AGENDA
A MEETING OF THE INTEGRATION JOINT BOARD WILL BE HELD ON
TUESDAY 24 SEPTEMBER 2019 AT 10.00 AM
IN CONFERENCE ROOMS 2/3, GROUND FLOOR, FIFE HOUSE, GLENROTHES

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INTEGRATION JOINT BOARD - Friday 25 October 2019
at 10.00 am in Conference Rooms 2 & 3, Ground Floor, Fife House, North Street, Glenrothes, Fife, KY7 5LT

IJB DEVELOPMENT SESSION - Wednesday 13 November 2019 at 10.00 am in Conference Rooms 2 & 3, Ground Floor, Fife House, North Street, Glenrothes Fife, KY7 5LT

Members are reminded that, should they have queries on the detail of a report, they should, where possible, contact the report authors in advance of the meeting to seek clarification.

Nicky Connor
Interim Director of Health & Social Care
Rothesay House
Rothesay Place
Glenrothes      KY7 5PQ

If telephoning please ask for Norma Aitken, Head of Corporate Services, 5th Floor Rothesay House. Tel: 03451 555555 Ext 444328 or email Norma.aitken1@nhs.net

Agendas and papers for all committee meetings can be accessed on www.fifedirect.org.uk/committees
AGENDA ITEM NO: 4.1
DATE OF MEETING: 24 September 2019
TITLE OF REPORT: Audited Annual Accounts Report 2018-2019
EXECUTIVE LEAD: Nicky Connor, Director of Health and Social Care

REPORTING OFFICER/CONTACT INFO:
NAME: Audrey Valente
DESIGNATION: Chief Finance Officer
WORKPLACE: Rothesay House, Glenrothes
TEL NO: 03451 55 55 55 ext 444030
EMAIL: Audrey.Valente@fife.gov.uk

### Purpose of the Report

<table>
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<th>Purpose</th>
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<td><strong>REPORT</strong></td>
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The purpose of this report is to provide the Audit and Risk Committee with an overview of the Health and Social Care Partnership 2018/19 Audited Annual Accounts and to present the Annual Audit Report.

| **Background** |              |----------------|-----------------|

The unaudited accounts were presented to the Audit and Risk Committee on 5th July 2019.

The accounts have now been audited and the external auditor has confirmed that the financial statements give a true and fair view, and have been prepared in accordance with International Financial Reporting Standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

| **Assessment** |              |----------------|-----------------|

The key messages of the audit are provided on page 4 of the auditor’s report. The key messages cover the 2018/19 annual accounts; financial management and sustainability; governance and transparency; and value for money. The audit opinions are all unqualified. The audit report presents an action plan and recommendations and a management response is provided for each recommendation.

The Annual Accounts are presented to this Committee to recommend for approval the annual accounts for signature at the IJB on the 24th September 2019.

| **Recommendation** |              |----------------|-----------------|

It is recommended that the Audit and Risk Committee approve the Fife Integration Joint Board 2018/19 annual accounts for signature.

<p>| <strong>Objectives: (must be completed)</strong> |          |              |-----------------|
| Health &amp; Social care Standard(s): | All      |              |-----------------|</p>
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<th>IJB Strategic Objectives:</th>
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<td>Evidence Base:</td>
<td>Financial Ledgers, Performance Reports</td>
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<td>Glossary of Terms:</td>
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<td>Parties / Committees consulted prior to H&amp;SC IJB meeting:</td>
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<tr>
<td>Financial / Value For Money</td>
<td>There are no Financial Value for Money implications for this report.</td>
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<td>Risk / Legal:</td>
<td>There are no Legal implications for this report.</td>
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<tr>
<td>Quality / Customer Care:</td>
<td>There are no Quality/Customer Care implications for this report.</td>
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<tr>
<td>Workforce:</td>
<td>There are no workforce implications to this report.</td>
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<tr>
<td>Equality Impact Assessment:</td>
<td>An EqIA has not been completed and is not necessary as there are no EqIA implications arising directly from this report.</td>
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<tr>
<td>Consultation:</td>
<td>None.</td>
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**Independent Auditor’s Report**  .................................................. Error! Bookmark not defined.
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. It established the framework for the integration of health and social care in Scotland.

The Cabinet Secretary for Health, Wellbeing and Sport approved the Fife Integration Scheme and the Order to establish the integration joint board was laid in the Scottish Parliament. From Saturday 3 October 2015 the integrated joint board for the area of Fife was legally established.

The parties agreed to proceed by way of adopting the body corporate model of integration and established an Integration Joint Board as provided for in Section 1(4)(a) of the Act. The Integration Joint Board is responsible for the planning and operational oversight of Integrated Services, and through the Chief Officer, known as the Director of Health and Social Care, will be responsible for the operational management of those services delegated and managed by the Integration Joint Board. The effective date of commencement for the Integrated Services was 1 April 2016.

Fife is one of the largest Health and Social Care Partnerships in Scotland with a budget of around £529m million and an acute set aside budget of £35m.

Purpose and Objectives

The main purpose of integration is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex. The Integration Scheme is intended to achieve the National Health and Wellbeing Outcomes established by the Scottish Ministers namely:

<table>
<thead>
<tr>
<th>National Health and Wellbeing Outcomes</th>
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<tr>
<td>1. People are able to look after and improve their own health and wellbeing and live in good health for longer.</td>
</tr>
<tr>
<td>2. People, including those with disabilities or long-term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.</td>
</tr>
<tr>
<td>3. People who use health and social care services have positive experiences of those services, and have their dignity respected.</td>
</tr>
<tr>
<td>4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.</td>
</tr>
<tr>
<td>5. Health and social care services contribute to reducing health inequalities.</td>
</tr>
<tr>
<td>6. People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.</td>
</tr>
<tr>
<td>7. People using health and social care services are safe from harm.</td>
</tr>
<tr>
<td>8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.</td>
</tr>
<tr>
<td>9. Resources are used effectively and efficiently in the provision of health and social care services.</td>
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Fife Council and NHS Fife are committed to working jointly and have entered into the agreement to achieve these aims and outcomes. The Integration Joint Board (IJB) is fully responsible for:

- Overseeing the development and preparation of the Strategic Plan for services delegated to it
- Allocating resources in accordance with the Strategic Plan
- Ensuring that the national and local Health and Wellbeing Outcomes are met

Services we are responsible for include:

Services are provided in a way which, so far as possible:

- Is integrated from the point of view of service-users.
- Takes account of the particular needs of service-users in different parts of Fife and takes account of the particular characteristics and circumstances of different service-users.
- Respects the rights of service-users.
- Takes account of the dignity of service-users.
- Takes account of the participation by service-users in the community in which service-users live.
- Protects and improves the safety of service-users.
- Improves the quality of the service.
- Is planned and led locally in a way which is engaged with the community (including in particular service-users, those who look after service-users and those who are involved in the provision of health or social care).
- Best anticipates needs and prevents them arising.
- Makes the best use of the available facilities, people and other resources.

**Strategy**
The Partnership Vision is to deliver high quality person-centred health and social care services in a way that promotes and enhances the health and wellbeing of the people of Fife. In Fife we work with around 300 organisations across the voluntary and independent sectors and they are a vital part of the Partnership in delivering services. The Strategic Plan is the blueprint for change and sets out the IJB’s priorities for 2016-19. The Plan is driven by law, national and local policy, and aims to meet the needs of people now and in the future. It aims to make better use of new technology and working within available financial and workforce resources to tackle inequalities and offer early interventions. These are categorised into four key themes:

- Improving Mental Health
- Integrated and Coordinated Care
- Prevention and Early Intervention
- Reducing Inequalities

The plan was developed, consulted upon and agreed with health, social care, voluntary and independent sectors along with the public prior to being approved by the IJB. The Strategic Plan is a live document and we will continue to engage with all those interested in health and social care to deliver the outcomes as described. The current Strategic Plan is coming to the end of its life and a new Strategic Plan started to be developed in 2018/19.

**Operational Performance – A Year in View**

Due to financial challenges in the Care at Home budget which emerged in September 2018, the rate of commissioning of externally provided care packages was temporarily reduced. This impacted greatly on delayed discharge performance just ahead of the winter period in which demand for services increased. The Health and Social Care Partnership is taking forward a number of actions to further reduce delayed discharges.

We are now moving into the second phase of the residential care homes replacement programme following the successful completion and opening of Lumphinnans care home and day service. This will involve the replacement of services in three of our remaining care homes. The Council has now approved business cases for the redevelopment of both Methilhaven Care Home and Northeden in Cupar. Work is still underway to identify a suitable site for the redevelopment of Ladywalk House in Anstruther.
Work is underway in partnership with our external care at home and housing support providers to complete the roll out of Total Mobile across the sector. This involves the use of technology to monitor service provision and payment on a real time basis.

**Transformation**

**Joining Up Care**

NHS Fife’s Clinical Strategy and the Fife Health and Social Care Partnership (HSCP) Strategic Plan recommend transformational change in urgent care, community models of care, the latter with a focus on frailty and older people and Community Hospitals. As a result, the HSCP developed Joining Up Care. The overall aim of this community transformation programme is to establish a fully integrated 24/7 community health and social care model that ensures sustainable, safe, person-centred care in line with local strategic plans.

The strategic objectives are to:

- Develop and deliver a new model for people’s health and wellbeing focused around Community Health & Wellbeing Hubs (CH&WH).
- Establish a robust and sustainable out of hours urgent care service across Fife providing enhanced services, accessible to those who require the service.
- Develop the clinical model for community hospitals and alternative community-based models which offer choices to people to be cared for at home or in a homely setting.

The HSCP vision requires a flexible and responsive model that works with people to define the outcomes they want to achieve. The vision is one of enabling people to maximise their health and wellbeing by utilising their own and community assets, with HSCP flexing support and services responsively to meet and sustain outcomes. The diagram below seeks to illustrate how our new model will enable practitioners to layer services, when required, by adjusting support and care incrementally.

In 2018/19 the HSCP completed an extensive public consultation regarding the Joining Up care proposals. The first Community Health and Wellbeing Hub was established in Dunfermline with locality huddles being developed across Fife. Proposals for Community...
Hospitals and intermediate care models are well formed and will be considered by the IJB in 2019/20.

Proposals regarding the redesign of Urgent Care were considered by the IJB in December 2018 and an addendum to the options presented was commissioned. This included engagement with communities across Fife. This work has been completed and was considered by the IJB in summer 2019, with the main outcome being the retention of an out of hours service in St Andrews. A significant amount of work is underway to transform the Urgent Care service in Fife including testing and embedding new roles for staff such as Advanced Nurse Practitioners and Trainee Urgent Care Practitioners.

Financial Performance 2018/19

The IJB commenced 2018/19 with a challenging financial position, having underlying overspends from prior years and requiring to meet new inflationary and funding pressures. The IJB approved budget was set predicated on implementing an approved saving plan to deliver £7.470m of savings, with a remaining budget gap of £5.284m.

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

- The significant increased demand for our services associated with an increasing population, in particular an increasing ageing population and increased complexity of care needs. Adult packages commissioned increased by 84 during the financial year.
- Inability to recruit staff along with high staff sickness levels, currently 6.56% for the Partnership which created a need to recruit higher cost locum and agency staff to cover services
- Primary Care prescribing overspends (which is a national issue) – due to volatility of national pricing of medicines.

Despite the above, the IJB delivered significant success through medicines efficiencies made within the GP prescribing budget during 2018/19, which the Fife Pharmacy service led across NHS Fife. This delivered £1.75m efficiencies in GP prescribing, and moved Fife to fourth lowest cost per patient in Scotland and closer to the Scottish average (26p difference in March 2019 compared to 46p difference in March 2018 and 64p difference in March 2017). This saving was generated predominantly through rolling out a Fife-wide formulary for medicines (list of agreed prescription drugs for use in Fife); working with Consultants and GPs and patients; reducing medicines waste, and realistic prescribing. These projects are continuing in 2019/20.

Following on from the success of the Short-Term Assessment and Re-ablement Team (START) within Homecare during 2018/19 - which delivered a £1.3m efficiency - further redesign of the care at home service has been undertaken. This involves widening the range of START posts across the service as a means of managing increasing demand. It became clear during the course of the financial year that this change would not be possible through staff turnover alone and as result, it was agreed to invest £1.3m to employ 50 START Carers. This will accelerate the pace of change in rolling out the START model during 2019/20 as a means of building on the efficiency gains already made and paving the way for further development of the START service in the future.
Within 2018/19, the IJB received further monies from Scottish Government to transform Primary Care Services. Significant projects continue to be undertaken which look at delivery of primary care across Fife and pilot areas of work to deliver more joined-up person-centred care. The funding for this will continue into 2019/20 but as yet the values are unknown. There was an underspend in 2018/19 and a commitment to carry forward this underspend into 2019/20 will ensure further improvements to person-centred care. The outturn position as at 31 March 2019 for the services delegated to the IJB are:

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<thead>
<tr>
<th></th>
<th>Budget  £000</th>
<th>Actual £000</th>
<th>Variance £000</th>
<th>Variance %</th>
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<tr>
<td>Delegated and Managed Services</td>
<td>529,662</td>
<td>538,895</td>
<td>9,233</td>
<td>1.7</td>
</tr>
<tr>
<td>Set Aside Acute Services</td>
<td>35,128</td>
<td>35,128</td>
<td>0</td>
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The main areas of overspend within the Delegated and Managed Services are Hospitals £2.392m, Family Health Services and Prescribing £2.155m and Social Care £9.702m. These are partially negated by underspends on Children Services £0.473m and Community Health Care £4.226m.

The main area of overspend £9.702m relates to the significant financial pressure in Social Care and relates directly to three main factors:

- Homecare due to the increasing number and complexity of cases required during 2018/19.
- The overspend in relation to Hospitals relates to the additional cost of complex care patients, along with the use of bank and agency nursing to provide safe staffing levels in line with current workforce tool numbers. There is a significant shortage of Medical staffing due to recruitment difficulties within Mental Health and Older People services. This has resulted in high level usage of Medical Locum cover at significant cost.
- Adult packages have increased due to new packages of care in adult services responding to increased demand.
- Savings in relation to delays in the Changing to Deliver programme and also Management Savings that are no longer deliverable.

Primary Care Prescribing had a deficit of £2.155m at the end of the year. This predominantly reflects the fluctuating cost of drugs based on demand pressure which is reflected across the NHS. Significant work has progressed which has been led by the Pharmacy team in the form of weekly efficiency working groups held with key members of staff.

Underspends on children services and community healthcare represented the continuing difficulties in recruiting to vacancies in health visiting, school nursing posts and community nursing.

The Fife Integration Scheme advises how any overspend position for delegated and managed services will be treated. “Any remaining overspend will be funded by the Parties based on the proportion of their current year contributions to the Integration Joint Board.” NHS Fife made a further contribution of £6.648m and Fife Council made a further
contribution of £2.585m, giving a total of £9.233m which resulted in a break-even position for the Integration Joint Board.

The Acute Set Aside services budget was delegated to the IJB and the services are managed by NHS Fife. There was an overspend on these services of £3.816m but these costs were borne by the Health Board. The cost to the IJB is the same as the budget of £35.128m and there is a break-even position.

Key Performance Indicators

The HSCP measures performance on an ongoing basis and has been successful in delivering improvements across key areas. Key performance movements are detailed below:

- Delayed discharges – Second lowest delays over 2 weeks (per 100,000 population) of all Mainland Health Boards, at the September Census.

- Smoking Cessation: target for the full year of 2018/19 was a minimum of 490 people in the 40% most deprived areas of Fife to have quit smoking post 12 weeks. Data from the National Smoking Cessation Database shows that 290 people in the 40% most deprived areas of Fife who attempted to stop smoking during the first 10 months of the financial year had successfully quit at 12 weeks. Data from the final two months of the year is awaited.

- Child and Adolescent Mental Health Services (CAMHS) waiting times - referral to treatment target is 90%. Performance in December 2018 reached a peak of 85.5% and dipped to 80% at the end of March 2019. The average waiting time for CAMHS continues to be 11 weeks. An improvement plan remains in place.

- Psychological therapies: 69.8% of people who started treatment did so within 18 weeks of referral against the local delivery plan target of 90%. Improvement actions continue.

External Performance Monitoring:

All registered Social Care services undergo inspection from the Care Inspectorate. 14 Fife Health & Social Care Partnership registered services were inspected in 2018/19 for both Adults and Older People. 12 of the 14 services (86%) that were inspected were graded 4 (good) or above.

For all registered adult social care services (including Older People) within the Fife Health and Social Care Partnership area, delivered by the voluntary and Independent Sector, 104 Care Inspectorate inspections were carried out. 89 of the 104 services (86%) that were inspected were graded 4 (good) or above.

Value for Money

The IJB are committed to delivering Value for Money in all provisioning and this is a key strand identified in the Strategic Plan. This is delivered through mechanisms with our partner bodies and ensuring Value for Money is directly referenced within the Health and Social Care Integration Joint Board Strategic Plan 2016-2019. The basis of financial sustainability is for all service redesign, purchasing, procurement and commissioning to
comply with the best value and procurement guidance of the relevant bodies. Third Sector Commissioning is key in terms of Value for Money and analysis is undertaken to determine value for money of delivery prior to external commissioning. It is extremely important that expenditure is managed within the financial resources available in the future and the IJB are committed to implementing a 3-year financial strategy.

**Financial Outlook**

The IJB have approval from both funding partners to approve a budget gap of £6.5m in financial year 2019/20. As per the risk share agreement budget deficits are funded by partners. The agreement to approve a budget deficit in 2019/20 ensured the IJB could implement robust savings plans and strategies; consider all long-term options and implement a sustainable financial strategy for the future. The IJB also approved a £8.827m saving proposal to be delivered in-year to meet the agreed budget. The most significant risks faced by the IJB over the medium to longer term can be summarised as follows:

- the wider financial environment, which continues to be challenging;
- the impact of demographic changes leading to increased demand and increased complexity of demand for services alongside reducing resources;
- difficulties in recruitment leading to use of higher cost locums and agency;
- the cost pressures relating to primary care prescribing;
- the Joined-up Care Transformation Programme does not meet the desired timescales or achieve the associated benefits;
- workforce sustainability both internally in health and social care and with our external care partners.

It is therefore crucial that the IJB focus on early intervention and prevention and changing the balance of care if we are to work within the available financial resources.

During 2019/20 an action plan to improve the 6 key features within the Ministerial Strategic Group self-assessment tool will be developed. As part of this, the review of the acute set-aside will be progressed and steps made towards transferring this to the Health and Social Care Partnership.

Fife Health and Social Care partnership commissioned a piece of work from a consultant from NHS Scotland during 2017/18. That work identified where potential for improvement could be made. Work continues in developing an action plan to reflect this piece of work and progress will be monitored throughout 2019/20.

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Nicky Connor  Rosemary Liewald  Audrey Valente  
Chief Officer (Interim)  Chair of the IJB  Chief Finance Officer  
Date........................................ Date........................................ Date........................................  

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STATEMENT OF RESPONSIBILITIES

This statement sets out the respective responsibilities of the IJB and the Chief Finance Officer, as the IJB’s Section 95 Officer, for the Annual Accounts.

The Integration Joint Board is required to:

• Make arrangements for the proper administration of its financial affairs and to secure that it has an officer responsible for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Integration Joint 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 that the Annual Accounts are prepared in accordance with legislation (The Local Authority (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 for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the Integration Joint Board on 24 September 2019

Signed on behalf of the Fife Integration Joint Board

..................................................................

Rosemary Liewald
Chair of the IJB

Date .............................................
RESPONSIBILITIES OF THE CHIEF FINANCE OFFICER

The Chief Finance Officer, as the S95 Officer, is responsible for the preparation of the IJB’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 Accounting Code).

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

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Complied with legislation.
- Complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which are up to date.
- Taken reasonable steps to ensure the propriety and regularity of the finances of the Integration Joint Board including prevention and detection of fraud and other irregularities.

Statement of Accounts

I certify that the financial statements give a true and fair view of the financial position of the Fife Integration Joint Board as at 31 March 2019, and the transactions for the year then ended.

...............................

Audrey Valente CPFA
Chief Finance Officer

Date .............................
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 IJB 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: IJB Chair and Vice Chair

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

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. There were no taxable expenses or remuneration paid to the Chair or Vice Chair in 2018/19 or prior years.

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 or Vice Chair.

Remuneration: Officers of the IJB

The IJB does not directly employ any staff. All Partnership officers are employed by either NHS Fife or Fife Council, and remuneration for senior staff is reported through the employing organisation. Specific post-holding officers are non-voting members of the Board.

The IJB approved the appointment of the Chief Officer at its meeting on 2 October 2015. The Chief Officer was appointed by the IJB in consultation with NHS Fife and Fife Council. The remuneration of the Chief Officer was set by NHS Fife and Fife Council. The Chief Officer is employed by NHS Fife and is seconded to the Integration Joint Board in accordance with section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. The Chief Finance Officer is employed by NHS Fife.

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.
There were no payments to officers in 2018/19 or prior years in relation to bonus payments, taxable expenses or compensation for loss of office.

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.

However, the IJB 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 IJB. The following table shows the IJB’s funding during the year to support officers’ pension benefits. The table also shows the total value of accrued pension benefits.

The Local Government Pension Scheme and the NHS Pension Scheme (Scotland) 2015 are funded schemes with contributions from both the employer and the employee and as such the accrued benefits includes both of these contributions.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total service. In respect of the Local Government Pension Scheme this includes any service with a council subsidiary body, and not just their current appointment. In respect of the NHS Pension Scheme this relates to the benefits that the individual has accrued as a consequence of their NHS employment.

<table>
<thead>
<tr>
<th>Senior Employee</th>
<th>In-Year Pension Contributions</th>
<th>Accrued Pension Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For Year to 31/03/18</td>
<td>For Year to 31/03/19</td>
</tr>
<tr>
<td>M Kellet</td>
<td>£15,666</td>
<td>£15,953</td>
</tr>
<tr>
<td>Chief Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From 22 August 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>J McPhail</td>
<td>£3,476</td>
<td>£9,548</td>
</tr>
<tr>
<td>Chief Finance Officer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From 22 November 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>£19,142</td>
<td>£25,501</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Remuneration Band</th>
<th>Number of Employees in Band 2017/18</th>
<th>Number of Employees in Band 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>£50,000 - £54,999</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>£55,000 - £59,999</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>£60,000 - £64,999</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>£65,000 - £99,999</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>£100,000 - £104,449</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>£105,000 - £109,999</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Exit Packages

There were no exit packages paid in 2018/19 (2017/18, none).

.......................................................... ..........................................................

Nicky Connor                                Rosemary Liewald
Chief Officer (Interim)                  Chair of the IJB

Date .................................................. Date ..................................................
ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement explains the Integration Joint Board (IJB) governance and internal control arrangements and how the IJB complies with the Code of Practice on Local Authority Accounting in the UK, and the CIPFA and SOLACE framework “Delivering Good Governance in Local Government”, which details the requirement for an Annual Governance Statement. The IJB’s governance framework places reliance on the Codes of Corporate Governance of Fife Council and NHS Fife.

Scope of Responsibility

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

The IJB Vision is to deliver high quality person-centred health and social care services in a way that promotes and enhances the health and wellbeing of the people of Fife. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB’s functions and to make arrangements to secure best value. The Integration Scheme delegated Health and Social Care functions to the IJB and the IJB is responsible for operational oversight of the Integrated Services. Currently the IJB only gives formal directions to NHS Fife and Fife Council with regards to financial allocations. This area will be reviewed in 2019/20 with regards to the scope of the directions issued.

The IJB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

In discharging these responsibilities, the Chief Officer places reliance on the NHS Fife and Fife Council’s 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.

These arrangements can only provide reasonable and not absolute assurance of effectiveness.

2018/19 Governance Framework

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

The main features of the governance framework in existence during 2018/19 were:

- Integration Scheme approved by the Scottish Government in October 2015 subsequently amended and approved on 20 March 2018 to include the formal adoption of the Carers Act into the Partnership.
- Regular meetings of the IJB and Development Sessions for IJB members.
- Regular meetings of the Clinical and Care Governance, Finance and Performance, and Audit and Risk sub-committees.
• Meetings of a Strategic Planning Group throughout the year. The Strategic Plan is the main document determining the direction of the IJB for period 2016-2019.

• Governance is based on Delivering Good Governance in Local Government, 2016
  - Adherence to the stated principles of good governance
  - Acting in the public interest

• The 7 localities now have Locality Plans which are published on the website.

• Compliance with legislation and regulations.

• Liaison of IJB internal audit and partner internal audit functions.

• Reliance on the due diligence and financial assurance process regarding the devolved budgetary resources which was completed in March 2016.

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2018/19 this included the following which aid governance:

• Finance and Performance Information regularly reported to the IJB
• Formalised budget setting process
• Financial regulations
• Standing Orders
• Code of Conduct
• Financial Directions to Partners
• Clinical and Care Governance Risk Register
• IJB Strategic Risk Register
• Formal Appointment of Internal Audit arrangements.
• Workforce and Organisational Development Strategy and Implementation Plan
• Public Participation and Engagement and Communication Strategies
• 2018/19 Internal Audit Plan

Integration Joint Board

The Integration Scheme sets out how NHS Fife and Fife Council establish integrated partnership arrangements in line with the Public Bodies (Joint Working) Scotland Act 2014. The Integration Schemes submitted to the Scottish Government by NHS Boards and Local Authorities across Scotland (1 April 2015) have been approved and have legal status.

In Fife, the Board has legal status and is known as the Integration Joint Board (IJB).

The arrangements for appointing the voting membership of the Integration Joint Board are that Fife Council appoints 8 Councillors and NHS Fife appoints 8 Board members to be members of the Integration Joint Board in accordance with article 3 of the Integration Joint Board Order. In addition, the Nursing Director and Medical Director of NHS Fife are also voting members of the Board. The Board members appointed by the parties will hold office for a maximum period of 3 years. Board members appointed by the parties will cease to
be members of the Board in the event that they cease to be a Board member of NHS Fife or a Fife Councillor.

The professional advisors to the IJB are non-voting members. These are identified as follows:

- Chief Officer of the IJB
- Chief Finance Officer (Section 95 officer) of the IJB
- Chief Social Work Officer
- General Medical Practitioner
- Medical Practitioner
- Registered Nurse
- Allied Health Professional Lead

The IJB is required to appoint stakeholder members who are non-voting members. These comprise at least one representative of the following groups, all of whom must be operating within the area of the IJB:

- Independent Sector
- Service Users
- Staff side – NHS Fife and Fife Council
- Carers
- Third Sector

Nominations were sought from Partnership representatives and constituency bodies and were approved by the IJB.

NHS Fife and Fife Council maintain two separate complaints systems (Datix and Lagan) to manage complaints relating to service delivery. Since March 2018 complaints received by the Integration Joint Board have been logged and managed in Lagan. During the financial year 2018 to 2019 the IJB received four complaints. All of these were responded to within statutory timescales and the outcome of all four complaints was Not Upheld. One complaint was escalated to the Scottish Public Services Ombudsman (SPSO) by the complainant. The outcome of the SPSO investigation was also Not Upheld.

The Partnership has continued to work together to integrate the partner’s complaints processes and reporting mechanisms, including using the ‘complaint closed date’ for reporting to enable more up-to-date reports. In addition to regular performance reports, bi-annual complaint update reports have also been provided to the IJB Committees.

The Clinical and Care Governance Committee, the Finance and Performance Committee, and the Audit and Risk Committee were established in 2016/17 and have approved terms of reference. There is a clear reporting structure for these committees to the IJB.

The IJB Internal Auditors, the Fife Council Internal Audit Team as elected by the Audit and Risk Committee, comply with the “The Role of the Head of Internal Audit in Public Organisations” (CIPFA) and operates in accordance with “Public Sector Internal Audit Standards” (PSIAS). The Fife Council Audit and Risk Management Service Manager reports directly to the Audit and Risk Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the IJB Audit and Risk Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment, and is approved by the Audit and Risk Committee.
The Audit and Risk Committee performs a scrutiny role and will regularly monitor the performance of the Internal Audit services to the IJB. The IJB’s Chief Internal Auditor (currently the Fife Council Audit and Risk Management Service Manager) has responsibility to review independently and report to the Audit and Risk Committee annually, to provide assurance on the governance arrangements including internal controls within the IJB. In addition, the Internal Audit sections of Fife Council and NHS Fife are subject to an independent external assessment of compliance with the PSIAS at least once every 5 years.

Review of Adequacy and Effectiveness

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The IJB governance arrangements have been subject to review and recommendations put forward by a working group, which has membership from Fife Council, NHS Fife, Health & Social Care Partnership, have been progressed. Specifically a Code of Corporate Governance was agreed with an action plan for improvements.

A draft assurance mapping process has gone to the Audit & Risk Committee and is progressing through the governance processes. The Terms of Reference for all committees were reviewed alongside a skills matrix and self-assessment questionnaire of all governance committees and the IJB itself.

The results of the review were reported to the IJB Audit and Risk Committee with the key conclusions being that the IJB has made good progress in agreeing and documenting its governance structure, but the individual components need to be formally consolidated into a single Governance Framework document. A Governance Manual has been developed and work is being finalised on the assurance mapping process. More work is required to fully implement the Risk Strategy which should be reviewed in light of ongoing experience. An approach to Risk Management has been developed and submitted to the Senior Leadership Team for consideration prior to being taken to the Audit & Risk Committee in September 2019.

Developments in 2018/19

There are a number of areas of development recognised internally and as referenced in the Internal Audit report which have been completed or drafted in 2018/19, with the remainder being rolled into 2019/20 as detailed below.

2018/19 Key Actions Status

<table>
<thead>
<tr>
<th>2018/19 Annual Report Actions</th>
<th>2018/19 Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final approval of the Information Sharing Agreement Protocol (ISA)</td>
<td>Complete</td>
</tr>
<tr>
<td>Self-Assessment Governance process has been formally signed off</td>
<td>Complete</td>
</tr>
<tr>
<td>Development of IJB Records Management Plan</td>
<td>Complete</td>
</tr>
<tr>
<td>IJB Information Governance Audit</td>
<td>Complete</td>
</tr>
<tr>
<td>Completion of IJB Information Governance Audit</td>
<td>Complete</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Formal approval of IJB Records Management Plan and 3-Year Action Plan</td>
<td>Complete</td>
</tr>
<tr>
<td>Monthly complaint reporting, based on complaint closed date, has been available for all partner bodies from August 2019</td>
<td>Complete</td>
</tr>
</tbody>
</table>

**To be taken forward in 2019/20**

| Implementation of approved Risk Strategy, risk appetite and robust Risk Management reporting | Partially Complete |
| Preparation of a formal Governance Framework. | Partially Complete |
| Maintain compliance with data protection requirements including General Data Protection Regulations (GDPR) | Ongoing |
| The preparation of an IJB Scheme of Delegation - to ensure robust consistency across services to support integration and ensure within boundaries of both funding partners’ schemes of delegation | Ongoing |
| Implementation of Financial Regulations – to expand on existing documentation and provide clarity and responsibility | Ongoing |
| Implementation of Budgetary Management Control Guidance | Ongoing |
| Roll out of Board skills matrix and Board self-assessment framework | Ongoing |

**2019/20 New Actions**

**New Actions for 2019/20**

| Formal adoption and implementation of self-assessment governance review to provide focus on key areas of development | |
| The governance review group continues to monitor and review governance documentation to provide clarity and consistency where appropriate. Further work is ongoing in relation to the Ministerial Steering Group report. Our Self-evaluation form on the review of progress with integration of health and social care was submitted to Scottish Government on 15 May 2019 | |
| Implementation of a single, centralised file structure for all IJB records | |
| Following on from an Audit Scotland Report, a Ministerial Steering Group was established and the IJB submitted a self-assessment in May 2019. An Action Plan was developed by the partnership and submitted to Scottish Government in August 2019 | |
| The Joint Strategic Transformation Group has been re-established and is now | |
The IJB will seek to address any gaps in governance identified by the self-assessment.

**Conclusion and Opinion on Assurance**

Progress has been made during 2018/19. However, not all areas have been fully implemented and several actions have been carried forward into 2019/20 as detailed in the table above.

However, currently we consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB’s principal objectives will be identified and actions taken to avoid or mitigate their impact. Continuing work in 2019/20 will further ensure robust governance.

……………………………………………  …………………………………………

Nicky Connor      Rosemary Liewald
Chief Officer (Interim)    Chair of the IJB

Date ………………………………………  Date …………………………………..
Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th></th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross Expenditure £000</td>
<td>Gross Income £000</td>
<td>Net Expenditure £000</td>
</tr>
<tr>
<td>Hospital</td>
<td>54,510</td>
<td>-</td>
<td>54,510</td>
</tr>
<tr>
<td>Community Healthcare</td>
<td>92,119</td>
<td>-</td>
<td>92,119</td>
</tr>
<tr>
<td>Children's Services</td>
<td>13,715</td>
<td>-</td>
<td>13,715</td>
</tr>
<tr>
<td>Social Care</td>
<td>195,384</td>
<td>-</td>
<td>195,384</td>
</tr>
<tr>
<td>Housing Services</td>
<td>2,078</td>
<td>-</td>
<td>2,078</td>
</tr>
<tr>
<td>IJB Operational Costs</td>
<td>236</td>
<td>-</td>
<td>236</td>
</tr>
<tr>
<td>Acute Set Aside</td>
<td>34,285</td>
<td>-</td>
<td>34,285</td>
</tr>
<tr>
<td></td>
<td>554,698</td>
<td>-</td>
<td>554,698</td>
</tr>
<tr>
<td>Taxation and Non-Specific Grant Income</td>
<td>- (554,698)</td>
<td>(554,698)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Surplus or Deficit on Provision of Services</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Comprehensive Income and Expenditure</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

There are no statutory or presentation adjustments which affect the IJB’s application of the funding received by NHS Fife and Fife Council. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these annual accounts.
Movement in Reserves Statement

There were no reserves held in either 2017/18 or 2018/19 therefore a Movement in Reserves Statement is not included in these accounts.
Balance Sheet

The Balance Sheet shows the value of the IJB’s assets and liabilities as at 31 March 2019. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

<table>
<thead>
<tr>
<th>31 March</th>
<th>Notes</th>
<th>31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>16</td>
<td>Short term Debtors</td>
<td>6</td>
</tr>
<tr>
<td>16</td>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Short-term Creditors</td>
<td>7</td>
</tr>
<tr>
<td>16</td>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Long-term Liabilities</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>Net Assets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Usable Reserve:</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>General Fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Reserves</td>
<td></td>
</tr>
</tbody>
</table>

The Statement of Accounts present a true and fair view of the financial position of the Fife Integration Joint Board as at 31 March 2019 and its income and expenditure for the year then ended,

The unaudited accounts were issued on 24 June 2019 and the audited accounts were authorised for issue on 24 September 2019.

Audrey Valente- CPFA
Chief Finance Officer

Date .................................
Notes to the Financial Statements

1. Significant Accounting Policies

1.1 General Principles

The Financial Statements summarises the Integration Joint Board’s transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019.

The Fife Integration Joint Board was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Joint Venture between Fife Council and NHS Fife. The IJB is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS).

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

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. 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 and receipt of the income is probable.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

1.3 Funding

The Fife IJB is primarily funded through funding contributions from the statutory funding partners, Fife Council and NHS Fife. 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 Fife IJB area.

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 or 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. Staff 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. The Chief Finance Officer is a non-voting board member. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. The Chief Officer’s and Chief Finance Officer’s absence entitlement as at 31 March have not been accrued as it is not deemed to be material.

There are no further charges from funding partners for other staff and these costs have remained with the funding partners.

1.6 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the IJB’s financial performance. There are no exceptional items for the IJB in respect of the financial year 2018/19.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the IJB has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no material critical judgements and the note below relates to uncertainty about future events:

2.1 Public Sector Funding

There is a high degree of uncertainty about future levels of funding for Local Government and the NHS and this will directly impact on the IJB.

3. Events After the Reporting Period

The Chief Finance Officer issued the unaudited accounts on 24 June 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.
### 4. Expenditure and Income Analysis by Nature

<table>
<thead>
<tr>
<th></th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services commissioned from Fife Council</td>
<td>197,461</td>
<td>207,674</td>
</tr>
<tr>
<td>Services commissioned from Fife NHS Board</td>
<td>356,999</td>
<td>366,103</td>
</tr>
<tr>
<td>Other IJB Operating Expenditure</td>
<td>214</td>
<td>219</td>
</tr>
<tr>
<td>Auditor Fee: External Audit Work</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>Partners Funding Contributions and Non-Specific Grant Income</td>
<td>(554,698)</td>
<td>(574,023)</td>
</tr>
<tr>
<td><strong>0 Surplus or Deficit on the Provision of Services</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 5. Taxation and Non-Specific Grant Income

<table>
<thead>
<tr>
<th></th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Contribution from NHS Fife</td>
<td>(409,564)</td>
<td>(425,379)</td>
</tr>
<tr>
<td>Funding Contribution from Fife Council</td>
<td>(145,134)</td>
<td>(148,644)</td>
</tr>
<tr>
<td><strong>(554,698) Taxation and Non-specific Grant Income</strong></td>
<td></td>
<td>(574,023)</td>
</tr>
</tbody>
</table>

The funding contribution from NHS Fife shown above includes £35.128m in respect of ‘set aside’ resources relating to acute hospital and other resources. These are provided by NHS Fife 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. There are no other non-ringfenced grants and contributions.

### 6. Debtors

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018 £000</th>
<th>31 March 2019 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>NHS Fife</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Fife Council</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Non-public sector</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>16 Debtors</strong></td>
<td><strong>19</strong></td>
<td></td>
</tr>
</tbody>
</table>
7. **Creditors**

<table>
<thead>
<tr>
<th></th>
<th>31 March 2018 £000</th>
<th>31 March 2019 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>- NHS Fife</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>- Fife Council</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>16 External Audit Fee</td>
<td></td>
<td>19</td>
</tr>
<tr>
<td><strong>16 Creditors</strong></td>
<td></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

8. **Usable Reserve: General Fund**

The IJB could hold 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 IJB’s risk management framework.

Currently, there are no reserves held by the IJB in 2018/19 (2017/18, none)

9. **Related Party Transactions**

The IJB has related party relationships with NHS Fife and Fife 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.

**Transactions with NHS Fife**

<table>
<thead>
<tr>
<th></th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(409,564)</td>
<td>(425,379)</td>
</tr>
<tr>
<td>Funding Contributions received from NHS Fife</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Service Income received from NHS Fife</td>
<td>356,999</td>
<td>366,103</td>
</tr>
<tr>
<td>Expenditure on Services Provided by NHS Fife</td>
<td></td>
<td></td>
</tr>
<tr>
<td>107 Key Management Personnel: Non-Voting Board Members</td>
<td></td>
<td>110</td>
</tr>
<tr>
<td>12 External Audit Fee</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td><strong>(52,446) Net Transactions with NHS Fife</strong></td>
<td></td>
<td><strong>(59,153)</strong></td>
</tr>
</tbody>
</table>

Key Management Personnel: The non-voting Board members directly employed by NHS Fife and recharged to the IJB are the Chief Officer and Chief Finance Officer. Details of the remuneration for the specific post-holders is provided in the Remuneration Report.
Balances with NHS Fife

<table>
<thead>
<tr>
<th>31 March</th>
<th>31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 £000</td>
<td>2019 £000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtor balances: Amounts due from NHS Fife</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Creditor balances: Amounts due to NHS Fife</td>
<td>-</td>
<td>-</td>
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</tbody>
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<table>
<thead>
<tr>
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<th>8</th>
<th>9</th>
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<tbody>
<tr>
<td>Net Balance with NHS Fife</td>
<td></td>
<td></td>
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</tbody>
</table>

Transactions with Fife Council

<table>
<thead>
<tr>
<th></th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Contributions received from Fife Council</td>
<td>(145,134)</td>
<td>(148,644)</td>
</tr>
<tr>
<td>Service Income received from the Fife Council</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expenditure on Services Provided by the Fife Council</td>
<td>197,461</td>
<td>207,674</td>
</tr>
<tr>
<td>Key Management Personnel: Non-Voting Board Members</td>
<td>107</td>
<td>109</td>
</tr>
<tr>
<td>Expenditure on Services Provided by the Fife Council</td>
<td>12</td>
<td>14</td>
</tr>
</tbody>
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<tr>
<th></th>
<th>52,446</th>
<th>59,153</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Transactions with Fife Council</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key Management Personnel: The Non-Voting Board members employed by Fife Council and recharged to the IJB are the Chief Finance Officer (from 1 September 2016 to 21 November 2017). Details of the remuneration for the specific post-holders is provided in the Remuneration Report.

Balances with Fife Council

<table>
<thead>
<tr>
<th>31 March</th>
<th>31 March</th>
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</thead>
<tbody>
<tr>
<td>2018 £000</td>
<td>2019 £000</td>
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<tr>
<th></th>
<th>8</th>
<th>10</th>
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</thead>
<tbody>
<tr>
<td>Debtor balances: Amounts due from Fife Council</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Creditor balances: Amounts due to Fife Council</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>8</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Balance with Fife Council</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Support services were not delegated to the IJB and are provided by NHS Fife and Fife Council free of charge. Support services provided mainly comprised: provision of financial management; human resources; legal; committee services; ICT; payroll; internal audit, and the provision of the Chief Internal Auditor.
10. **External Audit Fee**

The IJB has incurred costs of £27,000 in respect of fees payable to Audit Scotland with regard to external audit services carried out in 2018/19 (2017/18, £24,000).

11. **Contingent Assets and Liabilities**

The IJB is not aware of any material contingent asset or liability as at 31 March

The IJB is a member of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) established by the Scottish Government which reimburses costs to members where negligence is established.

All amounts in respect of claims or reimbursement by CNORIS, which may arise under the CNORIS scheme are reported in NHS Fife Accounts.

12. **VAT**

The Integration Joint Board is a non-taxable person and does not charge or recover VAT on its functions.

The VAT treatment of expenditure in the IJB’s accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where Fife Council is the provider, income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. Fife Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where NHS Fife is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as Income from the IJB.
Independent auditor’s report to the members of Fife 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 Fife 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 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 Fife Integration Joint 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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the Fife 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 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 Fife Integration Joint 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 Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Fife Integration Joint 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 Fife Integration Joint Board 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.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing Fife Integration Joint Board’s 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.

Fife Integration Joint Board 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 skillfulness 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 Finance 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; or
- there has been a failure to achieve a prescribed financial objective.

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.

Brian Howarth ACMA CGMA
Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow, G2 1BT

25 September 2019
Fife Integration Joint Board Audit & Risk Committee

Fife Integration Joint Board
Audit of 2018/19 annual accounts

Independent auditor's report

1. Our audit work on the 2018/19 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 25 September 2019 (the proposed report is attached at Appendix A).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit & Risk Committee's consideration our draft annual report on the 2018/19 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to be corrected.

Representations from Section 95 Officer

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

8. A draft letter of representation is attached at Appendix B. This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.
Independent auditor’s report to the members of Fife 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 Fife 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 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 Fife Integration Joint 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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the Fife 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 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 Fife Integration Joint 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 Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Fife Integration Joint 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 Fife Integration Joint Board 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.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing Fife Integration Joint Board’s 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.

Fife Integration Joint Board 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor’s report.

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, 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; or
• there has been a failure to achieve a prescribed financial objective.

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.

Brian Howarth ACMA CGMA
Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow, G2 1BT

25 September 2019
Dear Brian

Fife Integration Joint Board
Annual Accounts 2018/19

1. This representation letter is provided in connection with your audit of the annual accounts of Fife Integration Joint Board for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Audit & Risk Committee, Fife Council and NHS Fife, the following representations given to you in connection with your audit of Fife Integration Joint Board’s annual accounts for the year ended 31 March 2019.

General

3. Fife Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2018/19 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Fife Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.

4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

Financial Reporting Framework

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (2018/19 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the transactions and financial position of Fife Integration Joint Board at 31 March 2019.
Accounting Policies & Estimates

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

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

Going Concern Basis of Accounting

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

Assets

10. For the period ended 31 March 2019, the Board did not own or mortgage any properties and did not hold any non-current assets. At 31 March 2019, the Board had no obligations under finance lease.

Liabilities

11. All liabilities at 31 March 2019 of which I am aware have been recognised in the annual accounts.

12. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Provisions

13. There are no provisions that require to be made in the financial statements for any material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2019 and of which the Board could reasonably be expected to be aware. There are no contingent liabilities arising either under formal agreements or through informal undertakings requiring disclosure in the accounts.

Fraud

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

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

Related Party Transactions

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

Remuneration Report

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

Management commentary

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

Corporate Governance

19. I confirm that Fife Integration Joint Board has undertaken a review of the system of internal control during 2018/19 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

20. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2019, which require to be reflected.

Balance Sheet

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

Yours sincerely

Audrey Valente
Chief Finance Officer
Who we are

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

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.

- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.

- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.

About us

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

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

- carrying out relevant and timely audits of the way the public sector manages and spends money

- reporting our findings and conclusions in public

- identifying risks, making clear and relevant recommendations.
Key messages

2018/19 annual report and accounts

1. Our audit opinions were all unqualified.
2. The unaudited accounts were not published on time

Financial management and sustainability

3. Financial management arrangements need be strengthened to support effective scrutiny. A “turnaround” consultant report covering financial management appears to have had little effect.
4. The IJB did not set a balanced budget in 2018/19 and was unable to deliver the planned £4.5 million overspend. The year end outturn was a deficit of £9.3 million, with savings not being achieved in full. The deficit was again met by the partners resulting in year end “break-even”
5. The IJB is not financially sustainable and continues to be dependent on additional year-end funding from NHS Fife and Fife Council.
6. The IJB does not have a long term financial plan

Governance, transparency and value for money

7. Action has been taken to clarify governance arrangements, but more work is needed to ensure partners roles and responsibilities are clear.
8. There have been significant changes in the IJB leadership team
9. The IJB has undertaken a self-evaluation based on recommendations in the Strategic Group for Health and Community Care report and has implemented relatively few of the recommendations
10. A best value framework will be adopted from 2019/20
11. The annual performance report did not include up to date national performance indicators and we were unable to assess whether performance had improved in the year.
Introduction

1. This report is a summary of our findings arising from the 2018/19 audit of Fife Integration Joint Board (the IJB).

2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit and Risk Committee meeting on 22 March 2019. This report comprises the findings from our audit of the IJB’s annual accounts and consideration of the four audit dimensions that frame the wider scope of public audit set out in the *Code of Audit Practice 2016* as illustrated in Exhibit 1.

**Exhibit 1**
**Audit dimensions**

![Audit dimensions diagram]

*Source: Code of Audit Practice 2016*

**Adding value through the audit**

3. We add value to the IJB, through audit, by:

   - identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
   - reporting our findings and conclusions in public
   - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
   - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

4. We aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.
Responsibilities and reporting

5. The IJB has responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

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

7. As public sector auditors we give independent opinions on the annual accounts. We also review and provide conclusions on the effectiveness of the IJB’s performance management arrangements, suitability and effectiveness of corporate governance arrangements, and financial position and arrangements for securing financial sustainability. In doing this, we aim to support improvement and accountability.

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

9. This report raises matters from the audit of the annual accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our annual audit report contains an agreed action plan at Appendix 1. It sets out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

11. We can confirm that we comply with the Financial Reporting Council’s Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2018/19 audit fee of £27,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

12. This report is addressed to both the board and the Controller of Audit and will be published on Audit Scotland's website www_audit-scotland_gov_uk in due course.

13. We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.
Part 1
Audit of 2018/19 annual accounts

Main judgements

Our audit opinions were all unqualified.
The unaudited accounts were not published on time
Partner contributions were misstated in the unaudited financial statements

Our audit opinions on the annual accounts are all unqualified.

14. The annual accounts for the year ended 31 March 2019 were approved by the board on 24 September 2019. We reported within the independent auditor’s report that:

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

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

Annual accounts were submitted on time and the audit was well-supported

16. We received the unaudited annual accounts on 24 June 2019 in line with our agreed audit timetable. The working papers provided with the unaudited annual accounts were of a good standard and finance staff provided good support to the audit team which helped ensure the audit process ran smoothly.

We identified and addressed risks of material misstatement

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

18. We have reported a number of issues from our work on the wider dimension risk highlighted in our 2018/19 Annual Audit Plan. These are included in the action plan at Appendix 1.

Our materiality values were unchanged from our plans

19. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. On receipt of the annual report and accounts we reviewed our planning materiality and concluded that, no changes to the planning materiality levels were needed. These are summarised in Exhibit 2.
Materiality values

<table>
<thead>
<tr>
<th>Materiality level</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall materiality</td>
<td>£5.7 million</td>
</tr>
<tr>
<td>Performance materiality</td>
<td>£3.4 million</td>
</tr>
<tr>
<td>Reporting threshold</td>
<td>£150,000</td>
</tr>
</tbody>
</table>

Source: Audit Scotland, 2018/19 Annual Audit Plan

Significant findings from the audit in accordance with ISA 260

20. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

21. The significant findings are summarised in Exhibit 3. Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan at Appendix 1 has been included.

Exhibit 3
Significant findings from the audit of the financial statements

<table>
<thead>
<tr>
<th>Issue</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Publication of unaudited accounts</td>
<td>We raised this with the Chief Finance Officer on 9 July 2019 and the accounts were not on the website until the end of July, but they were available at Fife House, as advertised. This did not impact on the objection period, which ended on 22 July. Recommendations 1 b/f (refer Appendix 1, action plan)</td>
</tr>
<tr>
<td></td>
<td>The unaudited accounts were submitted to us on 24 June 2019 but were not put on the website at that date.</td>
</tr>
<tr>
<td>2. Miscoding of partner funding</td>
<td>An amendment was made to the audited accounts to correct this error. Net effect was to increase the “net transactions with partner organisations” figure shown in Note 9 from £45 million to £59 million.</td>
</tr>
<tr>
<td></td>
<td>Note 9 to the annual accounts sets out the transactions between the IJB and its partner organisations (Fife Council and NHS Fife). Audit testing identified the year end payment from NHS Fife of £6.975 million, was deducted from their contribution instead of being added on. It was added to the Fife Council contribution in error.</td>
</tr>
<tr>
<td>3. Improvements to management commentary</td>
<td>Amendments were made to both the management</td>
</tr>
</tbody>
</table>
and governance statement disclosures

Audit Scotland issued a good practice note on ‘Improving the quality of local authority accounts – integration joint boards’ (April 2018). The key aim of this document was to enhance disclosures to ensure high quality information is provided to stakeholders in IJB annual accounts. We raised a number of omissions relating to the management commentary and annual governance statement included in the unaudited accounts. The most significant of these was the lack of reference to the IJB’s three year recovery plan and the report from the turnaround consultant on the financial position. We raised these omissions with IJB management, who then amended the management commentary and the governance statement to address the omissions.

How we evaluate misstatements

22. Exhibit 3 explains adjustments to the accounts that are material by nature. We identified one material misstatement as shown in Exhibit 3 relating to the allocation of funding from partners included in Note 9 of the accounts. This misstatement exceeded our overall materiality but as we were able to confirm partner contributions in their entirety we concluded that further audit procedures were unnecessary. The misstatement was amended in the audited accounts. This had no impact on the Comprehensive Income and Expenditure Statement.

Limited progress has been made with prior year recommendations

23. The IJB has made limited progress in implementing our prior year audit recommendations. Revised responses and timescales have been agreed with management, and are set out in Appendix 1.
Part 2
Financial management and sustainability

Main judgements

Financial management arrangements need be strengthened to support effective scrutiny. A “turnaround” consultant report covering financial management appears to have had little effect.

The IJB did not set a balanced budget in 2018/19 and was unable to deliver the planned £4.5 million overspend. The year end outturn was a deficit of £9.3 million, with savings not being achieved in full. The deficit was again met by the partners resulting in year end “break-even”

The IJB continues to depend on additional year-end funding from NHS Fife and Fife Council.

The IJB does not have a long term financial plan

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

Financial management arrangements need be strengthened to support effective scrutiny

24. The Chief Finance Officer (CFO) prepares and presents performance reports to each meeting of the Finance and Performance Committee and the IJB. From attendance at the committee and board meetings we have observed members challenging and questioning officers on the financial position.

25. Members have identified issues with the quality of the financial reports. For example a lack of detail on “management actions” in the October report and confusing figures in the December report which did not add up (refer Recommendation 2 b/f Appendix 1, action plan).

26. We reviewed the budget monitoring process and confirmed that regular budget information is received from both NHS Fife and Fife Council. This is monitored by budget holders and accountants and regularly discussed by the CFO and Divisional General Managers (DGMs). However, the financial information is in different formats since it is produced using different systems and follows the typical reporting formats of the partner organisations. For example, the council reports focus on the projected year-end variance and NHS reports consider the year-to-date budget variances. This makes it more difficult to consider the position for the IJB as a whole. The CFO had access to the council finance system, but not the NHS system, which has restricted the ability to drill down into the detail.
Recommendation 2

The three partners should agree and support a consistent format of the budgetary control information provided to the IJB to enable more robust monitoring to take place.

A “turnaround” consultant report appears to have had little effect and the Board’s expectation of officers to report on actions has not been achieved

27. 2018/19 was the first year of the three-year financial recovery plan agreed with the partner bodies to get the IJB back to a balanced financial position. Throughout the year, finance reports showed the agreed deficit of £4.5 million (see paragraph 32) was not going to be delivered. Recovery actions did not identify the required level of savings or actions to reduce expenditure to address the overspend (see paragraph 34).

28. The IJB asked Scottish Government for help to develop a plan that would address the poor financial outlook and provide a more stable platform moving forward. A turnaround consultant was commissioned by the Scottish Government to review the financial position and advise the Senior Leadership Team (SLT). A report was given to SLT in November 2018 which included a number of recommendations. This was not well received by the SLT and was not provided to the Finance & Performance Committee until March 2019.

29. One of the key recommendations was the introduction of a Grip and Control Framework, and this was the main savings proposal in the second financial recovery plan presented to the Finance & Performance Committee and the IJB Board in December 2018. However, despite this being agreed by members, implementation was delayed until January 2019. There is little evidence that the process implemented from January resulted in any savings or restriction of any expenditure.

30. Members raised considerable concerns on the lack of information available to them following the turnaround consultant’s report and requested an action plan to address the points. Officers prepared a response to a selection of the points flagged which was not welcomed by members who sought to have responses to all of the points raised. This continues to be an on-going issue.

Recommendation 3

A robust recovery plan is required, to address the financial pressures faced by the IJB, taking into account the recommendations/suggestions made in the turnaround consultant’s report.

The IJB did not set a balanced budget in 2018/19 and was unable to deliver the planned £4.5 million overspend

31. The 2018/19 budget, agreed by the IJB in March 2018, was based on a three-year financial strategy agreed with partners with an overall funding gap for the year of £18.2 million. This was to be partially met by planned savings of £12.9 million and it was recognised that the remaining gap of £5.3 million would not be resolved in year. This gap was subsequently reduced to £4.5 million as additional funding was given by Fife Council. This represented an unbalanced budget which was underpinned by expected partner deficit-funding at the year-end in line with the integration scheme.
The year end outturn was a deficit of £9.3 million which was met by the partners resulting in year end “break-even”

32. Finance reports throughout the year showed that the £4.5 million remaining gap was not going to be closed and the Senior Leadership Team were unable to prepare an achievable financial recovery plan to do this (see Exhibit 4.). The actual outturn prior to deficit funding was an overspend of £9.2 million (2%). NHS Fife contributed £2.6 million and Fife Council contributed £6.6 million towards the deficit. This had a significant impact on the partner organisations (Fife Council and NHS Fife) as the Integration Scheme currently requires them to deficit fund the IJB.

Exhibit 4
Financial Monitoring reports showing projected outturn for overspends

<table>
<thead>
<tr>
<th>IJB Financial Report</th>
<th>Year end forecast £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2018 (period 6)</td>
<td>9.3</td>
</tr>
<tr>
<td>November 2018 (period 8)</td>
<td>10.9</td>
</tr>
<tr>
<td>January 2019 (period 10)</td>
<td>10.9</td>
</tr>
<tr>
<td>March 2019 (year end position prior to risk share)</td>
<td>9.2</td>
</tr>
</tbody>
</table>

Source: Financial Monitoring Reports taken to IJB: note these do not include the Acute Set Aside overspend, as any overspend was borne by NHS Fife

The IJB achieved 62 per cent of the required efficiency savings

33. The IJB is required to make efficiency savings to maintain financial balance. In 2018/19 efficiency savings of £12.9 million were required and £8 million were achieved. The shortfall was due to:

- £0.6 million increased charges for services which were not approved by Fife Council.
- £0.8 million transformation savings for Community Redesign (£0.4 million) and Out of Hours (£0.4 million) not being achieved in year. These projects are on-going.
- £0.4 million planned management restructuring savings that were not delivered. This is being taken forward on a divisional basis with Trade Unions
- £1.7 million shortfall on a renegotiated mobile telephony contract. Work is on-going with Fife Council’s “changing to deliver” team and Scotland Excel to identify further savings.

34. Had the planned savings been achieved, the IJB would have delivered the planned budget gap/ outturn overspend of £4.5 million.

The IJB continues to depend on additional year-end funding from NHS Fife and Fife Council.

35. The IJB has received deficit funding from NHS Fife and Fife Council for the last three years (£9.2 million, £8.8 million and £9.3 million) to enable it to achieve a
break
even position. We reported in 2017/18 that a three-year financial plan had been approved by the IJB setting out the budget gaps for the period 2018-20. This resulted from the medium term financial outlook submitted to the IJB in November 2017 which detailed the financial challenges.

36. The recovery plan agreed for 2018-21 identified a budget gap for 2019/20 of £31.8 million and £46.7 million for 2020/21. Budget gaps have not been fully reflected in savings targets in 2018/19 (as there was an underlying acceptance that partners would require to deficit-fund a proportion) and not all remaining savings targets have been achieved.

37. There is little evidence that the financial recovery plans have made a significant difference and transformation, which is cited as key to overcoming the financial challenges, is not progressing as expected. Taking all of this into consideration it is clear that the IJB is not financially stable and is unlikely to achieve financial stability in the medium term.

The IJB does not have a long term financial plan

38. Medium and long term financial planning is an important part of strong financial management. We reported previously that the IJB did not have a long term financial plan and had developed a medium term financial outlook. The three-year financial strategy effective from 2018/19 was not met in year 1 and the IJB still has no long-term financial planning in place.
Part 3
Governance, transparency and value for money

Main judgements

Action has been taken to clarify governance arrangements but more work is needed to ensure partners’ roles and responsibilities are clear.

Board and committee meetings are held in public, but committee papers are not available on the website.

There have been significant changes in the IJB leadership team

The IJB has undertaken a self-evaluation based on recommendations in the Strategic Group for Health and Community Care report and has implemented relatively few of the recommendations

A best value framework is being adopted from 2019/20

The annual performance report did not include up to date performance indicators and we were unable to assess whether performance had improved in the year.

Transformation projects are being reviewed and the IJB has completed a consultation exercise and plan for redesigning out of hours care

Action has been taken to clarify governance arrangements, but more work is needed to ensure partners’ roles and responsibilities are clear

39. The IJB is supported by three standing committees: Clinical & Care Governance, Finance & Performance and Audit & Risk. The Scheme of Integration sets out the governance arrangements for membership of the IJB.

40. The Fife integration scheme adopted a fully delegated approach with the IJB, through the Chief Officer, being responsible for operational delivery of services. There has been a degree of uncertainty as to what this means in practice and whether the governance arrangements in place are appropriate to deliver this. The integration scheme does not clearly set out the responsibilities of the health board, council and the IJB in relation to operational activities and we are not aware of this being considered by the board or a committee.

41. The IJB Governance Manual was updated to clarify arrangements and provide a clearer link between the three partner bodies. This is largely achieved through the Chief Social Work Officer for Fife Council and the Medical and Nursing Directors of NHS Fife becoming members of the Integration Joint Board to provide oversight and advice. There is further work needed to ensure that the roles and responsibilities of the three partners in the Fife Health & Social Care arrangements are clear.
Board and committee meetings are held in public, but committee papers are not available on the website

42. IJB Board meetings are held in public but the three standing committees - Audit & Risk, Finance & Performance and Clinical are held in private and there are no papers available for the committees on the website. This was raised in our 2017/18 report and was to be reviewed and discussed at committees by end of November 2018. No action has been taken on this.

43. During the year there have been numerous changes to dates of committee meetings or meetings being cancelled. Members have also expressed frustration at receiving late papers. Officers have committed to addressing this issue in 2019/20.

There have been significant changes in the IJB leadership team

44. The Chief Finance Officer resigned in March 2019 and the Chief Officer left in August 2019. The CFO post was filled in June 2019 making this the fourth CFO in post since the IJB was established. An interim appointment was made to the CO post (third CO since establishment) in August. The Director of Delivery, Health & Social Care Integration at the Scottish Government will be supporting a number of IJBs, including Fife, which is expected to bolster the SLT and be particularly helpful to the new CO.

A new Strategic Plan has been approved

45. A draft Strategic Plan 2019-22 was considered by both the Finance & Performance Committee (July 2019) and Clinical Care Governance Committee (August 2019). The plan was approved by the Board in September 2019 and will be monitored through the Integrated Performance Framework. The plan includes five specific priorities which will contribute to the delivery of the national well being outcomes:

- Working with local people and communities to address inequalities and improve health and wellbeing outcomes across Fife.
- Promoting mental health and wellbeing.
- Working with communities, partners and the workforce to effectively transform, integrate and improve services.
- Living well with long term conditions.
- Managing resources effectively while delivering quality outcomes.

The IJB has undertaken a self-evaluation based on recommendations in the Strategic Group for Health and Community Care report and has implemented relatively few of the recommendations

46. In November 2018, Audit Scotland published its review of Health and Social Care Integration in Scotland. That review was considered by the Ministerial Strategic Group (MSG) for Health and Community Care which developed a number of specific proposals in light of the Audit Scotland recommendations. The MSG also requested that each Health Board, Local Authority and Integration Joint Board should undertake a self-evaluation of their progress in relation to those proposals.

47. Fife IJB’s self-evaluation rated 8 of the 22 local proposals as ‘Established’ with the 12 classed as ‘Partly Established’ and 2 as ‘Not Yet Established’. The 2 proposals classed as ‘Not Yet Established’ were:
- Delegated hospital budgets and set aside budget requirements must be fully implemented
- Improved capacity for strategic commissioning of delegated hospital services must be in place.

**Internal audit arrangements are effective**

48. Internal audit provides the IJB Board and Accountable Officer with independent assurance on the IJB’s overall risk management, internal control and corporate governance processes.

49. The internal audit function is carried out by the Audit and Risk Management Service of Fife Council, in conjunction with Fife, Tayside and Forth Valley Internal Audit Services in their role as Fife Health Board Internal Auditors. We carried out a review of the adequacy of the internal audit functions and concluded that they operate in accordance with the Public Sector Internal Audit Standards (PSIAS) and have sound documentation standards and reporting procedures in place.

50. We considered the findings of the work of internal audit on performance indicators & outcome measures as part of our wider dimension audit work.

**Risk management arrangements are being strengthened**

51. A short life working group was set up during the year to review the risk management process. The three partner bodies are working together to ensure that each partner’s risk register reflects consistent risks and to clarify which organisation will take responsibility to manage these. Once in place, this should significantly streamline the risk management process and remove the risk of either all or none of the partners monitoring identified risks.

**The partner bodies have sound systems of internal control in place**

52. Fife IJB does not have any financial systems of its own, instead it relies upon the financial systems of its partners to record all transactions. As part of our audit approach we sought assurances from the external auditor of NHS Fife and Fife Council (in accordance with ISA 402). Some control weaknesses were identified and the auditors adapted their audit procedures to obtain the assurances required for the respective audits. This did not identify any issues.

**The partner bodies have sound arrangements for the prevention and detection of fraud and error**

53. The IJB uses the financial systems of Fife Council and NHS Fife and so arrangements for the prevention and detection of fraud, bribery and corruption in respect of the financial systems is the responsibility of these organisations.

54. We have received assurances from the auditors of Fife Council and NHS Fife (in accordance with ISA 402) that there are no issues of concern.

**A best value framework is being adopted from 2019/20**

55. To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. Our audit covers the four audit dimensions, as set out in Exhibit 1, which are key components of securing best value in the provision of services and the use of resources. Integration Joint Boards have a statutory duty to make arrangements to secure best value.
56. A meeting of the Finance and Performance Committee in January 2019 agreed that a Best Value framework would be adopted by the IJB from 2019/20. This will set out the areas against which the IJB would seek to demonstrate delivery of best value including:

- Management of Resources (financial assurance and monitoring of IJB budget resources, medium term financial planning, workforce planning)
- Effective Leadership and Strategic Direction (commitment to delivering integration among Board members and senior managers through IJB Strategic Plan)
- Performance Management (regular reporting and scrutiny of IJB performance, achievement against Health and Social care outcomes and progressing integration)
- Joint Working with Partners (demonstration of effective approach to joint working with partners to progress integration through Fife Health and Social Care Delivery plan)
- Service Review / Continuous Improvement (regular reviews of service activity and scope for integration through projects such as Frailty Programme and Mental Health Redesign)
- Governance and Accountability (demonstration through public performance information such as Annual Accounts, Governance Statement and Annual Performance report)
- Engagement with Community (e.g. regular engagement and consultation with stakeholders through Locality Planning Groups and Strategic Plan consultation).

57. The Finance & Performance Committee will take responsibility for assessing the new approach annually to ensure the IJB has demonstrated best value in the delivery of delegated functions during the year. This will be reported to the Board.

The annual performance report was not published by the statutory deadline and did not contain up to date performance indicators

58. The IJB Board receives a finance and performance report at each meeting. These reports provide an update on the financial position, performance against national outcomes and against local health and social care indicators and details the number of requests and complaints received. The reports are available through board papers on the IJB’s website.

59. The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including; assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of strategic commissioning plan. Although a draft annual performance report was published by 31 July, the final version of the report was not approved by the Board until September 2019, this is two months later than the statutory deadline. Our review of the draft report confirmed that all the areas expected per the guidance had been included.

60. The IJB assesses its performance against 23 different measures – the nine national health and wellbeing outcomes and 14 of its own strategic commissioning measures.

61. These are outlined in the appendix to the annual report, however the figures in the draft report were from the previous year as there were no updates available
for the national indicators when the draft performance report was issued. It is also not clear whether information is now available for the five indicators not reported in 2017/18. (refer Recommendation 7 b/f Appendix 1, action plan)

Transformation projects are being reviewed and the IJB has completed a consultation on redesigning out of hours care

62. The IJB risk register includes an amber risk that transformation programmes will not meet the desired timescales, achieve the required clinical outcomes or deliver the savings required.

63. To address these concerns the Joint Strategic Transformation Group is to be reformed to drive the process forward. The group will be chaired by the Chief Executive of NHS Fife. A workshop was organised in July to take stock of progress with significant transformation programmes across the Health and Social Care Partnership and NHS Fife. The next steps are to develop a clear direction of travel and timeline for each significant change programme.

64. A consultation process was undertaken on “Joining Up Care”, a major transformation project which included redesigning both out of hours urgent care and community hospital and intermediate care services. In December 2018 this was subject to a participation request raised by St Andrews Community Council and the Glenrothes Area Tenants Federation through the Community Empowerment Act. The requests were made to NHS Fife, as the IJB is not directly covered by the Act. This was a unique situation given the IJB has delegated authority on the services covered by the request.

65. Further meetings and workshops were held in March 2019 to address the concerns raised and the IJB approved the Out of Hours redesign proposals at its meeting on 21 June 2019.

The IJB is participating in resilience arrangements with its partners to prepare for EU withdrawal.

66. The impact of EU withdrawal on medicines and medical equipment is included as a high risk on the Fife IJB strategic risk register and this risk is being monitored by a group chaired by the Director of Medicines and Pharmacy. As the IJB does not directly incur expenditure or employ its own staff, it is heavily dependent on the preparations of NHS Fife and Fife Council to mitigate the risks associated with EU withdrawal.

67. We have taken assurance from the conclusions reported by the external auditors of NHS Fife and Fife Council that both bodies are making reasonable preparations for EU withdrawal. On this basis, we have no specific risks to highlight.

National performance audit reports

68. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2018/19 we published some reports which are of direct interest to the board as outlined in Appendix 3.
## Appendix 1
### Action plan 2018/19

<table>
<thead>
<tr>
<th>No.</th>
<th>Issue/risk</th>
<th>Recommendation</th>
<th>Agreed management action/timing</th>
</tr>
</thead>
</table>
| 1   | Consistency of budgetary information | The three partners should agree and support a consistent format of the budgetary control information provided to the IJB to enable more robust monitoring to take place. | Information is collated by the Chief Finance Officer into a consistent format. This is reflected in the monitoring reports submitted to IJB. Production of reports to be clearly scheduled and sufficient time allowed for scrutiny and refinement. | Chief Finance Officer  
Ongoing |
|     | Risk: The IJB financial position is not monitored on a consistent basis which could impact on the quality of the budgetary reports. | | | |
| 2   | Financial sustainability | A robust recovery plan is needed to address the financial pressures faced by the IJB. This should also take account of the recommendations/suggestions made in the turnaround consultant’s report. | A recovery plan will be developed to consider what action can be taken in-year, but will also focus on the medium term financial strategy that is required to close the budget gap. | Senior Leadership Team  
31 March 2020 |
|     | Risk: The IJB will not be able to deliver financial sustainability over the medium term and the partner bodies will continue to bear the financial risk of adverse outturns which will detract from activities to transform services. | | | |
## Follow up of prior year recommendations

### b/f 1  Publication of unaudited accounts

Unaudited accounts should be made available on the website from the date they are submitted to audit until the date the audited accounts are available.  

**Not completed**

We notified the Chief Finance Officer on 9 July 2019 that the unaudited accounts were not on the IJB’s website and requested this to be done as soon as possible. This did not happen until several weeks later.

**Management response**

Unfortunately due to sickness and annual leave the unaudited accounts were not available on the website. Steps will be taken to ensure that there is a transfer of knowledge to other staff members within the partnership.

*Head of Corporate Services*

*30 June 2020*

### b/f 2  Clarity of financial reporting

Information provided to members should be reasonably up to date and presented in a clear and succinct way to enable effective scrutiny to take place.

**Not completed**

Although steps have been taken to ensure the information is as up to date as possible, it is still not clear what the initial budget was, what changes have happened in the year, what savings have been delivered or how the recovery plan will be achieved.

**Management response**

This will be reflected in future Financial Updates to the IJB.

*Chief Finance Officer*

*31 March 2020*

### b/f 3  Financial sustainability and transformation

The IJB and partner bodies should review the financial position and financial sustainability of the IJB and then focus on delivering a longer-term transformation programme.

**Not completed**

The IJB’s has not delivered on the agreed financial recovery plan and continues to rely on deficit-funding by the partner organisations.

**Management response**

Work is ongoing with members of SLT to develop a longer term financial plan which will focus on grip and control/divisional efficiencies and transformation programmes.

*Chief Finance Officer*

*31 December 2019*
**Review of governance arrangements**

The partners should agree their roles, responsibilities and authority to ensure there is no uncertainty for either members or users of the service.  

**Partially completed**

Action has been taken to strengthen governance arrangements with the CSWO and Medical and Nursing Directors joining the Board. Further work is needed to clarify the roles and responsibilities of the three partner bodies.  

See paragraph Error! Reference source not found.  

Management response

The action plan for the ministerial strategic group addresses these concerns which is currently being developed by SLT.  

*Chief Officer*

31 March 2020

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**Transparency and openness**

Committee meetings should be open to the public with non-restricted papers available on the website.

**Not completed**

No action has been taken on this.

Management response

The Chairs of each of the committees will be consulted with a view to full implementation during 2019/20.

*Head of Corporate Services*

31 December 2019

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**Best Value**

The IJB should undertake a periodic and evidenced formal review of its performance against the Scottish Government Best Value framework.

**On-going**

A best value framework has been agreed and will be brought in from 2019/20.  

See paragraph 56

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**Annual performance report**

The annual report should be made available within four months of the year end and the information provided in both the body and appendices should be reviewed.

**Not completed**

The draft report went to the Finance & Performance Committee in July but was not approved by the IJB until September. These are outlined in the appendix to the annual report, however the figures in the draft report were from the previous year and there were no up to date indicators in the 2018/19 performance report. It is also not clear whether information is now available for the five indicators not reported.
Management response

We have consulted with our colleagues in ISD and confirmed that information for both the 2018/19 national indicators and the indicators not reported last year is not available. This is due by end September.

*Head of Strategic Planning, Performance and Commissioning*

*30 September 2019*
Appendix 2
Significant audit risks identified during planning

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

<table>
<thead>
<tr>
<th>Audit risk</th>
<th>Assurance procedure</th>
<th>Results and conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial statements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Risk of management override of controls</td>
<td>• Agreement of balances and transactions to Fife Council and NHS Fife financial reports / correspondence. • Service auditor assurances will be obtained from the auditors of Fife Council and NHS Fife over the completeness, accuracy and allocation of income and expenditure. • On-going review of financial position.</td>
<td>Results We received assurances from the external auditors of Fife Council and NHS Fife and no issues were raised in relation to the completeness, accuracy and allocation of income and expenditure or to journals. Our review of the financial reporting found it was consistent with partner bodies records. Conclusion We did not identify any issues as a result of our audit work that would indicate management override of controls that materially affect the year-end position.</td>
</tr>
<tr>
<td>2 Preparation of annual accounts</td>
<td>• Early engagement with the new CFO and other officers involved in the preparation of the accounts to ensure we are aware of any issues arising.</td>
<td>Results We received the unaudited annual accounts on 24 June in line with the agreed timetable. There were a number of amendments required to these accounts and the final version was approved by the Board on 24 September Conclusion The change in staff did not present any issue to the delivery of the annual accounts</td>
</tr>
</tbody>
</table>

Wider dimension issues and risks

| Financial management and sustainability | | |
| 3 | • Review of turnaround consultant’s report and findings and actions taken by officers in response. • Consideration of the IJB’s budgetary control process • Confirmation of funding | Results The turnaround consultant’s report has yet to be fully responded to by officers. We reviewed the IJB’s budgetary control process and found that improvements could be achieved by agreeing a consistent format |
the year of £18.2 million. This was to be partially met by planned savings of £12.9 million and it was recognised that the remaining gap of £5.3 million would not be resolved in year. This gap was subsequently reduced to £4.5 million as additional funding was given by Fife Council. This represented an unbalanced budget which was underpinned by partner deficit funding in line with the integration scheme.

At November 2018 the IJB is projecting that just under 65% (£8.3 million) of savings will be achieved and this coupled with overspends in year has resulted in a projected year end deficit of £10.9 million, 140% (£6.3 million) above the agreed deficit of £4.5 million.

The Senior Leadership Team has to date been unable to prepare an achievable financial recovery plan to address the overspend by 31 March 2019. This has a significant impact on the partner organisations (Fife Council and NHS Fife) as the Integration Scheme currently requires them to deficit fund the IJB.

We reported last year that the IJB had not yet achieved financial sustainability, looked unlikely to do so over the medium term and that progress on redesigning health and social care services and transforming how these are delivered was slower than anticipated. The position has deteriorated further in 2018/19 and there is an increased and significant risk to the IJB’s financial sustainability and taking a stronger position on overspends. It was clear throughout the year that the recovery plan would not be achieved and subsequent attempts at revising the recovery plan failed. There continues to be slow progress in delivering major transformational change across Fife.

Conclusion The overspend was once again met through the risk share agreement by the partner bodies and the IJB delivered a breakeven position at the year end. The on-going financial pressures have been reported in Appendix 1.

Financial statements

and balances with host bodies.

- Continuing to monitor the in-year and year end financial position and any further funding decisions
- Consideration of the quality of the recovery plan and deliverability of actions proposed.
- Consideration of the transformational change programme, and how transformation of services contributes to the financial sustainability of the IJB.

• Continuing to monitor the in-year and year end financial position and any further funding decisions
• Consideration of the quality of the recovery plan and deliverability of actions proposed.
• Consideration of the transformational change programme, and how transformation of services contributes to the financial sustainability of the IJB.

and taking a stronger position on overspends. It was clear throughout the year that the recovery plan would not be achieved and subsequent attempts at revising the recovery plan failed. There continues to be slow progress in delivering major transformational change across Fife.

Conclusion The overspend was once again met through the risk share agreement by the partner bodies and the IJB delivered a breakeven position at the year end. The on-going financial pressures have been reported in Appendix 1.
## Appendix 3
Summary of national performance reports 2018/19

<table>
<thead>
<tr>
<th>Reports</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local government in Scotland: Challenges and performance 2018</td>
<td>Apr</td>
</tr>
<tr>
<td>Councils’ use of arm’s-length organisations</td>
<td>May</td>
</tr>
<tr>
<td>Scotland’s colleges 2018</td>
<td>Jun</td>
</tr>
<tr>
<td>Forth Replacement Crossing</td>
<td>Aug</td>
</tr>
<tr>
<td>Children and young people’s mental health</td>
<td>Sept</td>
</tr>
<tr>
<td>NHS in Scotland 2018</td>
<td>Oct</td>
</tr>
<tr>
<td>Dec</td>
<td></td>
</tr>
<tr>
<td>Jan</td>
<td></td>
</tr>
<tr>
<td>Feb</td>
<td></td>
</tr>
<tr>
<td>Mar</td>
<td></td>
</tr>
</tbody>
</table>

### Reports relevant to Integration Joint Boards
- Local government in Scotland: Challenges and performance 2018 – April 2018
- Councils’ use of arm’s-length organisations – May 2018
- Children and young people’s mental health – September 2018
- NHS in Scotland 2018 – October 2018
- Health and social care integration: update on progress – November 2018
- Local government in Scotland: Financial overview 2017/18 – November 2018
- Local government in Scotland: Challenges and performance 2019 – March 2019
Purpose of the Report (delete as appropriate)

SBAR REPORT

Situation

The attached report details the financial position of the delegated and managed services based on 30 June 2019 financial information. The forecast deficit is £11.273m, £4.720m above the approved budget deficit of £6.553m. The level of overspend requires urgent management action to ensure that the partnership delivers within the approved budget. A proposed Financial Recovery Plan for 2019-20, will come to a future meeting of the F&P for consideration.

Recommendation

- Note the financial position as reported at 30 June 2019
- Note and discuss the next steps and key actions

Background

The Public Bodies (Joint Working) (Scotland) Act 2014 determines those services to be delegated to the Integration Joint Board.

The Fife H&SCP board has a responsibility for the planning of Services which will be achieved through the Strategic Plan. The Fife H&SCP board is responsible for the operational oversight of Integrated Services, and through the Director of Health and Social Care, will be responsible for the operational and financial management of these services.

Assessment

Financial Position

At 30th June the combined Health & Social Care Partnership delegated and managed services are reporting a projected outturn overspend of £11.273m against an approved budgeted deficit of £6.553m, a projected deficit above approval level of £4.720m.

Three key areas of overspend are contributing to the financial outturn overspend - GP prescribing
Agreed Deficit
Adult Packages

The report provides information on in year additional funding allocations to provide clarity and also highlights further risks and uncertainties in the financial year. There is also an update in relation to savings which were approved by the IJB on 28th March 2019

Objectives: (must be completed)

<table>
<thead>
<tr>
<th>Health &amp; Social care Standard(s):</th>
<th>Integration Planning and Delivery Principles.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IJB Strategic Objectives:</td>
<td>All</td>
</tr>
</tbody>
</table>

Further Information:

<table>
<thead>
<tr>
<th>Evidence Base:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary of Terms:</td>
<td></td>
</tr>
<tr>
<td>Parties / Committees consulted prior to Health Board Meeting:</td>
<td>Finance &amp; Performance Committee</td>
</tr>
</tbody>
</table>

Impact: (must be completed)

Financial / Value For Money

There are no financial/value for money implications for this report.

Risk / Legal:

The Directions are required to ensure compliance with legislation.

Quality / Patient Care:

There are no Quality/Customer Care implications for this report.

Workforce:

There are no workforce implications to this report.

Equality Impact Assessment:

An EqIA has not been completed and is not necessary as there are no EqIA implications arising directly from this report.

Consultation:

None

Appendices:

1. Finance Report – July 2019
2. Direction to Fife Health Board
3. Direction to Fife Council
4. Flow of Funds
5. Savings Tracker IJB
Fife Health & Social Care Partnership

Finance Report as at 30 June 2019

September 2019

Supporting the people of Fife together
Financial Monitoring

Financial Position as at June 2019

1. **Introduction**

   The Resources available to the Health and Social Care Partnership (H&SCP) Board fall into two categories:

   a) Payments for the delegated in scope functions
   b) Resources used in “large hospitals” that are set aside by NHS Fife and made available to the Integration Joint Board for inclusion in the Strategic Plan.

   The revenue budget of £528m for delegated and managed services was approved at the 28th March 2019 IJB. The net budget requirement exceeded the funding available and a savings plan of £8.827m was approved leaving an approved budget deficit of £6.553m.

   The revenue budget of £34.841m for acute set aside with a savings plan of £1.612m was also set for 2019/20.

2. **Financial Reporting**

   In order to inform the Finance and Performance Committee on the financial position of the Services in scope the June information has been used to produce this financial report. A summary of the projected overspend at the current time is provided in Table 1 below and details on actions being taken are tabled. It is critical that the HSCP manage within the budget envelope approved in this financial year of £6.553m and management require to implement robust project plans to bring the partnership back in-line with this agreed position.

3. **Additional Allocations for Year**

   Additional Budget allocations are awarded in year through Health budget allocations which are distributed to the H&SCP where applicable. The total budget for the delegated and managed services has increased by £13.748m through additional allocations for specific projects as detailed below in Table 1 - £7.567m of this funding has been allocated to budgets and £6.747m remains in reserve to be allocated.

   The PCIF (Primary Care Implementation Fund) Allocation £3.7m is a follow on from the Primary Care Transformation Funding of prior years, the PCIF fund now encompasses funding for GP Contract implementation (excluding Estates). All projects will be reviewed in 2019-20 to consider outcomes against each of the workstreams. It should be noted that £560k of the funding in 2018-19 remained unspent at the year end and has been carried forward into 2019-20.
### LJB Additional Funding Allocations 2019-20

<table>
<thead>
<tr>
<th></th>
<th>Funding Received 2019-20</th>
<th>Funding B/F</th>
<th>Funding Allocated</th>
<th>Funding Earmarked</th>
<th>Funding Unallocated</th>
<th>Comments</th>
<th>Annual recurrent award</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol and Drug Partnership</td>
<td>£5,054,445</td>
<td>£4,137,091</td>
<td>-</td>
<td>-</td>
<td>917,354</td>
<td>ASP Group Approval</td>
<td>Y</td>
</tr>
<tr>
<td>Mental Health Act</td>
<td>£344,000</td>
<td>£344,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Integration Fund</td>
<td>£631,442</td>
<td>£8,920</td>
<td>-</td>
<td>-</td>
<td>622,522</td>
<td>Allocation to GP Project Manager</td>
<td>Y</td>
</tr>
<tr>
<td>Men C</td>
<td>-£15,995</td>
<td>-£15,995</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Allocation reduction</td>
<td>Y</td>
</tr>
<tr>
<td>Community Pharmacy Practitioner Champion</td>
<td>£19,718</td>
<td>£19,718</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Community Champions allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Family Nurse Partnership</td>
<td>£933,500</td>
<td>0</td>
<td>£933,500</td>
<td>-</td>
<td>-</td>
<td>To be Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>HPV</td>
<td>£17,841</td>
<td>£17,841</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Healthy Start Vitamins</td>
<td>£27,986</td>
<td>£27,986</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Capacity Building CAMHS &amp; PT</td>
<td>£455,623</td>
<td>0</td>
<td>455,623</td>
<td>-</td>
<td>-</td>
<td>To be Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Mental health innovation fund</td>
<td>£287,601</td>
<td>0</td>
<td>£287,601</td>
<td>-</td>
<td>-</td>
<td>To be Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Veterans First Point Transition funding</td>
<td>£114,056</td>
<td>0</td>
<td>114,056</td>
<td>-</td>
<td>-</td>
<td>Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Primary Medical Services Bundle</td>
<td>£1,717,797</td>
<td>£1,717,797</td>
<td>0</td>
<td>114,056</td>
<td>-</td>
<td>Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>PCF GP Sub Committee</td>
<td>£34,057</td>
<td>0</td>
<td>34,057</td>
<td>-</td>
<td>Allocated</td>
<td>To be Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Forensic Medical Examinations</td>
<td>£54,104</td>
<td>£54,104</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>Allocated</td>
<td>Y</td>
</tr>
<tr>
<td>Outcomes Framework</td>
<td>-£198,656</td>
<td>-£198,656</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>GP Implementation Group recommendations being reviewed</td>
<td>Uplift in year</td>
</tr>
<tr>
<td>PCIF</td>
<td>£3,746,267</td>
<td>£566,083</td>
<td>£1,180,941</td>
<td>-</td>
<td>3,131,409</td>
<td>Uplift in year</td>
<td></td>
</tr>
<tr>
<td>Action 15 mental health strategy</td>
<td>£524,045</td>
<td>£58,200</td>
<td>£465,845</td>
<td>-</td>
<td>-</td>
<td>Currently being finalised</td>
<td>New Monies</td>
</tr>
<tr>
<td></td>
<td>£13,747,831</td>
<td>£566,083</td>
<td>£7,566,598</td>
<td>-</td>
<td>6,747,315</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 4. Directions

Directions are provided at Appendix 2 and Appendix 3. The Directions direct payment for delegated and managed services to Fife Council and NHS Fife, and reflect the budgeted resources available to the Partnership. Any spend that exceeds the budgeted resources requires that management actions are taken to bring any spend back in line with budgeted levels. The flow of funds is detailed in Appendix 4.

### 5. Financial Performance Analysis as at June 2019

At June 2019 the combined Health & Social Care Partnership delegated and managed services are reporting a projected outturn overspend of £11.273m. This is an overspend on approved budget deficit of £4.720m. It is not acceptable for the Partnership to not manage within the agreed budget and it is business critical that Senior Management take corrective action to ensure this is achieved.
### Table 1 Summary Financial Position

<table>
<thead>
<tr>
<th>Objective Summary</th>
<th>Original Budget</th>
<th>Budget</th>
<th>Estimated Outturn</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Services</td>
<td>103.001</td>
<td>101.205</td>
<td></td>
<td>-1.796</td>
</tr>
<tr>
<td>Hospitals and Long Term Care</td>
<td>52.399</td>
<td>53.503</td>
<td></td>
<td>1.104</td>
</tr>
<tr>
<td>GP Prescribing</td>
<td>74.106</td>
<td>53.999</td>
<td></td>
<td>-1.107</td>
</tr>
<tr>
<td>Family Health Services</td>
<td>94.983</td>
<td>94.893</td>
<td></td>
<td>-0.090</td>
</tr>
<tr>
<td>Childrens Services</td>
<td>325.405</td>
<td>14.941</td>
<td>14.801</td>
<td>-0.140</td>
</tr>
<tr>
<td>Resource transfer &amp; other payment</td>
<td>51.674</td>
<td>51.319</td>
<td>51.323</td>
<td>0.004</td>
</tr>
<tr>
<td>Homecare Services</td>
<td>26.582</td>
<td>29.439</td>
<td>29.700</td>
<td>0.261</td>
</tr>
<tr>
<td>Older People Residential and Day Care</td>
<td>13.557</td>
<td>14.086</td>
<td>13.960</td>
<td>-0.126</td>
</tr>
<tr>
<td>Older People Nursing and Residential</td>
<td>32.765</td>
<td>33.061</td>
<td>33.004</td>
<td>-0.057</td>
</tr>
<tr>
<td>Adult Packages</td>
<td>35.112</td>
<td>39.045</td>
<td>42.726</td>
<td>3.681</td>
</tr>
<tr>
<td>Adults Supported Living</td>
<td>21.163</td>
<td>21.822</td>
<td>21.468</td>
<td>-0.338</td>
</tr>
<tr>
<td>Social Care Other</td>
<td>21.244</td>
<td>15.239</td>
<td>23.009</td>
<td>7.770</td>
</tr>
<tr>
<td>Housing</td>
<td>0.520</td>
<td>0.430</td>
<td>0.430</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Total Health &amp; Social Care</strong></td>
<td><strong>528.022</strong></td>
<td><strong>543.872</strong></td>
<td><strong>555.145</strong></td>
<td><strong>11.273</strong></td>
</tr>
</tbody>
</table>

**Approved deficit**

6.553

**Projected overspend above approved budget deficit**

4.720

5.1 **Community Services underspend £1.796m**

There is a forecast outturn of £1.796m underspend within Community Services which is due to staff vacancies in health promotion & community dental services (Fife Wide) as well as nursing vacancies in the East. There are also forecast underspends in Sexual Health and Rheumatology drug costs.

5.2 **Prescribing £1.000m overspend**

One of the key areas of overspend in the partnership as at June 2019 is prescribing with a forecast outturn of £1.000m overspend. The GP prescribing position is based on informed estimates for March, April and has been discussed with, and informed and endorsed by the Director of Pharmacy. Significant progress has been made in this area over the years with a further £1.2m saving target in 2019-20.
5.3 Hospital and Long Term Care £1.104m overspend

There is a forecast overspend of £1.104m comprising staff costs associated with additional demands relating to patient frailty/complexity.

5.4 Adult Packages £3.681m overspend

The key overspend within Social Care is Adult Placements. The current forecast suggests an overspend position of £3.7m by the financial year end, which is the result of additional complex packages commissioned since the budget was set. The forecast is currently being refined to reflect that this is an area of growth as individuals are living longer with complex needs. Various techniques are being considered to ensure a robust forecast is reported. Although the service continues to monitor closely the commissioning of these packages, and reduce packages where possible, the demand exceeds the resources available and is likely to rise throughout the year. The Fife Council Change Team is currently working with HSCP to provide analytical data/insight to understand better the resources, and although an initial meeting has been held the scope of the work has yet to be finalised.

5.5 Social Care Other £7.770m overspend

This is predominantly the budget deficit agreed by the IJB in March. SLT are currently considering a process to be followed, to not only look at in-year efficiencies but to also consider a longer term approach to closing the gap. A paper on the process will be brought to a future meeting of the IJB.

5.6 Savings

A range of savings proposals to meet the budget gap were approved by the IJB as part of the budget set. The total savings for the 2019/20 financial year is £8.827m. A financial tracker is included at Appendix 5, and a separate SBAR included within today’s agenda provides an update on all savings which are currently at an amber status. It is anticipated that savings of £8.507m, 96.4% will be delivered against the target.

6 Key Actions

The Integration Scheme advises that where there is a forecast overspend the Director of Health and Social Care, the Chief Finance Officer of the Integration Joint Board, Fife Council’s Section 95 Officer and NHS Fife’ Director of Finance must agree a recovery plan to balance the total budget. The recovery plan shall be subject to the approval of the Integration Joint Board.

Funding Partners approved the budget in March 2019 based on an agreed deficit of £6.553m. It is critical that the Partnership delivers within the agreed budget envelope and identifies in-year management actions to reduce or close this gap.

The Senior Leadership Team are looking to develop a medium term financial strategy that will be considered at a meeting of the IJB in November of this year.

Effective Financial Management remains a key priority for the Partnership. Weekly meetings to consider new and replacement posts will continue. The processes relating to supplementary staffing will be strengthened and continual benchmarking across Community Hospitals will take
place to ensure learning is shared across the partnership. A robust approval process is currently under development for locums which will provide clarity and transparency but will also ensure that the consideration of costs are firmly embedded into the commissioning process going forward.

With regard to non-pay spend there are various measures being reviewed with a view to strengthening the financial arrangements.

Audrey Valente
Chief Finance Officer
20 August 2019
DIRECTION

TO FIFE HEALTH BOARD BY FIFE INTEGRATION JOINT BOARD
ISSUED UNDER S26 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

FIFE HEALTH BOARD is hereby directed to deliver for the Fife IJB the functions detailed below in accordance with the following conditions:-

The functions in question are:-

All functions listed in Annex 1, Part 1 of the Fife Health and Social Care Integration Scheme dated 19 August, 2015 that are delegated and managed by the IJB.

CONDITIONS

(1) The functions will be carried out in a manner consistent with the Fife IJB’s Strategic Plan 2019-2022.

(2) No material change will be made to the service provision relating to the functions unless agreed in writing by the Fife IJB.

(3) The Fife IJB will make payment of £339.430 m to the Health Board to carry out the functions. This baseline payment will be subject to change, for example, when additional resources are allocated.

(4) This direction is effective from 20 September 2019 and will remain in force until revoked or amended by the Fife IJB.

Fife Integration Joint Board
Financial Year 2019/20
DIRECTION

TO FIFE COUNCIL BY FIFE INTEGRATION JOINT BOARD
ISSUED UNDER S26 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

FIFE COUNCIL is hereby directed to deliver for the Fife IJB the functions detailed below in accordance with the following conditions:-

The functions in question are:-

Functions listed in Annex 2, Part 1A and Part 1B of the Fife Health and Social Care Integration Scheme dated 19 August, 2015 that are delegated and managed by the IJB.

CONDITIONS

(1) The functions will be carried out in a manner consistent with the Fife IJB’s Strategic Plan 2019-22.

(2) No material change will be made to the service provision relating to the functions unless agreed in writing by the Fife IJB.

(3) The Fife IJB will make payment of £204.442m to Fife Council to carry out the functions. This baseline payment will be subject to change, for example, when additional resources are allocated.

(4) This direction is effective from 24 September 2019 and will remain in force until revoked or amended by the Fife IJB.

Fife Integration Joint Board
Financial Year 2019/20
Fife Health and Social Care Partnership Board Flow of Funds

Contributions:

- FC £153.123
- NHS £390.749

IJB £543.872

Payment:

- FC £204.442m
- NHS £339.430m

Notes

1. The contribution to the budget of £543.872m from Fife Council is £153.123m and from NHS is £390.749m
2. Resource Transfer and Other Funding payments are part of the NHS contribution and are then directed by the IJB to Fife Council
3. Payment for the Grants to voluntary organisations budget is directed to Fife Council
4. Payments for the Fife Community Equipment Store budget is directed to Fife Council
### Management Actions

<table>
<thead>
<tr>
<th>Area</th>
<th>Savings Proposal</th>
<th>Savings Target £m</th>
<th>Overall Forecast £m</th>
<th>(Under)/over achieved £m</th>
<th>Reg Status</th>
<th>Comment</th>
<th>SLT Lead</th>
<th>Service manager</th>
<th>Accountant</th>
<th>PID Nr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership</td>
<td>Management Actions</td>
<td>1.200</td>
<td>0.000</td>
<td>(1.200)</td>
<td>Green</td>
<td>Agreed at SLT and allocated to Divisions</td>
<td>Julie Paterson</td>
<td>Julie Paterson</td>
<td>All</td>
<td>CORP03</td>
</tr>
<tr>
<td>GP Prescribing</td>
<td>GP Prescribing</td>
<td>1.200</td>
<td>1.200</td>
<td>0.000</td>
<td>Green</td>
<td></td>
<td>Scott Garden</td>
<td>Scott Garden</td>
<td>Fiona Robertson</td>
<td>CORP02</td>
</tr>
<tr>
<td>FifeWide</td>
<td>CRES-Fifewide</td>
<td>3.320</td>
<td>4.258</td>
<td>0.938</td>
<td>Green</td>
<td></td>
<td>Julie Paterson</td>
<td>Julie Paterson</td>
<td>Brian Gilmour</td>
<td>FWD 001, 002</td>
</tr>
<tr>
<td>East West</td>
<td>CRES-East</td>
<td>0.452</td>
<td>0.592</td>
<td>0.100</td>
<td>Green</td>
<td></td>
<td>David Heaney</td>
<td>David Heaney</td>
<td>Ronald Lambie</td>
<td>EAST 001</td>
</tr>
<tr>
<td>West</td>
<td>CRES-West</td>
<td>0.464</td>
<td>0.410</td>
<td>(0.054)</td>
<td>Green</td>
<td>The service have stopped providing staff for service user holidays. If staff are required for holidays then the service user will need to pay for the staff time.</td>
<td>Claire Dobson</td>
<td>Claire Dobson</td>
<td>Fiona Robertson</td>
<td>WEST 001</td>
</tr>
<tr>
<td>FifeWide</td>
<td>Service User - Holiday costs</td>
<td>0.050</td>
<td>0.050</td>
<td>0.000</td>
<td>Green</td>
<td></td>
<td>Julie Paterson</td>
<td>Ian Wilson</td>
<td>Christine Tuffy</td>
<td>FWD 003</td>
</tr>
<tr>
<td>East</td>
<td>Older People Maximum Indicative Budgets</td>
<td>0.250</td>
<td>0.020</td>
<td>(0.230)</td>
<td>Amber</td>
<td>Avoid awarding new packages greater than £31k p.a.</td>
<td>David Heaney</td>
<td>Cindy Graham</td>
<td>Lesley Burnie</td>
<td>East 002</td>
</tr>
<tr>
<td>East</td>
<td>Community Alarm Service Charge</td>
<td>0.210</td>
<td>0.189</td>
<td>(0.021)</td>
<td>Amber</td>
<td>Price increase from £2.25 to £2.80 per week</td>
<td>David Heaney</td>
<td>Cindy Graham</td>
<td>Lesley Burnie</td>
<td>East 003</td>
</tr>
<tr>
<td>East</td>
<td>Meals on Wheels - increased charges</td>
<td>0.176</td>
<td>0.154</td>
<td>(0.022)</td>
<td>Amber</td>
<td>Price increase of 10%</td>
<td>David Heaney</td>
<td>Cindy Graham</td>
<td>Lesley Burnie</td>
<td>East 004</td>
</tr>
<tr>
<td>East</td>
<td>Daycare Services review - Leng &amp; St David’s</td>
<td>0.060</td>
<td>0.020</td>
<td>(0.040)</td>
<td>Amber</td>
<td>Reduction of staff at St David’s Centre, St Andrews. Further savings may be identified during year but currently offset by over achievement of other Daycare savings</td>
<td>David Heaney</td>
<td>Louise Bell</td>
<td>Lesley Burnie</td>
<td>East 005</td>
</tr>
<tr>
<td>East</td>
<td>Daycare Services review - General</td>
<td>0.200</td>
<td>0.240</td>
<td>0.040</td>
<td>Green</td>
<td>Managing Change exercise at Jean Mackie, deletion of vacancies at Matthew Fyfe and Lumphinnans has led to saving being over achieved</td>
<td>David Heaney</td>
<td>Louise Bell</td>
<td>Lesley Burnie</td>
<td>East 006</td>
</tr>
<tr>
<td>West</td>
<td>Fife Community Equipment Partnership Store</td>
<td>0.030</td>
<td>0.030</td>
<td>0.000</td>
<td>Green</td>
<td>Savings on equipment budget through new procurement contracts, reduced variation in equipment</td>
<td>Claire Dobson</td>
<td>Anne McAlpine</td>
<td>Lesley Burnie</td>
<td>West 002</td>
</tr>
<tr>
<td>West</td>
<td>Long Term &amp; Residential Care - shifting the balance of care</td>
<td>0.450</td>
<td>0.450</td>
<td>0.000</td>
<td>Green</td>
<td>Budget saving already achieved</td>
<td>Claire Dobson</td>
<td>Jamie Kirkby</td>
<td>Lesley Burnie</td>
<td>West 003</td>
</tr>
<tr>
<td>FifeWide</td>
<td>Introduction of Technology</td>
<td>0.250</td>
<td>0.150</td>
<td>(0.057)</td>
<td>Amber</td>
<td>The implementation of Total Mobile has been delayed which will result in a delay in achieving the savings. Any shortfall in the savings will be achieved through the ongoing reviews of Adult Care packages</td>
<td>Julie Paterson</td>
<td>Elaine Law</td>
<td>Christine Tuffy</td>
<td></td>
</tr>
<tr>
<td>FifeWide</td>
<td>Adults Indicative Budgets</td>
<td>0.400</td>
<td>0.300</td>
<td>(0.100)</td>
<td>Amber</td>
<td>Any shortfall in savings will be met from the ongoing review of Adult Care Packages</td>
<td>Julie Paterson</td>
<td>Elaine Law</td>
<td>Christine Tuffy</td>
<td></td>
</tr>
<tr>
<td>FifeWide</td>
<td>Adult Care Package Reviews</td>
<td>0.000</td>
<td>0.326</td>
<td>0.326</td>
<td>Green</td>
<td>Any shortfall in savings from the Introduction of Technology or the Adults Indicative Budget will be met from the ongoing review of Adult Care Packages</td>
<td>Julie Paterson</td>
<td>Elaine Law</td>
<td>Christine Tuffy</td>
<td></td>
</tr>
<tr>
<td>FifeWide</td>
<td>Community Support Service Rationalisation of Assets</td>
<td>0.075</td>
<td>0.075</td>
<td>0.000</td>
<td>Green</td>
<td>The Forward Centre has been closed which will result in the full savings being achieved</td>
<td>Julie Paterson</td>
<td>Ian Wilson</td>
<td>Christine Tuffy</td>
<td></td>
</tr>
<tr>
<td>Rag Status</td>
<td>Savings Target £m</td>
<td>Overall Forecast £m</td>
<td>(Under)/over £m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green</td>
<td>7.483</td>
<td>7.631</td>
<td>0.150</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amber</td>
<td>1.346</td>
<td>0.876</td>
<td>(0.470)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Red</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8.827</td>
<td>8.507</td>
<td>(0.320)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Rag Status Key:
- Green - No issues and saving is on track to be delivered
- Amber - There are minor issues or minor reduction in the value of saving, or delivery of the saving is delayed
- Red - Major issues should be addressed before any saving can be realised

AGENDA ITEM NO.: 4.3
DATE OF MEETING: 24 September 2019
TITLE OF REPORT: Savings Tracker
EXECUTIVE LEAD: Nicky Connor

REPORTING OFFICER/CONTACT INFO:
NAME: Audrey Valente
DESIGNATION: Chief Finance Officer
WORKPLACE: Rothesay House
TEL NO: 444030
E-MAIL: Audrey.Valente@fife.gov.uk

Purpose of the Report (delete as appropriate)

For Decision | For Discussion | For Information

REPORT

Situation

At the meeting of the Finance and Performance committee on 17th July, it was requested that a fit for purpose approach to tracking the savings approved by the IJB be developed and brought back to a future committee for consideration.

The IJB approved savings of £8.827m for the Health and Social Care Partnership and currently 96.4% are on track to be delivered.

The focus of this report will be to provide an update on those savings which have an amber and red status. The format will be to provide some background to the savings, and to provide a position statement in relation to delivery of those savings. An update on financials will also be provided and identification of any substitutes discussed, with the associated financial impact on the monitoring position.
Background

There are 6 savings which are currently marked with an amber status in the tracker. A summary of these is provided below in Table 1 with a brief narrative of planned delivery.

Table 1

<table>
<thead>
<tr>
<th>Title of Savings Proposal</th>
<th>Savings Target £m</th>
<th>Overall Forecast £m</th>
<th>(Under)/over achieved</th>
<th>RAG Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Older People Indicative Budgets</td>
<td>0.250</td>
<td>0.020</td>
<td>(0.230)</td>
<td>amber</td>
</tr>
<tr>
<td>2. Community Alarm Service Charge</td>
<td>0.210</td>
<td>0.189</td>
<td>(0.021)</td>
<td>amber</td>
</tr>
<tr>
<td>3. Meals on Wheels-increased charges</td>
<td>0.176</td>
<td>0.154</td>
<td>(0.022)</td>
<td>amber</td>
</tr>
<tr>
<td>4. Daycare Services Review-Leng &amp; St David</td>
<td>0.060</td>
<td>0.020</td>
<td>(0.040)</td>
<td>amber</td>
</tr>
<tr>
<td>5. Introduction of Technology</td>
<td>0.250</td>
<td>0.193</td>
<td>(0.057)</td>
<td>amber</td>
</tr>
<tr>
<td>6. Adults Indicative Budgets</td>
<td>0.400</td>
<td>0.300</td>
<td>(0.100)</td>
<td>amber</td>
</tr>
<tr>
<td>7. Green</td>
<td>7.481</td>
<td>7.631</td>
<td>0.150</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8.827</td>
<td>8.507</td>
<td>(0.320)</td>
<td></td>
</tr>
</tbody>
</table>

1. Older People Maximum Indicative Budgets
The proposal is to apply a Indicative budget for any new high cost packages. This is based on the approach in relation to high cost care packages for adults approved by the IJB in 2018. The policy is currently being reviewed and is likely to be implemented later this financial year, which will generate higher savings than being reported in June.

2. Community Alarm Service Charge
This proposal was developed on the basis of increasing the current charges from £2.25 to £2.80, resulting in increased income target of £0.210m. New charges were approved at the end of March by Fife Council for 2019/20. The charge could not be introduced on April 1st which has led to a small under-achievement on the savings target.

3. Meals on Wheels
This proposal was prepared on the basis of increasing the current charges from £3.62 to £4.00, resulting in increased income target of £0.176m. New charges were approved at the end of March by Fife Council for 2019/20. The charge could not be introduced on April 1st which has led to a small under-achievement on the savings target.

4. Daycare Services Review - Leng and St David
This proposal is to change the model of service provision for existing day service users, and to re-provision the current local service and provide support to clients that is individual to their needs. The under-achievement on this saving for this financial year is being offset by over-achievement of savings for Daycare Services Review – General while suitable alternative provision is being sought.

5. Introduction of Technology
A proposal to introduce mobile technology to our external care providers which will produce real time payments and improved data and analytics.
### 6. Adults Indicative Budgets

Where packages of care are costed between £78k and £100k; options include residential care setting at a complex rate or alternative individual equivalency budget. Implementation was delayed subject to guidance being developed. Implementation is now progressing.

#### Assessment

**Maximum Indicative Budgets**

Position update: Equitable Allocation of Resources Policy and practitioner guidance completed. Start date to be agreed.

Next steps:
- Briefing for team managers and local staff on policy and practitioner guidance
- Agreement of implementation date
- Roll out

**Community Alarm Service Charge**

Position update: Agreed revised charges being applied.

**Meals on Wheels**

Position update: Agreed revised charges being applied

**Daycare Services Review - Leng and St David**

Position update: Savings on course to deliver target through substitution within the savings on Daycare Services – General.

Next steps:
- Secure and confirm accommodation arrangements for Leng and St David

**Introduction of Technology and Adults Indicative Budgets; total savings to be achieved £650k.**

Position update: Total Mobile technology was introduced in June 2019 rather than April 2019 as planned. Indicative budget implementation is also now progressing with guidance in place. Both are inextricably linked to ongoing reviews of care packages. To date, reviews of care packages have achieved £326k. The expectation is that the total £650k will be achieved in year 2019/20.

#### Recommendation

- To consider the attached information, discuss as appropriate and agree next steps
<table>
<thead>
<tr>
<th>Objectives: (must be completed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Social Care Standard(s): 1-5</td>
</tr>
<tr>
<td>IJB Strategic Objectives: Priority 5; Managing resources effectively while delivering quality outcomes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Further Information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evidence Base: n/a</td>
</tr>
<tr>
<td>Glossary of Terms: n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact: (must be completed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial / Value for Money</td>
</tr>
<tr>
<td>e.g.</td>
</tr>
<tr>
<td>- Non-Delivery of Savings without proposed substitution will potentially add to the overspend position for the Health and Social Care Partnership. This will need to be factored into the recovery plan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk / Legal:</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g.</td>
</tr>
<tr>
<td>- There is a risk that savings will not be delivered as planned, and that there will be further negative impacts on the outturn position.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality / Customer Care:</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are no impacts on quality/customer care</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Workforce:</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equality Impact Assessment:</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environmental / Sustainability Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consultation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appendices: (list as appropriate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>none</td>
</tr>
</tbody>
</table>
AGENDA ITEM NO.: 4.4
DATE OF MEETING: 24 September 2019
TITLE OF REPORT: Internal Audit Annual Assurance Statement
EXECUTIVE LEAD: Nicky Connor, Interim Director of Health and Social Care

REPORTING OFFICER/CONTACT INFO:
- NAME: Avril Cunningham
- DESIGNATION: Chief Internal Auditor
- WORKPLACE: Fife House
- TEL. NO.: 03451 555555 ext. 446076
- EMAIL: Avril.Cunningham@fife.gov.uk

REPORT

Situation

The Fife Integration Joint Board (IJB) Chief Internal Auditor is required to produce an annual statement of assurance on the adequacy and effectiveness of Corporate Governance and the internal control system of the Integration Joint Board. This report presents the Assurance Statement for the year ended 31 March 2019.

This report is intended to provide some background for Members on the processes adopted for preparing the Assurance Statement, a copy of which is appended to this report.

Recommendation

Members of the IJB Audit and Risk Committee are asked to note my opinion that a medium level of control exists, and that reasonable assurance can be placed on the adequacy and effectiveness of the IJB's systems of corporate governance and internal control in the year to 31 March 2019.

Background

The Assurance Statement contains my overall opinion on the state of corporate governance and internal control within the IJB. That independent opinion is based on the work undertaken by FTF Audit Services and Fife Council’s Audit and Risk Management Service (IJB Internal Audit) and reported to this Committee, NHS Fife and Fife Council.

The statement also considers the high-level controls and direction across the IJB’s activities that contribute positively to the standards required in terms of Corporate Governance and internal control. This includes, for example:

- the development of a corporate governance framework;
- a risk management strategy;
- comprehensive financial management systems;
- regular reviews of financial reports;
- well-defined Chief Officer responsibilities;
- an established Audit and Risk Committee and
• a sound Code of Corporate Governance and its ongoing monitoring and reporting to Committee

It also takes account of External Audit (Audit Scotland) work, the response reports provided to the Audit and Risk Committee by Managers and relevant reports by external inspection agencies.

The Director of Health & Social Care uses the statement, along with information from a number of other relevant sources, as the basis of the IJB Corporate Governance Statement.

**Assessment**

It is my opinion that a medium level of control exists, and that reasonable assurance can be placed upon the adequacy and effectiveness of the Health and Social Care Integration Joint Board’s systems of corporate governance and internal control in the year to 31 March 2019.

The reduction in grading from medium-high for the year to March 2017-18 reflects ongoing development of the governance, assurance and risk frameworks and updating of the Strategic Risk Register, the required review of the Performance Management Framework and the budget issues encountered during the year.

**Objectives: (must be completed)**

<table>
<thead>
<tr>
<th>Health &amp; Social Care Standard(s):</th>
</tr>
</thead>
<tbody>
<tr>
<td>IJB Strategic Objectives:</td>
</tr>
</tbody>
</table>

**Further Information:**

<table>
<thead>
<tr>
<th>Evidence Base:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary of Terms:</td>
</tr>
<tr>
<td>Parties / Committees consulted prior to H&amp;SC IJB meeting:</td>
</tr>
</tbody>
</table>

**Impact: (must be completed)**

**Financial / Value For Money**

There are no financial impacts arising directly from this report.

**Risk / Legal:**

There are no legal implications arising directly from this report.

**Quality / Customer Care:**

There are no quality/customer care implications arising directly from this report.

**Workforce:**

There are no workforce implications arising directly from this report.

**Equality Impact Assessment:**

An EqIA has not been completed and is not necessary for the following reasons. There are no EqIA implications arising directly from this report.

**Consultation:**

None

**Appendices: (list as appropriate)**

1. Annual Assurance Statement
2. Evaluation Criteria
ANNUAL ASSURANCE STATEMENT

To the Director of Health and Social Care and the Chief Finance Officer

As Chief Internal Auditor of Fife Integration Joint Board (IJB), I am pleased to present my annual statement on the adequacy and effectiveness of corporate governance and the internal control system of the Health and Social Care Integration Joint Board (IJB) for the year ended 31 March 2019.

Respective responsibilities of management and internal auditors in relation to Corporate Governance and internal control

IJB senior management is responsible for establishing an appropriate and sound system of corporate governance and internal control and monitoring the continuing effectiveness of these systems.

The Chief Internal Auditor is responsible for providing an annual overall assessment of the robustness of the corporate governance and internal control system. However, only reasonable assurance can be given that control weaknesses or irregularities do not exist.

The IJB’s Audit and Risk Committee provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. In doing so, it places reliance on the NHS Fife and Fife Council (the partners) systems of internal control that support compliance with both organisations’ policies and promote achievement of each organisation’s aims and objectives, as well as those of the IJB. By overseeing internal and external audit, it plays a crucial role in ensuring effective assurance arrangements are in place.

Sound internal controls

The main objectives of the IJB’s corporate governance and internal control systems are to:

- ensure development of and adherence to management policies and directives in order to achieve the IJB’s objectives;
- safeguard assets;
- ensure the proper, economic, efficient and effective use of resources;
- secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records and
- ensure compliance with statutory requirements.

A sound system of corporate governance and internal control reduces, but cannot eliminate, the possibility of:

- poor judgement;
- human error;
- control processes being deliberately circumvented by employees and others;
- management overriding controls;
- unforeseeable circumstances;
- failure to meet objectives or
- material errors, losses, fraud or breaches of law or regulations.
The work of internal audit

The Chief IJB Internal Auditor plays a critical role in delivering the IJB’s strategic objectives by:

- championing best practice in governance;
- objectively assessing the adequacy of governance and management of existing risks;
- commenting on responses to emerging risks and proposed developments and
- giving an objective and evidence-based opinion on all aspects of governance, risk management and internal control.

Fife Council’s Audit and Risk Management and the NHS FTF Audit Services, as IJB Internal Audit, provide the internal audit function for the IJB. Both operate in accordance with the Public Sector Internal Audit Standards which apply to Local Government. IJB Internal Audit undertakes an annual programme of work approved by the Audit and Risk Committee based on a five-year strategic audit plan. The strategic audit plan is based on a formal risk assessment process and continually updated to reflect evolving risks and changes within the IJB.

The Chief Internal Auditor is responsible for determining whether appropriate action has been taken on internal audit recommendations or that management has understood and assumed the risk of non-implementation. This is done by means of follow up procedures, and bi-annual reports to the IJB Audit and Risk Committee.

All IJB internal audit reports, including those identifying system weaknesses and/or non-compliance with expected controls, are issued to the Director of Health and Social Care, and copied to Divisional Managers, who are responsible for implementing all agreed recommendations in internal audit action plans.

IJB reports are also issued to the Chair of the Audit and Risk Committee, the Chief Finance Officer and the External Auditor. Audit reports are provided to the Audit and Risk Committee for its scrutiny. Where necessary, the Audit and Risk Committee can seek further reports from the Director of Health and Social Care or the appropriate Divisional Manager.

Similar arrangements are in place both in NHS Fife and Fife Council, and the Chief Internal Auditor places reliance on any relevant work carried out by the internal audit functions of both organisations.

Basis of opinion

My evaluation of the control environment is informed by a number of sources:

- the relevant audit work undertaken by internal audit (in all three organisations) for the year to 31 March 2019, and work carried out in prior years with agreed improvements being implemented in that year or later;
- the assessment of risk completed during the preparation and updating of the strategic audit plan;
- reports issued by Audit Scotland;
- reports issued by other relevant inspection agencies; and
- my knowledge of the IJB’s governance, risk management and performance monitoring arrangements.

There are a number of areas of high-level control and direction across the IJB’s activities which contribute positively to the standards of internal control in place, for example:

- the ongoing development of a sound corporate governance framework;
• the ongoing review of the risk management strategy and the updating of the Strategic Risk Register;
• comprehensive financial management systems;
• a medium-term financial strategy, and regular reviews of periodic and annual financial reports which indicate financial performance against forecasts;
• the refresh of the strategic plan, including financial and other performance targets;
• unqualified annual accounts for the last 2 years (2016-17 was the first year of operational responsibilities);
• well-defined Chief Officer responsibilities and
• established IJB Audit and Risk Committee.

Audit Findings

Internal and External Audit findings provide evidence that the Health and Social Care Integration Joint Board is in the process of developing a sound system of Corporate Governance and Internal Control which is appropriately monitored and reviewed.

The majority of internal and external audit reports identified that, overall, processes and procedures had met the control requirements, or are working towards them, and revealed only relatively minor non-compliance or system weakness.

Key findings include

• The Health & Social Care Integration Scheme for Fife sets out the IJB's Aims, Outcomes and Functions, and is supported by appropriate policies and protocols for maintaining its Constitution along with Committees for Clinical & Care Governance, Finance & Performance, and Audit & Risk.
• Governance arrangements are in place, such as Financial Regulations and Standing Orders. However, a working group is in the process of reviewing governance documentation and developing a governance framework.
• IJB has a Strategic Risk Register and a Risk Management Strategy and arrangements for reviewing and reporting risks and maintaining the Clinical Care and Governance Risk Register. However, a working group is in the process of reviewing the Strategic Risk Register and the Risk Management Strategy and developing an action plan for embedding Risk Management.
• The IJB Finance and Performance Committee approved the adoption of an IJB Best Value Framework on 31 January 2019, including an assessment on an annual basis on how the IJB has demonstrated best value on management of resources, effective leadership and strategic direction, performance management, joint working with partners, service review/continuous improvement, governance and accountability and engagement with community during the year. The outcome of the annual assessment is to be reported to the Finance and Performance Committee and subsequently to the Board.
• The Integration Joint Board has formally given directions to FC and NHS Fife to carry out each of the functions delegated to IJB, matching the functions delegated by them to IJB under the Integration Scheme. However, the directions currently only relate to financial allocations. This will be subject to review in 2019-20.
• The IJB Strategic Plan for Fife 2016/19 provided appropriate mechanisms for planning to provide delegated HSC functions. Refresh of the Strategic Plan 2019/22 is underway, with the plan due to be submitted to the IJB on 14 August 2019, following submission to the governance committees.
• The Head of Strategic Planning Performance and Commissioning presents a Performance Report to each Finance and Performance and Clinical and Care Governance Committee.
• The Integration Joint Board Accounts for the last two years were unqualified and included an annual Governance Statement.
The Chief Finance Officer has arrangements in place for the preparation of the annual accounts and future budgeting and financial management, including a 3-year budget and a medium-term financial strategy.

The Chief Finance Officer presents to each Finance and Performance Committee and IJB a Finance Report that provides members with an update on the current financial position and details the anticipated yearend outturn.

Significant progress has been made in the last year in reducing the risk of large movements in the risk share at the year end.

The Workforce and Organisational Development Strategy, and Implementation Plan provide appropriate mechanisms for engaging and communicating with its own workforce and developing the organisation for its delegated HSC functions.

Whilst a Performance Framework is in place, a review is required to ensure that the information provides sufficient assurance to the Committees through regular focused performance and quality reporting.

IJB has appropriate mechanisms for reporting to the partners and the public on its delegated HSC functions. Pre-integration engagement and reporting has been maintained through NHS Fife, FC and the Fife Partnership, as well as on-line publishing the regular HSC Finance and Performance integrated reports to Finance and Performance and IJB, and other IJB papers.

An Information Sharing Protocol compliant with the Scottish Accord on the Sharing of Personal Information has been implemented to provide a high-level governance framework, to be supported by agreements and protocols. Discussions on drafting a data sharing agreement between the IJB as Data Controller and Fife Council as the Data Processor are currently taking place.

A recent Information Governance internal audit identified good progress towards compliance with the General Data Protection Regulation (GDPR), which came into effect from 25 May 2018.

Formal arrangements for regular liaison between the IJB Chief Internal Auditor and the IJB Audit Liaison Officer were in place during the year, and an Internal Audit Output Sharing Protocol has been agreed between the IJB, Fife Council and FTF Audit and Management Services (NHS Fife) Chief to enable sharing of internal audit outputs in a controlled manner with Audit Committees for assurance purposes.

Issues arose with budget forecasting in the Health and Social Care partnership, which

Where audits and investigations carried out by internal audit in NHS Fife and Fife Council identify processes where control objectives have not been fully achieved or there is a lack of compliance, action is agreed to address these areas for improvement.

However, set against these, my opinion on the level of internal controls has been adversely affected by the following matters:

An Audit Scotland review of progress on Health and Social Care Integration in November 2018 led to the Ministerial Steering Group report containing recommendations to support progress with integration and effective governance, with a requirement to submit a self-assessment to the Scottish Government in May 2019. The Self Evaluation for the Review of Progress with Integration of Health and Social Care acknowledges areas of challenge in progressing integration. Actions are underway for many of the areas identified as requiring improvement, but little progress has been made to date on delegated hospital and set aside budget requirements, and strategic commissioning of delegated hospital services.

Whilst some progress has been made, there is still work required by the IJB, NHS Fife and Fife Council in relation to accountability, assurance and governance, and clarity over the ownership of risks regarding delegated services and how the partners will receive sufficient assurance.

Work is ongoing to review the Strategic Risk Registers and the risk management strategy. The IJB risk management audit has been postponed to 2019/20 to allow time for the risk review to take place, but audit guidance has been offered, as required, to the working group.
Transformation change, to ensure best value, is ongoing, but concerns have been raised about monitoring and delivery of transformation. A Joint Strategic Transformation Group has been responsible for monitoring implementation of the transformation programme and reporting to the partners.

Significant overspends are an area for concern and a balanced budget has not been set for 2019/20. However, the financial risk of not setting an in-year balanced budget is mitigated by the three-year financial strategy, and a commitment has been given to achieving a balanced budget from 2010/21.

Level of opinion

Overall, internal controls were operating well and continued improvements to processes are being made.

As part of each audit, a detailed action plan improving controls was agreed, and the outcome monitored. Where control failings or weaknesses were identified, management responded well and have taken appropriate remedial action in line with an agreed, monitored action plan. Follow-up audits show that, whilst not all agreed actions are achieved within the agreed timescales, work is continuing to complete all the action points agreed.

In determining the level of opinion to be provided, I have had regard to five possible categories as detailed in Appendix 2

Opinion

It is my opinion that a medium level of control exists, and that reasonable assurance can be placed upon the adequacy and effectiveness of the Health and Social Care Integration Joint Board’s systems of corporate governance and the internal control system in the year to 31 March 2019.

Avril Cunningham
Service Manager, Audit and Risk Management Services, Fife Council
24 June 2019
Evaluation Criteria

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<tr>
<td>1</td>
<td><strong>High</strong> level of assurance / well controlled - clean opinion</td>
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<td>internal control objectives have been met - any non-compliance or weaknesses are insignificant.</td>
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<td>2</td>
<td><strong>Medium/high</strong> level of assurance / adequately controlled - clean opinion or qualified opinion</td>
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<td>internal control objectives have been met - any non-compliance or weaknesses are relatively minor and/or relate to specific areas.</td>
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<tr>
<td>3</td>
<td><strong>Medium</strong> level of assurance / inadequately controlled - qualified opinion</td>
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<td>control objectives have not been fully achieved - control weaknesses or non-compliance are relatively minor but have been identified in a number of areas.</td>
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<td>4</td>
<td><strong>Low/medium</strong> level of assurance - qualified opinion or adverse opinion</td>
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<td>control objectives have not been met - significant or material non-compliance and/or control weaknesses have been identified.</td>
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<td>5</td>
<td><strong>Low</strong> level of assurance – adverse opinion</td>
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<td>control objectives overall have not been met – systemic significant or material non-compliance and/or control weaknesses have been identified.</td>
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