out to ensure they can provide effective scrutiny.

National performance audit reports

61. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. In 2019/20 a number of reports were published which are of direct interest to the board and are highlighted in [Appendix 3](#). We are pleased to note Audit Scotland reports of relevance to the board are routinely considered at Audit Committee meetings.

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Chief Financial Officer</p> <p>There is currently no Chief Financial Officer (CFO) employed by the IJB on a permanent basis. As reported in previous years, the IJB has never had a permanent CFO. The role is currently filled by the Executive Director Finance and Regulatory of Scottish Borders Council on a temporary basis.</p> <p>Risk – financial management and reporting to the IJB and preparation of the annual accounts could be adversely affected if a permanent CFO is not employed.</p>	<p>Management should appoint a CFO on a permanent basis.</p> <p>Paragraph 32</p>	<p>Work on this position is currently underway, and we expect to resolve the vacancy shortly.</p> <p>Responsible officer</p> <p>Chief Officer</p> <p>Agreed date</p> <p>December 31st 2020</p>
2	<p>Financial Ledger</p> <p>As we reported in the previous three years, 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 35</p>	<p>Finance Officers from both SBC and NHSB will work to create the IJB ledger for the 2021/22 financial year.</p> <p>Responsible officer</p> <p>Chief Officer, Dir of Finance for SBC and NHSB</p> <p>Agreed date</p> <p>March 31st 2021</p>
3	<p>Hospital Acute Services (set Aside)</p> <p>As reported in the previous three years, arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet</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 2020/21.</p>	<p>The Set Aside group shall be re-formed with representatives from the Snr. Management of the IJB and NHSB, The sum will be determined following national guidance.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>operating as required by legislation and statutory guidance. 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 into 2019/20. It is expected by the Scottish Government that progress will be made in 2020/21 in managing the set aside budget as a mechanism for shifting the balance of care.</p> <p>Risk – the sum set aside in the annual accounts is not being managed by the IJB as expected by the legislation.</p>	<p>Paragraph 38</p>	<p>Responsible officer Chief Officer and Dir of Finance NHSB</p> <p>Agreed date March 31st 2021</p>
4	<p>Financial Sustainability</p> <p>The 2020/21 budget for the IJB was agreed in March 2020, however this included the need for an additional £5.0 million in savings which had yet to be identified.</p> <p>The most recent financial monitoring report for the IJB to June 2020 is forecasting an overspend of £7.4m against the original budget, which includes additional costs of Covid-19.</p> <p>Risk – there is a risk that the IJB is not able to budget and manage expenditure effectively if full savings plans are not in place</p>	<p>The IJB should continue to work with partner organisations to ensure savings plans are in place to support the budget for the year. The impact of Covid-19 should be monitored.</p>	<p>IJB will continue to work with both SBC and NHSB to identify required savings and negotiate access to NHS Brokerage as required</p> <p>Responsible officer Chief Officer and Dir of Finance from NHSB and SBC</p> <p>Agreed date March 31st 2021, dependant on availability of external support for the pandemic and from “Turnaround Support” from NHS Scotland.</p>
5	<p>Governance – Ministerial Self Evaluation</p> <p>In March 2019 the Ministerial Strategic Group for Health and Community Care (MSG) issued a self-evaluation template as part of an evaluation of progress with the integration of health and social care. The IJB evaluated itself as being not yet established in one area, partly established in 15 areas, established in 6</p>	<p>Progress on the implementation of the self-evaluation action plan should be reported periodically to the audit committee to ensure effective scrutiny of the progress the IJB is making.</p>	<p>Further work will be undertaken to renew decision making procedures, and to support better partnership working. This will be reported back to the Audit Committee and the Strategic Partnership Group</p> <p>Responsible officer Chief Officer</p> <p>Agreed date</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>areas and exemplary in no areas.</p> <p>An action plan has been put in place and was presented to the March 2020 audit committee. There has been no further update presented to the committee since the initial action plan was presented.</p> <p>Risk – There is a risk that health and social care are not fully integrated and this could lead to the IJB operating in an ineffective manner.</p>		<p>Ongoing from now through the next financial year. 2021/22.</p>
Outstanding prior year recommendations			
b/f 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>Not actioned. See action plan point 1</p>
b/f 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>Not actioned. See action plan point 2</p>
b/f 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</p>	<p>The IJB and health board should prioritise establishing revised processes for planning and performance management of set aside hospital functions</p>	<p>Not actioned. See action plan point 3</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>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 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.</p> <p>Risk – the sum set aside in the annual accounts is not being managed by the IJB as expected by the legislation.</p>	<p>and associated resources in 2019/20.</p>	
b/f 4	<p>Financial Planning</p> <p>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.</p> <p>Risk – the IJB is not able to develop appropriate budgets each year if full savings plans are not in place.</p>	<p>Plans to meet the required savings should be identified and the budget for the year should be approved by the IJB.</p>	<p>Not Actioned. See action plan point 4.</p>
b/f 5	<p>Board meetings</p> <p>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.</p>	<p>The IJB should ensure that arrangements are in place for members to attend meetings and emphasise the importance of attending meeting.</p>	<p>Fully Actioned. From our review of minutes and papers of IJB meetings, no issues were identified in 2019/20.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>Risk – the IJB is not able to effectively carry out its business and make decisions.</p>		
b/f 6	<p>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 relevant risks arising at partner organisations</p>	<p>The IJB Audit Committee should consider relevant audit reports from partner organisations as part of its business.</p>	<p>Partly Actioned. The IJB have recognised the need for the audit committee to review relevant audit reports from partner organisations. A report was presented to the committee in December 2019 but no further reports have been presented since. A report is scheduled for December 2020 and every 6 months after that. Revised Date 31st December 2020</p>
b/f 7	<p>Audit Committee attendance 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. 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>Fully Actioned. From our review of minutes and papers of audit committee meetings, and attendance at meetings, no issues were identified in 2019/20.</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.

(Include any additional audit risks communicated to those charged with governance arising from COVID-19)

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>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.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable.</p>	<p>Assurances were provided by the auditors of NHSB and SBC regarding the completeness, accuracy and allocation of income and expenditure. No issues were identified.</p>
<p>2 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. 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.</p>	<p>Ongoing monitoring and reporting of IJB budget to the board during the year.</p> <p>Management assurances that arrangements will be in place in time to ensure business continuity</p>	<p>A permanent CFO is not yet in place.</p> <p>See action plan point 1, Appendix 1.</p>
<p>3 Hospital Set Aside Sum</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; a notional figure is to be agreed and included in the financial statements. The IJB has established a working group to</p>	<p>Ongoing discussions with NHS Borders ensuring that set aside is appropriately disclosed in the 2019/20 financial statements.</p>	<p>See action plan point 3, Appendix 1</p>

Audit risk	Assurance procedure	Results and conclusions
<p>monitor the set aside budget. There is a risk that the sum recorded as set aside for acute services in the annual accounts does not reflect actual hospital use in line with legislation.</p>		
<p>4 Financial sustainability</p> <p>The IJB's financial plan for 2019/20 required a significant level of efficiency savings, totalling £13.6m, of which £11.7m were unidentified. These savings targets were revised in August, highlighting a new savings target of £5.5m, as a result of NHS Borders agreeing additional brokerage with the Scottish Government and identification of nonrecurring savings. The latest finance update in October 2019 highlighted that the Board were forecasting unidentified savings of £1.4m at the year end.</p> <p>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.</p>	<p>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.</p>	<p>See action plan point 4, Appendix 1.</p>
<p>5 Financial management: Budget Setting</p> <p>Due to the high level of unidentified savings needed, the IJB only formally agreed their budget for 2019/20 in August 2019. There is a risk that the IJB is not able to develop appropriate budgets each year if savings plans are not in place.</p>	<p>Savings plans and budget setting process will be reviewed to ensure it is done in a more timely manner.</p>	<p>See action plan point 4, Appendix 1.</p>
<p>6 Governance: Audit Committee Attendance</p> <p>We reported variable levels of attendance by senior officers at audit committee meetings in 2018/19. This has continued in 2019/20. There is a risk that the Audit Committee may not be able to effectively scrutinise committee business if officers</p>	<p>The meetings schedules and senior officers' calendars have been aligned to ensure attendance at Audit Committee meetings from August 2019.</p>	<p>This has been fully actioned in 2019/20. No issues identified.</p> <p>See action plan point b/f 7, Appendix 1.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>are not available to answer questions.</p>		
<p>7 Governance: Ministerial Review Self Assessment</p> <p>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 evaluated itself as being not yet established in one area, partly established in 15 areas, established in 6 areas and exemplary in no areas. There is a risk that health and social care are not fully integrated and this could lead to the IJB operating in an ineffective manner</p>	<p>Progress on the implementation of the MSG Self Evaluation Health and Social Care Partnership Action Plan will be scrutinised by the Audit Committee. Audit Committee Action Tracker.</p>	<p>See action plan point 5, Appendix 1</p>

Appendix 3

Summary of national performance reports 2019/20



		2019/20 Reports	
		Apr	
Social security: Implementing the devolved powers		May	
Scotland's colleges 2019		Jun	Enabling digital government
		Jul	
NHS workforce planning - part 2		Aug	
Finances of Scottish universities		Sept	
NHS in Scotland 2019		Oct	
		Nov	
Local government in Scotland: Financial overview 2018/19		Dec	
Scotland's City Region and Growth Deals		Jan	Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		Mar	Early learning and childcare: follow-up

Scottish Borders Integration Joint Board

2019/20 Annual Audit Report

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