

**ADDITIONAL CIRCULATION**



Aberdeen City Health & Social Care Partnership  
*A caring partnership*

To: Members of the Audit and Performance Systems Committee

Town House,  
ABERDEEN, 23 April 2021

**RISK, AUDIT AND PERFORMANCE COMMITTEE**

The undernoted items are circulated in connection with the meeting of the **RISK, AUDIT AND PERFORMANCE COMMITTEE** to be held on **TUESDAY, 27 APRIL 2021 at 10.00 AM.**

FRASER BELL  
CHIEF OFFICER - GOVERNANCE

**BUSINESS**

- 8 Approval of Unaudited Accounts - HSCP.21.040 - Late Report (Pages 3 - 54)
- 9 Financial Monitoring 31 March 2021 - HSCP.21.049 - Late Report (Pages 55 - 70)

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## Risk, Audit and Performance Committee

<b>Date of Meeting</b>	27/04/2021
<b>Report Title</b>	Unaudited Final Accounts 2020/21
<b>Report Number</b>	HSCP.21.040
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Alex Stephen, Chief Finance Officer alestephen@aberdeencity.gov.uk
<b>Consultation Checklist Completed</b>	Yes
<b>Appendix</b>	A. Unaudited Final Accounts 2020/21

### 1. Purpose of the Report

- 1.1. The purpose of this report is to allow the Risk, Audit and Performance Committee (RAPC) to review and comment on the unaudited final accounts for 2020/21.

### 2. Recommendations

- 2.1. It is recommended that the Risk, Audit and Performance Committee:
- a) Consider and comment on the Unaudited Final Accounts for 2020/21 at Appendix A.

### 3. Summary of Key Information

- 3.1. This is the fifth time that a full set of accounts have been prepared for the Integration Joint Board (IJB).
- 3.2. A great deal of work has been undertaken at a national level to agree on a proposed approach to the Integration Joint Board Accounts. Even then there will be changes in format and the disclosures contained in the accounts based on local circumstances. However, the major disclosures and format is based on a template commissioned by the Scottish Government with the Chartered Institute of Public Finance and Accountancy (CIPFA).



## Risk, Audit and Performance Committee

- 3.3. The accounts are based the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and follow the format of the accounts used by local authorities as the IJB is recognised as a local government body, under Part VII of the Local Government (Scotland) Act 1973.
- 3.4. Given this is the five year of producing these accounts there is a possibility that some of the disclosures and the accounts will need to be changed during the audit process. This is particularly pertinent given that there may be changes to the accounts due to the coronavirus and given our accounts are audited sooner than the other IJBs in Scotland. The pension figures for the Chief Officer will be updated during the audit process, as they were not available at this point. In regard to the set aside figures these have been inflated by inflation, however, the activity data is not available this year due to staff being moved to other duties as a result of the pandemic response. Neither figure impacts on the amount held in reserves.
- 3.5. The audit of the accounts will take place in May 2021. The final audited accounts will be brought back to a meeting of the Integration Joint Board on 25 May 2021 as a late paper.
- 3.6. The Local Authority Accounts (Scotland) Regulations 2014 defines the notice period, the inspection period, the deadline for submission of an objection to the accounts and the information which must be made available for inspection. The inspection must last 15 working days.
- 3.7. Aberdeen City Council have shortened the timescale for closing the final accounts of the Council. As the IJB accounts feed into the Aberdeen City Accounts, the IJB accounts also have to be closed off quicker than in most other IJBs. The intention is that the Aberdeen City Council accounts, including the group accounts, will be drafted, audited and approved by the 30 June at the latest,
- 3.8. The accounts follow the following format:

**Management Commentary** - Explains the performance over the last financial year and highlights some of the potential risks during the next financial year.

**Remuneration Note** – contains details of the pay and pension benefits accrued by the senior officers of the IJB during 2020/21. Note we are still waiting on the pension information for the Chief Officer, this will be added prior to being sent to auditors.



## Risk, Audit and Performance Committee

**Annual Governance Statement** – Highlights the Governance Framework in place and describes performance and improvements against the local code of governance. This contains the assurances from Aberdeen City Council and NHS Grampian. It also contains wording from the Chief Internal Auditor on the internal control environment.

**Financial Statements** – contains details of the financial transactions, including the Income & Expenditure Account, Balance Sheet and Movement in Reserves Statement.

**Notes to the Accounts** – including the financial policies used by the IJB over this period and the relevant disclosures required through the code.

- 3.9.** As can be seen through the accounts at the end of the financial year the IJB has £15,442,447 in its useable reserve at the end of the financial year, which has largely been earmarked for activities where we received additional income in 2020/21 and require to allocate funding in 2021/22 to complete the activities associated with this income.

### 4. Implications for IJB

- 4.1. Equalities** – There are no equalities implications arising from this report.
- 4.2. Fairer Scotland Duty** – There are no Fairer Scotland Duty implications arising from this report.
- 4.3. Financial** - The financial implications are highlighted throughout this report and in Appendix A.
- 4.4. Workforce** – There are no workforce implications arising from this report.
- 4.5. Legal** – There are no legal implications arising from this report.
- 4.6. Other** – There are no other implications arising from this report.

### 5. Links to ACHSCP Strategic Plan

- 5.1.** Good governance and internal controls are fundamental to ensuring the delivery of the strategic plan.



## Risk, Audit and Performance Committee

### 6. Management of Risk

#### 6.1. Identified risk(s) & Link to risk number of strategic/operational risk register:

- There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend – High (Strategic Risk #2)
- There is a risk that relationship arrangements between the IJB and its partner organisations (Aberdeen City Council & NHS Grampian) are not managed to maximise the full potentials of integrated & collaborative working. This risk covers the arrangements between partner organisations in areas such as governance; corporate service; and performance- Medium (Strategic Risk #4)
- There is a risk of reputational damage to the IJB and its partner organisations resulting from complexity of function, delegation and delivery of services across health and social care – Medium (Strategic Risk #6)
- Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system – High (Strategic Risk #7)

#### 6.2. How might the content of this report impact or mitigate the known risks: The audited accounts are an important document for the IJB, demonstrating financial performance over the year and are independently audited. Recommendations could be received from the external auditors which impact on any of the strategic risks highlighted above.



Aberdeen City Health & Social Care Partnership  
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# **Aberdeen City Integration Joint Board**

## **Un-Audited Annual Accounts 2020/21**



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## Management Commentary

### **The Role and Remit of the Integration Joint Board (IJB)**

The Integration Joint Board (IJB) was formed as a result of the Public Bodies (Joint Working) (Scotland) Act 2014. The Act provides a framework for the integration of adult community health and social care services. The strategic planning for, and/or delivery of, these services was previously the responsibility of NHS Grampian (NHSG) and Aberdeen City Council (ACC) respectively and was delegated to the IJB with effect from 1 April 2016. Some services such as adult social care, GP services, district nursing, and allied health professionals are fully delegated and the IJB has responsibility both for the strategic planning and governing oversight of these. Other services are Grampian-wide services which Aberdeen City IJB “host” on behalf of all three IJBs in the NHS Grampian area. There are also hospital-based services. Aberdeen City IJB has responsibility for the strategic planning of both hosted and hospital-based services.

#### **Hosted Services**

Intermediate care of the elderly and specialist rehabilitation

Sexual health

Acute mental health and learning disability

#### **Hospital-Based Services**

Accident and emergency services provided in a hospital

Inpatient hospital services relating to the following branches of medicine:

- (a) general medicine
- (b) geriatric medicine
- (c) rehabilitation medicine
- (d) respiratory medicine
- (e) palliative care
- (f) mental health
- (g) psychiatry of learning disability

The policy ambition is to improve the quality and consistency of services to patients, carers, service users and their families; to provide seamless, joined-up, quality health and social care services in order to care for people in their own homes or a homely setting where it is safe to do so; and to ensure resources are used effectively and efficiently to deliver services that meet the increasing number of people with longer-term and often complex needs, many of whom are older. The IJB has governing oversight whilst Aberdeen City Health & Social Care Partnership (ACHSCP) has responsibility for the operational delivery of these services.

The IJB sets the direction of ACHSCP via the preparation and implementation of the Strategic Plan and seeks assurance on the management and delivery of the integrated services through appropriate scrutiny and performance monitoring, whilst ensuring the effective use of resources.

## The IJB's Operations for the Year

Aberdeen is the third largest city in Scotland and provides Scotland with 15% of its Gross Added Value. Much of this value has come from the oil and gas industry. The oil price reduction in 2014 significantly affected the local economy and although there are now signs of recovery it is not anticipated that the extent of this will reach the level of the boom years.

The estimated population of Aberdeen (2019) is 228,670. The table below shows the anticipated population increase in the next 10 and 20 years in total and by the 65 to 74 and over 75 age groups. The significant rises in the over 75 age group is of concern given their high use of health and social care services.

	2029	2039
<b>Total Population</b>	+0.8%	+1.8%
<b>65 – 74 age group</b>	+15.4%	+12%
<b>+75 age group</b>	+18.3%	+43.5%

There is a mixture of affluent and deprived areas in the city. 22 of Aberdeen City's 283 data zones are in the most deprived 20%. Collectively this means a population of 18,055 accounting for 7.9% of the City's total population.

Alongside this increase in demand there are rising costs and reduced funding available. We need to pick up the pace of transformation and start to do things differently in order to be able to continue to deliver services and positive outcomes for the people who use them.

During the financial year 2020/21 the IJB committed to:

- progress and deliver the remaining commitments and priorities of the Strategic Plan;
- implement the three-locality model, developing closer links with our community planning partners;
- embed transformational activity into mainstream service delivery;
- undertake a number of strategic commissioning projects that will transform service delivery, introduce co-design and co-production with our third and independent provider partners, and help develop a sustainable market in Aberdeen;
- further consolidate the Leadership Team self-managing approach;
- continue to focus on delivering the Medium-Term Financial Framework;
- continue to engage with the public to provide information on our services and why are we seeking to transform.

In terms of the Strategic Plan, progress on most of the remaining commitments and priorities was stalled during our response to the Covid-19 pandemic. We have one more year of the current Strategic Plan to run and are just beginning work on

preparations for the refresh of this. It is likely some of our focus will change in light of the impact the pandemic has had particularly on mental health and inequality. The publication of the Independent Review of Adult Social Care in February 2021 and the refresh of both the Local Outcome Improvement Plan and NHS Grampian's Clinical Strategy this coming year will influence the priorities we identify in our refreshed Strategic Plan.

Areas where we were able to make significant progress despite, or perhaps because of, the pandemic were digital innovations, shifting the balance of care and preventing admissions, and development of our community engagement agenda.



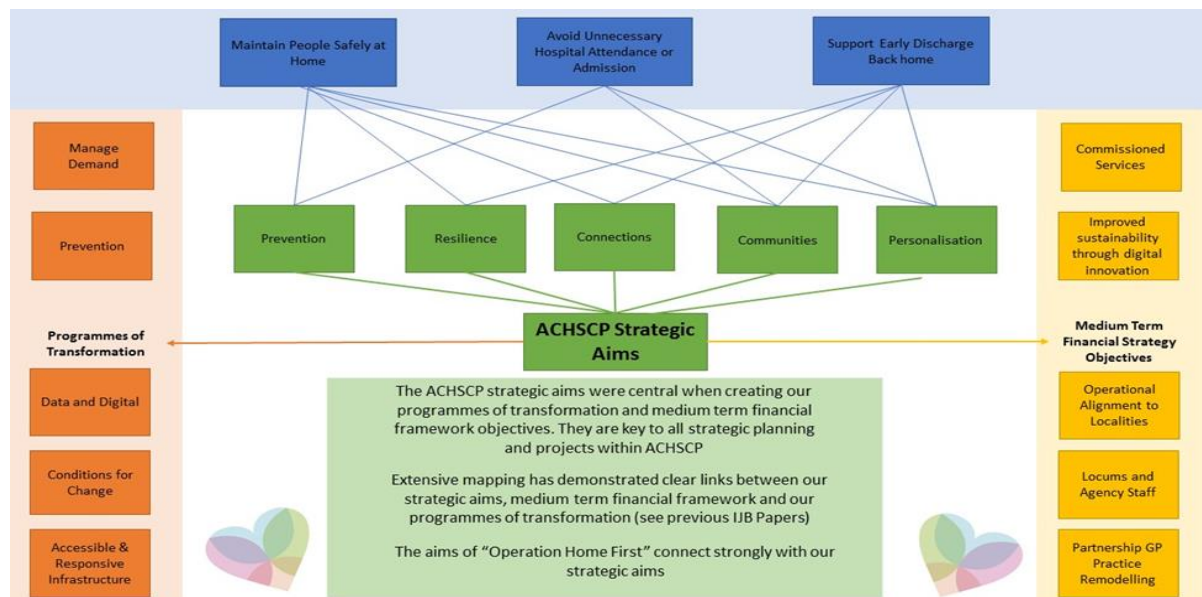
Aberdeen City fully embraced the roll out of the 'Near Me' technology enabling online video consultations with GPs. All services made some use of this and at one stage NHS Grampian had the largest usage of this in the whole of Scotland. It continues to be a feature of service delivery and will remain an option going forward allowing us to consider rationalisation and downsizing of the estate we use which will hopefully result in some cost savings.

The Frailty Pathway describes the journey of frail, mainly elderly, clients from home to hospital and back again, perhaps with the use of step up or step-down facilities in between. The Pathway was developed using a multi-disciplinary approach with resource flexing to where it was needed most. The focus was to keep people out of hospital as far as possible or, if they were admitted, to make their stay as short as possible. The development of our Hospital at Home service was key to increasing capacity of the pathway. A critical success factor was the close, collaborative working and improved communication channels which put the person at the centre of decision making and improved their experience of services overall.

Throughout 2020, the partnership continued to develop the three Locality Empowerment Groups (LEGs) which was undertaken in the main in the virtual environment with 49 members of our communities participating during that time. In December 2020, the IJB approved a shared locality planning model with Aberdeen City Council's Community Planning arrangements with the LEGs as the hubs for all community engagement including the City's Priority Neighbourhoods. These new arrangements are now driving the refresh of both the LOIP and the IJB's Strategic Plan.

During the pandemic, when we were in contingency level 4 response, transformational activity was driven by the priorities of the various phases. This was delivered via a series of Huddle arrangements and this approach will be maintained going forward with programmes and projects falling from the Strategic plan and

Leadership Team objectives being delivered via Huddle arrangements but still being aligned to the original five programmes of transformation.



During the financial year the Care at Home contract was re-commissioned using an outcome focused approach. The contract was awarded to a consortium of local providers and went live on 1 November 2020. The aim of the new approach is to block fund service delivery by Locality, empowering the providers to adopt a flexible, person centred, outcomes approach within the overall financial envelope. As well as improving outcomes for people it is hoped that the flexibility within the funding will enable more to be delivered with the same amount of resources, managing the increasing levels of demand we have in this area. In addition, work has begun on re-commissioning Respite and Day Care services under the umbrella of Stay Well Stay Connected. Commissioning is adopting a codesign/coproduction approach with staff, providers, service users and carers all involved.

The Leadership Team continues to focus on cross system working, expanding opportunities for this where possible. The coaching programme for Leadership Team members continued which many members found invaluable during the stressful times of the Covid response phase. Staff Health and Wellbeing will continue to be an area of focus going forward.

The Medium-Term Financial Framework (MTFF) approved by the IJB on 23 March 2021 includes a forecast of the financial position for the next seven financial years and is reviewed annually. Contained in the MTFF were proposals to balance the 2021/22 budget which were fully aligned to the programme of transformation. The IJB continues to work to deliver on the ambitions of this MTFF and ensure financial balance.

## **The IJB's Position at 31 March 2021**

The accounts for the year ended 31 March 2021 show a usable reserves position of £15,442,447 (£2,601,896 2019/20). The IJB agreed a reserves strategy and previously agreed to hold back as earmarked reserves £2.5 million as a risk fund. As a result of additional financial pressures in 2019/20 this risk fund was used and now £1.3 million remains. It was agreed at the budget meeting on the 23 March 2021 to replenish the risk fund to the £2.5 million.

The majority of public sector organisations are facing challenges balancing their budgets in a context of increasing demand and costs, while the funding available is reducing in real terms. The 2021/22 budget was agreed on 23 March 2021 and included £5.5 million of budget reductions.

The major risk in terms of funding to the Integration Joint Board (IJB) is the level of funding delegated from the Council and NHS and whether this is sufficient to sustain future service delivery. There is also a risk of additional funding being ring-fenced for specific priorities and policies, which means introducing new projects and initiatives at a time when financial pressure is being faced on mainstream budgets.

The IJB has made arrangements with adult social care providers to allow the Scottish Living Wage to be paid in 2020/21. This was possible due to additional funding being made available from the Scottish Government to implement this policy commitment.

Demand is expected to continue to rise given the increase in the number of over-65s forecast. At the same time the complexity of the care required is increasing due to improvements in medicine and the increased average life expectancy evidenced over the last few decades. This is evidenced in by our increasing social care spend on clients with learning disabilities. Also, there are greater expectations being placed on our services by clients and this, along with expectations from our other stakeholders, continues to drive performance on targets such as waiting times.

At the time of preparing the final accounts for 2019/20 and producing the 2020/21 Medium Term Financial Framework the impact of the coronavirus on the finances of the IJB were uncertain. It was anticipated that some of the financial consequences of the coronavirus would receive additional funding from the Scottish Government, however, where the additional costs would be incurred and the level of any additional funding required further work. During the financial year a number of reports were taken to the IJB tracking the impact of Covid on the IJB Budget. At the end of the financial year both the direct and indirect costs of Covid were fully funded by the Scottish Government.

## **The IJB's Strategy and Business Model**

Following approval of the refreshed Strategic Plan by the IJB in March 2019, work has been progressing on its implementation.

When setting the Medium-Term Financial Framework and identifying the solutions to balance the 2021/22 budget the IJB agreed key objectives aligned to the programme of transformation that it will seek to deliver: -

## **MANAGING DEMAND**

**Reshaping our Commissioning Approach** - Commissioned services will be reviewed across ACHSCP to ensure that the model of delivery is in-line with our strategic commissioning plan and strategic aims of the IJB. As part of this we will be seeking to re-commission Day Opportunities and Planned Respite following review and launch our Market Position Statement which will help providers align their business models to our needs.

## **CONDITIONS FOR CHANGE**

**Staff Health & Wellbeing** - Staff Health and Wellbeing will be a priority and we will ensure a collaborative, compassionate and supportive approach to recovery. Staff will be given time, space and resources to recover from the pandemic and prepare for recovery and planning of next steps. As part of this we will seek to stabilise our workforce, determining structures and recruiting to permanent posts and reducing locum costs.

**Reshaping our relationship with communities** - We will focus on an integrated approach to the way we think about physical, mental and social health, supporting individuals to manage and improve their health and wellbeing and building resilient networks to ensure that there is joint planning and co-ordination of critical elements that impact health e.g. education, food, housing and transportation. We will embed our Operational teams who are aligned to locality areas and complete work to align those using the opportunity to redesign structure models to bring service delivery in line with available resource.

## **ACCESSIBLE AND RESPONSIVE INFRASTRUCTURE**

**Whole system and connected remobilisation** - Remobilisation will be undertaken through a planned and measured approach to create stability and resilience across our health and care services and enable us to meet population needs and maximise the learning and changes we have implemented during the global pandemic response. We will undertake a redesign of 2C GP Practices to deliver a sustainable service based on patient profile, population needs assessment and available resource will be completed. We will continue to review our Primary Care delivery, modernising and improving outcomes where possible.

## **DATA AND DIGITAL/PREVENTION**

Living and responding to Covid - Community resilience will be key and together with our partners we will be focused on supporting the recovery of those communities most impacted by Covid and making wider communities more resilient and better placed to cope as we learn to rebuild and renew our health services, our communities, education and economy. Improved sustainability of commissioned services across Aberdeen City to reduce impact on secondary and primary care and

deliver better outcomes for people. We will also consider the impact of long Covid on our health and social care system.

## Key Risks and Uncertainties

The key strategic risks (High risks), as contained in the Strategic Risk Register, along with an assessment of level of risk facing the IJB, are as indicated below.

The Strategic Risk Register is monitored and updated frequently by the IJB Leadership Team, who in turn report to the IJB and Risk, Audit & Performance Committee and the IJB on a regular basis.

The IJB held a workshop October 2020 on the Strategic Risk Register and the Board's Risk Appetite. As a result of the workshop, the revisions to both the Register and the Appetite Statement were submitted to the IJB for approval.

The IJB at its meeting on the 1 December 2020 approved the revised Strategic Risk Register and Risk Appetite Statement and agreed to hold another workshop on the strategic risks and the IJB's risk appetite in October 2021. The IJB also agreed to retain the strategic risk on the UK exiting the EU on the register to monitor any implications from the exit date of the 31 December 2020. The risks that are classed as **High or Very High** risk on the Strategic Risk Register are detailed below:

1. There is a risk that there is insufficient capacity in the market (or appropriate infrastructure in-house) to fulfil the IJB's duties as outlined in the Integration Scheme. Commissioned services in this context include third and independent providers of care and supported living and independent providers of general medical services. Additional pressures from other parts of the system also add to market instability. For example, recruitment of care staff within a competing market, reduction of available beds and the requirement to care for more complex people at home.

Mitigating Actions: The IJB's commissioning model has an influence on creating capacity and capability to manage and facilitate the market :-

- The development of virtual provider huddles,
- The development of the local Personal Protective Equipment (PPE) hub,
- Consortium of providers purchasing PPE,
- Risk fund set aside with transformation funding,
- Implementation of General Medical Services (GMS) contract
- Remodelling of 2C GP practices,
- Interim financial support from Scottish Government for community optometrists and general dental practitioners,
- Provider of last resort – Bon Accord Care.
- The development of risk predictor tools in association with the care inspectorate, and individual team escalation plans,
- Reconciliation process – working on a pan Grampian approach,
- Worked with care providers to develop key business contacts that providers can use over winter to help with their overall business continuity planning,

- Develop and implement the Residential Care Providers Early Warning System (once returned to new normal) with monthly returns from providers to gather intelligence and report to all relevant parties,
  - Intervention by Scottish Ministers and Public Bodies where financial failure evident,
  - Grampian Public Health Team to provide advice on all aspects of prevention, testing and management of Covid incidences,
  - All care home staff offered weekly Covid testing.
2. There is a risk of IJB financial failure and projecting an overspend, due to demand outstripping available budget, which would impact on the IJB's ability to deliver on its strategic plan (including statutory work).

Mitigating Actions:

- The Leadership Team are committed to driving out efficiencies, encouraging self-management and moving forward the prevention agenda to help manage future demand for services,
  - An early review has been undertaken of the financial position and was reported in June 2020 to the IJB and regular reporting throughout the financial year 20/21.
3. There is a risk that hosted services do not deliver the expected outcomes, fail to deliver transformation of services, or face service failure and that the IJB fails to identify such non-performance through its own systems and pan-Grampian governance arrangements. This risk relates to services that Aberdeen IJB hosts on behalf of Moray and Aberdeenshire, and those hosted by those IJBs and delivered on behalf of Aberdeen City.

Mitigating Actions:

- This is discussed regularly by the three North East Chief Officers,
  - Regular discussion regarding budget with relevant finance colleagues,
  - Chief Officers should begin to consider the disaggregation of hosted services.
4. There is a risk of reputational damage to the IJB and its partner organisations resulting from complexity of function, delegation and delivery of services across health and social care.

Mitigating Actions:

- Clarity of roles,
- Staff and customer engagement – recent results from iMatter survey alongside a well-established Joint Staff Forum indicate high levels of staff engagement,
- Effective performance and risk management,
- To ensure that ACHSCP have a clear communication & engagement strategy, and a clear policy for social media use, in order to mitigate the risk of reputational damage,
- Communications lead's membership of Leadership Team facilitates smooth flow of information from all sections of the organisation,



- Robust relationships with all local media are maintained to ensure media coverage is well-informed and accurate and is challenged when inaccurate/imbalanced,
  - Locality Empowerment Groups established in each of the three localities, ensuring effective two-way communication between the partnership, partner organisations and a wide range of community representatives in North, South and Central. Consultation and engagement exercises are also carried out with service users, staff and partners throughout service change processes to gain detailed feedback and act upon it,
  - Through the Locality Empowerment Groups help inform plans which will identify priorities to improve health and wellbeing for local communities, seeking the views and input of the public on these Groups.
5. Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system.
- Mitigating Actions:
- Programme management approach being taken across whole of the transformation programme,
  - Transformation team in place and all trained in Managing Successful Programmes methodology,
  - Regular reporting to Executive Programme Board and Portfolio Programme Boards,
  - Regular reporting to Risk, Audit & Performance Committee and Integration Joint Board,
  - Increased frequency of governance processes during Covid period – weekly Executive Programme Boards and creation of huddle delivery models,
  - A number of plans and frameworks have been developed to underpin our transformation activity across our wider system including: Programme for Transformation, Primary Care Improvement Plan, Action 15 Plan and Immunisation Blueprint,
  - Transformation team amalgamated with public health and wellbeing to give greater focus to localities, early intervention and prevention.
6. There is a risk that if the System does not redesign services from traditional models in line with the current workforce marketplace in the City this will have an impact on the delivery of the IJB Strategic Plan.

Mitigating Actions:

- ACHSCP Workforce Plan,
- Rapid service redesign ongoing to deliver Operation Home First priorities,
- Active engagement with schools to raise ACHSCP profile (e.g. Developing the Young Workforce, Career Ready),
- Active work with training providers and employers to encourage careers in Health and Social Care (e.g. Foundation Apprenticeships/Modern Apprenticeships, working with Department for Work and Pensions),
- Greater use of commissioning model to encourage training of staff,
- Increased emphasis on health/wellbeing of staff,
- Increased emphasis on communication with staff,
- Greater promotion of flexible working,

- increased collaboration and integration between professional disciplines, third sector, independent sector and communities through Localities,
  - Increased monitoring of staff statistics (sickness, turnover, Continued Professional Development, complaints etc) through Performance Dashboard, identifying trends,
  - Developing greater digitisation opportunities, e.g. using Text Messaging to shift emphasis from GPs to increased use of Texts for pharmacology.
7. There is a risk that ACHSCP is not sufficiently prepared to deal with the impacts of Brexit on areas of our business, including affecting the available workforce and supply chain.

Mitigating Actions:

- Mitigating actions have been developed on a national and local level through UK Government and Scottish Government guidance and the ACC and NHSG EU exit steering groups respectively. These actions are linked to the revised UK national Planning Assumptions (based on the reasonable worst case scenario-no deal),
- As the Partnership does not directly employ staff, The Chief Officer will work closely with partners to ensure that as implications become clear the Partnership are able to best represent and meet the needs of all staff,
- The Partnership's Business Continuity Planning process is established which will identify key services to prioritise in any contingency event. These Plans have been exercised over the last 7 months through the Partnership's response/recovery to Covid,
- Review Arms Length External Organisation (ALEO) contingency plans. Request evidence of risk assessment and mitigation from ALEOs for assurance of ability to deliver against contract. This is being considered and scrutinised through the ALEO Hub governance arrangements,
- Worked with care providers to develop key business contacts that providers can use over winter to help with their overall business continuity planning,
- The Partnership have taken part in reporting any EU exit implications through both the NHSG and ACC routes. The reporting timescales were roughly the same (around the previous 3 political deadlines in March, April and October 2019). No EU exit implications were reported by the Partnership at these times.

## Analysis of the Financial Statements

The accounts show usable reserves of £15,442,447 at 31 March 2021 (£2,601,896 at 31 March 2020).

The level of reserve has increased largely due to unspent funding provided by the Scottish Government to the IJB via NHS Grampian. In quarter 4 the following funds were passed across to the IJBs some of which require to be earmarked if not used:

Adult Social Care Winter Plan - Tranche 2	£2,000,650
Complex Care Change Funding	£876,523
Further IA Covid Support	£3,695,837
ADP, PCIP and Action 15 Underspends	£2,800,000
£500 to NHS ACHSCP Staff	£338,818
4% Pay Award to NHS ACHSCP Staff from December	£660,000
	<hr/> <b>£10,371,828</b> <hr/>

The majority of the services delegated to the IJB were impacted in some way due to Covid. In some cases, such as in social care, we saw a switch from residential care to care at home. All health services move to emergency service only and this had the impact of reducing spend on agency and locums, therefore, the spend incurred on the majority of the budget lines does not reflect what would have been spent in a normal financial year due to the impact of Covid, the lockdowns and the move to emergency services only. The underspend on mainstream services was £2.9 million.

A local mobilisation plan and process was developed by the Scottish Government to show the impact of Covid on the IJB budgets and also to support services during the lockdown. The local mobilisation plan was updated frequently through the financial year and additional funding allocations were made by the Scottish Government on the basis of these updates. For Aberdeen City IJB the final mobilisation plan was estimated to spend £17.7 million and this was provided to the Scottish Government in January 2021. The full amount of funding requested was passed across to the IJB. At the end of the financial year, additional spend was incurred above the level reported to the Scottish Government of £668,000 largely due to increases in amounts claimed by social care providers. Therefore, the total spend rose to £18.9 million (£1.6 million of which is held on Primary Care and Prescribing lines) and this was funded via the additional funds passed across to the IJB.

Budgets for large hospitals are managed by NHS Grampian. The IJB has a notional budget representing the consumption of these services by residents. The IJB is responsible for the strategic planning for these services as a result of the legislation which established the IJBs.

The services covered include:

- accident and emergency services at Aberdeen Royal Infirmary and Dr Gray's - inpatient & outpatient;

- inpatient hospital services relating to general medicine, geriatric medicine, rehabilitation medicine, respiratory medicine, learning disabilities, old age psychiatry, general psychiatry;
- palliative care services provided at Roxburghe House, Aberdeen, and The Oaks, Elgin.

One of the key priorities of the IJB and reasons why the IJBs were established is to improve pathways and reduce the use of these services. It has not been possible to update the days used figures as the data which this information is based on has not been prepared due to staff being allocated to support other parts of the health system due to the impact of Covid. The financial costs have therefore been updated by applying 3% to 2019/20 costs shown below.

<b>Set Aside</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Budget	£46,732,000	£41,344,000	£46,416,000	£46,410,000	£47,802,300
Days used	152,498	142,349	143,055	137,732	n/a

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**Luan Grugeon**  
IJB Chair  
April 2021




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**Sandra Macleod**  
Chief Officer  
April 2021




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**Alex Stephen**  
Chief Finance Officer  
April 2021



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

## **Statement of Responsibilities**

### **Responsibilities of the Integration Joint Board**

The Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature.

Signed on behalf of the Aberdeen City Integration Joint Board

**Luan Grugeon**

IJB Chair

April 2021

## **Responsibilities of the chief financial officer**

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

In preparing the Annual Accounts, the chief financial officer has:

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

The chief financial officer has also:

- kept proper accounting records which were up to date; 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 the Aberdeen City Integration Joint Board as at 31 March 2021 and the transactions for the year then ended.

**Alex Stephen**

Chief Finance Officer

April 2021

## **Remuneration Report**

### **Introduction**

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

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

### **Remuneration: IJB Chair and Vice-Chair**

The voting members of the IJB are appointed through nomination by Aberdeen City Council and NHS Grampian. The positions of IJB Chair and Vice-Chair alternate between a Councillor and a Health Board representative every two years.

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

<b>Taxable Expenses 2019/20 £</b>	<b>Name</b>	<b>Post(s) Held</b>	<b>Nominated by</b>	<b>Taxable Expenses 2020/21 £</b>
Nil	Cllr Sarah Duncan	Chair 01/01/19 to 23/03/21 Vice Chair 24/03/21 to 31/03/21	Aberdeen City Council	Nil
Nil	Luan Grugeon	Chair 24/03/21 to 31/03/21 Vice-Chair 27/03/19 to 23/03/21	NHS Grampian	Nil
<b>Nil</b>	<b>Total</b>			<b>Nil</b>

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

### **Remuneration: Officers of the IJB**

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



### Chief Officer

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

### Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

<b>Total 2019/20 £</b>	<b>Senior Employees</b>	<b>Salary, Fees &amp; Allowances £</b>	<b>Taxable Expenses £</b>	<b>Total 2019/20 £</b>
106,768	<b>Sandra Macleod</b> Chief Officer 3/09/18 to 31/03/21	114,666	-	114,666
85,597	<b>Alex Stephen</b> Chief Finance Officer 04/07/16 to 31/03/21	88,165	-	88,165
<b>192,365</b>	<b>Total</b>	<b>202,831</b>	-	<b>202,831</b>

FYE = Full Year Equivalent

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

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

Officer Name	Responsibility	Pension as at 31/3/2021 £000	Pension Difference from 31/3/2020 £000	Lump Sum as at 31/3/2021 £000	Lump Sum Difference from 31/3/2020 £000	Pension Contribution 2020/2021 £	Pension Contribution 2019/2020 £
Sandra Macleod	Chief Officer 3/09/18 to 31/03/21	3*	2*	-*	-*	23,860	22,941
Alex Stephen	Chief Finance Officer 01/07/2016 – 31/03/2021	32	2	40	1	17,016	16,520
						<b>40,876</b>	<b>39,461</b>

\*waiting on chief officer pension figures.

The IJB does not have its own pension scheme, however, details of the North East of Scotland Pension scheme can be found in Aberdeen City Council's accounts and details of the NHS pension scheme can be found NHS Grampian's accounts. Both documents are available on their respective websites.

### Disclosure by Pay Bands

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

Number of Employees in Band -2019/20	Remuneration Band	Number of Employees in Band – 2020/21
1	£85,000 - £89,999	1
1	£105,000 - £109,999	0
0	£110,000 - £114,999	1

### Exit Packages

No exit packages were paid to IJB staff during this period or the previous period.

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Sandra Macleod  
Chief Officer  
April 2021

Luan Grugeon  
Chair  
April 2021

## **Annual Governance Statement**

### **Scope of Responsibility**

The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, safeguarding public funds and assets and making arrangements to secure best value in their use.

In discharging this responsibility, the Chief Officer has put in place arrangements for governance which include the system of internal control. This is designed to manage risk to a reasonable level but cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

The IJB has a reliance on the Aberdeen City Council and NHS Grampian systems of internal control, which support compliance with both organisations' policies and promote achievement of each organisation's aims and objectives, as well as those of the IJB.

The result of this is a situation where assurances are required on the effectiveness of the governance arrangements from the three partners. This means that a significant failure in the internal control environment of one of the three partners may require to be disclosed in the accounts of all three partners and not just the IJB and the partner where the issue occurred.

### **The Governance Framework**

In this complex environment of circular assurances, it is important that the IJB has its own local code of corporate governance and regularly reviews performance against the governance principles included within this code. The IJB has developed an Assurance Framework in conjunction with the Good Governance Institute which provides readers with an understanding of the governance framework and the assurances that can be obtained from it.

The IJB agreed on 11 April 2017 at the Audit & Performance Systems Committee to adopt a local code of corporate governance which was built around the principles identified in the CIPFA\SOLACE<sup>1</sup> Delivering Good Governance in Local Government Framework (2016 Edition). The local code of governance is reviewed annually and reported to the same audit committee where the annual governance statement is approved. This code provides a list of documents\activities from an IJB, NHS Grampian and Aberdeen City Council perspective which provide assurance on the governance framework.

A review is also undertaken by the Chief Finance Officer evaluating the IJB's governance environment against the governance principles detailed in the CIPFA document titled the ['The role of the chief financial officer in local government'](#).

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<sup>1</sup> CIPFA - The Chartered Institute of Public Finance and Accountancy

SOLACE – The Society of Local Authority Chief Executives

Whilst both these documents were specifically written for local government the governance principles can be used by other public sector organisations. Also, the IJB is defined as a local government organisation per the Local Government (Scotland) Act 1973 and Aberdeen City Council has also adopted the governance principles from the delivering good governance document in its own local code of corporate governance.

### **Coronavirus Arrangements**

In relation to the coronavirus pandemic the Partnership reduced its service delivery and prioritised services to allow it to deal with the implications of the coronavirus and support a reduction in the spread of the virus by undertaking social distancing and reducing contact with service users. In terms of the pandemic governance arrangements, the Partnership has reported through the business continuity arrangements of both the Council and the NHS. Governance arrangements have also been established in the Partnership where the status of service delivery is assessed and this is reported to a daily meeting of the leadership team, staff side\unions and Bon Accord Care. At this meeting it is agreed what needs to be escalated and what can be agreed using the delegated authority of either the Chief Officer or Chief Finance Officer. These meetings are documented and supported by our control centre which was established to aid the flow of information.

These arrangements have continued throughout the financial year, however, were particularly important during the first wave where decisions were required to be made quickly. The IJB has been operating throughout the pandemic, but with light agendas during the first wave and no sub committees. Since then, the IJB agendas have returned to normal levels and the two sub committees now meeting regularly.

### **Seven Governance Principles of local governance framework.**

Against each of the seven governance principles adopted by the IJB there are key documents, activities, policies and arrangements which help address these. For the IJB some of these documents belong to NHS Grampian and Aberdeen City Council given their operational delivery role and the fact that the staff have remained employed by the partner bodies.

The seven governance principles identified in the local code of corporate governance and recommended in the CIPFA/SOLACE Framework are identified below, along with narratives evidencing compliance with the principles.

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

*Integrity:* The following values of the IJB are indicated in the Strategic Plan:

- caring
- person-centred
- enabling

These values form part of the decision-making process of the IJB and are evident in the actions and decisions made by the Board. The IJB has appointed a Standards

Officer who is responsible, amongst other things, for the maintaining of Registers of Interests, Registers of Gifts and Hospitality and training on the Model Code of Conduct for Members of Devolved Public Bodies.

*Ethical Values:* The IJB has agreed in principle to adopt the Unison Ethical Care Charter and has provided funding to care providers to allow the Scottish Living Wage to be paid.

*Rule of Law:* A comprehensive consultation process has been developed with officers from Aberdeen City Council and NHS Grampian to ensure that decisions and reports comply with legislation. A member of the Council's Governance Team attends the IJB to ensure that decisions taken are in line with any legislative requirements. The IJB has appointed a Chief Finance Officer to ensure that the accounts and finances are in line with the statutory accounting environment. The IJB has standing orders and an integration scheme which provide information on where decisions can be made. Two sub committees have been created and each has its own terms of reference.

*Improvement activities undertaken during the year:* The standing orders of the IJB have been reviewed and were approved on 23 March 2021. The terms of reference for the two sub committees were reviewed and updated at the same IJB meeting. A new standards officer was agreed by the IJB on 11 August 2020.

## **Principle 2 – Ensuring openness and comprehensive stakeholder engagement,**

*Openness:* Pre-Covid the IJB was a public board where members of the public and press can attend and agendas, reports and minutes are available publicly to review. Therefore, members of the public can assess whether they believe that decisions are being taken in the public interest. As a result of the Covid restrictions IJB meetings are currently held electronically and are recorded. The recordings are made available to the public shortly after the meeting. The Risk, Audit & Performance Committee is also a public meeting. The IJB has its own complaints handling procedure which complies with Scottish Public Services Ombudsman's guidance.

*Stakeholder Engagement:* The non-voting membership of the IJB is set out in the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. This comprises six professional members and a minimum of four stakeholder representatives for each of the following groups - staff, third sector bodies, service users and carers. The IJB agreed a budget protocol on the 7 March 2017 which sought to formalise stakeholder engagement with the partner organisations around the budget process. Care providers are very much thought of as a key part of the partnership and invited to the majority of the events the IJB hosts. The IJB has established the Aberdeen City Joint Staff Forum, which includes representation from the trade unions and the staff partnership, as a forum for workforce issues affecting social care and health staff. An engagement and consultation protocol with the trade unions was agreed at the IJB on 21 January 2020.

*Improvement activities undertaken during the year:* A significant engagement process was undertaken on the day care recommissioning exercise and the final specification was agreed on the 28 October 2020. The IJB agreed a carers expenses policy on 11 August 2020 and two new carers were brought onto the IJB during the financial year.

*The model complaints policy was revised and approved at the IJB meeting on 23 February 2021 to comply with updated guidance.*

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

*Economic:* The IJB has agreed a Medium-Term Financial Framework which is updated annually. The transformation programme and IJB report format specifically highlight the economic impact of the decisions being taken on current and future financial years. Work has been undertaken to establish the financial and operational benefits of the major transformation projects. The partnership has adopted the lean six sigma quality improvement methodology, has trained relevant staff and has undertaken and implemented several improvement projects using this methodology. The outcomes of some of these projects are directly informing, wider transformational activity across the partnership including the redesign of staffing teams aligned to localities and are part of our conditions for change programme. A strategic planning framework has been agreed and implemented for the large hospital services. A governance structure has been implemented to support this work including a cross system transformation board which include senior officers from the Council, NHSG and the IJBs.

*Social:* The IJB has published a revised Strategic Plan which identifies outcomes and the direction of travel over the next few years. The majority of outcomes are closely linked to how social care and health services will be delivered and improved over the life of the Strategic Plan.

*Environmental:* A public bodies climate change duties report is collated and submitted annually on behalf of the IJB.

### **Principle 4 - Determining the interventions necessary to optimise the achievement of intended outcomes,**

*Interventions:* A transformation programme has been developed which will help support the delivery of the Strategic Plan. This programme is monitored on a regular basis and information on progress is received by the IJB and the Risk, Audit and Performance Committee for scrutiny and challenge. Decisions to procure services costing over £50,000 are taken by the IJB in so far as they relate to a Direction made to the NHS or Aberdeen City Council in respect of a delegated function and each report contains a section on risk. The Enabling Programme Board monitors any new projects ensuring that an option appraisal and project plans are developed in line with best practice. The benefits, both financial and non-financial, are highlighted and contained in the project plans.

*Improvement activities undertaken during the year:* *The transformation programme fully aligns to the new Strategic Plan and seeks to mainstream existing projects, focusing on strategic performance indicators to measure impact and demonstrate meaningful change. The plan requires greater focus on prevention, early intervention and addressing health inequalities which will have an impact on improving outcomes. A new governance structure has been implemented to support the programme, many of the leadership team objectives which linked to the transformation plan were delivered at pace in response to the pandemic. A new care at home contract which*

*moves from a focus on time and task to delivering better outcomes for service users commenced on 1 November 2020.*

*Future Developments: Develop a programme to support the delivery of the leadership team objectives which will help deliver the savings identified in the Medium-Term Financial Framework.*

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

*Entity’s Capacity:* A workforce plan has been developed for the IJB covering health and social care services. Capacity is further developed and scrutinised by having stakeholders out with those employed by the IJB, ACC or NHS Grampian around the IJB and many of its working groups. The career ready programme and modern apprenticeships have been established within services. The Chief Officer is undertaking quarterly staff forums. Regular meetings have been held with the direct reports of the leadership team to promote the localities model and the leadership team objectives. A new leadership team structure has been implemented to allow Strategic Plan outcomes to be achieved.

*Leadership:* The IJB has set itself goals and has evaluated their performance against these goals. An organisational development plan has been developed and agreed which has a focus on leadership. A conference was held by the partnership during the year focussing on social care and health which was well attended.

*Individuals:* An induction programme has been established for the IJB which complements the induction programmes of NHS Grampian and Aberdeen City Council. Monthly newsletters are sent to all staff and an awards ceremony was held to celebrate achievements during the year. Staff surveys have been undertaken for Council staff and the ‘iMatter’ survey is undertaken annually. The outputs from these surveys are discussed by the IJB Leadership Team and any necessary improvement actions implemented.

*Improvement activities undertaken during the year: During the year many of the development activities were cancelled or postponed although the team continued to learn and adapt in some very challenging situations. The IJB itself undertook a series on workshops with external support to help aid future decision making.*

*Future Developments: Establish a leadership programme which helps install the principles of cross system leadership throughout the Partnership.*

### **Principle 6 - Managing risk and performance through robust internal control and strong public financial management,**

*Risk:* Two risk registers have been developed. The first is an IJB Strategic Risk Register and this documents the risk that the IJB may face in delivery of the Strategic Plan. The second register covers operational risks and is a summary of the departmental operational risk registers. The Strategic Risk Register is updated frequently and reported to the Risk, Audit & Performance Committee and the IJB.

*Performance:* A performance management framework has been developed for the IJB and is reported frequently to the Risk, Audit & Performance Committee and the IJB. Performance is also monitored by bi-monthly city sector performance review meetings, where the Chief Executives and senior finance officers from NHS Grampian and Aberdeen City Council discuss performance and finance in a structured meeting with the Chief Officer and Chief Finance Officer. Performance management information is provided at a national NHS level and also contained within the statutory performance indicators reported by the Council. An annual performance report is required as defined in the legislation (Public Bodies (Joint Working) (Scotland) Act 2014) underpinning the creation of the IJB.

*Internal Controls:* The internal control environment is largely delivered by the partner organisations given their operational remit. However, internal controls are evidenced in the IJB integration scheme and financial regulations. A review of the IJB internal controls is undertaken annually by the Chief Internal Auditor and his opinion on the adequacy of the internal control environment is highlighted below.

*Financial Management:* The IJB has received quarterly reports on the financial position as indicated in the integration scheme. All IJB reports contain a financial implications section advising the IJB on the budget implications of agreeing the recommendations of the report.

*Improvement activities undertaken during the year:* The strategic risk register and risk appetite statement were reviewed by the IJB in a workshop and subsequently formally approved on 1 December 2020.

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

*Transparency:* Recordings of the IJB meetings were made available to the public after the meeting was held due to COVID restrictions and the agendas, reports and minutes are available for the public to inspect. The Risk, Audit & Performance committee is also a public meeting. The IJB has developed a publication scheme as required under the Freedom of Information (Scotland) Act 2002.

*Reporting:* The annual accounts management commentary section will have a focus on both financial and service performance over the last financial year. A review has been undertaken of the role of the North East Partnership which has strengthen governance arrangements for hosted and large hospital services.

*Audit:* The 2019/20 accounts received an unqualified audit opinion. The Risk, Audit & Performance Committee has received an internal audit plan from the Chief Internal Auditor and internal audit reports over the last financial year.

*Improvement activities undertaken during the year:* Work has been undertaken to review the clinical care governance arrangements in the partnership and the role of the Clinical Care Governance Committee in this process.

*Future Developments:* Continue to review and refine the clinical care governance framework and arrangements.



## Review of Effectiveness

The IJB has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements, including the system of internal control. The review is informed by the work of the IJB Leadership Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditor and the Chief Internal Auditor's annual report; and reports from the external auditor and other review agencies and inspectorates.

The Chief Internal Auditor has reviewed the IJB's internal control framework and in his opinion 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 31 March 2021.

Whilst recommendations for improvement were identified in audits that have been completed, as reported to the Risk, Audit and Performance Committee, areas of good practice, improvement, and procedural compliance were also identified.

The governance framework was reviewed by the IJB Leadership Team against the governance principles identified in the CIPFA Role of the Chief Finance Officer Framework. The Risk, Audit and Performance Committee was updated on progress with the implementation of improvement actions identified on the 23 April 2020.

The local code of corporate governance was agreed by the Audit & Performance Systems Committee on 11 April 2017 and progress against the seven principles is detailed above. At Risk, Audit and Performance Committee on 23 April 2020 an update was provided on the sources of assurance contained in the local code of governance.

The work undertaken against the improvement actions highlighted in the 2020/21 annual governance statement is detailed in the improvement activities undertaken during the year sections detailed above. Although it should be noted that given the focus this year has been on responding to the pandemic some of these activities still require further work and are therefore being kept as areas for improvement in 2021/22.

A summarised list of the 2021/22 improvement actions is shown directly below:

	<b>Area for Improvement and Outcome to Be Achieved</b>	<b>Improvement Action Agreed</b>	<b>Responsible Party</b>	<b>Completion Date</b>
1.	Transformation Programme	Create Programme Management Structure	Transformation Lead	31 March 2022
2.	Clinical Care Governance	Review arrangements	Clinical Lead	31 March 2022
3.	Leadership Development	Implement new programme to support cross system leadership.	SOARS Lead	31 March 2022

In addition, the review of the effectiveness of the governance arrangements and systems of internal control within Aberdeen City Council and NHS Grampian places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

Accordingly, the following notes support the reliance that is placed upon those systems:

**i) Aberdeen City Council's governance framework**

Aberdeen City Council's governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its outcomes given the crucial role of governance, performance management and risk management in improving stewardship and how we do business. Reviewing our governance activity enables us to consider whether those objectives have led to the delivery of appropriate, cost effective services to the citizens of Aberdeen.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, or comply with controls, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: -

- identify and prioritise the risks to the achievement of the Council's outcomes;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage those risks efficiently, effectively and economically.

The Audit, Risk & Scrutiny Committee has a key role in this, and an annual report of its activities and effectiveness will be considered by the committee and referred to Council for its consideration. This demonstrates improved transparency, understanding and challenge of the activity and outcomes from the Audit, Risk & Scrutiny Committee. The Council has an approved Local Code of Corporate Governance which sets out their commitment to the seven principles recommended in the CIPFA / SOLACE Framework 2016, by citing the primary sources of assurance which demonstrate the effectiveness of the systems of internal control.

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

Principle B: Ensuring openness and comprehensive stakeholder engagement

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

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

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

Principle F: Managing risk and performance through robust internal control and strong public financial management

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

The Code, approved by Council on 15 March 2017, can be viewed on Aberdeen City Council's website.

In summary the Council has undertaken a self-evaluation of its Local Code of Corporate Governance as of 31 March 2021. This demonstrates that reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council and its systems of governance. As the interim transitional structure continues to embed and as working practices are improved through digital design and delivery, levels of assurance are expected to increase.

## **ii) NHS Grampian governance framework (pending approval)**

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 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;
- The Board receives regular reports on Healthcare Associated Infection and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities;
- 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;
- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance, engagement and participation, staff governance, clinical governance, audit committee and from the Chair of the Endowment Trustees concerning any significant matters on governance, risk and internal controls;
- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters. In addition, senior leadership arrangements were strengthened during the year to provide additional capacity and support to the Chief Executive;
- 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;
- An active joint management and staff partnership forum with staff side representation embedded in all key management teams and a dedicated full time Employee Director who is a member of the Board;
- Regular review of priorities for infrastructure investment and progress against the agreed Asset Management Plan by an Asset Management Group chaired by a Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;
- Clear allocation of responsibilities to ensure review development of organisational arrangements and services in line with national standards and guidance including consultation with all stakeholders on service change proposals to inform decision making;
- 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 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;
- 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; and
- Separate governance arrangements for the NHS Grampian Endowment Funds including a separate and distinct Chair of the Trustees, elected from within the body of the Trustees, an annual general meeting of all Trustees to agree all policy matters and an Endowment Sub Committee of Trustees with delegated authority to manage the day-to-day operational matters of the charity.

Based on the evidence considered during the review of the effectiveness of the internal control environment NHS Grampian has confirmed that there are no known outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance that applies to NHS Boards on governance, risk management and control.

**Certification: Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and action plans are in place to identify areas for improvement. It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeen City Integration Joint Board's systems of governance.**

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Sandra Macleod  
Chief Officer  
April 2021

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Luan Grugeon  
Chair  
April 2021

## Comprehensive Income and Expenditure Statement

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

2019/20			2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
34,797,252	0	34,797,252	Community Health Services	36,773,002	0	36,773,002
24,234,025	0	24,234,025	Aberdeen City share of Hosted Services (health)	23,009,740	0	23,009,740
35,146,542	0	35,146,542	Learning Disabilities	34,344,973	0	34,344,973
20,240,395	0	20,240,395	Mental Health & Addictions	21,098,094	0	21,098,094
78,465,627	0	78,465,627	Older People & Physical and Sensory Disabilities	81,818,163	0	81,818,163
1,783,412	0	1,783,412	Head office/Admin	326,346	0	326,346
0	0	0	Covid	17,239,540	0	17,239,540
4,734,327	(4,642,640)	91,687	Criminal Justice	5,046,774	(4,955,087)	91,687
1,477,205	0	1,477,205	Housing	746,121	0	746,121
40,842,789	0	40,842,789	Primary Care Prescribing	40,447,093	0	40,447,093
41,140,761	0	41,140,761	Primary Care	42,512,697	0	42,512,697
2,000,719	0	2,000,719	Out of Area Treatments	2,750,857	0	2,750,857
46,410,000	0	46,410,000	Set Aside Services	47,802,300	0	47,802,300
3,778,609	(96,814)	3,681,795	Transformation	4,437,062	0	4,437,062
<b>335,051,663</b>	<b>(4,739,454)</b>	<b>330,312,209</b>	<b>Cost of Services</b>	<b>358,352,762</b>	<b>(4,955,087)</b>	<b>353,397,675</b>
0	(327,335,768)	(327,335,768)	Taxation and Non-Specific Grant Income (Note 5)	0	(366,238,226)	(366,238,226)
<b>335,051,663</b>	<b>(332,075,222)</b>	<b>2,976,441</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>358,352,762</b>	<b>(371,193,313)</b>	<b>(12,840,551)</b>
		<b>2,976,441</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(12,840,551)</b>

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 Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these annual accounts.

### **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 due to accounting practices.

<b>Movements in Reserves During 2020/21</b>	<b>General Fund Balance</b>	<b>Total Reserves</b>
	<b>£</b>	<b>£</b>
<b>Opening Balance at 31 March 2020</b>	<b>(2,601,896)</b>	<b>(2,601,896)</b>
Total Comprehensive Income and Expenditure	(12,840,551)	(12,840,551)
Adjustments between accounting basis and funding basis under regulation	-	-
<b>(Increase) or Decrease in 2020/21</b>	<b>(12,840,551)</b>	<b>(12,840,551)</b>
<b>Closing Balance at 31 March 2021</b>	<b>(15,442,447)</b>	<b>(15,442,447)</b>

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<b>Movements in Reserves During 2019/20</b>	<b>General Fund Balance</b>	<b>Total Reserves</b>
	<b>£</b>	<b>£</b>
<b>Opening Balance at 31 March 2019</b>	<b>(5,578,337)</b>	<b>(5,578,337)</b>
Total Comprehensive Income and Expenditure	2,976,441	2,976,441
Adjustments between accounting basis and funding basis under regulation	-	-
<b>(Increase) or Decrease in 2019/20</b>	<b>2,976,441</b>	<b>2,976,441</b>
<b>Closing Balance at 31 March 2020</b>	<b>(2,601,896)</b>	<b>(2,601,896)</b>

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## **Balance Sheet**

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

<b>31 Mar 2020</b>		<b>Notes</b>	<b>31 Mar 2021</b>
£			£
2,626,540	Short term Debtors	(6)	15,442,447
<b>2,626,540</b>	<b>Current Assets</b>		<b>15,442,447</b>
(24,644)	Short term Creditors	(7)	-
<b>(24,644)</b>	<b>Current Liabilities</b>		<b>-</b>
<b>2,601,896</b>	<b>Net Assets</b>		<b>15,442,447</b>
(2,601,896)	Usable Reserve: General Fund	(8)	(15,442,447)
-	Unusable Reserve:		-
<b>(2,601,896)</b>	<b>Total Reserves</b>		<b>(15,442,447)</b>

The un-audited accounts were issued on April 2021

### **Alex Stephen**

Chief Finance Officer  
April 2021

Usable reserves may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable Reserves includes reserves relating to statutory adjustments as shown in the Movement in Reserves Statement.



## **Notes to the Financial Statements**

### **1. Significant Accounting Policies**

#### General Principles

The Financial Statements summarises the authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021.

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 Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, 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.

#### Accruals of Income and Expenditure

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

- Expenditure is recognised when goods or services are received and their benefits are used by the 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.

#### Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, Aberdeen City 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 Aberdeen City.

### 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 or a cashflow statement. The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet.

### 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. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken. In the case of Aberdeen City IJB any annual leave earned but not yet taken is not considered to be material.

### 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 as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

### Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Grampian and Aberdeen City 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.

### Support Services

Corporate support services (finance, legal and strategy) are provided by Aberdeen City 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 include an element of overheads and support services costs, these will be included within the appropriate line within the Income and Expenditure statement.

## **2. Critical Judgements and Estimation Uncertainty**

The Financial Statements include some estimated figures. Estimates are made taking into account the best available information, however actual results could be materially different from the assumptions and estimates used. The key items in this respect are listed below.

### Provisions

No financial provision for any future events has been made by the IJB in this accounting period.

## **3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the IJB's financial position or financial performance. Where a change is made, it is applied retrospectively by

adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The un-audited Annual Accounts were authorised for issue by the Chief Finance Officer in April 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

#### **4. Expenditure and Income Analysis by Nature**

<b>2019/20</b>		<b>2020/21</b>
£		£
131,329,124	Services commissioned from Aberdeen City Council	147,616,661
203,693,139	Services commissioned from NHS Grampian	210,706,041
-	Employee Benefits Expenditure	-
-	Insurance and Related Expenditure	-
29,400	Auditor Fee: External Audit	30,060
-	Auditor Fee: Other	-
(4,739,454)	Service Income: Aberdeen City Council	(4,955,087)
	Service Income: NHS Grampian	
	Partners Funding Contributions and Non-Specific	
(327,335,768)	Grant Income	(366,238,226)
<b>2,976,441</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(12,840,551)</b>

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

<b>2019/20</b>		<b>2020/21</b>
£		£
(90,909,671)	Funding Contribution from Aberdeen City Council	(93,214,587)
(236,426,097)	Funding Contribution from NHS Grampian	(273,023,639)
<b>(327,335,768)</b>	<b>Taxation and Non-specific Grant Income</b>	<b>(366,238,226)</b>

The funding contribution from the NHS Board shown above includes £47,802,300 in respect of 'set-aside' resources relating to acute hospital and other resources. These are provided by the NHS, which retains responsibility for managing the costs of providing the services. The IJB, however, has responsibility for the consumption of, and level of demand placed on, these resources.

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

## 6. Debtors

31 Mar 20		31 Mar 21
£		£
2,626,540	NHS Grampian	14,429,839
-	Aberdeen City Council	1,012,608
<b>2,626,540</b>	<b>Debtors</b>	<b>15,442,447</b>

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

## 7. Creditors

31 Mar 20		31 Mar 21
£		£
(24,644)	Aberdeen City Council	-
<b>(24,644)</b>	<b>Creditors</b>	<b>-</b>

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

## 8. 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 risk 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 risk fund.

2019/20				2020/21			
Balance at 1 April 2019	Transfers In	Transfers Out	Balance at 31 March 2020		Transfers In	Transfers Out	Balance at 31 March 2021
£	£	£	£		£	£	£
-	-	-	-	Covid	(2,534,327)	-	(2,534,327)
	(682,198)	-	(682,198)	Earmarked External Funding	(325,068)	-	(1,007,266)
-	-	-	-	Community Living Change	(876,523)	-	(876,523)
(1,579,861)	-	1,579,861	-	Primary Care	-	-	-
(281,152)	-	208,388	(72,764)	PCIP*	(2,468,069)	-	(2,540,833)
-	-	-	-	Action 15	(693,049)	-	(693,049)
(666,404)	-	90,404	(576,000)	ADP*	(744,957)	-	(1,320,957)
(550,920)	-	550,920	-	Integration +Change	(3,969,492)	-	(3,969,492)
(3,078,337)	(682,198)	2,429,573	(1,330,962)	Total Earmarked	(11,611,485)	-	(12,942,447)
(2,500,000)	-	1,229,066	(1,270,934)	Risk Fund	(1,229,066)	-	(2,500,000)
<b>(5,578,337)</b>	<b>(682,198)</b>	<b>3,658,639</b>	<b>(2,601,896)</b>	<b>General Fund</b>	<b>(12,840,551)</b>	<b>-</b>	<b>(15,442,447)</b>

\* PCIP – Primary Care Improvement Funds

\* ADP – Alcohol & Drugs Partnership Funding

## 9. Agency Income and Expenditure

On behalf of all IJBs within the NHS Grampian area, the IJB acts as the lead manager for Sexual Health Services and Woodend Rehabilitation Services. 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 Sexual Health Services agency arrangement is shown below.

2019/20		2020/21
£		£
1,299,409	Expenditure on Agency Services	1,360,494
(1,299,409)	Reimbursement for Agency Services	(1,360,494)
-	<b>Net Agency Expenditure excluded from the CIES</b>	-

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

<b>2019/20</b>		<b>2020/21</b>
£		£
6,953,611	Expenditure on Agency Services	6,257,449
(6,953,611)	Reimbursement for Agency Services	(6,257,449)
<b>-</b>	<b>Net Agency Expenditure excluded from the CIES</b>	<b>-</b>

### **10. Related Party Transactions**

The IJB has related party relationships with the NHS Grampian, Aberdeen City Council and Bon Accord Care/Bon Accord Support Services. The nature of these relationships means that the IJB may influence, and be influenced by, these parties. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

#### **NHS Grampian**

<b>2019/20</b>		<b>2020/21</b>
£		£
(236,426,097)	Funding Contributions received from the NHS Board*	(273,023,639)
-	Service Income received from the NHS Board	-
203,499,055	Expenditure on Services Provided by the NHS Board	210,503,431
194,084	Key Management Personnel: Non-Voting Board Members	202,610
<b>(32,732,958)</b>	<b>Net Transactions with the NHS Grampian</b>	<b>(62,317,598)</b>

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include the Chief Officer and the Clinical Director. Details of the remuneration for some specific post-holders is provided in the Remuneration Report.

\*Includes resource transfer income of £50,489,655.



### Balances with NHS Grampian

<b>31-Mar-20</b>		<b>31-Mar-21</b>
£		£
2,626,540	Debtor balances: Amounts due from the NHS Board	14,429,839
-	Creditor balances: Amounts due to the NHS Board	-
<b>2,626,540</b>	<b>Net Balance with the NHS Grampian</b>	<b>14,429,839</b>

### Transactions with Aberdeen City Council

<b>2019/20</b>		<b>2020/21</b>
£		£
(90,909,671)	Funding Contributions received from the Council	(93,214,587)
(4,739,454)	Service Income received from the Council	(4,955,087)
131,245,785	Expenditure on Services Provided by the Council	147,530,145
112,739	Key Management Personnel: Non-Voting Board Members	116,576
<b>35,709,399</b>	<b>Net Transactions with Aberdeen City Council</b>	<b>49,477,047</b>

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include the Chief Financial Officer. Details of the remuneration for some specific post-holders is provided in the Remuneration Report. The Chief Social Work Officer is a non-voting member of the IJB and the costs associated with this post are borne by the Council.

<b>31-Mar-20</b>		<b>31-Mar-21</b>
£		£
-	Debtor balances: Amounts due from the Council	1,012,608
(24,644)	Creditor balances: Amounts due to the Council	-
<b>(24,644)</b>	<b>Net Balance with the Aberdeen City Council</b>	<b>1,012,608</b>

### Transactions with Bon Accord Care (BAC) and Bon Accord Support Services (BASS)

Bon Accord Care Limited and Bon Accord Support Services Limited are private companies limited by shares which are 100% owned by Aberdeen City Council. Bon

Accord Care provides regulated (by the Care Inspectorate) care services to Bon Accord Support Services which in turn delivers both regulated and unregulated adult social care services to the Council.

<b>31-Mar-20</b>		<b>31-Mar-21</b>
£		£
(1,080,280)	Service Income received from the Council	(1,271,272)
30,434,398	Expenditure on Services Provided by the Council	32,853,507
<b>29,354,118</b>	<b>Net Transactions with BAC/BASS</b>	<b>31,582,235</b>

### **11.VAT**

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

## **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 non-current 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.

## **Exceptional Items**

Material items which derive from events or transactions that fall within the ordinary activities of the IJB and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the 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.

## **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 Parties**

Bodies or individuals that have 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.

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## RISK, AUDIT AND PERFORMANCE COMMITTEE

<b>Date of Meeting</b>	27 April 2021
<b>Report Title</b>	Quarter 4 (20/21) Financial Monitoring Update
<b>Report Number</b>	HSCP.21.049
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Alex Stephen, Chief Finance Officer alestephen@aberdeencity.gov.uk
<b>Consultation Checklist Completed</b>	Yes
<b>Directions Required</b>	No
<b>Appendices</b>	<ul style="list-style-type: none"> <li>a) Finance Update as at end March 2021</li> <li>b) Variance Analysis</li> <li>c) Mobilisation Plan Costings Update</li> <li>d) Progress in implementation of agreed savings – March 2021</li> <li>e) Budget Reconciliation</li> <li>f) Budget Virements</li> <li>g) Summary of risks and mitigating action</li> </ul>

### 1. Purpose of the Report

- a) To summarise the 2020/2021 revenue budget performance for the services within the remit of the Integration Joint Board (IJB) as at Period 12 (end of March 2021).
- b) To highlight the current forecast in relation to the additional costs of covid to be reclaimed from the Scottish Government.
- c) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board services.
- d) To approve the budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix F).



## RISK, AUDIT AND PERFORMANCE COMMITTEE

### 2. Recommendations

- 2.1. It is recommended that the Risk, Audit and Performance Committee (RAPC):
- a) Notes this report in relation to the Integration Joint Board (IJB) budget and the information on areas of risk and management action that are contained herein.
  - b) Approves the budget virements indicated in Appendix F.

### 3. Summary of Key Information

#### Background

- 3.1 The IJB considered reports on the 9 June 2020, 11 August 2020, 28 October 2020 and 27 January 2021, which highlighted the estimated costs of the mobilisation plan and the risk that particularly the indirect costs of covid on the IJB budget may not be funded by the Scottish Government.

#### New Information on Covid Costs and Funding since 27 January 2021

- 3.2 Since the 27 January 2021 the following allocations highlighted in grey have been received from the Scottish Government:

#### **Funding Received for Mobilisation Plan**

Social care sustainability tranche 1	£1,856,000
Social care sustainability tranche 2	£928,000
September allocation from '£1.1 billion allocation'	£5,369,000
Primary Care GPs	£787,174
November top up allocation for sustainability payments	£2,729,720
December allocation for winter plan funding and Sustainability	£3,180,000
Final Tranche 2 February 2021	£2,813,260
<b>Total Mobilisation Plan Funding Received</b>	<b>£17,663,154</b>

#### **Other IJB funding received:**

Scottish Living Wage	£324,848
Adult Social Care Winter Plan - Tranche 2	£2,000,650
Complex Care Change Funding	£876,523
Further IA Covid Support	£3,695,837
ADP, PCIP and Action 15 Underspends	£2,800,000
£500 to NHS ACHSCP Staff	£338,818
4% Pay Award to NHS ACHSCP Staff from December	£660,000
<b>Total other Funding Received</b>	<b>£10,696,676</b>





## **RISK, AUDIT AND PERFORMANCE COMMITTEE**

- 3.3 The local mobilisation plan funding received has aligned with the additional expenditure incurred by the IJB for covid. As highlighted previously the mobilisation plan costings were based on estimates in March 2020 and as the pandemic response continued and the guidance in relation to social care provider payments changed, then the costs continue to move on the mobilisation plan. Further covid funding of £3.7 million, above the level included in the mobilisation plan, was received on 5 February 2021, and it was necessary to use some of this funding to cover an increase in the supplier sustainability costs at the end of the financial year, largely due to an increase in under occupancy payments as providers were unable to take new clients due to covid outbreaks.
- 3.4 Included within the additional funding received on 5 February 2021 were funds in regard to the underspends on the Primary Care Improvement Fund, Action 15 and Alcohol and Drugs Partnership funding which have accumulated over previous financial years and were being held by the Scottish Government on the IJB's behalf. Additional funding was also received for winter pressures and for a complex care change fund. None of this funding was anticipated in the quarter 3 financial estimates and this therefore creates an underspend in the IJB accounts, with majority requiring to be earmarked in the IJB's reserves for original intended purpose.
- 3.5 In relation to savings undelivered, those which were originally included against the staffing budgets have largely been delivered, as it has not been possible to recruit to the normal levels. Locum spend has reduced in some services this financial year, however, has increased in community mental health services where recruitment to medical posts has proven challenging. On the social care side of the budget, savings were expected to be delivered at the start of year have not been delivered and have been included on the mobilisation plan from the outset as a result. The funding allocation in February 2021 provided additional funding to compensate the IJB for the savings which were undelivered in 2020-21.

### Aberdeen City IJB Financial Information

- 3.6 Throughout the financial year a prudent approach was taken in forecasting the level of additional income to be received from the Scottish Government for the cost implications of covid and only income that has been received was accounted for in the financial monitoring. This largely explains the overspend position forecast in December. The financial position of the IJB at the 31 December 2020 and 31 March 2021 is as follows:



**RISK, AUDIT AND PERFORMANCE COMMITTEE**

	£'000 31 December 2020	£'000 31 March 2021
<b>Overspend\ (Underspend) as at (Appendices A and B)</b>	<b>3,456</b>	<b>(12,841)</b>
<b>Represented by:</b>		
Overspend\ (Underspend) on Mainstream Budgets (Appendix B)	(55)	(2,889)
Overspend\ (Underspend) on Additional Funding Received Quarter 4	0	(9,952)
Costs of covid – Included on Mobilisation Plan (Appendix C) on Prescribing line	409	0
Costs of covid – Included on Mobilisation Plan (Appendix C)	3,102	0
	<b>3,456</b>	<b>(12,841)</b>

- 3.7 The mainstream position improved in the last quarter, with the financial position on the majority of the line improving against budget. With there being an underspend of £1.5 million on the social care budget and £1.4 million on the health delegated services, this needs to be taken in the context of a £354 million mainstream budget.
- 3.8 The IJB is permitted to carry funds forward between financial years using its reserves and at the start of this financial year had a reserve of £2.6 million. A reserves strategy forms part of the IJB financial regulations and the Chief Finance Officer regularly reviews this strategy and during each budget setting process takes a view on the adequacy of the level of reserves. During this budget process the Chief Finance officer recommended that the risk fund be increased to £2.5 million should the financial position allow. Based on the underspend generated in 2020-21, Aberdeen City has a reserves balance of £15.4 million at the end of the financial year. It is necessary to earmark some of these funds to the purpose for which the additional funding was initially received.



## **RISK, AUDIT AND PERFORMANCE COMMITTEE**

<b>Earmarked Funds:</b>	<b>£'000</b>
Primary Care Improvement Fund	2,541
Action 15	693
Alcohol and Drugs Partnership	1,321
Complex Care	877
Covid	2,534
Miscellaneous Earmarked Funding	1,007
Risk Fund	2,500
Integration and Change Fund	3,969
<b>Total Reserves</b>	<b>15,442</b>

- 3.9 An integration and change fund earmarked reserve of £4 million has been created for future service transformation. However, given the uncertainty in relation to how covid may impact on the delegated services it is not recommended that this be allocated to specific projects at this point in time.
- 3.10 Information on the variances to date are contained in the appendices, along with the budget virements and an updated mobilisation plan costing.

#### **4 Implications for IJB**

- 4.1 Every organisation must manage the risks inherent in the operation of large and complex budgets. These risks are minimised by the regular review of financial information by budget holders and corporately by the Board and Risk, Audit & Performance Systems Committee. This report is part of that framework and has been produced to provide an overview of the current financial operating position.

Key underlying assumptions and risks are set out within the Appendices to this report.

- 4.2 **Equalities** – there are no equalities implications arising from this report.
- 4.3 **Fairer Scotland Duty** – there are no Fairer Scotland Duty implications arising from this report.
- 4.4 **Financial** – the financial implications are contained throughout the report.
- 4.5 **Workforce** – there are no workforce implications arising from this report.
- 4.6 **Legal** – there are no legal implications arising from this report.
- 4.7 **Other** – there are no other implications arising from this report.



## RISK, AUDIT AND PERFORMANCE COMMITTEE

### 5 Links to ACHSCP Strategic Plan

5.1 A balanced budget and the medium financial strategy are a key component of delivery of the strategic plan and the ambitions included in this document.

### 5.2 Management of Risk

### 5.3 Identified risks(s)



See directly below.

### 5.4 Link to risks on strategic or operational risk register: Strategic Risk #2

There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.

#### **How might the content of this report impact or mitigate these risks:**

Good quality financial monitoring will help budget holders manage their budgets. By having timely and reliable budget monitoring any issues are identified quickly, allowing mitigating actions to be implemented where possible.

Approvals	
	Sandra Macleod (Chief Officer)
	Alex Stephen (Chief Finance Officer)



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## Appendix A: Finance Update as at end March 2021

Period 12	Full Year Revised Budget £'000	Actual 31-Mar-21 £'000	Variance 31-Mar-21 £'000	Variance Percent %
Mainstream:				
Community Health Services	36,803	36,773	(30)	-0.1
Aberdeen City share of Hosted Services (health)	24,378	23,010	(1,368)	-5.6
Learning Disabilities	35,955	34,345	(1,610)	-4.5
Mental Health and Addictions	21,594	21,098	(496)	-2.3
Older People & Physical and Sensory Disabilities	80,192	81,818	1,626	2.0
Directorate	1,251	326	(925)	-73.9
Criminal Justice	92	92	0	0.0
Housing	746	746	0	0.0
Primary Care Prescribing	40,365	40,447	82	0.2
Primary Care	43,170	42,513	(657)	-1.5
Out of Area Treatments	2,000	2,751	751	37.6
Set Aside Budget	47,802	47,802	0	0.0
Direct Covid Costs	17,240	17,240	0	0.0
Public Health	2,171	1,909	(262)	-12.1
	<b>353,759</b>	<b>350,870</b>	<b>(2,889)</b>	<b>-0.8</b>
Funds:				
Integration and Change	6,046	0	(6,046)	-100.0
Primary Care Improvement Fund*	4,152	1,684	(2,468)	-59.4
Action 15 Mental Health*	1,196	503	(693)	-57.9
Alcohol Drugs Partnership*	1,086	341	(745)	-68.6
	<b>12,480</b>	<b>2,528</b>	<b>(9,952)</b>	<b>(286)</b>
	<b>366,239</b>	<b>353,398</b>	<b>(12,841)</b>	<b>-3.5</b>

**Appendix B: An analysis of the variances on the mainstream budget is detailed below:**

**Community Health Services (Position - £30,000 underspend)**

Major Variances:

-£199,000 Across non-pay budgets  
£37,000 Under recovery on income  
£132,000 Staff Costs

Staffing costs slight underspend due to overspend in Medical Staff and Admin Staff offset by underspends in Nursing and Allied Health Professionals. Income forecast for under recovery is down to income from Dental patients reducing. Non-Pay underspend due to underspends in Transport and GP practice funding costs.

**Hosted Services (Position £1,368,000 underspend)**

The Hosted Services position is reporting an underspend mainly due to the allocation of cost pressure funding from the Integrated Joint Board (IJB). All services are reporting underspends excluding Grampian Medical Emergency Department (GMED) which still has an overspend despite additional funding.

**Intermediate Care:** The Grampian wide service has an underspend position due to reduction on medical supplies spend and no longer accruing for an invoice, along with a reduction in locums usage.

**Grampian Medical Emergency Department (GMED):** Currently overspent despite additional IJB funding. Relates mainly to pay costs and the move to provide a safer more reliable service which has seen a greater uptake of shifts across the service. Non-pay overspend due to repair costs not covered by insurance, increased costs on software and hardware support costs, increased usage of medical surgical supplies and an increase in drug costs.

**Hosted services** are led by one IJB, however, the costs are split according to the projected usage of the service across the three IJBs. Decisions required to bring this budget back into balance may need to be discussed with the three IJBs, due to the impact on service delivery.

**Learning Disabilities (Position - £1,610,000 underspend)**

There are forecasted underspends on homecare (£1,460,000), day care (£497,000) and the transitions team (£197,000), offset by an overspend of £1,700,000 on residential care.

**Mental Health & Addictions (Position - £496,000 underspend).**

There are underspends across the service, in particular residential care (£360,000), day care (£313,000), support services (£252,000) and drug addictions (£133,000). An overspend is also forecast on the health side of the budget of £500,000 due to the use of locums and rising Methadone costs.

**Older People & Physical and Sensory Disabilities (Position £1,626,000 overspend)**

There has been a large increase in commissioned services in 2020/21, with costs expected to be approximately £1.9m higher than in 2019/20. In addition, there has been a fall in the amount of client income being billed, with a potential under recovery for the year of up to £1m.



**Directorate (Position – £925,000 underspend)**

Various underspends, the most significant being £97,000 income received for self directed support.

**Primary Care Prescribing (Position – £82,000 overspent)**

The Primary Care Prescribing Budget is reporting an overspend. This position includes two months of accruals.

This budget now includes an allocation from IJB covid funding amounting to £388,000 for two drugs identified by Scottish Government as being specifically impacted upon relating to covid and an additional £409,000 for savings unachieved.

**Primary Care Services (Position - £657,000 underspend)**

The GP contract uplift for 2020/21 agreed has now been notified and allocation received.

Funding has been released to practices by the Scottish Government in anticipation of increased cost relating to covid response and this is anticipated to be fully funded by the Scottish Government. An allocation for initial expenditure for this has been received and included in position. This expenditure continues to be reviewed and payment to practices for additional expenditure incurred over and above initial allocation released has been arranged monthly. It is anticipated that such additional expenditure is to be funded by the Scottish Government.

The premises position improved following rent review reconsideration where anticipated increase in rent for two practices are no longer expected. This was the main factor in improved position.

**Out of Area Treatments (Position - £751,000 overspend)**

Forecast overspend has been increased. Due to an increase in the costs and number of people treated out of area. There is also additional expenditure as some patients have required additional support over the lockdown period.

**COVID -19 Costs (Position - Breakeven).**

**Major Movements:**

See Appendix C for detailed breakdown.

**Public Health (Position - £262,000 underspend).**

A small overspend due to staffing vacancies and less activity during the financial year in regard to the health improvement fund.

**Funds (Position - balanced)**

Variances are largely required to be earmarked in reserves next financial year to allow the projects to complete.

Appendix C: Mobilisation Plan Costings

	Original Medium Range Forecast 2020/21 £'000	Forecast at Jan 2020/21 £'000	Actual 2020/21 £'000		NHS Actual 2020/21 £'000	ACC Actual 2020/21 £'000	2020/21 £'000
<b>Direct Costs Agreed Locally</b>							
Additional Care Home Beds	3,168	2,979	2,979	Initially agreed via NHSG for up to three months - Costs likely to be incurred for remainder of the year depending on how long clients remain in the care home - might be replaced by sustainability costs in due course.	0	2,979	<b>2,979</b>
Clinical Leads	288	85	70	Additional staff costs for our clinical leads to support the Partnership.	70	0	<b>70</b>
Mental Health	144	144	144		0	144	<b>144</b>
Staff overtime and additional hours	300	392	452	Additional Mental Health officer and social care provision via a Provider. Required to support residential settings and for weekend working.	324	128	<b>452</b>
Care at Home Additionality	0	1,500	1,500		0	1,500	<b>1,500</b>
Care Homes Sustainability	1,263	5,569	6,890	Principles still being agreed at SG level - to support care homes financially due to a reduction in number of residents.	0	6,890	<b>6,890</b>
PPE Partnership	3,600	530	532	High level estimate, but have forecast for the whole year - this will be an additional cost to social care and partnership for a long time .	469	63	<b>532</b>
Prescribing	(690)	0	0	Return of funding to SG due to their expectation that the cost will reduce in first two months of the financial year. This amount has been removed from the prescribing budget.			<b>0</b>
Lost Income	1,000	1,109	1,141	Reduction in financial assessments and relaxation of rules. There will be a delay in collecting some of this income.	32	1,109	<b>1,141</b>
Savings	3,662	2,000	1,750	Agreed savings undeliverable as they impact on Social Care Providers and Staffing which would directly hinder the response to the pandemic if implemented.	0	1,750	<b>1,750</b>
GP Practices	0	1,426	1,635	COVID Hub	1,635	0	<b>1,635</b>
Other costs	0	20	146	Miscellaneous costs including hand sanitiser, paper towels & computer equipment.	0	146	<b>146</b>
<b>COVID Costs</b>	<b>12,735</b>	<b>15,754</b>	<b>17,239</b>		<b>2,530</b>	<b>14,709</b>	<b>17,239</b>
<b>Included on other budget lines</b>							
Savings	0	409	409	Agreed savings undeliverable as they impact on Prescribing.			
Social Care Providers Uplift	528	324	0	Additional cost of uplift agreed via Scottish Government - was agreed to provide care providers 3.3%, which is higher than the amount anticipated in the MTFF.			
Prescribing	0	388	388	Cost recovery for two drugs where the costs have increased due to covid.			
GP Practices	591	788	788	Additional payments to practices agreed by Scottish Government for public holidays.			
	<b>1,119</b>	<b>1,909</b>	<b>1,585</b>				
20/21	<b>13,854</b>	<b>17,663</b>	<b>18,824</b>				
19/20	<b>774</b>						
	<b>14,628</b>						
<b>Less: Funding Received</b>			<b>17,663</b>				
<b>Balance Still to be Funded</b>			<b>1,161</b>				

**Appendix D: Progress in implementation of savings – March 2021**

<b>Programme for Transformation:</b>	<b>Agreed Target £'000</b>	<b>Status</b>	<b>Forecast £'000</b>
Managing Demand	(2,050)	Description - Additional income to be received from social care charging and reduced costs largely through a reduction in social care commissioning.  Status - Commissioning plans and savings put on hold ore delayed as a result of covid, as most of these savings would have come from redesigning social care services.	(300)
Conditions for Change	(2,640)	Description - reduced usage of locums and agency staff and redesign of community services as we move into localities.  Status - Some of the savings have been made due to staff vacancies and a reduction in the use of locums. However, the use of locums in mental health services may increase during the year owing to a number of retireals. A working group has been established to look at the medical staffing the mental health community and inpatient services.	(2,640)
Accessible and responsive infrastructure	(500)	Description - A review of our 2C medical practices to seek to develop new models for these services which encourage better collaboration between the practices and more cross-system working.  Status - An underspend is forecast on our primary care services and we are using this to offset some of this saving. The 2C re-design work is starting back up again and the work undertaken during the covid response phase is influencing the direct of travel.	(500)
Data and Digital\Prevention	(500)	Description - The majority of the savings will come from seeking alternatives to medicines (social prescribing), ensuring our prescribing processes and management of patients using medicines is as efficient as it can be and also stopping the prescription of drugs where there is evidence of little clinical value. There were also elements about looking at a system to aid the management of medicines in care homes, looking at reducing GP call-outs and the considering how to prevent people being admitted to hospital.  Status - This majority of this saving was due to come from the prescribing budget and this budget overspent at the end of the financial year.	(91)
	<b>(5,690)</b>		<b>(3,531)</b>

**Undeliverable due to Covid**

**(2,159)**

## Appendix E: Budget Reconciliation

	<b>NHSG</b> £	<b>ACC</b> £	<b>IJB</b> £
ACC per full council:	0	94,314,381	94,314,381
NHS per letter from Director of Finance:	232,053,968		
Budget NHS per letter		0	
	<hr/>	<hr/>	
	232,053,968	94,314,381	
Reserves Drawdown			
Quarter 1	7,352,501		
Quarter 2	3,398,969		
Quarter 3	10,891,573		
Quarter 4	19,326,714	(1,099,794)	
	<hr/>	<hr/>	<hr/>
	<b>273,023,725</b>	<b>93,214,587</b>	<b>366,238,312</b>

## Appendix F: Budget Virements (balancing)

Health 7-9		£
Grampian Medical Emergency Dept. Out Of Hours	City Hosted Services	194,904
Grampian Medical Emergency Dept. Out Of Hours	Earmarked Funding	(194,904)
Capacity Funding	Core Community	133,398
Capacity Funding	Earmarked Funding	(133,398)
<b>Total Virements</b>		<b>0</b>

Health 10-12		£
GP Prescribing Covid	GP Prescribing	387,753
GP Prescribing Covid	Core Community	(387,753)
Innovation Funding	Community Mental Health	78,044
Innovation Funding	Earmarked Funding	(78,044)
Call Down Action 15	Action 15	654,899
Call Down Action 15	Earmarked Funding	(654,899)
Drug Death Task Force	Earmarked Funding	226,876
Drug Death Task Force	Community Mental Health	(226,876)
Autism Funding	Earmarked Funding	309,610
Autism Funding	Community Mental Health	(309,610)
Covid Funding 4th Tranche	Resource Transfer	5,341,928
Covid Funding 4th Tranche	Core Community	(5,341,928)
ADP & Autism Realign	Core Community	751,000
ADP & Autism Realign	Earmarked Funding	(175,000)
ADP & Autism Realign	ADP	(576,000)
Realign Discharge Hub Leader	Core Community	17,186
Realign Discharge Hub Leader	Public Health	(17,186)
Realign Covid Reserve	Core Community	125,962
Realign Covid Reserve	Earmarked Funding	(125,962)
<b>Total Virements</b>		<b>0</b>

Appendix G: Summary of risks and mitigating action

	Risks	Mitigating Actions
<b>Community Health Services</b>	Balanced financial position is dependent on vacancy levels.	Monitor levels of staffing in post compared to full budget establishment. A vacancy management process has been created which will highlight recurring staffing issues to senior staff.
<b>Hosted Services</b>	There is the potential of increased activity in the activity-led Forensic Service.  There is the risk of high levels of use of expensive locums for intermediate care, which can put pressure on hosted service budgets.	Work is being undertaken at a senior level to consider future service provision and how the costs of this can be minimised.  The movement of staff from elsewhere in the organisation may help to reduce locum services.
<b>Learning Disabilities</b>	There is a risk of fluctuations in the learning disabilities budget because of:  expensive support packages may be implemented. Any increase in provider rates for specialist services.	Review packages to consider whether they are still meeting the needs of the clients. All learning disability packages are going for peer review at the fortnightly resource allocation panel.
<b>Mental Health and Addictions</b>	Increase in activity in needs led service. Potential complex needs packages being discharged from hospital. Increase in consultant vacancies resulting in inability to recruit which would increase the locum usage. Average consultant costs £12,000 per month average locum £30,000 per month.	Work has been undertaken to review levels through using CareFirst. Review potential delayed discharge complex needs and develop tailored services. A group has been established in the city to look at supplementary staffing on a regular basis.
<b>Older people services incl. physical disability</b>	There is a risk that staffing levels change which would have an impact on the balanced financial position.  There is the risk of an increase in activity in needs led service, which would also impact the financial position.	Monitor levels of staffing in post compared to full budget establishment.  Regular review packages to consider whether they are still meeting the needs of the clients.
<b>Prescribing</b>	There is a risk of increased prescribing costs as this budget is impacted by volume and price factors, such as the increase in drug prices due to short supply. As both of which are forecast on basis of available date and evidence at start of each year by the Grampian Medicines Management Group.	Monitoring of price and volume variances from forecast.  Review of prescribing patterns across General Practices and follow up on outliers. Implementation of support tools – Scriptswitch, Scottish Therapeutic Utility. Poly pharmacy and repeat prescription reviews to reduce wastage and monitor patient outcomes.
<b>Out of Area Treatments</b>	There is a risk of an increase in number of Aberdeen City patients requiring complex care from providers located out with the Grampian Area, which would impact this budget.	Groups to be re-established reviewing placements and considering if these patients can be cared for in a community setting.