



Scottish Borders Integration Joint Board

ANNUAL ACCOUNTS 2018/19

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

(Audited)

Table of Contents

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

Management Commentary

Purpose

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

The Scottish Borders

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

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

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

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

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

Role and Remit of the Integration Joint Board

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

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

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

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

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

Strategic Plan

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

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

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

The refreshed strategic objectives are:-

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

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

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

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

Operations of the IJB

[Annual Performance Report 2018/19](#)

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

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

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

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

Performance against Strategic Objectives 2018/19

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

STRATEGIC OBJECTIVE 1:

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

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

Key Achievements:

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

STRATEGIC OBJECTIVE 2:

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

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

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

Specific changes within the Discharge Programme includes the following:

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

STRATEGIC OBJECTIVE 3:

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

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

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

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

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

Key Partnership Decisions 2018/19

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

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

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

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

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

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

Locality Planning

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

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

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

Governance

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

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

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

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

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

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

Financial Position at 31 March 2019

Delegated Budget

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

The reported position across delegated functions is summarised below:

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

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

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

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

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

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

Large Hospital Budget Retained and Set-Aside

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

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

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

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

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

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

Other Resources

Social Care Funding

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

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

Integrated Care Fund

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

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

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

Former Older People's Change Fund

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

Financial Outlook

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

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

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

Risk, Uncertainty and Change

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

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

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

Annual Accounts

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

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

Michael Porteous CPFA
Chief Financial Officer

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

14 August 2019

Remuneration Report

Introduction

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

Remuneration

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

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

Remuneration of Integration Joint Board Members

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

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

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

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

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

Remuneration of Senior Employees

The term 'Senior Employee' means:

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

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

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

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

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

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

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

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

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

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

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

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis, there is no pensions liability reflected on the IJB Balance Sheet for the Chief Officer or any other officers. The IJB however has the responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB.

The following table shows the IJB's funding during the year to support officers' pension benefits and the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions:

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

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

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

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

Dr Stephen Mather
Chair

Rob McCulloch-Graham
Chief Officer

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

14 August 2019

Statement of Responsibilities

Integration Joint Board

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

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Joint Board, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- Approve the Annual Accounts.

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

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

Dr Stephen Mather
Chair

14 August 2019

Chief Financial Officer

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

The CFO is responsible for the preparation of the IJB's Annual Accounts in accordance with the proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the CFO is responsible for:

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

The CFO is also required to:

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

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

Michael Porteous CPFA
Chief Financial Officer

14 August 2019

Annual Governance Statement 2018/19

Introduction

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

Scope of Responsibility

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

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

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

The Governance Framework and Internal Control System

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

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

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

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

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

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

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

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

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

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

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

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

B. Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The IJB also relies upon the partners for:

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

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

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

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

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

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

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

Review of Adequacy and Effectiveness

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

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

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

Improvement Areas of Governance

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

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

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

Conclusion and Opinion on Assurance

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

Dr Stephen Mather
Chair

14 August 2019

Rob McCulloch-Graham
Chief Officer

14 August 2019

Independent Auditor's Report

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

Report on the audit of the financial statements

Opinion on financial statements

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

In my opinion the accompanying financial statements:

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

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Gillian Woolman MA FCA CPFA

Audit Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

August 2019

Statement of Accounts

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

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

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

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

Movement in Reserves Statement

The IJB does not at this time have Reserves.

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

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

Balance Sheet at 31 March 2019

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB. At 31 March 2019, these remain nil.

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

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

Michael Porteous CPFA
Chief Financial Officer

14 August 2019

Notes to the Annual Accounts

1 – Significant Accounting Policies

1.1 General Principles

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

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

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

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

1.2 Accruals of Income and Expenditure

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

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

1.3 Funding

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

1.4 Cash and Cash Equivalents

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

1.5 Employee Benefits

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

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

1.6 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

1.7 Reserves

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

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

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

1.8 VAT

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

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

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

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

2 – Events after the Reporting Period

2.1 Events after the Reporting Period / Balance Sheet Date

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

3 – Expenditure and Funding Analysis

3.1 Expenditure and Funding Analysis

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

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

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

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

4 – Expenditure and Income Analysis by Nature

4.1 Expenditure and Income Analysis by Nature

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

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

5 – Taxation and Non-Specific Grant Income

5.1 Taxation and Non-Specific Grant Income

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

The funding contribution from the NHS Board shown above includes £25.125m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

6 – Debtors and Creditors

6.1 Debtors

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

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

6.2 Creditors

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

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

7 – Related Party Transactions

7.1 Related Party Transactions

The IJB has related party relationships with NHS Borders and Scottish Borders Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

NHS Borders

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

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

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

Scottish Borders Council

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

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

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

8 – Other Notes to the Accounts

8.1 Provisions:

No provisions have been made at the 31 March 2019.

8.2 Useable Reserve: General Fund:

The IJB does not hold a balance on its General Fund Reserve at 31 March 2019. The IJB has an approved Reserves Policy which enables it over time to earmark or build up funds which are to be used for specific purposes in the future such as known or predicted future expenditure needs. This supports strategic financial management. The Policy can also enable a contingency fund to be established in order to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

8.3 Unusable Reserve: Employee Statutory Adjustment Account:

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

8.4 Agency Income and Expenditure:

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

8.5 Contingent Assets and Contingent Liabilities:

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