



Aberdeenshire
Health & Social Care
Partnership

Aberdeenshire Integration Joint Board Annual Accounts 2018/19



Aberdeenshire
COUNCIL



NHS
Grampian

ANNUAL ACCOUNTS 2018/19 – CONTENTS

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Management Commentary

Welcome to Aberdeenshire Integration Joint Board's (IJB) Annual Accounts for 2018/19. The main purpose of the Annual Accounts is to set out the financial position of the IJB for the financial year but also to demonstrate that appropriate governance is in place regarding public funds and that the expected levels of service delivery have been achieved.

The Annual Accounts have been prepared in accordance with the relevant legislation, regulations and the proper accounting practices, which primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government in Scotland Act 2003.

The Annual Accounts represent the Board's financial performance and set out how the contribution from the partners of over £300 million per year is spent across its local communities in Aberdeenshire. The Board's Medium Term Financial Strategy sets out the financial plans for the five years to 31 March 2023.

The Management Commentary is intended to provide a suitable overview to a complex document allowing the reader to determine the IJB's overall performance for the year. The Management Commentary is structured as follows:

- The Role and Remit of Aberdeenshire's IJB
- Strategy and Business Model
- Performance
- Finances
- Principal Risks and Uncertainties
- Outlook for future years

The Role and Remit of Aberdeenshire's IJB

The IJB was established on 6 February 2016 under The Public Bodies (Joint Working) (Scotland) Act 2014. The IJB has responsibility for the strategic planning and delivery of adult health and social care services within Aberdeenshire. Through a partnership agreement between Aberdeenshire Council and NHS Grampian, known as The Integration Scheme, locally agreed operational arrangements for the delivery of integrated services have been set out. Its purpose is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. More details can be found in the Integration Scheme at:

<https://www.aberdeenshire.gov.uk/media/22082/aberdeenshireintergrationschemerev19-01-2018.pdf>

Management Commentary (continued)

Members of the Board for the period 1 April 2018 to 31 March 2019 were as follows:

Voting Members

Name	Organisation
Rhona Atkinson (Chair from 14 th January 2019)	NHS Grampian
Dr Lynda Lynch (Chair from 1 st April 2018 until 14 th January 2019)	NHS Grampian
Cllr Anne Stirling (Vice Chair)	Aberdeenshire Council
Cllr Anne Allan	Aberdeenshire Council
Amy Anderson	NHS Grampian
Sharon Duncan (until 22 nd August 2018)	NHS Grampian
Joyce Duncan (from 12 th December 2018)	NHS Grampian
Alan Gray	NHS Grampian
Cllr Bill Howatson	Aberdeenshire Council
Rachael Little (from 22 nd August 2018)	NHS Grampian
Cllr Dennis Robertson	Aberdeenshire Council
Cllr Ann Ross	Aberdeenshire Council
Eric Sinclair (until 12 th December 2018)	NHS Grampian

*Dr Lynda Lynch stepped down as Chair of the IJB on 14th January 2019 and was replaced by Rhona Atkinson, who will be signing off the 2018/19 annual accounts.

Non-Voting Members

Name	Position
Adam Coldwells	Chief Officer
Alan Sharp (from 1 st November 2018)	Chief Finance Officer
Alan Wood (until 1 st November 2018)	Chief Finance Officer
Robert Driscoll (until 17 th July 2018)	Chief Social Work Officer
Iain Ramsay (from 18 th July 2018)	Chief Social Work Officer
Dr Chris Allan	General Medical Practitioner
Jennifer Gibb (from 20 th June 2018)	Nurse practitioner representative
Eunice Chisholm (until 20 th June 2018)	Nurse practitioner representative
Dr Malcolm Metcalfe	Medical Practitioner - Secondary Care Adviser

Adam Coldwells has been appointed Interim Director of Strategy with NHS Grampian for a period of 12 months. He will move to this role at a date yet to be agreed following the appointment of an Acting Chief Officer for the Aberdeenshire Health & Social Care Partnership.

Management Commentary (continued)

Stakeholder Representatives Non-Voting Members

Name	Position
Inez Kirk	Trade union representative
Martin McKay	Trade union representative
David Hekelaar	Third sector representative
Sue Kinsey	Third sector representative
Tony Cox (from 22 nd August 2018 to 20 th March 2019)	Service User Representative
Angie Mutch (from 22 nd August 2018)	Service User Representative
Elizabeth Fairley (until 12 th December 2018) *	Carer representative

* Position currently vacant and actively looking to recruit with the help of local carers organisations.

Strategy and Business Model

The IJB is responsible for adult health and social care services across the Aberdeenshire area and oversees the Health & Social Care Partnership (HSCP) whose key strategic aim is to achieve sustainable, positive health and social care outcomes for people living in Aberdeenshire.

Aberdeenshire Health and Social Care Partnership’s vision is:

“Building on a person’s abilities, we will deliver high quality person centred care to enhance their independence and wellbeing in their own communities.”

The vision is underpinned by our philosophy and principles:

- Care and treatment should be designed round the needs of the person.
- People are entitled to expect the best possible advice, care and support from our staff, in a timely way and in the right place. Health and social care should be provided by a single team.
- Every individual is able to contribute to their own health and wellbeing, make their views known, and participate positively in their own care.
- A person’s family, their social network and their close community all have a part to play to achieve healthy lifestyles and to support those who need help to continue to live in their own homes.

This vision is supported by the three year Strategic Plan which sets out how the Partnership intends to deliver on nine National Health and Wellbeing Outcomes. A copy of the Strategic Plan can be found at:

<http://www.aberdeenshire.gov.uk/media/16182/health-and-social-care-strategic-plan-march-2016-final.pdf>

Management Commentary (continued)

The National Health and Wellbeing Outcomes sets out the framework for all Health & Social Care Partnerships (HSCPs) in Scotland to improve the quality and experience of services for people and communities, through the delivery of integrated health and social care services.

The Aberdeenshire HSCP Strategic Plan 2016-2019 provides the local strategic context describing how the partnership will work together to deliver integrated services and improve the health of local people. This has centred on how we respond to the key challenges of providing a complex range of high quality, safe and sustainable services for our communities, within an increasingly finite resource envelope and against a backdrop of significant demographic change, in particular a growing population of older people.

Over the last year, in preparation for the development of the HSCP’s new Strategic Plan 2020-2025, we have reflected on our key strategic priorities moving forward. Building on previous engagement and consultation, learned experience across the HSCP, and reflecting national requirements, Aberdeenshire HSCP will focus on the following five key strategic priorities:

1. **Engagement**
2. **Prevention and early intervention**
3. **Tackling inequalities and public protection**
4. **Reshaping care**
5. **Effective use of resources**

The strategic vision of the Aberdeenshire HSCP remains unchanged, and our strategic priorities continue to reflect and support delivery of the National Health and Wellbeing Outcomes. The following diagram illustrates the inter-relationships between all three.



Management Commentary (continued)

Care is delivered on the basis of localities, with twenty multi-disciplinary locality teams working in an integrated manner with services from all sectors to offer care and treatment that best meets those local needs. The localities work to ensure health and social care teams and the people in the area they serve can have a clear influence on the resources that are available and the development of services and support.



Performance

During 2018/19 the HSCP has continued to report performance against a suite of both nationally and locally agreed indicators every quarter to the IJB. The performance reports are also presented to the Aberdeenshire Area Committees and Communities Committee on an alternate quarterly basis.

There are 23 national indicators for Health and Social Care Partnerships, 19 of which presently have data available for reporting from ISD (Information Services Division). At time of publication of this report (August 2019) **only provisional data was available** (to March 2019). This is due to incomplete data from some HSCPs.

This makes it difficult for us benchmark our performance against the rest of Scotland. However, based on the provisional Scotland data Aberdeenshire performs better than Scotland for 16 of the 19 national indicators, 11 of which should not be affected by the data completeness issues.

As illustrated on the next page, Aberdeenshire has continued to maintain a high level of performance against most national indicators when compared across Scotland.

Management Commentary (continued)

Appendix 1. Aberdeenshire Core Suite of National Integration Indicators - Annual Performance




Data Source: ISD
Last Refreshed: June 2019

Data for the Core Suite of Integration Indicators, NI - 1 to NI - 23 are populated from national data sources and data is issued nationally. Indicators 1 to 10 are outcome indicators based on survey feedback and are updated bi-annually. Data for National Indicators 11 to 23 are derived from organisational/system data and are updated quarterly. Data for indicators 10, 21, 22 and 23 are not yet available.

	Indicator	Title	Aberdeenshire		RAG
			Previous score 2015/16	Current score 2017/18	
Outcome indicators	NI - 1	Percentage of adults able to look after their health very well or quite well	96% (3979)	95% (4821)	G
	NI - 2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	84% (213)	85% (151)	G
	NI - 3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	79% (203)	84% (150)	G
	NI - 4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	75% (203)	70% (126)	A
	NI - 5	Total % of adults receiving any care or support who rated it as excellent or good	81% (222)	83% (160)	G
	NI - 6	Percentage of people with positive experience of the care provided by their GP practice	83% (3227)	81% (3531)	A
	NI - 7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	85% (216)	83% (148)	G
	NI - 8	Total combined % carers who feel supported to continue in their caring role	40% (185)	37% (225)	G
	NI - 9	Percentage of adults supported at home who agreed they felt safe	82% (206)	87% (152)	G
	NI - 10	Percentage of staff who say they would recommend their workplace as a good place to work	NA	NA	

	Indicator	Title	Aberdeenshire		RAG
			Previous score	Current score	
Data indicators	NI - 11	Premature mortality rate per 100,000 persons (<i>European age-standardised mortality rate per 100,000 for people aged under 75</i>)	331 ²⁰¹⁶	334 ²⁰¹⁷	G
	NI - 12	Emergency admission rate (per 100,000 population)	8,582 ^{2017/18}	8,675 ^{2018/19}	G
	NI - 13	Emergency bed day rate (per 100,000 population)	87,622 ^{2017/18}	84,143 ^{2018/19}	G
	NI - 14	Readmission to hospital within 28 days (per 1,000 population)	92 ^{2017/18}	93 ^{2018/19}	G
	NI - 15	Proportion of last 6 months of life spent at home or in a community setting	90% ^{2017/18}	90% ^{2018/19}	G
	NI - 16	Falls rate per 1,000 population aged 65+	14 ^{2017/18}	15 ^{2018/19}	G
	NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	87% ^{2017/18}	86% ^{2018/19}	G
	NI - 18	Percentage of adults with intensive care needs receiving care at home	53% ²⁰¹⁶	55% ²⁰¹⁷	R
	NI - 19	Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population)	596 ^{2017/18}	630 ^{2018/19}	G
	NI - 20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	23% ^{2017/18}	22% ^{2018/19}	G
	NI - 21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	NA	NA	
	NI - 22	Percentage of people who are discharged from hospital within 72 hours of being ready	NA	NA	
	NI - 23	Expenditure on end of life care, cost in last 6 months per death	NA	NA	

RAG scoring based on the following criteria

-  If Current position is the same or better than Scotland then "Green"
-  If Current position is worse than Scotland but within 5% then "Amber"
-  If Current position is worse than Scotland by more than 5% then "Red"

Performance: Key Highlights for Aberdeenshire

- For the current reporting period Aberdeenshire HSCP performed the same or better than Scotland for 16 of the 19 national indicators for which data are available.
- Aberdeenshire was in the top 50% for 14 of the 19 reported indicators for this reporting period.
- Aberdeenshire has the lowest emergency admission rate per 100,000 population (N12) of all Partnerships in Scotland.
- Aberdeenshire has the lowest falls rate per 1,000 population of people aged 65+ (N16).

In addition, the HSCP reports against a core suite of local performance indicators which further help us understand how we are performing in key areas across health and social care. Where our performance against any target falls outside target tolerances these are identified and improvement actions agreed.

Performance monitoring gives assurance about areas the partnership is performing well in and areas for improvement. Performance reports are published on a quarterly basis. In addition the HSCP is required to publish an

[Annual Performance Report 2018/19](#) which looks back over the previous year's successes and challenges against both national and local priorities.

Current performance reporting arrangements within Aberdeenshire HSCP have been in place since its inception. In light of the HSCP strategic priorities and themes recently being reviewed and streamlined, and with locality planning processes complete, a review of the current performance management arrangements is in progress. This is to ensure these remain appropriate and that each indicator is measured because it provides meaningful and valuable data which informs decision-making, governance and scrutiny for the IJB, and supports local service delivery and improvement.

Management Commentary (continued)

Key achievements in the year have been:

Priority 1: Engagement

- A number of positive workforce developments have progressed including recruitment to new primary care posts, development of an integrated approach to recruitment across NHS and Council processes, and continued engagement with Third Sector partners on workforce planning issues.
- There has been successful and wide ranging engagement to inform development of the HSCP's new Mental Health and Wellbeing Strategy.
- Implementation of our Minor Injury Unit Review has continued to ensure safe and sustainable service provision for the future, including extensive public engagement and creation of local implementation groups.

Priority 2: Prevention and early intervention

- Year 1 implementation of our Primary Care Improvement Plan commenced to deliver the new national GP contract, with a specific focus on planning around the expansion of our primary care workforce locally.
- A broad range of healthy lifestyle interventions has been delivered as part of the Aberdeenshire Health Improvement Delivery Plan for 2018/19.
- A number of developments have progressed through the Aberdeenshire Alcohol and Drugs Partnership in support and services for people affected by the problematic use of alcohol and drugs, with the IJB taking on the lead governance role for the ADP during 2018/19.

Priority 3: Tackling inequalities and public protection

- There has been a continued focus on engaging with and improving support to unpaid carers through implementation of the Carers (Scotland) Act from April 2018.
- Increasing priority has been given to how we can address inequalities when planning and recruiting to new posts as part of the roll out of our Primary Care Improvement Plan, where appropriate targeting provision to meet local population needs particularly in areas with historically high levels of deprivation, poorer health outcomes and local GP recruitment issues.
- The HSCP has demonstrated its ongoing commitment to and progress in mainstreaming equalities across Aberdeenshire HSCP towards delivery of our equality outcomes for 2016-20.

Priority 4: Reshaping care

- Early implementer sites in North and Central Aberdeenshire have been initiated with a remit to refocus the balance of homecare provision, ensuring the internal homecare service can focus on key priority areas of care and make better use of staffing and financial resources. This has resulted in a shift of 5.36% from internal to external homecare for the period from January 2018 to January 2019.
- The Virtual Community Ward (VCW) model has continued to evolve and be embedded across local teams, positively impacting on avoidable hospital admissions. The VCW has now been adopted by 28 of Aberdeenshire's 31 GP Practices. In 2018/19 there were 1,392 admissions to the VCW resulting in 421 hospital admissions being avoided.
- Work has continued on progressing developments in technology-enabled care with the aim of improving and modernising access to care and services. These have included Home and Mobile Health Monitoring (HMHM) to free up GP Practice and Nurse Time by allowing blood pressure monitoring to be carried out remotely. In addition, a test of change commenced with Stonehaven GP Practice where an app based self-management tool (my COPD) was introduced to allow patients to self-manage their symptoms.
- We have supported developments in the primary care workforce to modernise and develop new models of care which maximise the role and contribution of the wider primary care team, in response to GP recruitment difficulties. This has included the training and appointment of Associate Nurse Practitioners, supported by the NHS Grampian Advanced Care Academy, to take on core roles within General Practice helping to maintain safe and effective primary care services to the local community.

Priority 5: Effective use of resources

- The IJB has maintained effective scrutiny and governance of resources within a challenging financial climate.
- A review of services for people with additional support needs has been implemented including overnight care arrangements and development of new residential provision.
- The new Inverurie Health and Care Hub opened allowing co-location of a range of services for the local community of over 24,000 people.

The Strategic Planning Group has responsibility for monitoring progress with implementation of the priorities in the Strategic Plan. This has been done through the year end review of the 2016-17 and 2017-19 Commissioning and Implementation Plans. Progressing the work on the strategic priorities has been organised into four programmes of work, each with a Programme Board. The Programme Boards have identified specific areas for transformation which will deliver the Partnership's priorities. Establishing the four Programme Boards sets a clear reporting structure for the work to progress the priorities. Each area for transformation aligned to the Programme Board has a Project Charter and there are clear mechanisms for reporting progress into the Boards.

It is recognised that the Health and Social Care Partnership and the IJB are at a more mature stage now and this has provided the opportunity to develop the new Strategic Plan for a longer time period, 2020-2025.

Management Commentary (continued)

This plan will build on what has already been achieved and takes into account priorities identified through the Locality Plans which were created in consultation with local communities. The locality plans provide a strong link to Community Planning Groups and provide a key mechanism by which local need is identified, ensuring that services are planned and led locally in a way that promotes engagement with the community.

With the new Strategic Plan and as directed by the IJB, extensive and effective engagement has been carried out with our partners, staff and the people who live in our communities. Members of the IJB were also included in this engagement activity. Overall the engagement was supportive of the priorities identified. The comments and information gathered from the engagement has been considered within the context of the Strategic Plan and will also be shared with staff teams as appropriate in order to directly influence service delivery. Specific performance measures for the priorities identified in the Strategic Plan will be clearly detailed within the Commissioning Plan which will accompany the final version of the Strategic Plan.

Finances

2018/19 Financial Year

In March 2019 the IJB set a balanced budget for 2018/19 of £307 million after recording an overspend position for the 2017/18 financial year of £3.5 million. It was recognised that 2018/19 would continue to be a challenging year in financial terms due to demographic pressures and the expected continuation of cost pressures across areas of demand driven activity, together with the requirement to achieve significant cost reductions in order to achieve a balanced financial position.

Throughout the financial year cost pressures were forecast and the IJB instructed the HSCP Management Team to put in place a plan to correct the forecast over budget position, which at one point was forecast to be some £3.9 million over budget. In addition, NHS Grampian and Aberdeenshire Council were made aware on a timeous basis of the likelihood of the IJB returning an over budget position and that their financial support may be required. The Management Team responded and a number of steps were taken to use resources more efficiently in the second half of the financial year. This led to an improved year end position being achieved, that of £3.1 million over budget.

As the IJB holds no reserves for general purposes, an agreement has been reached with partners to initially fund the £3.1 million: NHS Grampian will contribute £1.7 million and Aberdeenshire Council will contribute £1.4 million, in line with their proportionate shares to the overall funding of the IJB.

As part of the financial position for 2018/19, two earmarked reserves totalling £1.405 million have also been created. These reserves represent ring fenced funding provided by the Scottish Government which has been carried forward, as a retained earmarked reserve, reflecting slippage during the year on funding allocated by the Scottish Government to support the Primary Care Improvement Plan and Action 15 funding for the recruitment of additional Mental Health Workers. This slippage will be used to fund service developments in these areas in the 2019/20 financial year.

The Annual Accounts show a surplus position for 2018/19 of £1.405 million. This position reflects:

- A deficit for the year against the revenue budget of £3.1 million.
- Additional funding contributions by Partners to adjust this position to break even.

Management Commentary (continued)

- The establishment of an earmarked reserves of £1.405 million to reflect slippage in committing specific Scottish Government funding for the Primary Care Improvement Fund and Action 15 funding for Mental Health Workers. The creation of the earmarked reserve is reflected as a surplus in the Annual Accounts.

Analysis of the Financial Statements

Some of the main areas of budget pressures occurred within: Older People Care Management (largely due to increasing numbers within residential care); Community Hospitals (mainly due to the mix of staffing); Adult Services Community Care (mainly due to increasing levels of residential care and supported living); Out of areas referrals (due to increasing numbers of health related referrals to specialist facilities for mental health related care) and the Joint Equipment Service (increasing numbers of aids and adaptations provided to patients to allow them to remain at home or to reduce the length of stay in hospital).

These pressures were partially mitigated by areas of activity being within budget for the year. These areas included Adult Services Mental Health, Older People Home Care, GP Prescribing, Allied Health Professionals and Adult Services Substance Misuse.

A savings total for the year of £2.431 million was delivered. The main areas in which savings were achieved were GP Prescribing (price reductions in drugs and lower than expected volume growth), vacancies across some staff groups (such as Allied Health Professionals) and service redesign in some areas (such as Mental Health and Substance Misuse).

Medium Term Financial Strategy

The IJB has now set the revenue budget for 2019/20. As the IJB Revenue Budget for 2019/20 is part of a Medium Term Financial Strategy covering five financial years, the approach for the 2019/20 budget recognised the continuation of pressures arising during the 2018/19 financial year. A strategic and medium term view of resources is essential if the IJB is to deliver on its priorities.

The IJB's revenue budget for 2019/20 totals £316.7 million and was agreed on 20th March 2019. The overall budget included planned savings of £2.2 million.

The breakdown of the funding included in the budget can be seen in more detail below:

IJB 2019/20 Budget – Funding Sources	£m
NHS Grampian	180.5
Aberdeenshire Council	111.7
Sub total	292.2
Set aside	24.5
Total	316.7

The integrated approach to the production of the IJB's Medium Term Financial Strategy involved all partners resulting in information and knowledge being shared leading to a greater understanding of the strategies being employed to achieve agreed priorities. This is essential during a time when all partners have increasing demands on services but limited resources. The strategy for the 2019/20 budget took account of the current financial position, recognised the need to re-balance some base budgets and acknowledged future demographic challenges whilst reflecting the IJB's priorities all

against the financial background and funding package available for the 2019/20 financial year to the IJB.

Management Commentary (continued)

A number of risks were identified and accepted during the preparation of the revenue budget. This is an essential part of budget setting as the elimination of risk can be costly whilst also proving impractical. Therefore, the potential implications and mitigations associated with risk were discussed before figures were included in the revenue budget.

Principal Risks and Uncertainties

The Board recognises that the management of risk is one of its key responsibilities. The risk register has been updated and identifies ten risks. The risk register is regularly reviewed by Board and was last reviewed at the meeting of 27th February 2019. The risks are shown below, with risks being assessed as high level being shown in bold:

1. Brexit - risk to the continuity of services arising from arrangements for the withdrawal of the UK from the European Union.
2. Business continuity arrangements - the need for fully integrated and tested plans.
3. Child, Adult and Public Protection - the risk of harm if services to vulnerable adults are not adequately provided.
4. Health & social care policy alignment – some national and local policies are not well aligned.
5. Failure to deliver standards of care in the right place at the right time - risk of failure to provide safe, effective and sustainable services built around people.
6. Involvement and engagement of patients / clients, the public, staff and partners – risks of failing to ensure public and patients are fully informed.
7. Service and business transformation - the risk that the Partnership does not deliver the transformational change needed to improve services.
8. **Sufficiency and affordability of resource – the resource available to Aberdeenshire IJB will not be sufficient to deliver agreed strategic intentions.**
9. **Workforce capacity – workforce is insufficient in terms of numbers and skills to deliver all planned services.**
10. Working effectively with Partner organisations - risk that the IJB does not work effectively with Partners, the Third Sector and commercial organisations.

The risk register includes details of the control measures and gaps in those controls. Assurance measures, provided by the working groups, compile a detailed action plan for each risk, which is the responsibility of the chair of each group to monitor. The HSCP senior management team receive a monthly update on all the risks.

Management Commentary (continued)

Progress on Action Plan from 2017/18

A key part of the external audit of the IJB's annual accounts is the identification of any issues or risks that have come to the attention of Audit Scotland during the audit. The external audit annual report contains an Action Plan setting out the specific recommendations, responsible officers and dates for implementation for the recommendations. During 2017/18, four risks were identified with progress on addressing these detailed below:

Risk No.1	The Annual Governance Statement did not reflect evidence of an effectiveness review as required by the CIPFA / SOLACE good governance framework.
Risk	The IJB is not complying with relevant regulations.
Recommendation	A Code of Governance should be formally approved by the Audit Committee. Thereafter arrangements should be put in place for an annual review of governance arrangements and for this to be formally considered by the Audit Committee as part of the process of approving the Annual Governance Statement.
Proposed Management Action	The revised Action Plan within the Annual Governance Statement now reflects the recommendation. A Code of Governance will be drafted and reported to the IJB audit Committee for approval and then self evaluated as part of the annual accounts process.
Responsible Officer (Target Date)	Chief Officer (31 st December 2018)
Progress to Date	Due to the change in Chief Finance Officer during the year a code has yet to be developed. As in 2017/18, the Annual Governance Statement will describe the self-assessment activity undertaken. Effectiveness review carried out by Chief Finance Officer in March 2019 and reflected in Annual Governance Statement for 2018/19 Annual Accounts.

Risk No.2	The scope and effectiveness of the Audit Committee should be reviewed.
Risk	The Audit Committee is not operating in accordance with its terms of reference and/or carrying out responsibilities expected of a body charged with governance.
Recommendation	The Audit Committee should consider the results of the annual review of governance arrangements before approving the Annual Governance Statement. In addition, there is scope for it to monitor the effectiveness of risk management arrangements and any other matters identified by a review of its operations to date.
Proposed Management Action	A review of the scope of responsibilities is underway by the IJB Audit Committee. The Audit Committee will discuss this in August 2018, arrange a workshop as necessary and report back to the IJB before the end of the financial year.
Responsible Officer (Target Date)	Chief Finance Officer (31 st March 2019)
Progress to Date	Committee members and officers met for an informal session in November 2018 to review the Committee's terms of reference and consider changes in membership. The board approved the Committee's revised terms of reference in December 2018. Membership of the Committee was refreshed and now includes voting and non-voting members in the scrutiny process.

Management Commentary (continued)

Risk No.3	It is difficult to measure progress against plans due to the absence of targets and milestones.
Risk	The Board is unable to demonstrate clear direction and monitor progress in the absence of specific plans. This will become more critical during periods of significant change.
Recommendation	Strategic planning needs to be clearer in terms of priorities, outcomes and targets to enable progress against milestones to be regularly reported and monitored. This will also assist the future preparation of the Annual Performance Report.
Proposed Management Action	Work is currently in progress to develop the Strategic Plan 2019-22. In addition development sessions will consider appropriate targets and outcomes.
Responsible Officer (Target Date)	Chief Officer (31 st March 2019)
Progress to Date	The draft 2019-2024 Strategic Plan was considered by the IJB in October 2018 and the draft for public consultation is due to be agreed by the IJB on 28 August 2019 with the final plan being agreed by the IJB in December 2019. A huge amount of engagement has been undertaken in the lead up to finalising the plan for public consultation.

Risk No.4	An annual workforce plan is prepared which provides a snapshot of the staff numbers and skills in place. There is no indication of future service needs, location or future staffing pressures.
Risk	With an ageing workforce especially in rural areas, a need to manage costs within budget and respond to the needs of an increasing population, it is essential that the right resource is in the right place.
Recommendation	Longer term workforce planning should be progressed alongside the Board's strategic plan to support the development of integrated teams and to inform plans for service redesign.
Proposed Management Action	These matters have been subject of a number of discussions that now need to be formalised. Work around the workforce plan and the strategic plan now need to be aligned.
Responsible Officer (Target Date)	Chief Officer (31 st March 2019)
Progress to Date	Workforce planning has continued but is still on an annual basis. The IJB also feeds in to the NHS Grampian Workforce Plan which covers a three year period for most staff groups.

Outlook for Future Years

The Strategic Plan states the outlook clearly: we recognise that the changes we need to make will require a different relationship between individuals, the communities of Aberdeenshire and organisations that provide health and social care advice and support. These changes will take time, but they are essential if we are to achieve our vision that care will be based on people's abilities not disabilities, it will be high quality, person-centred and locally based, and it will support the person to be as independent as possible.



Rhona Atkinson
Chair



Adam Coldwells
Chief Officer



Alan Sharp
Chief Finance Officer

21 August 2019

Statement of Responsibilities

The Integration Joint Board's Responsibilities

The Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature by the Aberdeenshire Integration Joint Board Audit Committee at its meeting on 21 August 2019.

Signed on behalf of Aberdeenshire Integration Joint Board

Rhona Atkinson
Chair
21 August 2019

Statement of Responsibilities

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

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

Alan Sharp, MA (Hons), CPFA

Chief Finance Officer

21 August 2019

Introduction

Aberdeenshire Integration Joint Board (IJB) is responsible for adult and social care services across the Aberdeenshire area. The IJB oversees the Health & Social Care Partnership whose key strategic aim is to achieve sustainable, positive health and social care outcomes for people living in Aberdeenshire through working in partnership with communities.

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

Scope of Responsibility

Aberdeenshire Integration Joint Board has a responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used appropriately. The IJB also strives to make arrangements to secure continuous improvement in the way in which its resources are managed, having regard to a combination of economy, efficiency and effectiveness.

To meet this responsibility the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of policies, aims and objectives. Through the close working relationship with Aberdeenshire Council and NHS Grampian reliance is also placed upon their systems of internal control. These systems support compliance with both organisations' policies and in turn promotes the achievement of each organisation's aims and objectives, to the extent that these are complementary to those of the IJB. The system provides reasonable but not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated from Aberdeenshire Council and NHS Grampian, representatives from adult health and social care services, carers groups, trade unions and the third sector as well as non-voting members including a Chief Officer appointed by the Board.

The framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) entitled 'Delivering Good Governance in Local Government' was updated in 2016 and provides a structured approach to defining the principles that should underpin governance arrangements. Whilst the framework is written specifically for local government, the principles are applicable to integration authorities, and include:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the IJB's capacity, including the capability of its leadership and the individuals within it
- Managing risk and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

Annual Governance Statement (continued)

The IJB's governance arrangements are consistent with these principles and also reflect the requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016).

The system of corporate governance and internal financial control continues to be based on a framework with appropriate delegation and accountability. This includes the Board's Integration Scheme, Standing Orders, management information, performance and risk management, comprehensive financial management systems, regular and annual financial reports and a periodic review of all financial procedures. Financial Regulations are approved and in place.

The Integration Joint Board has two Committees: an Audit Committee and the Clinical and Adult Social Work Governance Committee.

The governance framework is enhanced by:

- Feedback from the IJB and the Audit Committee carrying out its scrutiny role;
- Interaction and dialogue from Workshop sessions with the IJB and Management Team;
- Internal Audit and External Audit of Aberdeenshire Council, NHS Grampian and the Board;
- Work undertaken by external review bodies including the Care Inspectorate, Health Improvement Scotland and Audit Scotland;
- Input and comment from managers within Aberdeenshire Council, NHS Grampian and the Board; and
- Customer and stakeholder feedback.

Over the last year, bi-monthly meetings have continued to take place with the Chief Executives from NHS Grampian and Aberdeenshire Council, the Chief Officer and Chief Finance Officer to enable scrutiny and whole system improvements. A Partnership Manager attends each of the meetings to illustrate the work they are leading; this often reflects their Programme of work for strategic change. These sessions are also seen as a crucial enabler in building partner relationships

Review of Effectiveness

The review of the effectiveness of the governance framework, including the system of internal control, is carried out throughout the year by various means including:

- The Integration Joint Board
Feedback from the Board, the Audit Committee and the Clinical and Social Work Governance Committee carrying out their scrutiny roles;
- Senior Management Team
Assurances from the Senior Management Team (SMT) which includes the Chief Officer, four Partnership Managers, Clinical Lead Officers and the Chief Finance Officer;
- The Chief Officer
Who provides a senior point of overall strategic and operational advice to the IJB. He is also a member of the senior management teams of NHS Grampian and Aberdeenshire Council. This enables the Chief Officer to work with senior management of both organisations to carry out the functions of the IJB in accordance with the Strategic Plan. He is line managed jointly by the Chief Executives of the Council and the Health Board and is accountable to both;
- The Chief Finance Officer
Who has the statutory responsibility for the Board's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973. His responsibilities are set out in the Statement of Responsibilities;

Annual Governance Statement (continued)

- The Chief Social Work Officer
Who provides professional advice to Board members and officers in the provision of Social Work Services. He also has a responsibility for overall performance improvement and the identification and management of corporate risk in so far as these relate to Social Work Services. This role was undertaken by the Head of Children's Services at the Council until 17 July 2018, when he retired. One of the Partnership Managers in the SMT mentioned above now undertakes this role.
- The Standards Officer
Who is responsible for keeping a register of Interests and providing advice in relation to Code of Conduct issues at a local level. The Council's Legal Services Manager has been appointed to this role;
- Internal Audit
In both the Council and NHS Grampian are responsible for the independent audit of all financial and non-financial systems in their respective organisations. Aberdeenshire Council's Chief Internal Auditor provides an Internal Audit service to the IJB; and
- External organisations
That carry out independent audits or inspections of the Board, the Council and NHS Grampian. These include external audit by auditors appointed by the Accounts Commission, inspection of care services by the Care Inspectorate and inspection of health facilities by Health Improvement Scotland.

The IJB has placed reliance on the systems and procedures of its principal Partners, NHS Grampian and Aberdeenshire Council. The Partners have maintained governance arrangements applicable to their respective organisations which are summarised annually and published in their Annual Governance Statements which form part of the annual accounts of each organisation. Extracts from the respective governance statements have been included as part of this statement.

The Aberdeenshire IJB has considered the effectiveness of its governance arrangements against the principles set out in the CIPFA/SOLACE Corporate Governance Framework.

Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The IJB is supported by two committees – the Audit Committee and Clinical and Adult Social Work Governance Committee to promote high standards of member conduct. The Audit Committee reported to the IJB throughout 2018/19 to summarise the business considered during the year.

The IJB adopted a Code of Conduct which has been formally approved by Scottish Government.

The Board had a Standards Officer in post during the year whose duties included advising and guiding Members of the Board on issues of conduct. The Standards Officer ensures the Board keeps Registers of Interest and records of Gifts and Hospitality.

In 2018 the IJB approved a number of changes to the Integration Scheme to bring clarity and accuracy to the arrangements since the IJB was established. The changes also reflected current legislation.

Principle 2 – Ensuring openness and comprehensive stakeholder engagement

Agenda papers and minutes for all board and committee minutes are publicly available through Aberdeenshire Council's website. Meetings are also held in public.

Both the voting and non-voting membership arrangements of the IJB are set out in the Integration Scheme and are in line with the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. The non-voting membership comprises six professional members and six stakeholder members representing the following groups: staff, third sector bodies carrying out activities in relation to health and social care, service users and carers. The broad membership of the IJB ensures valued input and engagement from a wide range of stakeholders.

Regulations require that the IJB consults with communities and partners in respect of strategic planning requirements. The Community Empowerment (Scotland) Act 2015 places further statutory duties on IJB's and Community Planning Partners to engage with communities on the planning and delivery of services and securing local outcomes.

Locality planning groups have been established within each of the six local authority areas. The groups are made up of a range of stakeholders, including health and social care staff, third sector representatives, staff from housing services, community planning, patients and carers. The core purpose of the groups was to ensure wide representation and involvement in the process of developing Aberdeenshire HSCP's first set of locality plans covering 2018-21, which were produced during 2017/18.

A wide range of stakeholder engagement activities took place to inform the development of the plans including workshops, sharing with wider networks, council and community council meetings, public surveys and Community Planning Place Standard events.

The revised Strategic Plan has been in development during 2018/19 with workshops and development sessions being held and facilitated to ensure appropriate stakeholder engagement during this critical process.

Principle 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits

In March 2019 the IJB approved the revenue budget for 2019/20. The financial outlook for the new financial year addressed the challenges of increasing demand for services within a climate of constrained financial resources. The financial outlook supports the preparation of the Strategic Plan which will be underpinned by a medium term financial strategy.

The Climate Change (Scotland) Act 2009 places duties on public bodies relating to climate change, requiring them to contribute to the delivery of the Act's emissions reduction targets, contribute to climate change adaptation and act sustainably. During 2018/19 the submission from the IJB was made to Scottish Government within the designated timescale.

The Strategic Plan is in development with a focus on defining outcomes and how the delivery of health and social care services can be improved for the people of Aberdeenshire over the term of the Plan. During 2018/19 the Strategic Planning Group continued to have a role with regard to overseeing progress towards achievement of the priorities in the Strategic Plan. In addition to this, the Strategic Planning Group became the governance mechanism to which progress from the various strategic outcomes group was reported. The Audit Committee also now has a role in reviewing the strategic planning arrangements of the IJB. The Strategic Planning Group continues to have responsibility for the Integrated Care Fund ensuring appropriate use of this budget, commissioning of services and monitoring of progress.

Principle 4 – Determining the interventions necessary to optimise the achievement of intended outcomes

The IJB's decision making process ensures that the members of the Board receive objective and robust analysis of a variety of options indicating how the intended outcomes will be achieved, providing information on the associated risks and opportunities. Public involvement and engagement is undertaken to ensure that feedback from citizens and service users are fully considered when making recommendations regarding service improvements / changes.

During the year there has been increased scrutiny over project based work through evaluation reports being submitted to the IJB. This process has supported the IJB to make decisions around future planning and investment and support decision making based on the priorities identified in the Strategic Plan.

Following the publication of the Audit Scotland report in November 2018 on the review of integration, the Ministerial Strategic Group for Health and Community Care have communicated with all Integration Authorities. The IJB has now carried out a self - assessment on progress with integration and submitted this to the Ministerial Strategic Group.

Principle 5 – Developing the entity's capacity, including the capability of its leadership and the individuals within it

The IJB's Workforce Plan sets development of the workforce within the context of the Health and Social Care Partnership Strategic Plan. Its purpose is to ensure that the correct size and right skill mix of workforce needed to support the redesign of services across Aberdeenshire can be delivered and sustained within the available budget. It is recognised that more work is required to develop an integrated plan which will support the operational need across Aberdeenshire.

Training and development for members is provided mainly in the form of briefings and development sessions. Development sessions have been held on a bi-monthly basis and have included briefings on issues such as national reports, local service reviews and service based strategies.

The Chief Officer represents the IJB in the Scottish Chief Officer's group which is called Health and Social Care Scotland (HSCS). In turn, representing HSCS, the Chief Officer provides leadership, governance or advisory capacity on the Health and Social Care in Prisons Programme Board. Working with Government colleagues, and on behalf of HSCS, the Chief Officer has led and concluded work on Directions and Delayed Discharge (both as short life working groups).

Principle 6 – Managing risk and performance through robust internal control and strong public financial management

The IJB has a Risk Register which is updated on a regular basis. Development sessions during 2018/19 discussed risk with the board to better understand its appetite for risk. Performance is reported quarterly against national and local indicators. Officers have been engaged with a national group developed to support the requests from the Scottish Governments Ministerial Strategic Group to measure objectives and demonstrate progress against designated key performance indicators. A new risk management policy was also adopted during the year.

The internal control system links closely with those of the Partners, given their operational remit for delivery of services under direction of the IJB. The Audit Committee through its consideration of reports monitors the effectiveness of internal control procedures. The IJB Chief Internal Auditor undertakes an annual review of the adequacy of internal controls and the opinion is included within this statement.

Annual Governance Statement (continued)

The IJB has in post a S95 Officer who is a member of the IJB, providing advice on all financial matters and ensuring timely production and reporting of budget estimates, budget monitoring reports and annual accounts.

Principle 7 – Implementing good practices in transparency, reporting and audit to deliver effective accountability

IJB business is conducted through an approved cycle of Board meetings which are held in public, and the agendas, reports and minutes are available for the public to inspect. There is a standard reporting format in place to ensure consistency of approach and consideration by Members to provide transparency in decision making.

The IJB publishes both Annual Accounts and an Annual Performance Report following Board approval.

The Audit Committee approved an Internal Audit Plan presented to it by the Chief Internal Auditor. Thereafter, the Chief Internal Auditor reports to the Audit Committee on the delivery of the plan and provides an annual audit report, including the internal audit opinion on the internal controls used by the IJB.

The Audit Committee provides assurance to the Board that appropriate systems of internal control are in place to ensure that: business is conducted in accordance with the law and proper standards; public money is safeguarded and properly accounted for; Financial Statements are prepared timeously, and give a true and fair view of the financial position of the Board for the period in question; and that reasonable steps are being taken to prevent and detect fraud and other irregularities. It has also established a Clinical and Social Work Governance Committee to oversee the assurance around delivery of safe, high quality services.

Chief Internal Auditor Opinion

The Chief Internal Auditor has the responsibility to independently review on an annual basis the adequacy and effectiveness of the IJB's framework of governance, risk management and control.

In his annual report he states that "It is my opinion that a reasonable assurance can be placed upon the adequacy and effectiveness of the Board's framework of governance, risk management and control in the year to 31st March 2019. Whilst issues were identified in audits that have been completed, as reported to the IJB Audit Committee, areas of good practice, improvement, and procedural compliance were also identified."

Basis of Opinion

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

- The audit work completed by Internal Audit during the year to 31 March 2019 in relation to the Integration Joint Board and relevant areas within Aberdeenshire Council;
- Progress made with implementing agreed Internal Audit recommendations;
- The assessment of risk completed during the updating of the audit plan;
- Reports issued by the Board's external auditors;
- Internal Audit's knowledge of the Board's and Aberdeenshire Council's framework of governance, risk management and performance monitoring arrangements.
- The contents of NHS Grampian's Internal Audit annual report.

Annual Governance Statement (continued)

Partner bodies' governance arrangements

The Board also places reliance on the governance arrangements that are in place in Aberdeenshire Council and NHS Grampian.

Aberdeenshire Council

Aberdeenshire Council has adopted a Code of Corporate Governance which ensures the accountability and probity of officers of the Council. The Governance Code is consistent with the principles and reflects the requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) as set out in *Delivering Good Governance in Local Government: Framework (2016)*, and the Council's financial management arrangements conform to the governance requirements set out therein. The Council's Code of Corporate Governance and the related systems of internal financial control provide reasonable assurance that responsibilities will be met.

On the basis of the Chief Internal Auditor's report and his review of the Council's corporate governance arrangements, the Chief Executive of the Council is satisfied that the arrangements provide assurance, are adequate and are operating effectively.

NHS Grampian

NHS Grampian is required to operate within the aspects of the Scottish Public Finance Manual (SPFM) which are set out within the guidance issued to Chief Executives and more generally to all Board members by the Scottish Government Health and Social Care Directorates as being applicable to NHS Boards. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

As Accountable Officer, the Chief Executive is responsible for maintaining an adequate and effective system of internal control that identifies, prioritises and manages the principal risks facing the organisation, promotes achievement of the organisation's aims and objectives and supports compliance with the organisation's policies and safeguarding public funds.

The NHS Grampian Board continually monitors and reviews the effectiveness of the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of national and local targets and demonstrating best value and the efficient use of resources. Key elements of the system of internal control include:

- A Board which meets regularly to discharge its governance responsibilities, set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive Directors and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available;

Annual Governance Statement (continued)

- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board are subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements;
- Mature and organisation wide risk management arrangements built on localised risk registers and processes which ensure, as appropriate, escalation of significant instances of non-compliance with applicable laws and regulations;
- Dedicated full time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas;
- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters;
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;
- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;
- Promotion of effective cross sector governance arrangements through participation by the IJB Board members and the Chief Executives of each of the partner organisations in the North East Partnership forum, regular meetings between the Chief Executives of all Public Sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery; and
- A patient feedback service to record and investigate complaints and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches.

Based on the evidence considered during the review of the effectiveness of the internal control environment operating within NHS Grampian, the Chief Executive has confirmed that she is not aware of any outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance that applies to NHS Boards in relation to governance, risk management and internal control.

Action Plan

Progress has been made on the Action Plan contained in the 2017/18 Annual Governance Statement. IJB members have regular development sessions which enable them to scrutinise all aspects of IJB business including any proposals for redesign of services. Work has also commenced on refreshing the Medium Term Financial Strategy.

Annual Governance Statement (continued)

Following consideration of the review of adequacy and effectiveness, the following action plan has been established to ensure continual improvement of the IJB's governance arrangements and progress against the implementation of these issues will be assessed as part of the next annual review. This will involve:

- Development of the strategic plan to enable alignment of the IJB financial strategy and performance management framework. IJB development sessions and the Strategic Planning Group will ensure clarity around strategic objectives with measurable outcomes;
- A formal review of the IJB's Scheme of Governance before December 2019;
- The establishment of a Code of Corporate Governance;
- Consider the effectiveness of governance arrangements when compared to the principles set out in the CIPFA/SOLACE Corporate Governance Framework;
- Implementing the recommendations from internal and external audit and other audits and inspections;
- Review the governance arrangements around corporate projects;
- Support members to carry out their scrutiny function through continuous professional development, awareness and workshop sessions;
- Continued development of the role of the IJB Audit Committee.
- Establishment of a working group to review means to improve the robustness of financial information produced from the Carefirst IT system.
- The continued refinement of workforce planning for the IJB leading to the production of a specific Workforce Plan for the IJB.

Conclusion and Opinion on Assurance

In our respective roles as Chair and Chief Officer of the IJB, we are committed to good governance and recognise the contribution it makes to securing delivery of service outcomes in an effective and efficient manner. This annual governance statement summarises the IJB's current governance arrangements and affirms our commitment to ensuring they are regularly reviewed and remain fit for purpose. Whilst recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance environment.

Rhona Atkinson, Chair

Adam Coldwells, Chief Officer

21 August 2019

Introduction

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified Board members and staff.

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

Remuneration of the Chair and Vice-Chair

The voting members of the Board are appointed through nomination by NHS Grampian and Aberdeenshire Council. Nomination of the Board Chair and Vice Chair post holders alternates between a Councillor and a Health Board Representative.

Dr Lynda Lynch was formally appointed as Chair of the Board with effect from 1 April 2018 until 14 January 2019 when she resigned from the Board, in order to take up Chair of the Board for NHS Grampian. As a result of this Rhona Atkinson was then appointed to the Board to replace Dr Lynda Lynch and at the same time took up the role of Chair of the Board on 14 January 2019. Both members receive remuneration from NHS Grampian in their capacity as a non-executive member of NHS Grampian Board and no additional allowance is paid by the IJB. The remuneration of NHS Grampian Board members is disclosed in the Remuneration Report included within NHS Grampian's published Annual Report and Accounts.

Councillor Anne Stirling was appointed as the Vice Chair of the Integration Joint Board on 1 April 2018. She has received remuneration from Aberdeenshire Council in her capacity as senior councillor with no additional allowances paid by the IJB. The remuneration of senior Aberdeenshire Councillors is disclosed in the Remuneration Report included within Aberdeenshire Council's Annual Accounts.

Remuneration: Other Voting Members

The IJB does not pay allowances or remuneration to voting members, but the voting members are remunerated by their relevant IJB partner organisation, and details are included in the remuneration reports in the partners' annual accounts.

Remuneration: Officers of the Board

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

The Chief Officer is regarded as a Board employee and treated as a relevant person under the accounts regulations, although he is employed by NHS Grampian and is subject to the NHS pay and conditions. The annual remuneration of all employees of the Board is set by reference to national arrangements agreed by the Scottish Government under Ministerial Direction and in accordance with relevant NHS Pay and Conditions of Service Circulars.

Officers receive business mileage and subsistence allowances in accordance with amounts agreed nationally and adopted by the Board. Officers are eligible to join the National Health Service Superannuation Scheme for Scotland.

Remuneration Report (continued)

Remuneration

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

Remuneration of Senior Employees

Total Remuneration 2017/18 £		Salaries, Fees and Allowances 2018/19 £	Total Remuneration 2018/19 £
115,039	Adam Coldwells, Chief Officer	119,529	119,529
115,039	Totals	119,529	119,529

The Chief Finance Officer is appointed by the IJB and the post holder up until 1 November 2018 was employed by Aberdeenshire Council as their Head of Finance and Section 95 Officer. He however resigned as Chief Finance Officer of the IJB on 1 November 2018 and on the same day NHS Grampian's Deputy Director of Finance was duly appointed in the role. He is employed by NHS Grampian who meet the cost of his substantive role with them.

The Chief Social Work Officer is appointed by Aberdeenshire Council and the post holder was employed by Aberdeenshire Council until he retired on 17 July 2018. His successor took over the role on 18 July 2018 and is employed by NHS Grampian, who meet the costs of his substantive role as a Partnership Manager in Aberdeenshire's Health and Social Care Partnership with Aberdeenshire Council meeting the additional salary paid for this post in recognition of the role it has on advising the local authority on its full range of statutory duties and influence in decision making.

Note

For 2017/18 and 2018/19 there were no payments for bonuses, taxable expenses, compensation for loss of employment, and non-cash benefits. These columns have been removed from the above table.

Exit Packages

There were no exit packages during the financial year.

Senior Employee

The term senior employee means:

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

Remuneration Report (continued)

Remuneration of Employees receiving more than £50,000

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

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
1	£115,000 - £119,999	1

Pension Benefits

The term pension benefits covers in-year pension contributions for the employee by the Board and the named person's accrued pension benefits at the reporting date.

Pension Benefits of Senior Employees

The Board has no directly employed employees. The Chief Officer is regarded as a Board employee, but as he is employed by NHS Grampian he is a member of the National Health Service Superannuation Scheme for Scotland.

In accordance with regulations, the IJB is responsible for funding in-year employer contributions in respect of the Chief Officer. The table shows the IJB's funding during the year to support pension benefits. It also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from the officer's own contributions.

In respect of the officers' pension benefits the statutory liability for any future contributions rests with NHS Grampian. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer.

Senior Employee	In-Year Pension Contributions		Accrued Annual Pension Benefits		
	For Year to 31/03/18 £	For Year to 31/03/19 £		Difference from 31/03/18 £	As at 31/03/19 £
Adam Coldwells, Chief Officer	17,141	17,810	Pension	3,800	44,285
			Lump Sum	3,957	105,365
Totals	17,141	17,810	Pension	3,800	44,285
			Lump Sum	3,957	105,365

Rhona Atkinson
Chair
21 August 2019

Adam Coldwells
Chief Officer

Independent auditor's report to the members of Aberdeenshire 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 Aberdeenshire 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 financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

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

Basis for opinion

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

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Chief Finance Officer and Audit Committee 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 the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report

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

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

Other information in the annual accounts

The Chief 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.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Gillian Woolman MA FCA CPFA
Audit Director
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

August 2019

Comprehensive Income and Expenditure Statement (CIES)

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

Gross Expenditure 2017/18 £'000	Income 2017/18 £'000	Net Expenditure 2017/18 £'000		Gross Expenditure 2018/19 £'000	Income 2018/19 £'000	Net Expenditure 2018/19 £'000
18,956	(63)	18,893	Community Hospitals	17,941	(60)	17,881
31,320	(2,306)	29,014	Other Community Health Services	32,698	(2,199)	30,499
37,036	-	37,036	Primary Care	38,595	-	38,595
45,074	-	45,074	Primary Care Prescribing	43,987	-	43,987
7,892	(179)	7,713	Community Mental Health	8,004	(185)	7,819
13,562	-	13,562	Aberdeenshire Share of Hosted Services (health)	14,021	-	14,021
24,527	-	24,527	Set Aside Services	28,524	-	28,524
5,314	(178)	5,136	Management & Business Services	5,787	(230)	5,557
56,818	(5,172)	51,646	Adult Services	57,152	(5,294)	51,858
83,200	(9,127)	74,073	Older People, Physical & Sensory Disabilities	86,788	(8,684)	78,104
323,699	(17,025)	306,674	Cost of Services	333,497	(16,652)	316,845
	(306,665)	(306,665)	Taxation and Non-Specific Grant Income		(318,250)	(318,250)
		9	(Surplus) / Deficit on Provision of Services			(1,405)
		9	Total Comprehensive Income and Expenditure			(1,405)

See Notes 1-5, 9

There are no statutory or presentation adjustments which affect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the CIES. Consequently an Expenditure and Funding Analysis is not provided in these annual accounts as it would be a replication of the CIES.

Movement in Reserves Statement

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

General Fund Balance 2017/18 £'000	Movements in Reserves During 2018/19	General Fund Balance 2018/19 £'000
(9)	Opening Balance at 31 March 2018	-
9	Total Comprehensive Income and Expenditure	(1,405)
-	Adjustments between accounting basis and funding basis under regulations	-
9	(Increase) or Decrease in 2018/19	(1,405)
-	Closing Balance as at 31 March 2019	(1,405)

Balance Sheet

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

2017/18 £'000		2018/19 £'000	Notes Ref
-	Short Term Debtors	1,405	6
-	Current Assets		
-	Short Term Creditors	-	
	Current Liabilities		
		-	
-	Net Assets	1,405	
-	Usable Reserves	1,405	7
-	Total Reserves	-	
	Other Notes		10-11

The unaudited accounts were issued on 12 June 2019, and the audited accounts were authorised for issue on 21 August 2019.

Alan Sharp MA (Hons), CPFA
 Chief Finance Officer
 21 August 2019

Note 1 – Significant Accounting Policies

1.1 General Principles

The Annual Accounts summarise the Board's transactions for the 2018/19 financial year and its position at the year ended 31 March 2019.

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

The Annual Accounts are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

1.3 Funding

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

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.

Note 1 – Significant Accounting Policies (continued)

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. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs.

1.6 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events, if deemed material; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

1.7 Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Grampian and Aberdeenshire Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

1.8 Provisions, Contingent Liabilities and Contingent Assets

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

Note 1 – Significant Accounting Policies (continued)

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

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

1.9 Reserves

The IJB is permitted to set aside specific amounts as reserves for future policy purposes. Reserves are generally held to do three things:

- create a working balance to help cushion the impact of uneven cash flows – this forms part of general reserves;
- create a risk fund to cushion the impact of unexpected events or emergencies; and
- create a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

The balance of the reserves normally comprises:

- funds that are earmarked or set aside for specific purposes; and
- funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies.

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

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

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

1.10 VAT

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

1.11 Support Services

Corporate support services (finance, human resources, legal, facilities & information and communications technology) are provided by Aberdeenshire Council and NHS Grampian at no cost to the IJB and it is not possible to separately identify these costs. To the extent that delegated services included an element of overheads and support services costs, these will be included within the appropriate line within the Comprehensive Income and Expenditure statement.

Note 2 – Accounting Standards that have been Issued but have not yet been Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted and could have a material impact on the accounts. This applies to new or amended standards within the 2018/19 Code.

There are no new or amended Accounting Standards issued but not yet adopted that will have a material impact on the 2018/19 Annual Accounts.

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1, the Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement made in the Annual Accounts is that there is a degree of uncertainty about future levels of funding for local government and the NHS, which may have an impact on the Board. However, the Board has determined that this uncertainty alone is not sufficient to provide a material change to the level of service provision. The level of future uncertainty and associated risk is considered as part of the Board's medium term financial planning.

Note 4 – Expenditure and Income Analysis by Nature

31 March 2018 £'000		31 March 2019 £'000
145,199	Services Commissioned from Aberdeenshire Council	149,328
178,097	Services Commissioned from NHS Grampian	183,699
147	Employee Benefit Expenditure	154
232	Insurance & Related Expenditure	250
24	Fees payable to Audit Scotland for services undertaken in the Code of Audit Practice	25
(11,567)	Service Income: Fees, Charges & Other Service Income	(10,893)
(183)	Service Income: Internal Allocations (not Trading Accounts)	(170)
(2,728)	Service Income: Aberdeenshire Council	(3,105)
(2,547)	Service Income: NHS Grampian	(2,443)
(306,665)	Partners Funding Contributions and Non- Specific Grant Income	(318,250)
9	Total Corporate (Income) / Expenditure	(1,405)

Note 5 – Taxation and Non-Specific Grant Income

31 March 2018 £'000		31 March 2019 £'000
103,946	Funding Contribution from Aberdeenshire Council	106,524
199,246	Funding Contribution from NHS Grampian	210,489
3,473	Partnership Funds	1,237
306,665	Taxation and Non-Specific Grant Income	318,250

The funding from NHS Grampian shown above includes £28.524 million in respect of “set aside” resources primarily in respect of acute hospital services. NHS Grampian continue to manage these costs whilst the IJB has a strategic role over the level of demand placed on them.

Partnership Funds of £1.237 million are primarily in respect of the Integrated Care Fund.

Note 6 – Short Term Debtors

31 March 2018 £'000		31 March 2019 £'000
-	NHS Grampian	1,405
-	Aberdeenshire Council	-
-	Total Short Term Debtors	1,405

Note 7 – Usable Reserve: General Fund

The IJB holds a balance on the General Fund for two main purposes:

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

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

Note 7 – Usable Reserve: General Fund (continued)

31 March 2018 £'000		Transfers In £'000	Transfers Out £'000	31 March 2019 £'000
-	Earmarked: Primary Care Improvement Fund	1,094	-	1,094
	Mental Health Action 15	311	-	311
-	General Fund	1,405	-	1,405

Note 8 – Agency Income and Expenditure

On behalf of all IJBs' within the NHS Grampian Health Board, the IJB acts as the lead IJB in managing the Chronic Oedema Services, Diabetes and Retinal Screening, Marie Curie Nursing, Heart Failure Service, Continence Service, HMP Grampian and Police Custody / Forensic Medicine Contracts. It commissions services on behalf of the other IJBs' and reclaims the costs involved. The payments that are made on behalf of the other IJBs', and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB is not acting as principal in these transactions.

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

31 March 2018 £'000		31 March 2019 £'000
3,789	Expenditure on Agency Services	3,738
(3,789)	Reimbursement for Agency Services	(3,738)
-	Net Agency Expenditure excluded from the CIES	-

Note 9 – Related Party Transactions

The IJB has related party relationships with NHS Grampian and Aberdeenshire Council. In particular, the nature of the partnership means that the IJB may influence, and be influenced by, its partners.

In the year, the following financial transactions were made with NHS Grampian and Aberdeenshire Council in relation to integrated health and social care functions:

Income – Receipts for Integrated Functions

31 March 2018 £'000		31 March 2019 £'000
(178,248)	NHS Grampian	(185,907)
(147,857)	Aberdeenshire Council	(148,954)
(326,105)	Total	(334,861)

Expenditure – Payments for the Delivery of Integrated Functions

31 March 2018 £'000		31 March 2019 £'000
178,257	NHS Grampian	183,859
147,857	Aberdeenshire Council	149,597
326,114	Total	333,456

Key Management Personnel

The only non-voting Board member employed by NHS Grampian and recharged to the IJB is the Chief Officer. The details are provided in the Remuneration Report.

The Chief Social Work Officer and Chief Finance Officer are non-voting members of the IJB and the costs of these posts are borne by Aberdeenshire Council and NHS Grampian. The details are provided in the Remuneration Report.

Note 10 – Assumptions made about the Future and other Major Sources of Estimation Uncertainty

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

The items in the IJB's 2018/19 accounts for which there is a risk of material adjustment in the forthcoming financial year are as follows:

- The value of the Hospital Acute Services “set aside” expenditure reported within the total Integration Joint Board expenditure of £28.524m is based on the most recently available activity levels for hospital inpatient and day case activity as provided by NHS Scotland's

Note 10 – Assumptions made about the Future and other Major Sources of Estimation Uncertainty (continued)

- Information Services Division and direct cost information provided by NHS Grampian. This is a transitional arrangement for 2018/19 agreed locally between NHS Grampian and the three Grampian Integration Joint Boards and with the Scottish Government. Work is progressing at a national and local level to refine the methodology for calculating and planning the value of this in the future.
- On behalf of all IJBs' within the Grampian area, the IJB acts as the lead partner for the Chronic Oedema Service, Diabetes and Retinal Screening, Marie Curie Nursing, Heart Failure Service, Continence Service, HMP Grampian and Police Custody / Forensic Medicine Contracts. It commissions services on behalf of the three Grampian IJBs' and reclaims the costs involved. This arrangement is treated as an agency arrangement. Conversely Aberdeen City IJB host Sexual Health Services and Intermediate Care whilst Moray IJB host the GP Out of Hours Services. The approved Integration Scheme needs developed in respect of a lead partnership overspending, which will require the agreement of the three Grampian Integration Joint Boards. Failure to reach agreement will continue to require interim additional funding contributions in proportion to service usage, pending final agreement of any recovery plans.
- Primary Care Prescribing is the IJB's single largest budget and most volatile with volume, cost and new medicines all contributing to the overall spend. Information from the national system on prescribing costs is not available until two months after actual costs are incurred. This means that at year end accruals are made for the final 2 months expenditure. If the actual expenditure then turns out to be materially different there is an opportunity to incorporate this before the accounts are finalised, however this was not required in 2018/19.
- Service users community care packages are recorded, monitored and managed through a specialist software package called Carefirst. At the end of each financial year a considerable amount of expenditure in respect of service user's care for that year remains unpaid. Creditors are raised for actual invoices that are actually paid in the next 3 weeks, however there still remains a material amount of invoices outstanding and provision is then made for additional invoices that are still due based on a number of factors: the level of service users commitments outstanding in Carefirst, profiled invoice payments over recent years and the current number of service users.

Note 11 – Events After the Balance Sheet Date

The unaudited accounts were issued on 12 June 2019 by Alan Sharp MA (Hons), CPFA, Chief Finance Officer, who is the proper officer of the Board in accordance with Section 95 of the Local Government (Scotland) Act 1973. 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, if appropriate.

There have been no material events since the date of the Balance Sheet which necessitate the revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

Glossary of Terms

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

Accounting Period

The period of time covered by the Accounts, normally a period of 12 months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Asset

An item having value to the IJB in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A noncurrent asset provides benefits to the IJB and to the services it provides for a period of more than one year.

Audit of Accounts

An independent examination of the IJB's financial affairs.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Consistency

The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.

Contingent Asset/Liability

A Contingent Asset/Liability is either:

- A possible benefit/obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the IJB's control; or
- A present benefit/obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Creditor

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

Debtor

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

Entity

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

Government Grants

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

Glossary of Terms (continued)

Health and Social Care Scotland (HSCS)

This is a collaboration of health and social care leaders and managers from across health and social care partnerships.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IRAG

Integration Resources Advisory Group.

LASAAC

Local Authority (Scotland) Accounts Advisory Committee.

Liability

A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

Provisions

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

PSIAS

Public Sector Internal Audit Standards.

Related Party

A body or individual that has the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer, the Chief Finance Officer, the Heads of Service and their close family and household members.

Remuneration

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

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB.

Revenue Expenditure

The day-to-day expenses of providing services.

Significant Interest

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

SOLACE

Society of Local Authority Chief Executives.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom.