



Scottish Borders
Health and Social Care
PARTNERSHIP

Scottish Borders Integration Joint Board

DRAFT
ANNUAL ACCOUNTS 2017/18

**For the Financial Year
01 April 2017 to 31 March 2018**

(Unaudited)

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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 2018. The purpose of the Management Commentary is to inform all users of the 2017/18 Statement of Accounts and help them assess how the Integration Joint Board (IJB) has performed in fulfilling its duties over the course of the financial year.

The Scottish Borders

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

The Scottish Borders is a rural area with a population of 114,530 people, 30% of whom live in population settlements below 500 people or in isolated hamlets. The largest town is Hawick with an estimated population of 14,003, followed by Galashiels with 12,670. The only other towns with a population of over 5,000 people are Peebles, Kelso and Selkirk. The Scottish Borders is the fourth most sparsely-populated mainland local authority area in Scotland after Highland, Argyll and Bute and Dumfries and Galloway.

The population of the Scottish Borders accounts for 2.1% of the total population of Scotland. Since 1988, the Scottish Borders' total population has risen overall. Scotland's population has also risen during this period. In the Scottish Borders, 13.5% of the population are aged 16 to 29 years. This is lower than the rest of Scotland, where 18.3% are aged 16 to 29 years. Persons aged 60 and over make up 30.2% of the Scottish Borders, much higher than the Scottish average, where 24.0% are aged 60 and over.

The overall population of Scotland is expected to increase by 8% over the next 20 years but the overall population of the Scottish Borders is not expected to change significantly during the same period. The constitution of the population by banded age group however is expected to change significantly, with a reduction in the proportion of children and working-age people and an increase in the proportion of older people. Such changes are expected to be more marked in the Scottish Borders than in Scotland as a whole. In particular, the number of the 75+ age group in the Scottish Borders is projected to increase by almost 100%, which is much higher than the projected Scottish increase.

These demographic factors result in unique and challenging influence over the models of providing, levels and costs of health and social care in the Scottish Borders, both currently and in the future.

Role and Remit of the Integration Joint Board

The Scottish Borders Integration Joint Board (IJB) is a legal entity in its own right which was created following the implementation of the Joint Working Public Bodies (Scotland) Act 2014. On 6th February 2016, Ministerial approval was given to establish the Integration Joint Board

between NHS Borders and Scottish Borders Council in order to integrate the planning and commissioning of health and social care services in the Scottish Borders.

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

Healthcare Functions	Social Care Functions
Accident & Emergency Inpatient hospital services relating to a number of branches of medicine Other hospital services such as palliative care, addiction and mental health District Nursing Dental and Ophthalmic services Pharmaceutical services General Medical Services contracts Out of Hours primary medical services Allied Health Professional Services Community Learning Disability services Public Health Outwith hospital services relating to addiction, geriatric medicine, palliative care, mental health, kidney diaysis and continence	Adults and Older People social care Services and support for adults with physical or learning disabilities Mental Health services Drug and Alcohol services Support to Carers Community Care Assessment Support services including Housing Support Residential Care Occupational Therapy, Reablement, Equipment and Assistive Technology Day Services Respite Health Improvement

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

Operations of the IJB

Performance against Key Priorities 2017/18

By working with individuals and local communities, the Partnership aims to assist people to achieve the 9 national health and wellbeing outcomes. These represent what partnerships across Scotland are attempting to achieve through the integration of health and social care, in particular, improving the quality provided. To enable their delivery, the partnership here in the Scottish Borders has agreed 9 local strategic objectives. .

The Partnership has continued to focus on reducing the number of delayed discharges and reducing the number of inappropriate admissions to hospital. A key focus of this work has been mapping care pathways from hospital to community to identify any potential blocks in the system and seek solutions. This will continue to be a priority over the coming year as further redesign is undertaken to streamline the pathway, provide a wider range of out of hospital intermediate care and enablement approaches and also make best use of resources. A number of specific priorities for the Partnership were identified for 2016/17. The Integrated Care Fund (ICF) has been used to assist, support and develop the integration of Health and Social care services and below is a summary of progress on [9 Key Priority Actions](#):

To develop integrated and accessible transport –

- The Community Transport Hub (CTH) run in partnership by Scottish Borders Council, NHS Borders, The Bridge, The Red Cross, Berwickshire Association of Voluntary Services and the Royal Voluntary Service (RVS) is coming to the end

of its third year of operation. In 2017/18 alone the hub facilitated 22,506 journeys and 92% of services users said the booking system was easy to use.

To integrate services at a local level –

- Locality working groups have been established and Locality Plans developed in each of the 5 localities in the Scottish Borders. This will support the redesign of health and social care services at a local level

To roll out care co-ordination to provide a single point of access to services –

- Community Led Support 'What Matters' Hubs are now operational in all 5 localities, providing local communities with more accessible health and social care services. Additional outreach hubs are also run in rural communities when required. There have been over 300 attendances at the hubs since June 2017 and 95% of attendees said that the hubs were easy to access

To improve communication and accessible information across groups with differing needs –

- Local Area Co-ordinators for Mental Health, Learning Disability and Older People have enabled more people to access local community activities and to provide good local information. In 2017/18 Local Area Coordinators were identified as a contact point for young people with learning disabilities during transition between children and adult services

Work with communities to develop local solutions –

- The Community Capacity Building team continues to work with communities to develop local solutions. This year the team was expanded to cover more local communities and to support the redesign of day services. 10% of participants in Community Capacity Building activities go on to volunteer within their community, further strengthening the local solutions available

Provide additional training and support for staff and for people living with dementia –

- The Stress and Distress training project provides training to those working with people with dementia. It uses an evidence based approach to improve the experience, care and outcomes for people with dementia. To date, 433 bite size training sessions and 217 2 day training sessions have been delivered

Further develop our understanding of housing needs for people across the Borders –

- The Integrated Strategic Plan for Older People's Housing, Care and Support Needs has been finalised and will be launched in June 2018 at the "Time to Re-think Housing for Older People Event". Analysis undertaken in the development of the strategic plan pointed to both improvements and efficiencies arising from service reform proposals. These include:
- Better outcomes through the discharge to assess model, as well as a reduction in delayed discharge and reduced likelihood of returns to hospital in the short term

- Increased ability to remain in an independent living environment for longer as a result of the Care & Repair services and associated adaptations
- Improved outcomes and reduced costs associated with the introduction of assistive technologies (such as telecare)
- Reduced costs and an increase in resilience associated with a change in the service commissioning balance
- Enhanced logistics and better resource scheduling through the adoption of a locality-based hub and spoke mode
- Potential to layer these benefits through a coherent approach to service reform implementation.
- Work has been commissioned to carry out an assessment on the housing needs and aspirations of young people through 2018. This includes robust local assessment on housing support and housing for young people with particular health needs.

To promote healthy and active living –

- The Borders Community Capacity Building Team has developed a range of over 40 activities across the Scottish Borders including gentle exercise, walking football, lunch clubs and Men's sheds. 86% of older people reported improvements to core strength and balance as a result of attending exercise activities, reducing their risk of falls and admission to hospital.
- The Healthier Me network of learning disability service providers continues to work with service users on healthy eating and active living.

To improve the transition process for young people with disabilities moving into adult services –

- A transitions pathway has been developed as well as an information pack for young people with a learning disability, to allow a smooth transition process into adult services. A key contact person has also been established

To improve the quality of life of people with long term conditions by supporting self-management and promoting healthy living –

- The learning from the Long Term Conditions Self-Management project has been used to inform further work to support those with long term conditions and improve pathways to access prevention and lifestyle assistance through the more effective integration of service delivery.
- A Diabetes Prevention Partnership has been developed to look at prevention, raising awareness, community support and more intensive intervention.

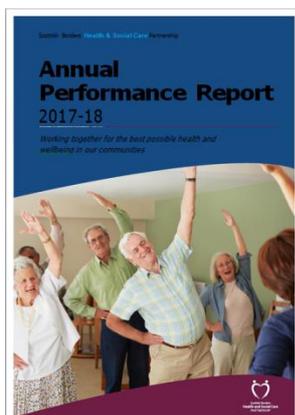
To improve support for Carers within our communities-

- The Partnership continues to support the Borders Carers Centre, which offers practical and emotional support and advice to Carers, as well as undertaking Carer's support plans on behalf of the Partnership. In 2017/18, 453 new Carers have been referred to the Carers Centre service and 488 Carer Support Plans developed.
- The Transitions and Autism pathways have also focused on Carers/parents as a key partner in this work

Promote support for independence and reablement so that all adults can live as independently as possible-

- The Transitional Care Facility based within Waverley Care Home is a 16 bed unit which allows older people to regain their confidence and independence so that they can return to their own homes following a stay in hospital. 81% of individuals discharged from Transitional Care return to their own homes and the hospital readmission rate for these individuals is 6% which is low given that the average age of service users is 83 years old.
- A number of 'discharge to assess' projects have been piloted to allow adults to return home sooner and remain as independent as possible. These include:
 - Craw Wood Discharge to Assess – a 15 bed unit where adults can have their rehabilitation needs assessed.
 - Hospital to Home – Teams of Healthcare Support Workers facilitate discharge home from hospital and prevention of admission to hospital with a re-ablement focus. A pilot is currently running in Berwickshire, with further pilots due to commence in Teviot & Liddesdale and Eildon.
- The Borders Ability Equipment Store provides community loan equipment to people across the Borders. The facility moved to a new building in summer 2017 which allows increased capacity for stock to support hospital discharges and prevent admissions. Additionally, the new facility supports improved infection control procedures and is able to better respond to increased demands in service

The partnership published its Annual Performance Report (APR) for 2017/18 in June 2018.



The APR presents the financial performance of the Partnership and its performance against the National “Core Suite” of Integration Indicators identified by the Scottish Government and the delivery of the 9 Local Objectives identified in its Strategic Plan.

The partnership’s priorities for 2018/19 are also set out in the report and we will continue to work hard to deliver responsive health and social care services which are focused on the needs of the people who use them and their local communities.

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

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

Key Partnership Decisions 2017/18

For the period 2017/18 the Integration Joint Board has met regularly both as a formal meeting to transact business and also through Development sessions to raise its understanding of the more complex issues it will deal with as the partnership continues to evolve.

During this period the Integration Joint Board has focused on governance and operating arrangements as well as performance and resource planning.

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

- Welcoming new voting members to the Board;
- Appointment of its Chief Officer, Mr Robert McCulloch-Graham;
- Review and approval of its Terms of Reference;
- Approval of the Mental Health Service Strategy;
- Approval of the Learning Disability Strategic Commissioning Plan;
- Issuing Directions for a Discharge to Assess Policy;
- Agreement to pilot a Hospital to Home initiative;
- Approval of its Climate Change Report;
- Approval of its Integrated Complaints Handling Procedures;
- Approval of its Model Publication Scheme;
- Instigating a refresh of its Strategic Plan through the Strategic Planning Group.

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

- Approval of its Commissioning and Implementation Plan for 2017/19;
- Review of the Integrated Care Fund Schemes and Direction of funding.
- Directed the use of Social Care Funding;
- Approved and delivered its 2017/18 financial plan;
- Directed resources to assist with Joint Winter Planning performance;
- Review of progress with the development of the Transformation and Efficiencies programme.

Locality Planning

Locality planning is a key tool in the delivery of the changes required to meet the increasing service demands within the Borders and supports the requirements of the Community Empowerment (Scotland) Act 2015. Local working groups across the five localities in the Scottish Borders have been established. These working groups are made up of local representatives and they have made a significant contribution to the development of five Locality Plans. The plans focus on local needs and key priorities for improvement from the perspective of local people who use and deliver health and social care services.

Governance

During 2017/18 the governance structure for the Partnership was revised in order to streamline the process and clarify the decision making roles within the structure. The revised governance structure consists of two layers:

- **The Integration Joint Board (IJB)** provides ratification and feedback of all decisions proposed by 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, Public Participation Forum 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.

During 2017/18, the Partnership worked to fulfil its commitment to ongoing and continuous improvement. A range of activities continue to be developed in order that the Integration Joint Board identifies and understands its key strengths and areas for improvement across all aspects of its governance, operations and performance. In relation to governance specifically, the Integration Joint Board approved the formation of and held the first formal meetings of its Audit Committee during the year delivering the 2017/18 Internal Audit Plan.

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

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

A joint inspection of the Health and Social Care Partnership's older people's services undertaken by the Care Inspectorate and Healthcare Improvement Scotland in early 2017 will also provide assurance and a clear strategy for further improvement across the partnership. The Partnership currently awaits the final report.

Financial Position at 31 March 2018

Delegated Budget

Overall, following additional funding delegated to the partnership during the financial year, a breakeven outturn position against the partnership's Delegated Budget at 31 March 2018 is reported. This 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	19,204	20,250	20,025	225
Joint Mental Health Service	15,847	15,687	15,597	90
Joint Alcohol and Drug Service	1,006	770	767	3
Older People Service	20,265	18,685	19,298	(613)
Physical Disability Service	3,432	3,570	3,535	35
Generic Services	77,222	85,132	89,396	(4,264)
Contribution - NHSB/SBC Delegated	0	4,524	0	4,524
	136,976	148,618	148,618	0

During 2017/18 significant financial pressures were experienced by the partnership and required mitigation and remedial action. These included:

- meeting the increased costs of service provision in areas such as care at home as a result of both increased market costs and the implementation of the Scottish Living Wage for all adult carers
- funding significant price increases of a number of prescribed drugs
- increased demand for services above levels budgeted across functions such as residential care and unplanned admissions to hospital requiring increased bed capacity and staffing
- slippage in the delivery of planned efficiencies
- other staffing pressures

In order to meet these pressures, a recovery plan was implemented during the year in order to deliver mitigating savings. This plan included a range of actions which included:

- direction of additional funding by the IJB from NHS Borders, Scottish Borders Council, The Social Care Fund and the Integrated Care Fund.
- capital slippage
- planned slippage of the local delivery plan
- additional control measures
- non-recurring accounting adjustments from balance sheet to revenue

It is primarily by the delivery of an NHS-Borders-wide recovery plan that the reported position above has been achieved. It is also through the wider recovery plan that sufficient financial capacity has been created across wider non-delegated functions in 2017/18 that enabled an additional contribution of £4.524m to be delegated to the IJB in order to meet the projected outturn variance at 31 March 2018 (£4.230m from NHS Borders, £0.294k from Scottish Borders Council).

The direct impact in 2017/18 of this in-year recovery plan on the partnership's Strategic Plan has been assessed as low to medium. The main positive factors which determine this are:

- securing Scottish Government endorsement and financial support to ensure that adverse impact is minimised

- improved efficiency and control measures which form part of the recovery plan
- utilisation of contingency
- technical financial adjustments which have a low impact directly on front-line functions
- one-off nature of a significant proportion of the plan

Conversely however, the wider medium-term impact is, without further action, likely to be higher as a result of:

- the opportunity cost of directing social care funding and integrated care fund, both on a non-recurring basis, to meet pressures across surge and community hospital beds and prescribing
- the non-recurring nature of much of the recovery plan actions requiring permanent addressing going forward
- the requirement to still deliver previously planned efficiency savings in future financial years
- the continued pressures across key functions threatening overall affordability which have yet to be addressed

Beyond the challenges arising from a lack of overall affordability of delegated functions, there are a number of other risks to which the partnership is currently exposed which require management and mitigation:

- the 2018/19 Financial Plan remains draft and does not currently address all historic and existing pressures
- levels of planned efficiency and other savings is significant and delivery in full will be at best, challenging
- the partnership's Strategic Plan is a medium-term document spanning 3 financial years of which 2018/19 forms year 3 of the original plan. Both NHS Borders and Scottish Borders Council will receive only a 1-year financial settlement - future delegated and notional budgets are only indicative and will be subject to change;
- the full impact of in-year recovery in 2017/18 together with the significant level of efficiencies and savings required in 2018/19 and 2019/20 on the ability of the partnership to deliver the plan has yet to be undertaken
- further cost pressures may emerge during 2018/19 that are not yet projected or provided for within either partner's 2017/18 financial plan, nor the resources delegated to the IJB
- prescribing: this is a high risk area due to the level of spend and volatility of supply and price
- ongoing provision of service at Winter Plan levels, other than Prescribing, was the largest area of pressure in 2017/18 and may continue to occur in 2018/19
- further 2018/19 legislative and regulatory requirements including the implementation of the Living Wage of £8.75 in 2018/19 and the financial consequences of the implementation of Carers' legislation
- the risk of loss of service provision as a result of market failure would result in additional costs as alternative supply is transitioned
- the requirement to realign resources in line with priorities / demand and shift resource across the health and social care pathway across functions will be required
- partners' financial plans assume that in the main, the partnership will mitigate against the impact of increased future demographic pressure across delegated services. This has not yet been addressed

The impact on performance as a result of the considerable savings targets required in 2018/19 requires identification and evaluation. The partnership's Strategic Plan was

approved prior to the IJB being established and an updated strategic plan will be finalised in the first half of 2018/19. The prevalent financial position will provide key context to this review.

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.

At 31 March 2017, the Scottish Government recognises that, in many partnership areas, arrangements for the sum set-aside for hospital services under the control of Integration Authorities were not yet operating as required by the legislation and statutory guidance. Advice to Health Boards and Integration Authorities was issued in summer 2017 by the Scottish Government in order to help establish arrangements that meet these requirements for 2018/19 and subsequent years.

In relation to the Large Hospital Budget Retained by NHS Borders and Set-Aside, an overspend position has been reported at 31 March 2018, summarised as:

<i>Set Aside Healthcare Functions</i>	Base Budget £'000	Revised Budget £'000	Actual Outturn £'000	Outturn Variance £'000
Accident & Emergency	1,997	2,004	2,605	(601)
Medicine & Long-Term Conditions	11,633	12,905	14,597	(1,692)
Medicine of the Elderly	6,020	6,434	7,216	(782)
Planned Savings & Actions	(672)	(717)	0	(717)
Contribution from NHS Borders Year End Plan	0	3,792	0	3,792
	18,978	24,418	24,418	0

£1.0m of social care funding was directed on a non-recurring basis by the partnership in order to supplement the set-aside budget of the IJB of £18.978m (see below).

Other Resources

Social Care Funding

The direction in full by the IJB of its £7.547m Scottish Government allocation of Social Care funding across both its delegated and set-Aside function budgets is included within the reported position above. In summary however, resources were directed during 2017/18, as follows:

<i>Social Care Funding</i>	Directed Funding 2017/18 £'000
Delegated Functions: Social Care	6,497
Delegated Functions: Healthcare	50
Set-Aside Functions: Healthcare	1,000
	7,547

In relation to social care, the funding allocation of £6.497m was directed in order to meet the costs of implementation of an increased Scottish Living Wage from 01 October 2017, increased market provider costs and increased demand for social care services, in particular care at home and equipment.

In relation to delegated healthcare functions, a non-recurring contribution of £50k to fund a community health worker was directed during 2017/18.

Direction of £1.0m funding was also made by the IJB on a non-recurring basis to non-delegated functions to part-meet the costs of unbudgeted pressure arising as a result of the level of surge beds remaining open during the non-winter period of 2017/18.

Integrated Care Fund

In addition to the delegated and set-aside budgets outlined above, the IJB also has assumed responsibility for the direction of the Scottish Borders' Integrated Care Fund (ICF) Allocation. 2017/18 represented year 3 of a 3-year funded programme. The Scottish Borders' allocation of this funding is £2.13m per annum, a total of £6.39m over the life of the current programme.

A summary of the 2017/18 ICF expenditure is detailed below, in the context of previous spend and annual / total allocations:

Actual Outturn 2016/17 £'000	Actual Outturn 2017/18 £'000	Budget Allocation 2015/16 £'000	Budget Allocation 2016/17 £'000	Budget Allocation 2017/18 £'000	Slippage at 31/3/2018 £'000
621 NHS Borders-Led	317	21	194	861	117
703 SBC -led	1,764	204	703	3,980	2,216
0 Uncommitted Resources	0	1,905	1,233	(2,711)	427
1,324	2,081	2,130	2,130	2,130	2,760

Spend from the Integrated Care Fund in 2017/18 was £2.081m against an in-year allocation of £2.130m. There remains uncommitted Integrated Care Fund funding of £427m at 31/3/2018. Compound carry forward of funding of £117k (NHS Borders led) and £2.216m (Scottish Borders Council led) is reported. The Integrated Care Funding was ring-fenced for the period 2015/16 to 2017/18. NHS Borders has confirmed however that a further £2.13m will be delegated to the IJB in 2018/19 non-recurrently. Commitments have been agreed for this £2.13m to fund the Crawood discharge to assess facility and the Hospital to Home and Transitional Care Facility based at Waverly Care Home projects to 31st March 2019.

Integrated Care Fund	IJB Directed to Date £'000
NHS Borders-Led	1,076
Scottish Borders Council-Led	4,887
Uncommitted Resources	427
	6,390

Former Older People's Change Fund

Prior to the establishment of the Health and Social Care Partnership, NHS Borders, Scottish Borders Council and their third and fourth sector partners worked together to deliver the Reshaping Care Programme, funded by the Scottish Government Change Fund allocation over 4 years to March 2015. This programme is now complete, but a residual uncommitted balance on the funding allocation of £535k remains for carry forward to 2018/19 for use by the partnership.

Strategic Plan

The Scottish Borders Integration Joint Board ("the Board" or "the IJB") of the Scottish Borders Health and Social Care Partnership ("the Partnership") was established as a body corporate by Scottish Ministers on 6th February 2016. The Partnership has published a Strategic Plan for 2016 – 2019 which sets out what we want to achieve to improve health and well-being in the Borders through integrating health and social care services. Following a review in the first half of 2018 key changes are being made to the Health & Social Care

Strategic Plan and a refreshed version of the plan will be launched in August 2018 as part of the #yourpart campaign.

The Strategic Plan sets out a high level summary of some of what all partners are doing in order to deliver more personalised care and make best use of advancing technology to achieve “Best Health, Best Care, Best Value”. This high-level Plan is supported by the implementation of strategies related to specific themes (such as Dementia, Mental Health) and Locality Plans that reflect differing patterns of need across the Borders.

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

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

The refreshed strategic objectives are:-

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

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

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

Risk, Uncertainty and Change

Management of risk and in particular, Financial Risk is one of the key responsibilities of the Board. Work continues currently to develop both Strategic and Operational Risk Registers for the Partnership. Specific prevalent risks are outlined on Page x. Within the Partnership’s Risk Register, these are categorised across the following strategic themes:

- Real-term funding reductions
- Insufficient transformation funding
- Slippage in the ambitious programme to transform to new models of care
- Further political policy initiatives and funding conditions
- The delivery of challenging efficiency and savings programmes

- Future demographic (demand) pressures
- Increasing market / provider costs of health and social care services
- Market / provider failure
- Price volatility, in particular increased Drugs costs
- Failure of financial planning, management and governance
- Other emerging pressures

In 2017/18, the IJB chair was Dr Stephen Mather, who is an NHS Borders Non-Executive Director. The previous Chair, Councillor Catriona Bhatia, has now retired from her role as a local authority member. Councillor David Parker has been appointed as vice-chair replacing Mrs Pat Alexander who has retired from her role as an NHS Borders Non-Executive Director. Following the Scottish Local Government Election 2017, 5 new local authority members were nominated to the IJB by Scottish Borders Council and additionally, 1 new NHS Borders Non-Executive Director was appointed the IJB to replace Mrs Alexander.

Annual Accounts

The Integration Joint Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires preparation in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) and the Service Reporting Code of Practice 2016/17 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

David Robertson CPFA
Chief Financial
Officer

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

xx September 2018

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 (2016/17 chair) and a Health Board representative (2017/18 chair).

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair and Vice Chair appointments and any taxable expenses paid by the IJB are therefore shown below as nil:

Name	Post(s) Held	Nominated By	Taxable Expenses 2017/18 £
Dr Stephen Mather	Chair	NHS Borders	Nil
Mr David Parker	Vice-Chair	Scottish Borders Council	Nil
Total			Nil

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

Remuneration of Senior Employees

The term 'Senior Employee' means:

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

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

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

Other Officers: No other staff have been appointed by the IJB under a similar legal regime. The Chief Finance Officer and Secretary to the Integration Joint Board posts' duties are covered by each post holder's substantive posts in Scottish Borders Council and NHS Borders respectively. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

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

Two officers held the post of Chief Officer during 2017/18. The duration of their undertaking is summarised below:

Total 2016/17 £	Name	Employing Organisation	Salary £	Fees and Allowances £
26,899 (FYE £80,697)	Mrs Elaine Torrance (01 April 2017 to 17 September 2017)	Scottish Borders Council	45,781 (FYE £99,886)	580
-	Mr Rob McCulloch-Graham (09 October 17 to 31 March 2018)	Scottish Borders Council	49,920 (FYE £105,322)	Nil
26,899	Total		95,701	588

The Chief Financial Officer role was undertaken from 1/4/2017 to 30/9/2017 by Mr Paul McMenamin:

Total 2016/17 £	Name	Employing Organisation	Salary £	Fees and Allowances £
50,033	Mr Paul McMenemy (01 April 2017 to 30 September 2017)	Scottish Borders Council	25,263 (FYE £50,526)	Nil
The post of Chief Financial Officer has been vacant since 30th September 2017 and appropriate advice has been provided by the Director of Finance of NHS Borders and the Chief Financial Officer of Scottish Borders Council.				
50,033	Total		25,263	Nil

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

Elaine Torrance, employed as Chief Officer from 01 April 2017 to 17 September 2017 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). Rob McCulloch-Graham, employed as Chief Officer from 09 October 2017 to 31 March 2018 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).

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 2018	
	31 March 2017 £	31 March 2018 £	Pension £	Lump Sum £
Chief Officer Mrs Elaine Torrance (01 April 2017 to 17 September 2017) *1	4,842	8,241	44,539	94,175
	Movement from 31 March 2017 =		4,712	8,830
Chief Officer Mr Rob McCulloch-Graham (09 October 2017 to 31 March 2018)*2	Nil	8,986	1,049	0
	Movement from 31 March 2017 =		0	0
Chief Financial Officer Mr Paul McMenemy (01 April 2017 to 30 September 2017)*3	9,006	4,355	22,740	0
	Movement from 31 March 2017 =		2,374	0
Total	13,848	21,582	68,328	94,175
	Total Movement from 31 March 2017 =		7,086	8,830

- *1 Pro-rata for period employed as Chief Officer 01 April 2017 to 17 September 2017
- *2 Pro-rata for period employed as Chief Officer 09 October 2017 to 31 March 2018
- *3 Pro-rata for period employed as Chief Financial Officer 01 April 2017 to 30 September 2017

The regulations require any officer whose remuneration for the year was £50,000 or above, to be disclosed in bandings of £5,000. For the IJB in 2017/18 this is:

Number of Employees in Band 2016/17	Remuneration Band	Number of Employees in Band 2017/18
1	£50,001-£55,000	0
1	£55,001-£60,000	0
0	£60,000-£65,000	0

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

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

xx September 2018

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 xx September 2018.

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

Dr Stephen Mather
Chair

Chief Financial Officer

The Chief Financial Officer is seconded at no cost to the IJB from one or other partner organisation. Currently, this post is unfilled with the Chief Financial Officer of Scottish Borders Council covering the role in addition to his substantive role.

The Chief Finance Officer 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 Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- kept adequate proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Scottish Borders Health and Social Care Partnership Integration Joint Board as at 31 March 2018 and the transactions of the Joint Board for the year then ended.

David Robertson CPFA
Chief Financial Officer

Annual Governance Statement 2017/18

Introduction

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

Scope of Responsibility

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

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

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

The Governance Framework and Internal Control System

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

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

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the revised Framework in existence during 2017/18 included:

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

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the approved Scheme of Integration, Constitution and Standing Orders to make sure that public business is conducted with fairness and integrity. The Board has a standalone Terms of Reference setting out its remit.

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

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

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

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

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

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

B. Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

The vision, strategic objectives and outcomes are reflected in the Scottish Borders Health & Social Care Partnership’s Strategic Plan 2016-2019 and the associated Commissioning and Implementation Plan which are being / have been updated respectively to reflect on-going assessment of need. Planning is underpinned by the Locality Plans.

Implications are considered during the decision making process covering Policy/Strategy, Consultation, Risk Assessment, Compliance with requirements on Equality and Diversity, and Resource/Staffing

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

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

The Scottish Borders Health & Social Care Partnership’s Strategic Plan 2016-2019 is based on consultation. The Strategic Plan is currently being updated.

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

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

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

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

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

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

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

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

The IJB Chief Financial Officer is responsible for the proper administration of all aspects of the Partnership's financial affairs including ensuring appropriate advice is given to the Board on all financial matters. The IJB CFO post has been vacant for much of the year with the role being supported by Scottish Borders Council's Chief Financial Officer and the NHS Borders' Director of Finance. The former has been authorised to sign the 2017/18 accounts.

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

Revenue Budget Monitoring reports are presented to the Board at each meeting for monitoring and control purposes including the annual outturn. Financial reporting for the partnership requires the application of appropriate financial regulations, codes of financial practice, and reporting standards.

The IJB also relies upon the partners for:

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

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

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

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

An Annual Performance Report for 2017/18 is being prepared to outline progress against strategic objectives in year 2.

The Annual Accounts and Report for 2017/18 setting out the financial position in accordance with relevant accounting regulations is also being prepared.

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 and recommendations 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.

The results of the review will be reported to the IJB Audit Committee whose role includes high level oversight of the IJB's governance, risk management, and internal control arrangements.

Improvement Areas of Governance

The collective 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. Action required is summarised under the following themes:

Regulation of the Board and scrutiny arrangements

- 1 Consider an assessment of the skills required by Board members to effectively perform their role with personalised learning and development to advance their individual skills set as required.
- 2 Introduce an appraisal process in order to review the performance of the statutory officers and of individual Board members.
- 3 Development of a formal scheme of delegation and reserve powers within the constitution, including a formal schedule on those matters specifically reserved for collective decision of the Board, taking account of relevant legislation.
- 4 Continue to promote a culture that fully endorses and accepts challenge among partners.

Decision making

- 5 Formalise arrangements for access to specialist legal advice that might be required, through the partners' legal services and their support service arrangements.
- 6 Review the decision making process to ensure that in future reports upon which decisions are to be made include a comprehensive analysis of risk. The implications of the decision along with possible alternative actions are clearly and consistently set out and evidenced. When documenting the decision the criteria and rationale used in taking the decision is explained.

Engagement and Implementation

- 7 Revise and complete the Commissioning and Implementation Plan ensuring that it represents a sufficiently detailed approach to service redesign to bring about intended impact or changes including quality of service and value for money.

- 8 Decision on when consultation on service reconfiguration should take place going forward and reflection of the decision as policy in the Communications and Engagement Plan.
- 9 Commencement of commissioning to bring about required service redesign and intended outcomes through either disinvestment or targeted reinvestment.

Monitoring progress, performance and risk

- 10 Ensure the strategic risk register is finalised.
- 11 Fully embed risk management into the culture of the IJB and fully consider risk in the decision making process.
- 12 Continue to fully develop and then embed a Performance Management Framework which:
 - Establishes, through the development of relevant KPIs, an effective mechanism for monitoring performance and quality of all services including value for money in redesigned services within scope of health and social care integration;
 - assists in objectively challenging progress made with integrating service delivery in terms of activities, outputs and planned outcomes; and
 - performance monitoring reports are regularly presented to the Board.

Financial and resource planning

- 13 Definition of sustainable outcomes and available resources recognising the significant risk to outcomes posed by the cost of current models of delivery on financial sustainability.
- 14 Development of a medium term financial strategy as proposed in February 2017 along with the development of medium and long term resource plans.
- 15 Appointment to the vacant IJB Chief Financial Officer post.

The implementation of these actions to enhance the governance arrangements in 2018/19 will be driven and monitored by the IJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2018/19 is designed to test improvements and compliance; delivery of the transformation programme; and performance management framework

Conclusion and Opinion on Assurance

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

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

Independent Auditor's Report

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

t.b.c.

Gillian Woolman MA FCA CPFA

Assistant Director

Audit Scotland
102 West Port
Edinburgh
EH3 9DN

xx September 2018

Statement of Accounts

Comprehensive Income and Expenditure Statement (CIES) for the Year Ended 31 March 2018

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 2017/18, there are no statutory adjustments.

Gross Expenditure 2016/17	Income 2016/17	Net Expenditure 2016/17		Gross Expenditure 2017/18	Income 2017/18	Net Expenditure 2017/18	Note
£'000	£'000	£'000		£'000	£'000	£'000	
97,322	0	97,322	Health Services Delegated	96,247	0	96,247	4,7
47,453	0	47,453	Social Care Services Delegated	54,475	0	54,475	
20,864	0	20,864	Health Services Retained and Set-Aside by NHS Borders	24,418	0	24,418	
127	0	127	Corporate Services	150	0	150	
165,766	0	165,766	Cost of Services	175,290	0	175,290	
0	(165,766)	(165,766)	Taxation and Non-Specific Grant Income	0	(175,290)	(175,290)	5
165,766	(165,766)	0	Surplus or (Deficit) on Provision of Services	175,290	(175,290)	0	
165,766 Total Comprehensive Income and Expenditure						0	

The Integration Joint Board was established on 06 February 2016. Whilst a legal entity from that date, integrated delivery of health and social care services commenced on 01 April 2016. 2017/18 therefore was the second fully operational financial year for the IJB and the figures stated in the Comprehensive Income and Expenditure Statement reflect the first two full financial years.

Movement in Reserves Statement

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

The Comprehensive Income and Expenditure Statement reports no net surplus or deficit on the provision of services at 31 March 2018. 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 2018.

Following these positions therefore, no net movement in reserves has been calculated for 2017/18.

	General Fund Balance £'000	Useable Reserves: Employee Statutory Adjustment Account £'000	Total Reserves £'000
Opening Balance at 31 March 2017	0	0	0
Adjustments between accounting basis and funding under regulations	0	0	0
Closing Balance at 31 March 2017	0	0	0
Increase or Decrease during 2016/17	0	0	0

Balance Sheet at 31 March 2018

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB. At 31 March 2018, these remain nil.

31 March 2017 £'000			31 March 2018 £'000		Note
6,694		Short-Term Debtors	11,694		6
	6,694	Current Assets		11,694	
(6,694)		Short-Term Creditors	(11,694)		6
	(6,694)	Current Liabilities		(11,694)	
0		Provisions	0		
	0	Long-Term Liabilities		0	
	0	Net Assets		0	
	0	Useable Reserve: General Fund		0	
	0	Useable Reserve: Employee Statutory Adjustment Account		0	
	0	Total Reserves		0	

The unaudited accounts were issued on 30 June 2018 and the audited accounts were authorised for issue on xx September 2018.

David Robertson CPFA
Chief Financial Officer

xx September 2018

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

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

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

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

1.2 Accruals of Income and Expenditure

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

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

1.3 Funding

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

1.4 Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to / from each funding partner, as at 31 March, is represented as a debtor or creditor on the IJB's Balance Sheet.

1.5 Employee Benefits

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

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

1.6 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

No provisions or contingent liabilities or assets have been made at 31 March 2018.

1.7 Reserves

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

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

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

1.8 VAT

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

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

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

HMRC has issued a final view that the secondment of the Chief Officer is outside the scope of VAT as the provision of a Chief Officer by and HB and/or LA to the IJB is done under a

special legal regime. Therefore the LA/HB should not be charging VAT to the other party on this supply as it outside the scope of VAT.

2 – Events after the Reporting Period

2.1 Events after the Reporting Period / Balance Sheet Date

The unaudited Annual Accounts were authorised for issue by the Chief Financial Officer on 30 June 2018. 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 2018, 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 2018.

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.

2016/17				2017/18		
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
18,951	0	18,951	Joint Learning Disability Service	20,025	0	20,025
16,084	0	16,084	Joint Mental Health Service	15,597	0	15,597
738	0	738	Joint Alcohol and Drug Service	767	0	767
20,979	0	20,979	Older People Service	19,298	0	19,298
3,343	0	3,343	Physical Disability Service	3,535	0	3,535
82,959	0	82,959	Generic Services	89,396	0	89,396
397	0	397	Older Peoples Change Fund	23	0	23
1,324	0	1,324	Integrated Care Fund	2,081	0	2,081
20,864	0	20,864	Health Services Retained and Set-Aside by NHS Borders	24,418	0	24,418
127	0	127	Corporate Services	150	0	150
165,766	0	165,766	Cost of Services	175,290	0	175,290
(165,766)	0	(165,766)	Other Income and Expenditure	(175,290)	0	(175,290)
0	0	0	(Surplus) or Deficit on Provision of Services	0	0	0
		0				0
		0	Opening General Fund Balance			0
		0	Surplus or (Deficit) in the Year			0
		0	Closing General Fund Balance			0

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 2018.

4 – Expenditure and Income Analysis by Nature

4.1 Expenditure and Income Analysis by Nature

2016/17 £'000		2017/18 £'000
118,186	Services commissioned from NHS Borders	120,665
47,453	Services commissioned from Scottish Borders Council	54,475
110	Employee Benefits Expenditure	126
17	Auditor Fee: External Audit	24
(165,766)	Partners' Funding Contributions	(175,290)
0	Cost of Services	(0)

The Fee charged by the Independent Auditor for 2017/18 was £24,000.

5 – Taxation and Non-Specific Grant Income

5.1 Taxation and Non-Specific Grant Income

2016/17 £'000		2017/18 £'000
(123,529)	Funding Contribution from NHS Borders	(125,250)
(42,237)	Funding Contribution from Scottish Borders Council	(50,040)
(165,766)	Taxation and Non-Specific Grant Income	(175,290)

The funding contribution from the NHS Board shown above includes £24.418m 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 2017 and any payments made in respect of delegated functions in advance of the 2017/18 financial year:

31 March 2017 £'000		31 March 2018 £'000
676	Funding NHS Borders	1,432
6,018	Funding Scottish Borders Council	10,262
0	Funding Non-Public Sector	0
6,694	Debtors	11,694

6.2 Creditors

The IJB's Creditors include payments due by the partnership not yet made by the 31 March 2017 and any income it has received in advance of the 2017/18 financial year:

31 March 2017 £'000		31 March 2018 £'000
(676)	Funding NHS Borders	(1,432)
(6,018)	Funding Scottish Borders Council	(10,262)
0	Funding Non-Public Sector	0
(6,694)	Creditors	(11,694)

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

2016/17 £'000		2017/18 £'000
(123,529)	Funding Contributions	(125,250)
0	Service Income	0
118,187	Expenditure on Services Provided	120,665
75	Key Management Personnel	0
9	Support Services	12
(5,258)	Net Transactions with NHS Borders	(4,573)

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include only the Chief Officer (01 April 2016 to 11 December 2016). Details of the remuneration for some specific post-holders are provided in the Remuneration Report.

31 March 2017 £'000		31 March 2018 £'000
676	Debtors: Amounts Due from NHS Borders	1,432
(676)	Creditors: Amounts Due to NHS Borders	(1,432)
0	Net Balance with NHS Borders	0

Scottish Borders Council

2016/17 £'000		2017/18 £'000
(42,237)	Funding Contributions	(50,040)
0	Service Income	0
47,453	Expenditure on Services Provided	54,475
35	Key Management Personnel	126
9	Support Services	12
5,260	Net Transactions with Scottish Borders Council	4,573

Key Management Personnel: The senior officers employed by the Local Authority and recharged to the IJB include only the Chief Officer (01 December 2016 to 31 March 2017). Details of the remuneration for some specific post-holders are provided in the Remuneration Report.

31 March 2017 £'000		31 March 2018 £'000
6,018	Debtors: Amounts Due from Scottish Borders Council	10,262
(6,018)	Creditors: Amounts Due to Scottish Borders Council	(10,262)
0 Net Balance with Scottish Borders Council		0

8 – Other Notes to the Accounts

8.1 Provisions: No provisions have been made at the 31 March 2018.

8.2 Useable Reserve: General Fund: The IJB does not hold a balance on its General Fund Reserve at 31 March 2018. 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 2018. 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.