



Dundee City
Integration Joint Board
(Commonly known as the Dundee Health and Social Care Partnership)
Annual Accounts 2016/17

CONTENTS

Management Commentary.....	3
Statement of Responsibilities.....	10
Remuneration Report.....	12
Annual Governance Statement.....	15
Comprehensive Income and Expenditure Statement.....	20
Movement in Reserves Statement.....	21
Balance Sheet.....	22
Notes to the Financial Statements.....	23
1. Significant Accounting Policies.....	23
2. Critical Judgements and Estimation Uncertainty.....	26
3. Events After the Recording Period.....	26
4. Expenditure and Funding Analysis.....	26
5. Expenditure and Income Analysis by Nature.....	27
6. Taxation and Non-Specific Grant Income.....	27
7. Debtors.....	27
8. Creditors.....	28
9. Usable Reserve: General Fund.....	28
10. Related Party Transactions.....	29
11. Value Added Tax (VAT).....	30
12. Agency Income & Expenditure.....	31
13. Provisions.....	31
Independent Auditor's Report.....	32
Glossary.....	35

Management Commentary

Introduction

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. This established the framework for the integration of health and adult social care in Scotland, to be governed by Integration Joint Boards with responsibility for the strategic planning of the functions delegated to it and for ensuring the delivery of its functions through the locally agreed operational arrangements.

Following approval from Dundee City Council and NHS Tayside, the Dundee Integration Scheme, the formal legal partnership agreement between the two parent organisations, was submitted to the Scottish Ministers in August 2015. On 3 October 2015 Scottish Ministers legally established Dundee's Integration Joint Board as a body corporate by virtue of the Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Amendment (No 3) Order 2015.

Dundee City Integration Joint Board formally became responsible for the operational management and oversight of delegated health and social care functions with effect from 1 April 2016.

This publication therefore contains the financial statements for Dundee City Integration Joint Board's first fully operational financial year, the year ended 31 March 2017. The Management Commentary highlights the key activities carried out to date and looks forward, outlining the anticipated financial outlook for the future and the challenges and risks facing Health and Social Care Services over the medium term.

Role and Remit of Dundee City Integration Joint Board

Dundee City Integration Joint Board has responsibility for providing defined health care and social care services for the residents of Dundee encompassing an area of 60 square kilometres and a population of 148,000. Like other parts of Scotland, Dundee is expected to see a significant rise in the number of older people with an increase of 45% in those over 75 anticipated over the next 20 years. Deprivation in Dundee is high with just over 29% of the population living in the 15% most deprived areas of Scotland. Overall Dundee is the third most deprived local authority area in Scotland, with only Glasgow and Inverclyde having higher deprivation. Dundee has the second lowest life expectancy in Scotland, with factors such as prevalence of substance misuse, mental health problems, smoking, and obesity all contributing to the reduced life expectancy. These factors highlight the scale of the challenges Dundee City Integration Joint Board faces over the coming years.

The voting membership of Dundee City Integration Joint Board is drawn from three elected members nominated by the Council and three non-executive members nominated by the Health Board.

The table below notes the membership of Dundee City Integration Joint Board in 2016/17:

<u>Role</u>	<u>Member</u>
Nominated by Health Board	Doug Cross*
Nominated by Health Board	Judith Golden*
Nominated by Health Board	Munwar Hussain*
Councillor Nominated by Dundee City Council	Ken Lynn*
Councillor Nominated by Dundee City Council	Stewart Hunter*
Councillor Nominated by Dundee City Council	David Bowes*
Chief Social Work Officer	Jane Martin (Dundee City Council)
Chief Officer	David W Lynch
Proper Officer Appointed under section 95 (Chief Financial Officer)	Dave Berry
Registered medical practitioner whose name is included in the list of primary medical performers prepared by the Health Board	Frank Weber
Registered nurse who is employed by the Health Board	Sarah Dickie (NHS Tayside) Eileen McKenna (resigned December 2016)
Registered medical practitioner employed by the Health Board and not providing primary medical services	Cesar Rodriguez (NHS Tayside)
Staff of the constituent authorities engaged in the provision of services provided under integration functions	Raymond Marshall (NHS Tayside Staff Side Representative) Jim McFarlane (Dundee City Council Trade Union Representative)
Director of Public Health	Drew Walker (NHS Tayside)
Third Sector Representative	Christine Lowden (Dundee Voluntary Action)
Service user residing in the area of the local authority	Andrew Jack (Public Partner, NHS Tayside)
Persons providing unpaid care in the area of the local authority	Martyn Sloan (Carer, Dundee Carers Centre)

* Denotes Voting Member

The Chair of Dundee City Integration Joint Board rotated from October 2016 in line with the terms of the Integration Scheme with Councillor Ken Lynn and Doug Cross changing positions to become Chair and Vice Chair respectively. Dundee City Integration Joint Board is supported through the appointment of the Chief Officer and the Chief Finance Officer who alongside the Head of Health and Community Care and Head of Strategy and Performance, provide the strategic leadership and management of delegated operational services.

Following the local government elections held in May 2017, Councillors Hunter and Bowes have been replaced as Councillors nominated by Dundee City Council by Bailie Helen Wright and Roisin Smith

Operations for the Year

Following the foundations set throughout the 2015/16 shadow year, Dundee City Integration Joint Board (commonly known as Dundee Health and Social Care Partnership) took over formal responsibility for delivering operational health and social care services with effect from 1 April 2016 and in line with its Strategic and Commissioning Plan. This plan sets out the context in which the integrated services in Dundee operates and is shaped around the Health and Social Care Partnership's vision that "Each Citizen of Dundee will have access to the information and support that they need to live a fulfilled life."

The Strategic & Commissioning Plan focusses on delivering on the following eight strategic priorities: Health Inequalities, Early Intervention/Prevention, Person Centred Care and Support, Carers, Localities & Engaging with Communities, Building Capacity, Models of Support / Pathways of Care and Managing Our Resources Effectively.

During 2016/17, Dundee Health and Social Care Partnership continued to develop its strategic leadership and management structure with its intentions to fully integrate health and social care services strengthened through the appointment of four locality managers, each of whom will become responsible for the planning and oversight of integrated services for two locality areas of Dundee and reporting to the Head of Health and Community Care. These localities are consistent with the eight Community Planning Partnership areas within the city.

The Partnership established a Transformation Programme during the year to support service remodelling in line with its strategic priorities through applying Scottish Government funding to support tests of change, resource the mainstreaming of successful new models of health and social care and to meet the challenges of financial efficiency savings following the establishment of the delegated budget. These tests of change have enabled the Partnership to start the process of shifting the balance of care from hospital based settings such as Royal Victoria Hospital through a redesign of the Medicine for the Elderly Service to a safe model of community based care which is supported and endorsed by professional clinical staff. Additional funding was also directed to meeting the Scottish Government's policy of ensuring all adult social care workers received a living wage of £8.25 per hour with effect from October 2016. In order to sustain and expand these tests of change over the medium term, Dundee City Integration Joint Board set out its plan as part of this Transformation Programme to fully utilise the carry forward of previous years change fund underspends and funding flexibility arrangements, and to responsibly invest in initiatives likely to enhance community capacity and support leading to a planned surplus in change funding at the end of 2016/17.

Dundee City Integration Joint Board established a Performance and Audit Committee during 2016/17 as a Sub Committee of the Integration Joint Board. The role of this committee is to enhance the opportunity to monitor and scrutinise performance of delegated services against delivering the strategic priorities and a range of performance indicators and benchmarking. The remit of this Committee includes the consideration of audit issues and the monitoring of the Integration Joint Board's high level risk register.

During the year the Health and Social Care Partnership continued to develop a range of performance measurement indicators to illustrate the extent to which Dundee City Integration Joint Board's strategic priorities are being achieved. This includes a range of indicators which require to be submitted to the Scottish Government to measure the performance under integration. The performance dataset is shared with the Performance and Audit Committee, the Integration Joint Board and is available for scrutiny from other stakeholders including Dundee City Council and NHS Tayside. Given 2016/17 was the first operational year for the Integration Joint Board, much of the performance information sets the benchmark data to measure the impact of Integration Joint Board decisions in future years.

The financial environment in which Dundee City Integration Joint Board operates continues to be challenging with significant efficiency savings passed through by Dundee City Council and NHS Tayside to the Integration Joint Board as part of the establishment of the initial delegated budget for 2016/17. This followed a process of due diligence whereby the financial resources to be delegated from both Dundee City Council and NHS Tayside were assessed and scrutinised. As a result of this process, Dundee City Integration Joint Board accepted the delegated budget from Dundee City Council on the recommendation of the Chief Finance Officer that they were transparent, consistent and adequate and adopted the savings plans developed by the Council prior to the start of the financial year. In relation to the NHS delegated budget, the Chief Finance Officer noted that while the proposed delegated budget was transparent and consistent, the level of unidentified savings within the budget and inherent financial pressures within the prescribing budget was a significant risk. The NHS delegated budget was also accepted however the Integration Joint Board immediately invoked the risk sharing agreement outlined in the Integration Scheme whereby NHS Tayside remained responsible for any residual overspend at the financial year end 31st March 2017.

In terms of financial performance during the year, Dundee City Integration Joint Board achieved an overall surplus as planned, primarily through the use of change funds as noted above with a further surplus achieved within resources delegated by Dundee City Council, identified through the revenue monitoring process during the year. Despite the risks highlighted within the budget delegated by NHS Tayside, operational services managed directly by Dundee Health and Social Care Partnership were only marginally overspent. However the impact of the risk sharing arrangement for services hosted and operationally managed by Angus and Perth & Kinross Integration Joint Boards on behalf of Dundee resulted in a net transfer of overspent services to Dundee of £1.394m. The prescribing shortfall, identified at the beginning of the financial year deteriorated further with a resultant overspend of £2.209m at the year end.

Financial Position at the End of March 2017

The impact of the underspend in Council funding and the planned investment profile of change funding has resulted in Dundee City Integration Joint Board establishing reserves of £4.963m at the year ended 31 March 2017. Of this £4.331m is earmarked to sustain tests of change to inform service redesign and to meet demographic pressures with a further £632k of uncommitted general fund usable reserves.

The level of reserves established provides Dundee City Integration Joint Board with some level of resilience to be able to deliver on its strategic priorities within an environment of financial pressures. The position at the year ended March 2017 contributes to the ambition in the Integration Joint Board's reserves policy to hold a level of reserve equating to 2% of the Integration Joint Board's net expenditure.

Key Risks and Uncertainties

Dundee City Integration Joint Board's High Level Risk Register highlights the range of risks the Integration Joint Board faces in delivering its strategic priorities. The highest risk area is around funding reflecting the significant financial pressures being faced by the Council and Health Board and the wider public finance environment. Indeed, the impact of the 2017/18 budget setting process has resulted in a further savings target for Dundee City Integration Joint Board of £5.655m with an additional budget shortfall projected in relation to prescribing of around £1.1m. Dundee City Integration Joint Board's Transformation Programme includes efficiency initiatives to deliver the full value of these savings however there is a medium to high risk that some of these will not be delivered to the value and timescales anticipated.

The Integration Scheme sets out the risk sharing agreement between the Integration Joint Board, Council and Health Board when an overspend is projected or incurred within the delegated budget. This changes after the first two years of operation whereby the overspend becomes split on a proportionate basis to the Council and Health Board, following recovery action taken by the Integration Joint Board. Currently, any overspends are met from the host organisation therefore this shift could result in either organisation incurring an additional charge for services they do not directly control. The ending of the current arrangement will put the Integration Joint Board under further pressure to deliver a balanced budget.

Strategy & Business Model

Given 2016/17 represents the first year of Dundee City Integration Joint Board being fully operational, the aims and ambitions set out in the Strategic & Commissioning Plan remain unchanged with the focus very much on early intervention and prevention and shifting the balance of care to community based integrated health and social care settings. Achievement against the priorities set out in the plan will continue to be driven and monitored by the Integrated Strategic Planning Group (established as required by legislation to oversee the development and implementation of the Strategic & Commissioning Plan) with the Performance and Audit Committee providing a further level of scrutiny. The financial plan to support the Strategic & Commissioning Plan contained accurate assumptions about the potential level of delegated resources over the short term therefore is not materially affected at this stage.

The developing fully integrated management and operational services structure will support the ambitions of the Strategic & Commissioning Plan and the Scottish Government's intentions to see a more joined up, effective use of health and social resources. Indeed, Dundee City Integration Joint Board has begun to influence the planning and delivery of various acute sector specialties identified as the Large Hospital Set Aside (a range of functions set out within legislation for which the Integration Joint Board has strategic planning responsibility for) through the budget setting process, further strengthening the shift from hospital to community based care.

Analysis of Financial Statements

The Annual Accounts report the financial performance of Dundee City Integration Joint Board. Its main purpose is to demonstrate the stewardship of the public funds which have been entrusted to the Integration Joint Board for the delivery of its vision and its core objectives. The requirements governing the format and content of local authorities' annual accounts are contained in The Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The 2016/17 Accounts have been prepared in accordance with this Code.

Integration Joint Boards need to account for their spending and income in a way which complies with our legislative responsibilities and supplementary Local Authority (Scotland) Accounts Advisory Committee (LASAAC) guidance. On 1 April 2016, Dundee City Integration Joint Board

was formally established and given the Integration Joint Board was non-operational in 2015/16, comparisons with previous years are of limited value.

The 2016/17 Annual Accounts comprise:-

- a) Comprehensive Income and Expenditure Statement – This statement shows that Dundee City Integration Joint Board made an overall surplus of £4.963m in 2016/17 on the total income of £263.784m. This overall underspend (1.9% of 2016/17 income) will be carried forward into 2017/18 through the Integration Joint Board's reserves.
- b) Against Social Care budgets, an underlying underspend of £1.032m was reported with a further £3.931m of underspend in Integration funding flowing through from NHS Tayside in 2016/17 to support future years commitments. These monies were required to flow through the Dundee City Integration Joint Board's Income & Expenditure account. The Integration Scheme sets out that underspends will be retained by Dundee City Integration Joint Board as reserves following agreement with the Partners.
- c) Against health budgets an underlying overspend of £3.462m was reported. This consisted of an overspend of £2.209m in prescribing, £1.394m net effect of charges for hosted services, with an underspend of £141k on services directly managed by the Integration Joint Board. However in line with the risk sharing agreement agreed with NHS Tayside and Dundee City Council for the first two years of Dundee City Integration Joint Board, NHS Tayside devolved further non-recurring budget to the Integration Joint Board to balance income with expenditure.
- d) Movement in Reserves – Dundee City Integration Joint Board has year-end reserves of £4.963m. These are held in line with the Integration Joint Board's reserves policy.
- e) Balance Sheet – In terms of routine business Dundee City Integration Joint Board does not hold non-current assets, however the reserves noted above are reflected in the year-end balance sheet.
- f) Notes - Comprising a summary of significant accounting policies, analysis of significant figures within the Annual Accounts and other explanatory information.

The Annual Accounts for 2016/17 do not include a Cash Flow Statement as Dundee City Integration Joint Board does not hold any cash or cash equivalents.

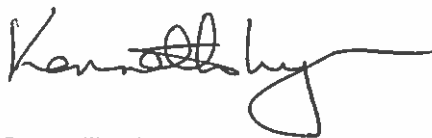
Conclusion

We are pleased to present the annual accounts for the year ended 31 March 2017 for Dundee City Integration Joint Board as the first full operational year of the Integration Joint Board. The accounts show that Dundee City Integration Joint Board has delivered its operational services in line with financial expectations set out during the year through the financial monitoring process and has established a level of reserves to support its remodelling activities over the short term.

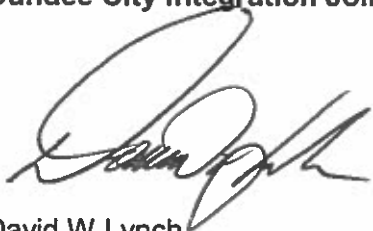
Going forward, Dundee Integration Joint Board has a significant financial challenge ahead to deliver the Strategic & Commissioning Plan in a climate of growing demand and limited resources. In order to achieve this we must ensure this resource is used effectively, identifying, testing and implementing innovative ways to deliver more personalised and well co-ordinated services, building the resilience of people and their communities and reducing unnecessary hospital admissions and delayed discharges from hospital. This will require the confidence of professionals and the public, to further shift resources from intensive, high cost services to a focus on more preventative service provision to ensure best value for public funds.

Signed:

13 September 2017



Councillor Ken Lynn
Chair
Dundee City Integration Joint Board



David W Lynch
Chief Officer
Dundee City Integration Joint Board



Dave Berry CPFA
Chief Finance Officer
Dundee City Integration Joint Board

Statement of Responsibilities

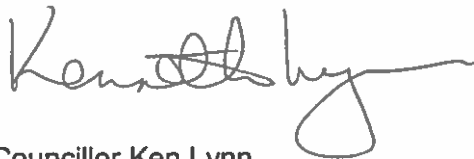
Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature at a meeting of the Performance and Audit Committee on 12 September 2017.

Signed on behalf of the Dundee City Integration Joint Board



Councillor Ken Lynn
Chair
Dundee City Integration Joint Board

13 September 2017

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of Dundee City Integration Joint Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice").

In preparing the Annual Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Dundee City Integration Joint Board as at 31 March 2017 and the transactions for the year then ended.



**Dave Berry CPFA
Chief Finance Officer
Dundee City Integration Joint Board**

13 September 2017

Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified Integration Joint Board members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

Remuneration: Integration Joint Board Chair and Vice Chair

The voting members of Dundee City Integration Joint Board are appointed through nomination by Dundee City Council and Tayside NHS Board. Nomination of the Integration Joint Board Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

Dundee City Integration Joint Board does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the Integration Joint Board. The Chair and Vice Chair are remunerated by their relevant Integration Joint Board partner organisation. Dundee City Integration Joint Board does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. No taxable expenses were paid to the Chair or Vice Chair of the Integration Joint Board in 2016/17.

Dundee City Integration Joint Board does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting Integration Joint Board members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

Remuneration: Officers of Dundee City Integration Joint Board

Dundee City Integration Joint Board does not directly employ any staff in its own right, however specific post-holding officers are non-voting members of the Board.

Senior Employees

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the Integration Joint Board has to be appointed and the employing partner has to formally second the officer to the Integration Joint Board. 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 Integration Joint Board. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below. The Chief Officer and Chief Finance Officer are both employed by Dundee City Council.

Total 2015/16 £	Post	Senior Employees	Salary, Fees & Allowances 2016/17 £
46,158 (FYE- 92,316)	Chief Officer	David Lynch	96,040
32,200 (FYE- 64,400)	Chief Finance Officer	Dave Berry	67,023
78,358 (FYE – 156,716)		Total	163,063

FYE = Full Year Equivalent

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 Integration Joint Board balance sheet for the Chief Officer or any other officers.

Dundee City Integration Joint Board however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the Integration Joint Board. The following table shows the Integration Joint Board's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/16 £	For Year to 31/03/17 £		Difference from 31/03/16 £000	As at 31/03/17 £000
D Lynch	7,847 (FYE 15,694)	16,327	Pension	2	36
Chief Officer			Lump sum	4	99
D Berry	5,474 (FYE 10,948	11,394	Pension	2	23
Chief Finance Officer			Lump sum	1	42
Total	13,321 (FYE 26,642)	27,721	Pension	4	59
			Lump Sum	5	141

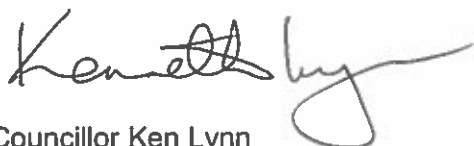
Disclosure by Pay Bands

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

Number of Employees in Band 2015/16	Remuneration Band	Number of Employees in Band 2016/17
0	£65,000 - £69,999	1
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
0	£80,000 - £84,999	0
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
0	£95,000 - £99,999	1
0	Total	2

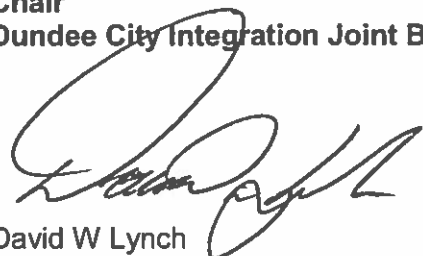
Exit Packages

There were no exit packages payable during the financial year.



**Councillor Ken Lynn
Chair
Dundee City Integration Joint Board**

13 September 2017



**David W Lynch
Chief Officer
Dundee City Integration Joint Board**

13 September 2017

Annual Governance Statement

Introduction

The Annual Governance Statement explains Dundee City Integration Joint Board's governance arrangements and reports on the effectiveness of the Integration Joint Board's system of internal control.

Scope of Responsibility

Dundee City Integration Joint Board 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 Integration Joint Board 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 Integration Joint Board's policies, aims and objectives. Reliance is also placed on the NHS Tayside and Dundee City Council 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 Integration Joint Board.

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

The Governance Framework and Internal Control System

Dundee City Integration Joint Board comprises six voting members, three nominated by Dundee City Council and three nominated by Tayside NHS Board, as well as non-voting members including a Chief Officer and Chief Finance Officer appointed by the Integration Joint Board. Throughout 2016/17, the Integration Joint Board continued to develop and enhance its governance arrangements as it became responsible for the strategic planning and operational delivery of delegated health and social care services. This included progressing areas highlighted as developments in the 2015/16 Annual Governance Statement.

The main features of the governance framework in existence during 2016/17 were:

- The Integration Scheme as the overarching agreement as to how the planning for and delivery of delegated health and social care services is to be achieved, including a range of governance arrangements remained unchanged during 2016/17.
- The senior leadership team consisting of the Chief Officer, Chief Finance Officer and Head of Health and Community Care was enhanced by the appointment of a Head of Strategy and Performance and four Locality Managers. The Chief Finance Officer has overall responsibility for the Integration Joint Board's financial arrangements and is professionally qualified and suitably experienced to lead the Integration Joint Board's finance function and to direct staff accordingly.
- Standing Orders, Financial Regulations and a Code of Conduct including the publication of Register of Member's Interests and the nomination of the Clerk to the Integration Joint Board as Standards Officer were all in place during 2016/17.
- A Performance and Audit Committee was established in August 2016 as a Sub Committee of Dundee City Integration Joint Board to enhance its audit, scrutiny and performance monitoring arrangements in line with regulations and good practice governance standards in the public sector. The first meeting took place in January 2017 and met again in March 2017 with at least three meetings to be held each financial year.

- Internal Audit arrangements for 2016/17 were approved including the appointment of the Chief Internal Auditor of FTF Internal Audit and Management Services to the role of Chief Internal Auditor of the Integration Joint Board supported by Dundee City Council's Internal Audit Service. An Internal Audit Plan for 2016/17 was approved drawing on resources from both organisations.
- A framework for Clinical, Care and Professional Governance continued to evolve through the leadership of the Dundee Health and Social Care Clinical, Care and Professional Governance Forum (R2) chaired by the Clinical Director.
- The Chief Finance Officer complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2016/17 this included the following:

- The governance arrangements between Dundee City Integration Joint Board, Dundee City Council and NHS Tayside were consolidated into a single document (Report DIJB21-2016) on 4 May 2016.
- A Risk Management Policy and Strategy and a High Level Risk Register for the Integration Joint Board with regular review were developed and approved.
- An Equalities Outcomes and a Mainstreaming Equalities Framework with associated performance measures to meet its obligations under Equalities legislation was adopted by the Integration Joint Board.
- The level of assurance provided by the Chief Internal Auditor as part of the 2015/16 Internal Audit Review in that Dundee City Integration Joint Board had adequate and effective controls in place proportionate to its responsibilities at the time and recommended actions was noted by the Integration Joint Board.
- Dundee City Integration Joint Board noted the Chief Internal Auditor's opinion that the financial assurance / due diligence process followed to assess and agree the initial delegated budgets from NHS Tayside and Dundee City Council was robust and carried out in line with guidance with acknowledgement of the level of collaborative working which took place throughout the process and the recommended actions which followed.
- A new Complaints Procedure for the Integration Joint Board was developed.
- The performance management framework was developed with a range of performance reports published throughout the year, including specific areas such as Discharge Management performance and Measuring Performance Under Integration, initially to the Integration Joint Board and subsequently to the Performance and Audit Committee once established.
- The 2016/17 delegated budget was approved by Dundee City Integration Joint Board, with the risk sharing arrangement with NHS Tayside invoked for specific areas of budget overspends such as prescribing whereby the financial risks of those budgets would remain with NHS Tayside.
- A process of regular reporting of financial performance and monitoring to the Integration Joint Board was in place throughout 2016/17.
- The Integration Joint Board received in-year reporting of progress made in meeting the strategic priorities as set out in the Strategic & Commissioning Plan.
- The Integration Joint Board received in-year reporting on issues relating to Clinical, Care and Professional Governance in line with the overarching strategy adopted for all services within the scope of the three Health and Social Care Partnerships in Tayside: Getting It Right for Everyone – A Clinical, Care and Professional Governance Framework. No major issues were reported.
- The wider financial settlement facing Dundee City Council and NHS Tayside and estimated implications for Dundee City Integration Joint Board in 2017/18 and beyond

were communicated to the Integration Joint Board as part of the Revenue Budget setting process. The Integration Joint Board subsequently approved a Transformation Programme for 2017/18 as part of the budget process.

- A process of ensuring the Performance & Audit Committee has sight of a range of external scrutiny reports relating to delegated services from scrutiny bodies such as the Care Inspectorate and Mental Welfare Commission and supporting subsequent action plans is in place.
- Dundee City Integration Joint Board approved a Reserves Policy in April 2017.
- The Chief Finance Officer complied fully with the five principles of the role of the Chief Financial Officer, as set out in CIPFA guidance.

Continuous Improvement

The following areas for improvement have been identified through the self-assessment process and Annual Internal Audit Report. Progress against these will be monitored by the Performance and Audit Committee during 2017/18:

- Develop the Integration Joint Board's local Code of Governance
- Update the Integration Joint Board's Participation and Engagement Strategy
- Develop and update the Memorandum of Understanding for Hosted Services in partnership with Angus and Perth and Kinross Integration Joint Boards
- Formalise key governance principles and precise responsibilities of the Integration Joint Board, Tayside NHS Board and Dundee City Council in relation to delegated functions
- Review and expand the Integration Joint Board's Risk Register
- Develop Scheme of Further Delegation in relation to delegated services to the Integration Joint Board
- Further strengthen Clinical, Care and Professional Governance frameworks

Dundee City Integration Joint Board complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA). The Head of Internal Audit reports directly to the Performance and Audit Committee with the right of access to the Chief Finance Officer, Chief Officer and Chair of the Performance and Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Performance & Audit Committee.

Review of Adequacy and Effectiveness

Dundee City Integration Joint Board is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor's annual report, and reports from external auditors and other review agencies and inspectorates.

The review of Dundee City Integration Joint Board's governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes a "Self-assessment Checklist" as evidence of review of key areas of the Integration Joint Board's internal control framework. The Senior Management Team has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies' management assurances in

relation to the soundness of their systems of internal control. There were no significant internal control issues identified by the self-assessment review.

Throughout the year, the Performance and Audit Committee has considered a range of issues which cover its core responsibilities in providing the Integration Joint Board with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements. The Chair of the Performance and Audit Committee provides an update to the next available Integration Joint Board meeting on the issues raised and any areas of concern which the Integration Joint Board should be made aware of. Over the course of 2016/17, no such areas of concern were noted by the Chair of the Performance and Audit Committee.

In preparing the Annual Governance Statement, the Integration Joint Board gave consideration to both NHS Tayside and Dundee City Council's Annual Governance Statements. There were no issues arising which require any disclosure in the Integration Joint Board's Governance Statement.

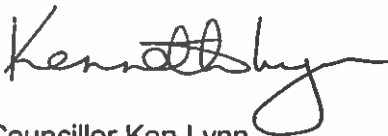
The Chief Internal Auditor has carried out his review of the adequacy and effectiveness of the Integration Joint Board's framework of governance, risk management and control. The findings of this review are reflected in the Annual Internal Audit Report 2016/17 which was reported to the Performance and Audit Committee on 19th July 2017. The Annual Internal Audit Report supports the outcome of the self-assessment process noted above and concludes that reliance can be placed on the Integration Joint Board's governance arrangements and systems of internal controls for 2016/17. The Chief Internal Auditor has noted a number of recommendations for further consideration by management and an action plan to meet these has been developed and is to be submitted to the Performance and Audit Committee for approval at its meeting on 12th September 2017. These actions are noted under the continuous improvement section above and the action plan will be monitored by the Performance and Audit Committee.

Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Dundee City Integration Joint Board's governance arrangements.

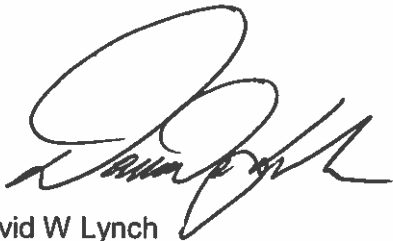
We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the Integration Joint Board's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment.



Councillor Ken Lynn
Chair
Dundee City Integration Joint Board

13 September 2017



David W Lynch
Chief Officer
Dundee City Integration Joint Board

13 September 2017

Comprehensive Income and Expenditure Statement

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 this is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2015/16 Net Expenditure / (Income) £000		2016/17 Net Expenditure / (Income) £000
0	Older People Services	66,987
0	Mental Health	18,593
0	Learning Disability	29,427
0	Physical Disability	7,433
0	Substance Misuse	3,666
0	Community Nurse Services / AHP* / Other Adult	12,009
0	Community Services (Hosted)	10,184
0	Other Services / Support / Management	4,851
0	Prescribing	35,450
0	General Medical Services (FHS**)	24,533
0	FHS – Cash limited & Non Cash Limited	20,048
0	Total of Costs Reported during 2016/17	233,181
107	IJB Operational Costs	229
0	Central Support	4,352
0	Acute Large Hospitals	21,059
107	Total Cost of Services	258,821
(107)	Taxation and Non- Specific Grant Income (Note 6)	(263,784)
0	(Surplus) or Deficit on Provision of Services	(4,963)
0	Total Comprehensive Income & Expenditure	(4,963)

Notes

* AHP – Allied Health Professionals

** FHS – Family Health Services

Dundee City Integration Joint Board was established on 3 October 2015. Integrated delivery of health and care services did not commence until 1 April 2016. Consequently the 2016/17 financial year is the first fully operational financial year for the Integration Joint Board and the figures above reflect this.

Dundee City Integration Joint Board's Comprehensive Income and Expenditure Statement shows the net commissioning expenditure provided to partners to support services. It does not detail income received from service users as this remains the statutory responsibility of the partners.

Movement in Reserves Statement

This statement shows the movement in the year on the Dundee City Integration Joint Board's reserves. There are no material movements which arise due to statutory adjustments which affect the General Fund balance, which are separately identified from the movements due to accounting practices. There is no movement in reserves in 2015/16.

Movements in Reserves During 2016/17	General Fund Balance	Total Reserves
	£000	£000
Opening Balance at 31 March 2016	0	0
Total Comprehensive Income and Expenditure	4,963	4,963
Adjustments between Accounting basis and Funding Basis	0	0
Increase/(Decrease) in 2016/17	4,963	4,963
Closing Balance at 31 March 2017	4,963	4,963

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by Dundee City Integration Joint Board. The net assets of Dundee City Integration Joint Board (assets less liabilities) are matched by the reserves held by Dundee City Integration Joint Board. Reserves are reported in two categories. The first category is usable reserves, i.e. those that Dundee City Integration Joint Board may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category is those that Dundee City Integration Joint Board is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Employee Benefits Reserve). Funding basis under regulations.

31 March 2016 £000		Notes	31 March 2017 £000
54	Short Term Debtors	Note 7	4,975
54	Current Assets		4,975
(54)	Short Term Creditors	Note 8	(12)
(54)	Current Liabilities		(12)
(0)	Net Assets		4,963
0	Usable Reserves	Note 9	4,963
0	Total Reserves		4,963

The unaudited accounts were issued on 27th June 2017 and the audited accounts were authorised for issue on 13th September 2017.



Dave Berry, CPFA
Chief Finance Officer
Dundee City Integration Joint Board

13 September 2017

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarises Dundee City Integration Joint Board's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Dundee City Integration Joint Board was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), and statutory guidance issued under Section 12 of the 2003 Act.

The accounts are prepared on a going concern basis, which assumes that the Dundee City Integration Joint Board will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Accruals of Income and Expenditure

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

- Expenditure is recognised when goods or services are received and their benefits are used by the Dundee City Integration Joint Board.
- Income is recognised when the Dundee City Integration Joint Board 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.

Funding

Dundee City Integration Joint Board is primarily funded through funding contributions from the statutory funding partners, Dundee City Council and NHS Tayside. Expenditure is incurred as the Integration Joint Board commission's specified health and social care services from the funding partners for the benefit of service recipients in the Dundee City Integration Joint Board area.

Cash and Cash Equivalents

Dundee City Integration Joint Board does not operate a bank account or hold cash. Transactions are settled on behalf of Dundee City Integration Joint Board by the funding partners. Consequently Dundee City Integration Joint Board does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March 2017 is represented as a debtor or creditor on Dundee City Integration Joint Board's Balance Sheet.

Employee Benefits

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. motor vehicle) for current employees, are recognised as an expense in the year in which employees render service to Dundee City Integration Joint Board. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement. For 2016/17 the accrual is not considered material.

Dundee City Integration Joint Board does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. Dundee City Integration Joint Board therefore does not present a Pensions Liability on its Balance Sheet. Dundee City Integration Joint Board 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 costs. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken. Charges from funding partners for other staff are treated as administration costs.

Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Dundee City Integration Joint Board's financial position or financial performance. Where a change is made and it is material to the financial statements, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Dundee City Integration Joint Board does not hold non-current assets and therefore is not subject to direct depreciation charges. However Dundee City Integration Joint Board does receive a charge for property for the use assets. These assets enable Dundee City Integration Joint Board to deliver their priorities. Contained within this recharge amongst other costs, is an element of depreciation associated with the assets that help support the Board's activities.

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 2017 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 2017, 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 Dundee City Integration Joint Board'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 2017, whose existence will only be confirmed by later events. A contingent asset is not recognised in Dundee City Integration Joint Board's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

Accounting Standards that have been issued but not adopted

There were no relevant accounting standards that have been issued but are not yet adopted in the 2016/2017 Code of Practice on Local Authority Accounts in the United Kingdom.

Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

Dundee City Integration Joint Board has a Useable Reserve. The balance of the Usable Reserve as at 31 March 2017 shows the extent of resources which the Integration Joint Board can use in later years to support service provision. Dundee City Integration Joint Board has no Unusable Reserve.

VAT

Due to its legal status Dundee City Integration Joint Board is not registered for VAT. As a result VAT payable is included as an expense as it is not recoverable from Her Majesty's Revenue and Customs. In addition where consideration is received by Dundee City Integration Joint Board for services provided income will include the associated VAT.

Indemnity Insurance

Dundee City Integration Joint Board has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Tayside and Dundee City Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. Unlike NHS Boards, Dundee City Integration Joint Board does not have any 'shared risk' exposure from participation in CNORIS. Dundee City Integration Joint Board participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement

into consideration, is provided for in the Dundee City Integration Joint Board's Balance Sheet. The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

2. Critical Judgements and Estimation Uncertainty

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Dundee City Integration Joint Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Annual Accounts are:

There is a continuing high degree of uncertainty about future levels of funding for local government, particularly ahead of the Scottish Government's 2018-2020 Spending Review. However, the Dundee City Integration Joint Board has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the constituent bodies, Dundee City Council and NHS Tayside, might be impaired as a result of a need to close facilities and reduce levels of service provision.

The value of the Hospital Acute Services "set aside" expenditure reported within the total Integration Joint Board expenditure of £21.059m is based on 2014/15 activity levels for hospital inpatient and day case activity as provided by NHS Services Scotland's Information Services Division. This is a transitional arrangement for 2016/17 agreed by the Scottish Government and work is progressing at a national and local level to establish revised processes for calculating and planning the value of this in the future.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Annual Accounts contains estimated figures that are based on assumptions made by the Dundee City Integration Joint Board about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

3. Events after the Reporting Period

There were no events that occurred between 1 April 2017 and 13 September 2017 that would have an impact on the 2016/17 financial statements.

4. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to Dundee City Integration Joint Board for the year has been used in providing services in comparison with those resources consumed or earned by Dundee City Integration Joint Board in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between Dundee City Integration Joint Board's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

In respect of 2016/17 there was no material difference between the Comprehensive Income and Expenditure Statement and the net expenditure chargeable to the Dundee City Integration Joint Board.

5. Expenditure and Income Analysis by Nature

2015/16 (£000)	Description	2016/17 (£000)
0	Services commissioned from NHS Tayside	160,924
0	Services commissioned from Dundee City Council	97,668
102	Other IJB Operating Expenditure	212
6	Auditor Fee : External Audit Work	17
(54)	Partners funding Contributions – NHS Tayside	(179,717)
(54)	Partners Funding Contributions – Dundee City Council	(84,067)
0	Surplus or Deficit on the Provision of Services	(4,963)

6. Taxation and Non-Specific Grant Income

2015/16 (£000)	Description	2016/17 (£000)
53	Funding Contribution from NHS Tayside*	(179,717)
54	Funding Contribution from Dundee City Council	(84,067)
107	Taxation and Non-Specific Grant Income	(263,784)

The funding contribution from the NHS Board shown above includes £21.059m in respect of 'set aside' resources relating to acute hospital and other resources (Large Hospital Set Aside). Dundee City Integration Joint Board has responsibility for the strategic planning of the amount set aside based on the local population's consumption of these resources. NHS Tayside has the responsibility to manage the costs of providing these services. The value of the set aside noted above is based on information provided by the Scottish Governments Information Services Division, extracted from the 2014/15 NHS Scotland Cost Book. The methodology of calculating future values of the Large Hospital Set Aside is being developed nationally.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

7. Debtors

2015/16 (£000)	Description	2016/17 (£000)
54	NHS Bodies :- NHS Tayside	0
0	Other Local Authorities :- Dundee City Council	4,975
54	Total Debtors	4,975

Amounts owed by the funding partners are stated on a net basis. Debtor balances relating to income yet to be received by the funding partners but not yet settled in cash

terms are offset against the funds they are holding on behalf of the Integration Joint Board.

8. Creditors

2015/16 (£000)	Description	2016/17 (£000)
48	Other Local Authorities :- Dundee City Council	0
6	Other Bodies	12
54	Total Creditors	12

Amounts owed are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the Integration Joint Board.

9. Usable Reserve: General Fund

Dundee City Integration Joint Board holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the Integration Joint Board's risk management framework.

2016/17	Balance at 1 April 2016 (£000)	Transfers Out 2016/17 (£000)	Transfers In 2016/2017 (£000)	Balance at 31 March 2017 (£000)
Non Earmarked Reserves – General Fund	0	0	632	632
Non Earmarked Reserves Total	0	0	632	632
Earmarked Reserves – Integration Reserve	0	0	3,931	3,931
Earmarked Reserves – Transformation Reserve	0	0	400	400
Earmarked Reserves – Total	0	0	4,331	4,331
Total – General Fund Balances	0	0	4,963	4,963

Purpose of Earmarked Reserves:-

- a) Integration Reserve - To assist in the integrating of Social Care and Health Service provisions.
- b) Transformation Reserve - To assist in the development of service provisions to meet ongoing and future demand.

10. Related Party Transactions

The Dundee City Integration Joint Board has related party relationships with NHS Tayside and Dundee City Council. In particular the nature of the partnership means that the Dundee City Integration Joint Board may influence or be influenced by, its partners. The following transactions and balances included in Dundee City Integration Joint Board's accounts are presented to provide additional information on the relationships. Dundee City Integration Joint Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence Dundee City Integration Joint Board or to be controlled or influenced by Dundee City Integration Joint Board. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of these transactions allows readers to assess the extent to which the Dundee City Integration Joint Board may have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with Dundee City Integration Joint Board.

Dundee City Integration Joint Board Members

Board members of Dundee City Integration Joint Board have direct control over the Board's financial and operating policies. The Dundee City Integration Joint Board membership is detailed on page 4 of these statements. Board members have the responsibility to adhere to a Code of Conduct, which requires them to declare an interest in matters that directly or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, board members with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties.

Officers

Senior Officers have control over Dundee City Integration Joint Board's financial and operating policies. The total remuneration paid to senior officers is shown in the Remuneration Report. Officers have the responsibility to adhere to a Code of Conduct, which requires them to declare an interest in matters that directly or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms of any relevant parties, officers with declarations of interest did not take part in any discussion or decisions relating to transactions with these parties.

Transactions with NHS Tayside

2015/16 (£000)	Description	2016/17 (£000)
53	Funding Contributions received from the NHS Tayside Board	179,717
0	Net Expenditure on Services Provided by the NHS Tayside Board	(160,924)
53	Net Transactions with NHS Tayside	18,793

Balances with NHS Tayside

2015/16 (£000)	Description	2016/17 (£000)
54	Debtor balances: Amounts due from the NHS Board	0
0	Creditor balances: Amounts due to the NHS Board	0
54	Net Balance with the NHS Board	0

Transactions with Dundee City Council

2015/16 (£000)	Description	2016/17 (£000)
54	Funding Contributions received from Dundee City Council	84,067
0	Net Expenditure on Services Provided by Dundee City Council	(93,316)
0	Support Services from Dundee City Council	(4,352)
54	Net Transactions with Dundee City Council	(13,601)

Balances with Dundee City Council

2015/16 (£000)	Description	2016/17 (£000)
0	Debtor balances: Amounts due from Dundee City Council	4,975
54	Creditor balances: Amounts due to Dundee City Council	0
54	Net Balance with Dundee City Council	4,975

Key Management Personnel: The Non-Voting Board members employed by Dundee City Council and recharged to the Dundee City Integration Joint Board include the Chief Officer and the Chief Finance Officer. Details of the remuneration for some specific post-holders is provided in the Remuneration Report.

11. Value Added Tax (VAT)

Non recoverable VAT is limited to costs incurred directly by Dundee City Integration Joint Board where these costs are outwith any special legal regime. The only incumbent special legal regime relates to the role of the Board's Chief Officer. All costs attributable to the special legal regime are outwith the scope of VAT.

The commissioning of services by Dundee City Integration Joint Board from the constituent bodies are outwith the scope of VAT.

The net expenditure incurred by the two constituted bodies in respect of services commissioned by Dundee City Integration Joint Board is subject to different VAT regimes as defined by Value Added Tax Act 1994.

Dundee City Council is classified as Section 33 body for VAT purposes and can recover VAT on taxable supplies (including zero-rated) in the course of the furtherance of business. In addition a Section 33 body can where appropriate, recover VAT on non-business activities and based on a prescribed limit, recover VAT on exempt business activities. In general terms a Section 33 body can recover VAT on most activities.

Where Dundee City Council is a provider of services commissioned by Dundee City Integration Joint Board the cost of the commissioned services will exclude VAT unless it is determined to be irrecoverable to the Council as a result of its status as a Section 33 body.

NHS Tayside is classified as Section 41 body for VAT purposes. This VAT status makes VAT recovery somewhat more restricted. VAT is only recoverable on a restricted list of activities. Where VAT is paid on activities outwith the prescribed list, VAT is irrecoverable and forms part of the service expenditure. This means that services commissioned by Dundee City Integration Joint Board from NHS Tayside will where appropriate include irrecoverable VAT.

12. Agency Income and Expenditure

On behalf of all Integration Joint Boards within the NHS Tayside area, the Dundee City Integration Joint Board acts as the lead manager for a variety of Community, Older People, Physical Disability, Mental Health and Learning Disability Services. It commissions services on behalf of the other Integration Joint Boards (Perth & Kinross and Angus) and reclaims the costs involved. The payments that are made on behalf of the other Integration Joint Boards, and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the Dundee City Integration Joint Board is not acting as principal in these transactions.

The amount of expenditure and income relating to the agency arrangement is shown below.

2015/16 (£000)	Description	2016/17 (£000)
0	Expenditure on Agency Services	10,928
0	Reimbursement for Agency Services	(10,928)
0	Net Agency Expenditure Excluded from CIES	0

13. Provisions

Dundee City Integration Joint Board has currently made no provisions. This does not prohibit Dundee City Integration Joint Board making provisions in the future and will where necessary consider the needs for a provision based on the merits of the incumbent circumstances at a relevant future point.

Independent Auditor's Report

Independent auditor's report to the members of Dundee City Integration Joint Board and the Accounts Commission

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 approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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 Dundee City Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of Dundee City Integration Joint Board as at 31 March 2017 and of its surplus on the provision of services 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 2016/17 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 am independent of Dundee City Integration Joint 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance 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 Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of Dundee City Integration Joint Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

Other information in the annual accounts

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements 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 in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable 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 auditable 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; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.



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Glossary

While much of the terminology used in this document is intended to be self explanatory, the following additional definitions and interpretation of terms may be of assistance.

Accounting Period

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April.

Asset

An asset is categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non current asset will provide benefit for a period of more than one year. Whilst referred to in these accounts, the Dundee City Integration Joint Board is not allowed to hold non current assets.

Balance Sheet

This represents the overall financial position of the Dundee City Integration Joint Board at the end of the year. All inter-company balances between the Board and its constituent bodies have been eliminated in preparation of the balance sheet.

Comprehensive Income & Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (IFRS).

Constituent Bodies

The Dundee City Integration Joint Board has two constituent bodies which both fund the Board's activities and provide services to the Board. These are NHS Tayside and Dundee City Council.

Creditor

Amounts owed by the Dundee City Integration Joint Board for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the Dundee City Integration Joint Board for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

Events after the Reporting Period

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Should such events occur it may or may not be necessary to adjust the accounts. Guidelines are in place to determine whether an adjustment should be made to the accounts.

Events taking place after the accounts have been authorised are not reflected in the financial statements or notes.

General Fund

The General Fund encompasses all services areas and is funded mainly by the constituent bodies or the Scottish Government.

Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Dundee City Integration Joint Board. These grants may be specific to a particular scheme or may support the revenue spend of the Dundee City Integration Joint Board.

Gross Expenditure

This includes all expenditure attributable to the service and activity including employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges.

Gross Income

This includes grant income and all charges to individuals and organisations for the direct use of the Board's services.

Inventories

Items of raw materials and stock that one or both of the constituents (Dundee City Council /NHS Tayside) has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion. Notably the Dundee City Integration Joint Board can hold inventories albeit this will be limited in nature.

Liability

A liability is where the Dundee City Integration Joint Board owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors. A long term liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Board, analysed into usable reserves (i.e. those that can be applied to fund expenditure) and unusable reserves.

Net Expenditure

This relates to gross expenditure less gross income and is the amount that needs to be funded by the constituent bodies and the Scottish Government.

Notes to the Core Financial Statements

These are intended to give the reader further information which is not separately detailed in the financial statements.

Provision

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates or when they will arise are uncertain.

Related Parties

Entities or individuals that have the potential to control or influence the Dundee City Integration Joint Board, or to be controlled or influenced by the Board.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves can be either usable or unusable. Usable reserves can be used to fund expenditure. Unusable reserves are accounting adjustments which enable a true and fair view to be determined. Unusable reserves cannot be used to fund expenditure. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Board.

Revenue Expenditure

The day-to-day running costs associated with the provision of services.

