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Aberdeen City Health & Social Care Partnership
A caring partnership

<u>To</u>:   Rhona Atkinson, <u>Chairperson</u>; and Councillors Cooke and Duncan; and Luan Grugeon.

Town House,
ABERDEEN, 25 February 2018

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

The Members of the **AUDIT AND PERFORMANCE SYSTEMS COMMITTEE** are requested to meet in **Committee Room 4 - Town House on <u>FRIDAY, 2 MARCH 2018 at 10.00 am</u>**.

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

TERMS OF REFERENCE

DECLARATION OF INTERESTS

1   <u>Members are requested to declare any interests.</u>

DETERMINATION OF EXEMPT BUSINESS

2   <u>Members are requested to determine that any exempt business be considered with the press and public excluded.</u>

3   <u>Minute of Previous Meeting - 21 November 2017</u> (Pages 7 - 12)

PERFORMANCE

4   <u>Strategic Risk Register Review</u> (Pages 13 - 38)

AUDIT

ITEMS THE COMMITTEE MAY WISH TO CONSIDER IN PRIVATE

11   Private Meeting of Committee with Internal and External Audit

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ABERDEEN CITY INTEGRATION JOINT BOARD
AUDIT & PERFORMANCE SYSTEMS COMMITTEE
TERMS OF REFERENCE

1	**Introduction**	
1.1	The Audit & Performance Systems Committee is identified as a Committee of the Integration Joint Board (IJB). The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the Standing Orders.	
1.2	The Committee will be known as the Audit & Performance Systems Committee (APS) of the IJB and will be a Standing Committee of the Board,	
2	**Constitution**	
2.1	The IJB shall appoint the Committee. The Committee will consist of not less than 4 members of the IJB, excluding Professional Advisors. The Committee will include at least two voting members, one from Health and one from the Council.	
3	**Chair**	
3.1	The Committee will be chaired by a non-office bearing voting member of the IJB and will rotate between NHS and ACC.	
4	**Quorum**	
4.1	Three Members of the Committee will constitute a quorum.	
5	**Attendance at meetings**	
5.1	The Board Chair, Chief Officer, Chief Finance Officer Chief Internal Auditor and other Professional Advisors and senior officers as required as a matter of course, external audit or other persons shall attend meetings at the invitation of the Committee.	
5.2	The Chief Internal Auditor should normally attend meetings and the external auditor will attend at least one meeting per annum.	
5.3	The Committee may co-opt additional advisors as required.	
6	**Meeting Frequency**	
6.1	The Committee will meet at least 4 times each financial year. There should be at least one meeting a year, or part therefore, where the Committee meets the external and Chief Internal Auditor without other seniors officers present. A further 2 developmental sessions will be planned over the course of the year to support the development of members.	
7	**Authority**	
7.1	The Committee is authorised to instruct further investigation on any matters which fall	

	within its Terms of Reference.
8	**Duties**
8.1	The Committee will review the overall Internal Control arrangements of the Board and make recommendations to the Board regarding signing of the Governance Statement, having received assurance from all relevant Committees.
	Specifically it will be responsible for the following duties:
	1. The preparation and implementation of the strategy for Performance Review and monitoring the performance of the Partnership towards achieving its policy objectives and priorities in relation to all functions of the IJB;
	2. Ensuring that the Chief Officer establishes and implements satisfactory arrangements for reviewing and appraising service performance against the national health and wellbeing outcomes, the associated core suite of indicators and other local objectives and outcomes and for reporting this appropriately to the Committee and Board.. The performance systems scrutiny role of the Committee is underpinned by an Assurance Framework which itself is based on the Board's understanding of the nature of risk to its desired priorities and outcomes and its appetite for risk-taking. This role will be reviewed and revised within the context of the Board and Committee reviewing these Terms of Reference and the Assurance Framework to ensure effective oversight and governance of the partnership's activities..
	3. Acting as a focus for value for money and service quality initiatives;
	4. To review and approve the annual audit plan on behalf of the IJB, receiving reports, overseeing and reviewing actions taken on audit recommendations and reporting to the Board;
	5. Monitoring the annual work programme of Internal Audit, including ensuring IJB oversight of the clinical and care audit function and programme to ensure this is carried out strategically;
	6. To consider matters arising from Internal and External Audit reports;
	7. Review on a regular basis actions planned by management to remedy weaknesses or other criticisms made by Internal or External Audit
	8. To support the IJB in ensuring that the strategic integrated assurance and performance framework is working effectively, and that escalation of notice and action is consistent with the risk tolerance set by the Board.
	9. To support the IJB in delivering and expecting cooperation in seeking assurance that hosted services run by partners are working effectively in order

		to allow Aberdeen City IJB to sign off on its accountabilities for its resident population.
	10.	Review risk management arrangements, receive annual Risk Management updates and reports and annually review with the full Board the IJB's risk appetite document .
	11.	Ensure existence of and compliance with an appropriate Risk Management Strategy.
	12.	Reporting to the IJB on the resources required to carry out Performance Reviews and related processes;
	13.	To consider and approve annual financial accounts and related matters;
	14.	Ensuring that the Senior Management Team, including Heads of Service, Professional Leads and Principal Managers maintain effective controls within their services which comply with financial procedures and regulations;
	15.	Reviewing the implementation of the Strategic Plan;
	16.	To be responsible for setting its own work programme which will include the right to undertake reviews following input from the IJB and any other IJB Committees;
	17.	The Committee may at its discretion set up short term working groups for review work. Membership of the working group will be open to anyone whom the Committee considers will assist in the task assigned. The working groups will not be decision making bodies or formal committees but will make recommendations to the Audit Committee;
	18.	Promoting the highest standards of conduct by Board Members; and
	19.	Monitoring and keeping under review the Codes of Conduct maintained by the IJB.
	20.	Will have oversight of Information Governance arrangements and staffing arrangements as part of the Performance and Audit process.
	21.	Ensuring effective IJB oversight of the scrutiny of Serious Incidents in health and social care, including monitoring and reporting systems, timely action, training and improvement activities.
	22.	To be aware of, and act on, Audit Scotland, national and UK audit findings and inspections/regulatory advice, and to confirm that all compliance has been responded to in timely fashion.
9	**Review**	
9.1	The Terms of Reference will be reviewed every six months to ensure their ongoing appropriateness in dealing with the business of the IJB.	
9.2	As a matter of good practice, the Committee should expose itself to periodic review utilising best practice guidelines and external facilitation as required.	

Aberdeen City Health & Social Care Partnership
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AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

Minute of Meeting

21 November 2017
Health Village, Aberdeen

Present: Rhona Atkinson (NHS Grampian (NHSG)) Chairperson; and Councillors Cooke and Duncan.

Also in attendance: Judith Proctor (Chief Officer, Aberdeen City Health and Social Care Partnership (ACHSCP)), Alex Stephen (Chief Finance Officer, ACHSCP), Tom Cowan (Head of Operations, ACHSCP), Sally Shaw (Head of Strategy and Transformation, ACHSCP), Gail Woodcock (Lead Transformation Manager, ACHSCP), Colin Harvey (Internal Audit); and Iain Robertson and Alan Thomson (Legal and Democratic Services, Aberdeen City Council (ACC)).

Apologies: Luan Grugeon.

DECLARATIONS OF INTEREST

1. Members were requested to intimate any declarations of interest.

The Committee resolved:-
To note that no declarations of interest were intimated at this time for items on today's agenda.

DETERMINATION OF EXEMPT BUSINESS

2. The Committee was asked to determine any exempt or confidential business.

The Committee resolved:-
To agree to consider item 9 (Transformation Update) with the public and press excluded.

MINUTE OF PREVIOUS MEETING – 21 August 2017

3. The Committee had before it the minute of the previous meeting of 21 August 2017.

The Committee resolved:-
To approve the minute as a correct record.

COMMITTEE MEETING DATES 2018-19

4. The Committee had before it a report by the Clerk which proposed a meeting schedule for the Committee for 2018-19.

The report recommended:-
That the Committee -
(a) Agree the 2018-19 meetings; and
(b) Agree that the meeting dates be publicised on the Partnership's website.

The Clerk advised that the Committee was required to meet with the Chief Internal Auditor and External Audit once a year as per item 6.1 of the Committee's Terms of Reference and recommended that this be scheduled for November 2018 following approval of the IJB audited annual accounts. Thereafter he asked the Committee to approve the following dates:-

17 April 2018
19 June 2018
11 September 2018
20 November 2018
26 February 2019

The Committee resolved:-
To approve the recommendations, subject to alternative meeting dates being sourced for April and November 2018 and instruct the Clerk to carry out this work.

STRATEGIC RISK REGISTER

5. The Committee had before it a report by the Chief Finance Officer which presented the revised Strategic Risk Register for comment and discussion.

The report recommended:-
That the Committee -
(a) Note the content of the report; and
(b) Discuss the escalation of any risks to the IJB for further discussion.

The Committee reviewed the risk register and there was discussion on risks relating to (1) hosted services; (2) significant market failure; (3) IJB reputational damage; and (4) regional commissioning and possible implications of the revised Care Home Contract for North East social care market. Thereafter the Committee recommended a number of revisions for the Partnership's consideration.

The Committee resolved:-
(i) to request that consideration be given to revise the rationale of Risk 1 (Significant Market Failure) to take account of the ongoing Care Home Contract negotiations and anticipated geographic challenges for the North East social care market;

(ii)   to request that additional detail be inserted within the mitigation section of Risk 8 (Reputational Damage) to highlight the provision of regular updates to stakeholders on the delivery of Partnership strategies;

(iii)   to request that the report prepared by the North East Partnership Group on hosted services be presented to the Committee's next meeting;

(iv)   to request that the colour coding of risks be reviewed to ensure accurate allocation throughout the risk register; and

(v)   otherwise note the register.

BOARD ASSURANCE AND ESCALATION FRAMEWORK

6.   The Committee had before it a report by the Chief Finance Officer which presented the Board Assurance and Escalation Framework (BAEF) for approval.

The report recommended:-
That the Committee –
a)   Comment on the revised BAEF; and
b)   Recommend the revised BAEF is approved by the IJB.

The Committee reviewed the BAEF and there was discussion on (1) the formatting and clarity of diagrams within the Framework; (2) how frequently the IJB should review the Statement of Risk Appetite; (3) the need for further clarity on risks relating to locality planning; (4) how frequently the Committee would meet with internal and external audit colleagues as per item 6.1 of the Committee's terms of reference; (5) reporting arrangements for presenting the Performance Management Framework to the Committee; and (6) the arrangements that would be put in place to allow Committee members to review and approve the revised BAEF to enable the Committee to recommend the approval of the BAEF to the IJB at its meeting on 12 December 2017.

The Committee resolved:-
(i)   to request that narrative be provided on page 80 to explain the diagram;

(ii)   to request that reporting links between the APS Committee and the Executive Team be inserted into the diagram on page 71;

(iii)   to recommend to the IJB that the Statement of Risk Appetite be reviewed by the Board on an annual basis;

(iv)   to request further detail on the risk escalation process for locality planning;

(v)   to request that version control and authorisation be added to future versions of the BAEF;

(vi)   to request a review of reporting arrangements for the Performance Management Framework on page 84, and instruct the Head of Strategy and Transformation to provide an update at the Committee's next meeting;

(vii)   to agree that the Committee would meet in closed session with Internal and External Audit on a bi-annual basis and to instruct the Clerk to make the necessary arrangements; and

(viii) to instruct the Chief Finance Officer to take account of these resolutions and circulate a revised BAEF to Committee members by email for their approval prior to submitting the BAEF to the IJB for final approval on 12 December 2017.

POST INTEGRATION REVIEW

7. The Committee had before it a report by the Chief Finance Officer which presented the planned Post Integration Review Internal Audit Report.

The report recommended:-
That the Committee –
(a) Review, discuss and comment on the issues raised within this report and the attached in Appendix 2; and
(b) Note the further assurances provided in Appendix 1 re: the timelines for completion of the recommendations.

Colin Harvey (Internal Audit) advised that the report reviewed IJB and Partnership governance arrangements and provided recommendations on (1) the development of a Scheme of Delegation (2) service delivery and commissioning plans; (3) reporting operational and financial performance to IJB partners; (4) the development of a procedure for issuing IJB Directions to partners; (5) the maintenance of risk registers and the review of the Risk Management Framework (6) the development of a budget monitoring procedure (7) the combination of financial and operational performance indicators (8) the development of an asset management strategy; (9) timetabling for locality budgets; (10) the conclusion of work on the Benefits Realisation Framework; and (11) budget control of the Transformation Programme.

Mr Harvey also informed the Committee that a separate audit on the Transformation Programme was ongoing.

Thereafter the Committee reviewed the report and there was discussion on (1) the Partnership's development of a Scheme of Delegation in consultation with ACC Legal Services; (2) reporting of operational and financial performance to IJB partners, and the Service Response to Internal Audit's recommendation; and (3) the timescales and process for implementing agreed recommendations.

The Committee resolved:-
(i) to request that the Chief Officer review the Service Response in relation to Internal Audit's recommendation on reporting operational and financial performance to IJB partners on page 96;
(ii) to note that in response to revisions being made as per resolution (i), Internal Audit would consider preparing a summary note to take account of the Service's revised response, and in this event, to request that Internal Audit circulate this note to Committee members by email;
(iii) to recommend to the Service that the Implementation Date for Internal Audit Recommendation 2.3.5 be delayed until the New Year;
(iv) to request that the content of the Equalities, Financial, Workforce and Other Implications section within the covering report be quality checked by the Partnership prior to future publication;
(v) to note the content of the Internal Audit report and issues raised in Appendix 2; and
(vi) otherwise note the further assurances provided in Appendix 1 re: the timelines for completion of the recommendations.

AUDIT SCOTLAND NHS IN SCOTLAND 2017 REPORT

8. The Committee had before it a report by the Chief Finance Officer which provided an opportunity to discuss and comment on the Audit Scotland NHS in Scotland report.

The report recommended:-
That the Committee review, discuss and comment on the report attached as Appendix 1.

The Committee resolved:-
(i)   to thank Partnership staff for their efforts in improving delayed discharge performance which had been recognised by Audit Scotland within the report;
(ii)   to note that Audit Scotland was currently undertaking a scoping exercise in order to prepare a further report on the integration of health and social care; and
(iii)   otherwise note the report

In accordance with the decision recorded under article 2 of this minute, the following item was considered with the press and public excluded.

TRANSFORMATION UPDATE

9. The Committee had before it a report by Gail Woodcock (Lead Transformation Manager, ACHSCP), which provided an update on the financial position of the Transformation Programme and provided information on project and programme progress and performance.

The Committee resolved:-
(i)   to request greater detail in future Transformation cover reports on progress and obstacles faced on the transformation journey, with particular focus on the use of transformation funds; implementation dates; project delivery; and outcomes against anticipated benefits;
(ii)   to request additional information on the projected spend profile to enable members to gauge the levels of anticipated spend and contracted/committed spend, and to instruct the Chief Finance Officer to circulate this information to Committee members before the end of the calendar year; and
(iii)   otherwise note the information provided within the report.
RHONA ATKINSON, Chairperson.

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Aberdeen City Health and Social Care Partnership

Strategic Risk Register 2017/18

Risk Rating	Low	Medium	High	Very High
Risk Movement	Decrease	No Change	Increase	

Level of Risk	Risk Tolerance
Low	Acceptable level of risk. No additional controls are required but any existing risk controls or contingency plans should be documented. Chief Officers/Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective.
Medium	Acceptable level of risk exposure subject to regular active monitoring measures by Managers/Risk Owners. Where appropriate further action shall be taken to reduce the risk but the cost of control will probably be modest. Managers/Risk Owners shall document that the risk controls or contingency plans are effective. Chief Officers/Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. Relevant Chief Officers/Managers/Directors/Assurance Committees will periodically seek assurance that these continue to be effective.
High	Further action should be taken to mitigate/reduce/control the risk, possibly urgently and possibly requiring significant resources. Chief Officers/Managers/Risk Owners must document that the risk controls or contingency plans are effective. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. Relevant Chief Officers/Managers/Directors/Executive and Assurance Committees will periodically seek assurance that these continue to be effective and confirm that it is not reasonably practicable to do more. The IJB's may wish to seek assurance that risks of this level are being effectively managed. However the IJB's may wish to accept high risks that may result in reputation damage, financial loss or exposure, major breakdown in information system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and public
Very High	Unacceptable level of risk exposure that requires urgent and potentially immediate corrective action to be taken. Relevant Chief Officer/Managers/Directors/Executive and Assurance Committees should be informed explicitly by the relevant Managers/Risk Owners. Managers/Risk Owners should review these risks applying the minimum review table within the risk register process document to assess whether these continue to be effective. The IJB's will seek assurance that risks of this level are being effectively managed. However the IJB's may wish to accept opportunities that have an inherent very high risk that may result in reputation damage, financial loss or exposure, major breakdown in information system or information integrity, significant incidents(s) of regulatory non-compliance, potential risk of injury to staff and public

Risk Summary:

1. There is a risk of significant market failure in Aberdeen City
2. There is a risk of financial failure , that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend
3. Failure of the IJB to function, make decisions in a timely manner etc
4. There is a risk that the outcomes expected from hosted services are not delivered and that the IJB does not identify non-performance in through its systems. 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.
5. There is a risk that the governance arrangements between the IJB and its partner organisations (ACC and NHSG) are not robust enough to provide necessary assurance within the current assessment framework – leading to duplication of effort and poor relationships
6. There is a risk that services provided by ACC and NHS corporate services on behalf of the IJB do not have the capacity, are not able to work at the pace of the IJB's ambitions, or do not perform their function as required by the IJB to enable it to fulfil its functions
7. There is a risk that the IJB, and the services that it directs and has operational oversight, of fail to meet performance standards or outcomes as set by regulatory bodies
8. 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.
9. Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system
10. There is a risk that the IJB does not maximise the opportunities offered by locality working
11. Workforce planning across the Partnership is not sophisticated enough to maintain future service delivery

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Description of Risk: There is a risk of significant market failure in Aberdeen City

Strategic Priority: Outcomes, safety and transformation	**Lead Director:** Head of Strategy and Transformation

Risk Rating: low/medium/high/very high	**Rationale for Risk Rating:**

Risk Rating: low/medium/high/very high

HIGH

Rationale for Risk Rating:
- Previous experience of provider failure in City and wider across Scotland
- Discussion with current providers and understanding of market conditions across the UK
- Impact of Living Wage on profitability depending on some provider models

Risk Movement: increase/decrease/no change

NO CHANGE 08.02.201809.11.17

Rationale for Risk Appetite:
- As 3rd and independent sectors are key strategic partners in delivering transformation and improved care experience, ~~and~~ we have a low tolerance ~~of~~ of this risk ~~of market failure~~.

Controls:

Robust market and relationship management with the 3rd and independent sector and their representative groups. Market facilitation programme and robust contract monitoring process

Mitigating Actions:

- Creation of capacity and capability to manage and facilitate the market
- Development of provider forum and peer mentorship to support relationship and market management
- Risk fund set aside with transformation funding
- Additional SG funding toward the Living Wage and Fair Working Practices have been agreed and applied by the IJB
- Lessons learned during a ~~R~~recent experience of managing a residential home should market failure occur.

Assurances:	Gaps in assurance:
Market management and facilitation Audit and Performance Systems Committee overview Contract monitoring process	Market or provider failure can happen quickly despite good assurances being in place

Current performance:	Comments:
The Partnership/ACC had to step in and take control of a nursing home in Kingswells on 1st of April 2017. This has provided the Partnership with experience of how to take control and run a residential home should a provider fail. However, capacity only exists to deal with one residential home at a time and if two homes failed at the same time the resources would be stretched. There is an indication through recent court cases that staff providing overnight care (sleepovers) will need to be paid at HMRC rates and this could be back-dated for 6 years. Should this financial liability materialise then this could have a large impact on the financial viability of some of the care providers. A care home provider largely based in the central belt is to close 12 residential homes due to financial pressures.	• NCHC uplift for 2016/17 was 6.4% and 2.8% 2017/18 • IJB agreed payment of living wage to Care at Home providers for 2016/17 and 2017/18 • ~~Development of a commissioning plan with a draft presented to the IJB on the 15th of August 2017.Market Facilitation steering group established September 2016; membership includes ACVO, CASPA and Scottish Care.~~ • The Strategic Commissioning Implementation Plan was approved by the IJB at its meeting on the 30th of January 2018.

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Description of Risk: There is a risk of IJB financial failure with demand outstripping available budget. There is a risk that the IJB cannot deliver on priorities and statutory work, and that it projects an overspend.

Strategic Priority: Outcomes and transformation	**Lead Director:** Chief Finance Officer

Risk Rating: low/medium/high/very high

HIGH

Risk Movement: increase/decrease/no change:

NO CHANGE ~~09.11.17~~08.02.2018

Rationale for Risk Rating:
- Analysis of demographic change and growth in demand year on year
- Analysis of current budget pressures known and expected in the Public Sector in Scotland and the UK
- Understanding of financial pressures on both partner organisations (ACC and NHS Grampian)

Rationale for Risk Appetite:
The IJB has a low risk appetite to financial failure and understands its requirement to achieve a balanced budget. However the IJB also recognises the significant range of statutory services it is required to meet within that finite budget and has a lower appetite for risk of harm to people.

Controls:
Budgets delegated to cost centre level and being managed by budget holders.

Mitigating Actions:

- Financial information is reported regularly to the Audit & Performance Systems Committee, the Integration Joint Board and the Executive Team.
- Reserves strategy, including risk fund

	• Robust financial monitoring and budget setting procedures
Assurances: • Audit and Performance Systems Committee oversight and scrutiny of budget under the CFO • Board Assurance Framework.	**Gaps in assurance:** • None known
Current performance: ~~Pressure forecast on budget at June 2017, recovery plans are being developed to bring this back into balance. Therefore, risk rating moved to high until recovery plans are implemented.~~ ~~At September 2017 the financial position has improved, although there is now an over-spend of £1.5 million being forecast on the prescribing budget.~~ An adverse position of £2,366,000 is reported for the nine month period to the end of December 2017. A forecasted year-end position has been prepared based on month 9 results. This has resulted in a projected overspend of £3,477,000 (£2,808,000 September 2017) on mainstream budgets. It is currently anticipated that the £3,477,000 can be accommodated from within this budget for 2017/18.	**Comments:** • Regular and ongoing budget reporting and tight management control in place. • Budget monitoring procedure now well established. • Budget holders understand their responsibility in relation to financial management.

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Description of Risk: There is a risk that the IJB fails to function properly within its Integration Scheme, Strategic Plan and Schemes of delegation in particular reference to being able to make appropriate decisions in a timely manner and meet its required functions.

Strategic Priority: Outcomes, safety and transformation	**Lead Director:** Chief Officer

Risk Rating: low/medium/high/very high

LOW

Rationale for Risk Rating:
Failure of the IJB to function is a fundamental risk which would impact on all strategic priorities. Recruitment to the Executive Team is now in place, giving full capacity in the structure.

Risk Movement: increase/decrease/no change

NO CHANGE 22.02.18

Rationale for Risk Appetite:
Zero appetite.

Controls:
- Experience of operating in shadow form
- Agreed etiquette of the board and risk appetite statement allowing for balance of timely decision taking with effective challenge and scrutiny
- Performance reporting mechanisms

Mitigating Actions:
- Recruitment to Executive Team & Heads of Locality now complete
- Operation of Executive team focussing on priorities
- A review of the standing orders was approved by the IJB at its 31st of October Meeting
- A revised version of the Board Assurance and Escalation Framework was approved by the IJB at its meeting on the 30th of January 2018.

Assurances:	Gaps in assurance:
- Board Assurance Framework - Audit & Performance Systems Committee	None known
Current performance: - Meeting requirements - Increasing workload experienced following 'go live' and in relation to need to support IJB's committees – being mitigated by further recruitment to senior posts - Senior posts within the Strategy and Transformation team have now been recruited to.	**Comments:** ~~Key posts within Senior Management, including Heads of Locality have now been recruited to.~~ ~~The process for agreeing and then recruiting into senior posts in the structure has, by necessity, to go at the pace of the partner organisations. This has extended the process and has meant that key posts are either just now being recruited to, or yet to be advertised;~~ ~~The Integration Scheme for the Aberdeen City Health & Social Care Partnership is in the process of being reviewed in light of the Carers Act (Scotland) 2016, and will be submitted to the Scottish Government in March 2018.~~

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Description of Risk: There is a risk that the outcomes expected to be delivered by hosted services are not realised and that the IJB fails to identify non-performance through its own systems. 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.

Strategic Priority: Outcomes and transformation	**Lead Director:** Chief Officer

Risk Rating: low/medium/high/very high	**Rationale for Risk Rating:**
HIGH	• Considered high risk due to ~~the projected overspend in hosted services the reporting arrangements being relatively new and needing testing in the first full year of operation~~
Risk Movement: (increase/decrease/no change):	**Rationale for Risk Appetite:**
No Change 08.02.2018	• The IJB has some tolerance of risk in relation to testing change.

Controls:	**Mitigating Actions:**
• Integration scheme agreement on cross-reporting • NE Strategic Partnership Group • Operational risk register	• This is discussed regularly by the three North East Chief Officers • Regular discussion regarding budget with relevant finance colleagues • Regular workshops are being held with senior managers on a pan-Grampian basis

Assurances:	Gaps in assurance:
These largely come from the systems, process and procedures put in place by NHS Grampian, which are still being operated, along with any new processes which are put in place by the lead IJB.	None currently known

Current performance:	Comments:
No issues to report Governance arrangements are being worked on across the three IJBs, so that budget management, setting and strategic planning are aligned. This work will be presented to the three North East Scotland HSCPs when completed. Work is taking place at an officer level to move this forward. The projected overspend on hosted services is a factor in the IJB's overspend position. This may in future impact on the outcomes expected by the hosted services, hence the movement to a classification of HIGH.	• An initial meeting of the senior management teams of the three North East Scotland Health and Social Care Partnerships took place in December 2016 in order to establish the operating principles and processes for reporting outcomes from hosted services and governance to IJBs. Meetings continue in 2018. • Further meetings are planned across the year to ensure flow of communication and establish practice of reporting on hosted services

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Description of Risk: There is a risk that the governance arrangements between the IJB and its partner organisations (ACC and NHSG) are not robust enough to provide necessary assurance within current assurance framework – leading to duplication of effort and poor relationships.

Strategic Priority: Outcomes, safety and transformation	**Lead Director:** Chief Officer

Risk Rating: low/medium/high/very high **MEDIUM**	**Rationale for Risk Rating:** Considered medium as arrangements are complex and mitigations untested in the 'go live' environments
Risk Movement: (*increase/decrease/no change*) ~~NO CHANGE 09.11.17~~ **NO CHANGE 08.02.2018**	**Rationale for Risk Appetite:** The IJB has zero appetite for failure to meet its statutory requirements.

Controls:	**Mitigating Actions:**
• Scheme of delegation • Integration Scheme • Current governance committees within IJB and NHS • North East Strategic Partnership Group	• Consultation and engagement between bodies • Consideration being given by Chief Officers regarding development of Service Level Agreements or other mechanism • Regular performance meetings between the Chief Officer of the ACHSCP and the Chief Executives of Aberdeen City Council and NHS Grampian.
Assurances: • Agreement on regular reporting on hosting at each IJB • Regular Chief Officer meetings across Grampian area	**Gaps in assurance:** • Potential gaps around standard interpretation of schemes

• Chief Officer a member of both NHS Grampian Senior Leadership Team and Aberdeen City Council's Corporate Management Team	
Current performance: Most of the major governance processes have been tested over the last year. However, this does not remove the risk as governance processes in the IJB and the partner organisations will continue to evolve and improve.	**Comments:** • Regular performance meetings between the Chief Officer and the Chief Executives of NHS Grampian and Aberdeen City Council take place • Reporting template has been agreed to ensure a consistency of reporting and clear 'line of sight' to Accountable Officers • A Protocol for budget setting has been developed to assist in this complex process and was tested for the first time for the 17/18 budget

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Description of Risk: There is a risk that the services provided by ACC and NHS Corporate Services on behalf of the IJB do not have the capacity or are unable to work at the pace of the IJB's ambitions. There is a further risk that they are unable to perform their function as required by the IJB to enable it to fulfil its functions.

Strategic Priority: Outcomes and service transformation	Lead Director: Chief Officer

Risk Rating: low/medium/high/very high	Rationale for Risk Rating:
MEDIUM	• Given the wide range and variety of services that support the IJB from NHS Grampian and ACC there is a possibility of under or non-performance • Depending on which area this is in (e.g. corporate finance, legal services) the consequences are considered significant • **There is the potential for budget reductions to impact on services**
Risk Movement: (*increase/decrease/no change*)	**Rationale for Risk Appetite:**
~~NO CHANGE 09.11.17~~NO CHANGE 08.02.2018	There is a zero tolerance in relation to not meeting legal and statutory requirements.

Controls:	Mitigating Actions:
• IJB Strategic Plan • IJB Integration Scheme • Agreed risk appetite statement • Role and remit of the North East Strategic Partnership Group in relation to shared services	• Regular reporting at both Executive Management Team and Senior Operational Management team • Regular and ongoing Chief Officer membership of ACC Corporate Management Team and NHS Grampian Senior Leadership Team • Consideration in relation to Service Level Agreements being

	• undertaken by the 3 North East Chief Officers. • Creation of Business Management Team with the partnership with representatives from all corporate services.
Assurances: • Executive Group reviews performance of corporate services' support regularly • Chief Finance officer role ensure liaison in relation to financial services • Chief Officer regularly discusses these service provisions with Corporate Directors	**Gaps in assurance:** • None currently significant though note consideration relating to possible future Service Level Agreements
Current performance: • No issues have been identified over the last year of operations, ~~therefore, the Executive Team feel this risk can be reduced to medium~~. However, risk will be kept under review as partner organisations change their structures and systems.	**Comments:** • Nothing to update on this report.

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Description of Risk: There is a risk that the IJB and the services that it directs and has operational oversight of fail to meet performance standards or outcomes as set by regulatory bodies and that, as a result, harm or risk of harm to people occurs.

Strategic Priority: Outcomes, safety, transformation of services	**Lead Director:** Chief Officer

Risk Rating: low/medium/high/very high	**Rationale for Risk Rating:**
MEDIUM	Risk felt to be moderate, given controls with potential risks in need of mitigation due to go-live implications
Risk Movement: (*increase/decrease/no change*)	**Rationale for Risk Appetite:**
~~NO CHANGE 09.11.17~~NO CHANGE 08.02.2018	The IJB has zero tolerance of harm happening to people as a result of its actions or inaction.

Controls:	**Mitigating Actions:**
• Clinical and Care Governance Committee and Group Audit and Performance Systems Committee • Risk-assessed performance plans and actions • Development of KPIs reported	System re-design and transformation

Assurances:	**Gaps in assurance:**
• Executive Group reviews processes and performance regularly • Joint meeting of IJB Chief Officer with two Partner Body Chief Executives • Audit & Performance Systems Committee • Clinical and Care Governance Committee	• Formal performance systems not yet developed. • Audit & Performance Systems Committee meets regularly and is establishing reporting mechanisms • Intelligent Board performance model has been agreed and is being populated

Current performance:	Comments:
Council and NHS performance systems remain in place with single reporting in development.	- Clinical and Care Governance Committee and Group have been established and are meeting regularly - Further work with the Good Governance Institute is supporting us in testing our processes robustly as a live organisation to ensure they are fit for purpose - Action plan following last year's formal Inspection of Services for Older People has been agreed and approved by both the IJB and Inspection agencies - Establishing reporting and assurance mechanisms for hosted and commissioned services

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Description of Risk: 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.

Strategic Priority: All	**Lead Director:** Chief Officer

Risk Rating: low/medium/high/very high	**Rationale for Risk Rating:**

Risk Rating: low/medium/high/very high

Medium ~~HIGH~~

Rationale for Risk Rating:

~~Newness of the organisation and agenda for system transformation pose risk of reputational damage~~

- Governance processes are in place and have been tested since go live in April 2017.
- Budget processes underway for approval of 2nd budget

Risk Movement: (*increase/decrease/no change*)

Decrease 08.02.2018 ~~NO CHANGE 09.11.17~~

Rationale for Risk Appetite:
Willing to risk certain reputational damage if rationale for decision is sound.

Controls:

- Executive Management Team
- IJB and its Committees
- Operational management processes and reporting
- Board escalation process

Mitigating Actions:

- Clarity of roles
- Staff and customer engagement – recent results from iMatter survey alongside a well-establish Joint Staff Forum indicate high levels of staff engagement.
- Effective performance and risk management

Assurances:	Gaps in assurance:
 • Role of the Chief Officer and Executive Team • Role of the Chief Finance Officer • Performance relationship with NHS and ACC Chief Executives • Communications plan / communications officer	 None known at this time
Current performance: • Chief Finance Officer appointed on a permanent basis • Communications officer in place to lead reputation management	**Comments:** • Communications strategy and action plan in place and being led by the HSCP's Communications Manager • Communications Group in place comprising of staff across the partnership supporting us in getting the message right and appropriate • Locality leadership groups being established to build our relationship with communities and stakeholders • Regular CO/CEOs meeting supports good communication flow across partners as does CO's membership of the Corporate Management Teams of both ACC and NHSG

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Description of Risk:
Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system

Strategic Priority: All	Lead Director: Chief Officer

Risk Rating: low/medium/high/very high

HIGH

Rationale for Risk Rating:
This is the overall risk – each of our transformation programme work streams will also be risk assessed with some programmes being a higher risk than others

Risk Movement: (*increase/decrease/no change*)

NO CHANGE 08.02.2018 NO CHANGE 09.11.17

Rationale for Risk Appetite:
The IJB has some appetite for risk relating to testing change and being innovative. The IJB has zero appetite for harm happening to people.

Controls:

- Strategic Transformation and Commissioning programme management and governance
- Audit and Performance Systems Committee
- Programme Board structure and Executive Programme board in place
- Recruitment to key senior posts

Mitigating Actions:

- Programme approach being taken in terms of the transformation programme
- Recruitment has taken place into senior and key project and programme management posts
- Regular reporting to Executive Programme Board
- Regular reporting to Audit and Performance Systems Committee and Integration Joint Board

Assurances:

Gaps in assurance:

• Executive Management and Committee Reporting • Programme Management approach • IJB oversight • Board escalation process	• Executive Management team developing financial model for transformation programme to track delivery of change and efficiencies – this is in developing and as such, a gap.
Current performance: Demographic financial pressure is starting to materialise in some of the IJB budgets. The Strategy and Transformation Team is now established and reviewing\supporting the transformation projects	**Comments:** • Challenge of pace of recruitment to key posts given complexity of working across two systems has had an impact on pace • A review of the transformation programme and governance arrangements is being undertaken. • First INCA (Buurtzorg) Teams in place • Link Worker contract awarded (SAMH)

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Description of Risk
There is a risk that the IJB does not maximise the opportunities offered by locality working

Strategic Priority: All	Lead Director: Chief Officer

Risk Rating: low/medium/high/very high

MEDIUM

Rationale for Risk Rating:
All Head of Locality posts have now been recruited to and are in post.

Risk Movement: (*increase/decrease/no change*)

NO CHANGE 08.02.2018 NO CHANGE 09.11.17

Rationale for Risk Appetite:
The IJB has some appetite to risk in relation to testing innovation and change. There is zero risk of financial failure or working out with statutory requirements of a public body.

Controls:

- Transformation programme and programme board structure
- Audit and Performance Systems Committee

Mitigating Actions:

- Agreed operational structure that reflects the importance of localities and roles which support transformational potential of working at this level

Assurances:

- Regular Transformational Programme Board reports to Executive Management Team and to Audit and Performance Systems Committee
- Programme Management approach

Gaps in assurance

- None currently known

• ~~Recruitment of new~~Appointment of –Head of Strategy and Transformation role which will lead on the transformation at Executive level	
Current performance: • All Heads of Locality now in post and further development programmes for the Heads of Locality/Teams are underway. • The locality plans have been agreed ~~are currently out for consultation and workshops have been arranged with the IJB.~~	**Comments:** • **Locality Leadership Groups meetings are being attended by Heads of Locality** • **Next level of the locality structure due to 'go live' in April 2018.**

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Description of Risk:

Workforce planning across the Partnership is not sophisticated enough to maintain future service delivery.

Strategic Priority: All	Lead Director: Chief Officer

Risk Rating: low/medium/high/very high

MEDIUM

Risk Movement: (*increase/decrease/no change*)

~~NO CHANGE 09.11.17~~NO CHANGE 08.02.2018

Rationale for Risk Rating:

- The current staffing complement profile changes on an incremental basis over time
- However the number of over 50s employed ~~by the~~within the partnership (by NHSG and ACC) is increasing

Rationale for Risk Appetite:

- Risk should be able to be managed with the adoption of workforce planning structures and processes

Controls:
- **Clinical & Care Governance committee reviews operational risk around staffing numbers**

Mitigating Actions:
- **Development of a workforce plan**
- **Agreed to establish a working group to lead on further development on workforce planning**
- **Career development scheme for nurses**

Assurances:
- **Workforce plan once developed for the whole Partnership.**

Gaps in assurance
- Need more information on social care staffing
- Information on social care providers would be useful to

	determine trends in wider sector
Current performance: • Workforce planned developed, but only covers health staff and not the social care staff. Information expected from Scottish Government during over the next few months which should help improve workforce planning across all partnerships.	**Comments:**

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Aberdeen City Health & Social Care Partnership
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AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

Report Title	Performance Monitoring
Lead Officer	Sally Shaw, Head of Strategy and Transformation
Report Author (Job Title, Organisation)	Jillian Evans - Head of Health Intelligence (NHSG) Alison MacLeod – Lead Strategy and Performance Manager
Report Number	HSCP.17.126
Date of Report	23rd February 2018
Date of Meeting	2nd March 2018

1:	Purpose of the Report

1.1.   The purpose of this report is to provide:

- The most current data in respect of Aberdeen City Health and Social Care Partnership's (ACHSCP's) performance against the National Core Suite of Integration Indicators;
- Detail on progress against other high level IJB performance measures
- Clear continued demonstration of alignment of performance to the Aberdeen City HSCP Strategic Plan 2016 – 2019

2:	Summary of Key Information

Introduction

2.1.   The Strategic Plan of Aberdeen City HSCP sets out high level and long term priorities supporting the partnership's ambition to be a well-led organisation that supports people to live healthy, independent lives, providing person-centred care when needed.   Currently performance against these ambitions is measured both through a 'Core Suite' of national integration indicators and a set of local measures determined by the partnership as sentinel markers of performance and progress.

Aberdeen City HSCP Performance against National Integration Indicators

2.2.   Appendix 1 shows Aberdeen City HSCP's performance against the Core

1

Suite of National Integration Indicators.   The information is drawn from the most recent national published data available which relates to the latest full financial year only and shows how progress in Aberdeen City:

- Compares with the other 31 Scottish Partnerships and Scotland overall
- Changes from the previous year or previous period

It should be noted that data for indicators N10 and N21 – N23 is not yet available.

2.3.   The national information is updated each quarter often with just a refresh of existing data to the most recent financial year end, meaning that National data can be quite outdated. For this reason our report also makes reference to more recent data drawn from other ISD publications and local Health Intelligence reports with data extracted from local systems, all of which are more current than the annual Nation Integration Indicator data.

2.4.   The following sections provide commentary on those indicators previously agreed as worthy of exception reporting.

Delayed Discharge (N19)

2.5.   The Partnership's performance has shown consistent improvement over the past two years. This national indicator looks specifically at delays affecting people over 75 years. Appendix 1 highlights improvement of 53% between 2015/16 and 2016/17 for bed days occupied by delays. Considerable improvements have been seen in delayed discharges however it should be noted that some of the improvements reflected in the 53% improvement could be due to definitional changes in the year 2016/17. Delays due to healthcare reasons and those in non-hospital locations (e.g. care homes) were no longer recorded as delayed discharges from June 2016 and no adjustment has been made to account for the definitional changes in the dataset.

2.6.   Notwithstanding the changes in definitions, 53% is a considerable achievement in one year, the annual benchmarking figures indicated that delayed discharge performance in Aberdeen City was still below the national average and ranked 26th out of 31 Scottish partnerships. However, as previously stated, reporting of these national indicators can be quite out

of date, and more current data in the form of the monthly delayed discharge census shows that Aberdeen City performance has continued to improve significantly. By October 2017, management information indicates that Aberdeen City ranked 23rd out of the 31 Scottish partnerships for bed days occupied by those aged 75 years and over who are fit to be discharged from hospital.

Emergency Admissions and Readmissions (N12, N13, N14)

2.7.   Emergency admissions have continued to reduce since 2015/16 in the overall population and amongst older people. In the most recent reporting period to September 2017, there has been a further improvement of over 2% in emergency admission and an even bigger improvement of 6% in use of bed days associated with emergency admissions.

2.8.   Readmissions to hospital within 28 days can indicate issues with the availability and quality of community services after discharge and tend to be highest amongst the most deprived populations. Readmissions in Aberdeen City have been stable for the past 5 years against an increasing trend in Scotland. A small decrease in performance saw Aberdeen City move from 12 / 31 to 13 / 31 in 2016/17, but Aberdeen City still remains 7% better than the national average and this is an area we anticipate to further improve with the roll out of transformation projects such as Integrated Neighbourhood Care Aberdeen (INCA) and Acute Care at Home.

Premature Mortality (N11)

2.9.   Premature mortality has improved slightly from 464 per 100,000 population in calendar year 2015 to 460 per 100,000 population in 2016 (NB: this data is available in calendar and not financial year). This level of improvement is less than that seen across Scotland and life expectancy in Aberdeen City is comparatively lower when compared to the national average. Changes in the long term trends in life expectancy are occurring generally in the UK and a focused analysis is being conducted locally to gain greater insights behind this and what the impact might be. The outcome of this analysis will be reported in future performance reports.

Falls (N16)

2.10. Aberdeen City tends to compare well when looking at the rate of falls in the

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over 65 year population. It is currently 10/31 when compared with other Scottish partnerships, however there has been a 3% deterioration in performance during the quarter July to September 2017, and the reasons for this are being explored and will be reported once available.

Progress against other key IJB measures

2.11. In maintaining oversight of performance overall, the partnership monitors a range of other indicators which have been chosen locally. These are Safe; Effective; Caring; Responsive and Well-led care and are detailed in Appendix 2. These are considered to be sentinel markers which give insight into system performance, rather than individual operational measures of performance.

2.12. This local reporting and monitoring is drawn from management information and is more up to date in comparison with information provided nationally. A commentary is provided here where there is notable change.

Safe

2.13. The number of complaints received has reduced from 26 to 19 perhaps indicating increasing satisfaction with services provided.   The percentage of those complaints received responded to within 20 working days has increased from 92% to 100%.   The percentage of vacant posts in Adult Services has reduced from 5.01% to 4.90%.   A very slight improvement but achieved in what remains a very challenging environment for the recruitment and retention of Adult Social Care staff.   Other measures in the Safe category such as the number of referrals to Adult Protection, the number of new Community Payback Orders and the number of Criminal Justice Social Work Reports submitted to Court have all increased however it could be argued that all of these increases are in fact evidence of Adult Social Care carrying out the work they are remitted to do and ultimately keeping the citizens of Aberdeen safe.   Increased referrals to Adult Protection can mean that staff and others feel more confident to make referrals as a result of training or awareness-raising.

Well Led

2.14. We are identifying ways to capture and report on staff experiences using qualitative data, and some of these have been reported previously (e.g.

employee engagement index). Sickness absence is a measure of staff health and well-being and we have seen a 0.3% increase in absence amongst NHS staff during the quarter July to September 2017. We are working with Aberdeen City Council to obtain similar absence data for Adult Social Care staff and it is hoped this can be included in the next version of this performance report.

Effective

2.15. Many of the indicators of effective care are covered by the national 'core suite', as set out in the previous section of this report. The increase in the smoking cessation after 12 weeks is very welcome and the activity which brought this about is being examined to see if lessons can be learned and shared in other areas of work.

Responsive

2.16. Minimising the number and wider effects of and for individuals delayed in their discharge from hospital is an indication of system responsiveness. The monthly census shows there to have been a 36% reduction in the number of 'Standard' delays from October 2016 to October 2017, and a 30% reduction in the beds days lost due to these delays. The number of 'Code 9' (complex) delays increased by 10% from October 2016 to October 2017, however this was associated with a 3% reduction in the number of bed days and a 29% reduction in the average length of stay for 'Code 9' delays from October 2016 to October 2017. Despite the reduction in the number of 'Standard' delays and corresponding bed days the average length of delay for 'Standard' delays has increased by 58% from 24 to 38 days and this is an area of focus for the Delayed Discharge Working Group.

Summary

2.17. Both the high level national and local indicators used to assess performance of the partnership point to a mixed picture in relation to performance. Of the total of 33 measures reported, 16 have shown improvement and one has remained static. Much of the data is historical however and as our transformation programme is implemented, we expect to see greater improvements and a clear trajectory towards becoming a consistently high performing partnership.

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

Appendices

    A. Analysis of the National Core Suite of Indicators
    B. High level locally determined metrics of system-wide performance

3:	Equalities, Financial, Workforce and Other Implications

3.1 Performance monitoring, development and improvement are crucial aspects of business management. The systems which enable data and information sharing are evolving and a significant amount of work is being conducted behind the scenes to implement safe and secure arrangements.

4:	Management of Risk

Identified risk(s):

This links with the following risk identified in the strategic risk register:

- Failure of the IJB to function, make decisions in a timely manner.

- There is a risk that the outcomes expected from hosted services are not delivered and that the IJB does not identify non-performance through its systems. 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.

- There is a risk that the governance arrangements between the IJB and its partner organisations (ACC and NHSG) are not robust enough to provide necessary assurance within the current assessment framework – leading to duplication of effort and poor relationships.

- There is a risk that the IJB and the services that it directs and has operational oversight of fail to meet performance standards or outcomes as set by regulatory bodies.

How might the content of this report impact or mitigate the known risks:

The provision of data, information and intelligence to support performance improvement and governance is crucial. This enables the IJB and committees to have the necessary assurance that the partnership is performing to the highest standards and fulfilling the national outcomes.

Regular review of performance prompts analysis and mitigating action where appropriate.   Since performance was last reported to the IJB in October 2017 a Performance management and Evaluation Group has been established and is tasked with developing a clear, consistent and appropriate performance management and evaluation framework which provides a mechanism for assurance and monitoring of the management and delivery of integrated and delegated services enabling the appropriate scrutiny of performance; informing continuous improvement; and enabling the partnership to be recognised at a local and national level as high performing.   The group will provide assurances to the IJB and the Audit and Performance systems Committee that resources are being used appropriately and progress towards achieving the strategic priorities is being made.

5:	Recommendations

It is recommended that the Audit and Performance Systems Committee:

1. Notes the performance and progress of the partnership against the high level indicators of system-wide performance;

2. Notes that the Head of Strategy and Transformation will report performance quarterly over the year; bi-annually to the IJB and bi-annually to the Audit and Performance Systems Committee.

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

ISD's latest refresh of this data was December 2017, however please note that data is only updated to the end of the financial year available hence the newest data provided by ISD here is for 2016/17.

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

	Indicator	Title	Previous score 2013/14	Current score 2015/16	Scotland 2015/16	RAG
Outcome indicators	NI - 1	Percentage of adults able to look after their health very well or quite well	96%	96%	94%	G
	NI - 2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	80%	82%	84%	A
	NI - 3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	85%	78%	79%	R
	NI - 4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	83%	77%	75%	R
	NI - 5	Total % of adults receiving any care or support who rated it as excellent or good	83%	82%	81%	A
	NI - 6	Percentage of people with positive experience of the care provided by their GP practice	87%	86%	87%	A
	NI - 7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	83%	80%	84%	A
	NI - 8	Total combined % carers who feel supported to continue in their caring role	44%	42%	41%	A
	NI - 9	Percentage of adults supported at home who agreed they felt safe	79%	83%	84%	G
	NI - 10	Percentage of staff who say they would recommend their workplace as a good place to work	NA	NA	NA	

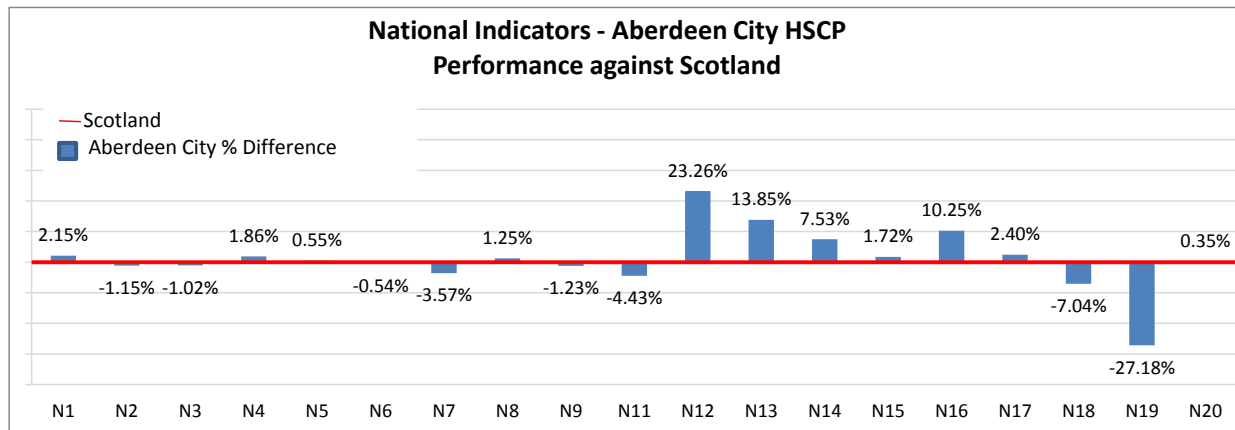|	Indicator	Title	Previous score	Current score	Scotland	RAG
Data indicators	NI - 11	Premature mortality rate per 100,000 persons *(European age-standardised mortality rate per 100,000 for people aged under 75)*	464 2015	460 2016	440	G
	NI - 12	Emergency admission rate (per 100,000 population)	10,189 2015/16	9,974 2016/17	12,294	G
	NI - 13	Emergency bed day rate (per 100,000 population)	117,105 2015/16	110,352 2016/17	125,634	G
	NI - 14	Readmission to hospital within 28 days (per 1,000 population)	89 2015/16	93 2016/17	100	A
	NI - 15	Proportion of last 6 months of life spent at home or in a community setting	88% 2015/16	89% 2016/17	87%	G
	NI - 16	Falls rate per 1,000 population aged 65+	19 2015/16	20 2016/17	22	A
	NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	79% 2015/16	86% 2016/17	84%	G
	NI - 18	Percentage of adults with intensive care needs receiving care at home	53% 2014/15	55% 2015/16	62%	G
	NI - 19	Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population)	1,765 2015/16	1,156 2016/17	842	G
	NI - 20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	27% 2015/16	25% 2016/17	25%	G
	NI - 21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	NA	NA	NA	
	NI - 22	Percentage of people who are discharged from hospital within 72 hours of being ready	NA	NA	NA	
	NI - 23	Expenditure on end of life care, cost in last 6 months per death	NA	NA	NA	

*** *Please note definitional changes were made to the recording of delayed discharge information from 1 July 2016 onwards. Delays for healthcare reasons and those in non hospital locations (e.g. care homes) are no longer recorded as delayed discharges. In this indicator, no adjustment has been made to account for the definitional changes during the year 2016/17. The changes affected reporting of figures in some areas more than others therefore comparisons before and after July 2016 may not be possible at partnership level. It is estimated that, at Scotland level, the definitional changes account for a reduction of around 4% of bed days across previous months up to June 2016, and a decrease of approximately 1% in the 2016/17 bed day rate for people aged 75+.*

RAG scoring based on the following criteria

If Aberdeen City quarter has improved or stayed the same from previous, then "Green"
If Aberdeen City quarter has worsened by 5% or less of previous quarter, then "Amber"
If Aberdeen City quarter has worsened by more than 5% of previous quarter then "Red"

Aberdeen City Core Suite of National Integration Indicators - Headline Performance
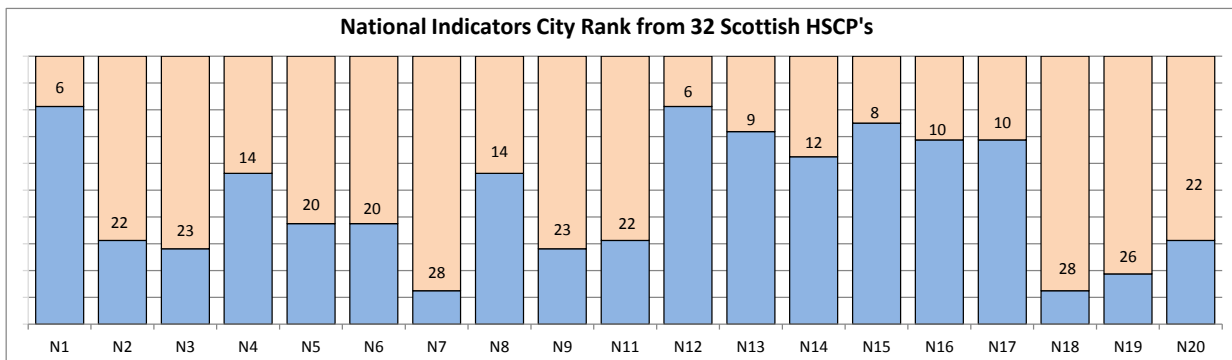
The three charts below show Aberdeen City's performance for the National HSCP Integration Indicators against the rest of Scotland and comparing Aberdeen City's performance to the previous reporting period. *Note that data for the national indicators is updated nationally and the latest reporting period differs per indicator and is documented on the previous page.*

**National Indicators - Aberdeen City HSCP
Performance against Scotland**

— Scotland
■ Aberdeen City % Difference

2.15% 1.86% 0.55% 1.25% 23.26% 13.85% 7.53% 1.72% 10.25% 2.40% 0.35%
-1.15% -1.02% -0.54% -3.57% -1.23% -4.43% -7.04%
-27.18%

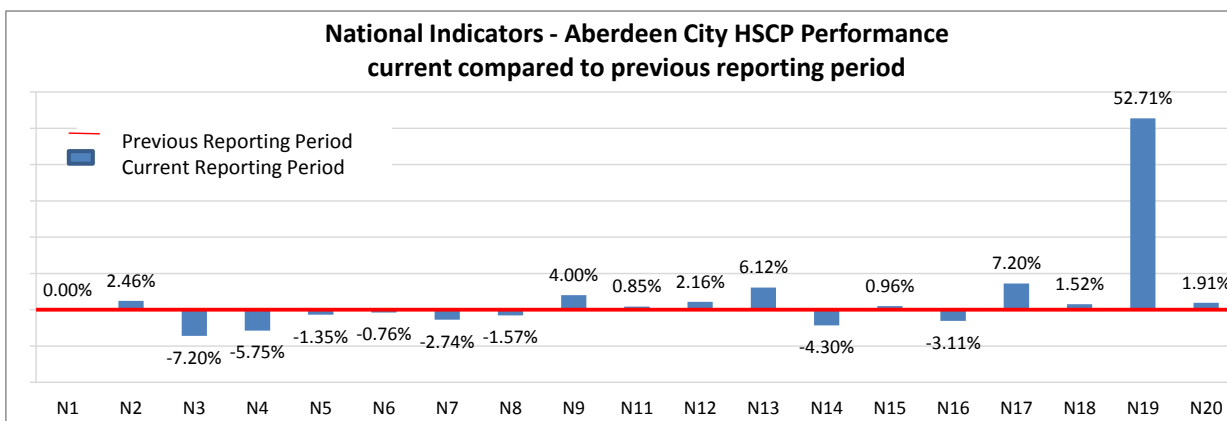N1 N2 N3 N4 N5 N6 N7 N8 N9 N11 N12 N13 N14 N15 N16 N17 N18 N19 N20

The red line shows the Scotland position and the bars show for each indicator the percentage Aberdeen City HSCP's performance differs from Scotland's performance. Positive bars show where Aberdeen City HSCP is performing better than Scotland and negative bars show where Aberdeen City HSCP performance is worse than Scotland's.

For the current reporting period Aberdeen City HSCP performed better than Scotland for 11 of the 19 national indicators, with 8 performing worse than Scotland. Note that of the 23 national indicators only 19 have data available for reporting.

Aberdeen City HSCP's performance for each indicator ranked against all 32 HSCP's in Scotland is shown below. A lower number demonstrates a better position against the rest of Scotland. Aberdeen City was in the top 50% for 9 of the 19 reported indicators for this reporting period.

National Indicators City Rank from 32 Scottish HSCP's

6 22 23 14 20 20 28 14 23 22 6 9 12 8 10 10 28 26 22

N1 N2 N3 N4 N5 N6 N7 N8 N9 N11 N12 N13 N14 N15 N16 N17 N18 N19 N20

The below chart shows Aberdeen City HSCP's performance for the current reporting period compared to the previous reporting period. The red line demonstrates the previous reporting period and the bars indicate the change in performance to the current reporting period. 11 of the 19 reported indicators have improved, or stayed the same, since the previous reporting period. Of the 8 indicators that performed worse than the previous period all indicators were within 5% of the previous periods performance except N3 at 7.2% and N4 at 5.75%.

**National Indicators - Aberdeen City HSCP Performance
current compared to previous reporting period**

— Previous Reporting Period
■ Current Reporting Period

52.71%

0.00% 2.46% 4.00% 0.85% 2.16% 6.12% 0.96% 7.20% 1.52% 1.91%
-7.20% -5.75% -1.35% -0.76% -2.74% -1.57% -4.30% -3.11%

N1 N2 N3 N4 N5 N6 N7 N8 N9 N11 N12 N13 N14 N15 N16 N17 N18 N19 N20

Note N19 shows a 53% improvement on the previous period however it should be noted that definitional changes were made to the recording of delayed discharge information from 1 July 2016 onward and no adjustment has been made to account for the definitional changes during the year 2016/17 hence the improvement may be higher than expected. From 1st July 2016 onwards delays for healthcare reasons and those in non hospital locations (e.g. Care Home) were no longer recorded as delayed discharges. Whilst large improvements have been seen in delayed discharges the removal of these types of delays will have added to this and made improvements appear even better.

KEY		
I	Improved on previous reporting period by more than 2%	
W	Worsened on pervious reporting period by more than 2%	

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Category	ID.	Indicator Description	Source	Performance Current Reporting Period	Target	Previous Reporting Period	Performance against Last Period	Trend line	Trend Period	Current Period
Responsive	L01	Number of Bed Days Occupied by Delayed Discharges per month (inc code 9) per 1000 18+ population	NHS - EDISON	8.6	-	7.7	W		5 Months	Oct-17
	L02	Number of delayed discharges inc code 9 (Monthly Census snapshot)	NHS - EDISON	✖ 50	-	45	W		5 Months	Oct-17
	L10	% people 65y+ with intensive care needs receiving care at home	SW	37%	-	35%	I		4 Quarters	Oct-Dec 17
	L11	Unmet need (hours) for social care	SW	522	-	562	I		2 Data Points	Jun-17
	L12	Uptake of self directed support (No. & % out of elligible clients)	SW	286 (9.99%)	-	233 (7%)	I		2 Data Points	Jun-17
Effective	L03	A&E Attendance rates per 100,000 population (All Ages) (Monthly Average for rolling 12 month period)	NHS	✖ 1707	-	1693	W		5 Months	Dec-17
	L04	Smoking cessation in 40% most deprived after 12 weeks	NHS	135	-	73	I		5 Quarters	Apr-Jun 17
	L05	Number of Alcohol Brief Interventions being delivered	NHS	✔ 587	-	690	W		5 Quarters	Jul-Sep 17
Safe	L06A	Number of complaints received and % responded to within 20 working days - NHS Aberdeen City	NHS	No data available at the moment due to changes in data collection, this indicator should be available with the next update						
	L06B	Number of complaints received and % responded to within 20 working days - Aberdeen City Council H&SC	SW	19 (100%)	-	26 (92%)	I		4 Quarters	Oct-Dec 17
	L09	Number of new referrals to initial investigation under adult protection	SW	85	-	70	W		3 Quarters	Jul-Sep 17
	L13	Adult Services % Posts Vacant	SW	4.90%	-	5.01%	I		4 Quarters	Oct-Dec 17
	L14	Number of new community payback orders	SW	274	-	240	W		4 Quarters	Oct-Dec 17
	L15	Number of Criminal Justice Social Work reports to court	SW	405	-	323	W		4 Quarters	Oct-Dec 17
Well Led	L07	NHS Sickness Absence % of Hours Lost	NHS	✖ 4.7%	-	4.4%	W		5 Quarters	Jul-Sep 17
	L08	Council Sickness Absence (% of Calendar Days Lost)	SW	No update available						

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Aberdeen City Health & Social Care Partnership

A caring partnership

AUDIT & PERFORMANCE SYSTEMS COMMITTEE

Report Title	Transformation Progress Report
Lead Officer	Judith Proctor, Chief Officer
Report Author	Gail Woodcock, Lead Transformation Manager (ACHSCP)
Report Number	HSCP/17/132
Date of Report	20 February 2018
Date of Meeting	2 March 2018

1:	**Purpose of the Report**

The purpose of this report is to provide an update on the progress of the Transformation Programme.

This includes a high level overview of the full transformation programme, and a deeper dive into two of the work streams:

1. Acute Care at Home
2. Modernising Primary and Community Care.

2:	**Summary of Key Information**

2.1 Background

The Transformation Programme for the Aberdeen City Health and Social Care Partnership (ACHSCP), agreed by the IJB, includes the following priority areas for strategic investment:

- Acute Care at Home
- Supporting Management of Long Term Conditions and Building Community Capacity
- Modernising Primary and Community Care
- Culture Change/ Organisational Change
- Strategic Commissioning and Development of Social Care
- Information and Communication Technology, Technology Enabled Care, Infrastructure and Data Sharing

NHS Grampian   **ABERDEEN CITY COUNCIL**

AUDIT & PERFORMANCE SYSTEMS COMMITTEE

These programmes, consisting of a range of individual and linked projects, seek to support the delivery of the objectives and aspirations as set out in our Strategic Plan.

2.2 Acceleration and Pace Highlight Report

The Acceleration and Pace Highlight report for the period November 2017 to February 2018 is attached at Appendix A. This report provides a high level overview of key milestones delivered during the reporting period, along with anticipated key milestones in the next reporting period and any significant issues, risks and changes.

This report also provides information about our governance framework which supports the delivery of our programme (note: that this information will not be repeated in future Acceleration and Pace Highlight Reports.)

2.3 Acute Care at Home

2.3.1 Summary

The development of an Acute Care at Home service in Aberdeen seeks to deliver acute care in a person's home, where is it clinically safe to do so. There are two aspects to this:

- **Alternative to admission** – in this situation, the same type of hospital staff (consultant, nurse, occupational therapist, physiotherapist, healthcare support worker) that would have seen the person in hospital come to them and care for them in their own home.

- **Early supported/ active recovery on discharge** – in this situation, the person is taken home and cared for until completely well.

In both situations, the individual remains under the care of the Acute Care at Home team for the duration of their treatment which is usually around one to seven days. A daily virtual ward round is carried out to review wellbeing and amend management as appropriate. Any ongoing needs are dealt with by the Acute Care at Home team.

2.3.2 Anticipated Benefits

The anticipated benefits for Acute Care at Home are:

- Reduced delayed discharges

- Reduced hospital admissions
- Reduced risk of acquired infection and other complications
- Better quality of care for the same or reduced cost to more traditional approaches
- Reduced length of hospital stay
- Improved experiences and outcomes for people
- Improved staff experience

Work is ongoing to map anticipated benefits against the six Ministerial Steering Group indicators and other appropriate indicators. The approach taken in this regard, which is linked to a planned scaling of the service will be discussed with members at the committee.

2.3.3 Current Status

The initial business case is now fully developed and has been approved. Recruitment is ongoing to key roles with the operational team leader post commencing in December 2017. Recruitment to some of the roles has been more challenging, resulting in a delay to the service starting to take on patients. The anticipated go live date for initial patients is W/C 19 March 2018.

The evaluation framework for Acute Care at Home project was developed using a co-creation methodology and is planned to be complete for beginning of March 2018. The initial evaluation outcomes are anticipated to be available around October 2018.

2.4 Modernising Primary and Community Care

2.4.1 Summary

Modernising Primary and Community Care is a programme consisting of a range of projects which seek to support collaborative working, in localities, including our INCA teams, new service models for primary care and for transforming urgent care.

The work within the modernising primary and community care work stream particularly aligns with and are key deliverables to realising the vision presented with "Reimagining Primary and Community Care", as considered by IJB in January 2018.

2.4.2 Anticipated Benefits

A list of each of the projects with their anticipated benefits is attached at Appendix

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AUDIT & PERFORMANCE SYSTEMS COMMITTEE

B. A brief presentation will be provided to the committee setting out the approach taken to project impact for a number of these projects including a more comprehensive look at the INCA project.

Appendices

- A. Transformation Programme: Acceleration and Pace Highlight Report
- B. Modernising Primary and Community Care – list of projects, anticipated benefits.

3:	Equalities, Financial, Workforce and Other Implications

Financial Implications

The partnership receives around £18million per year from a range of sources to support its transformation programme. Transformation also impacts on the overall partnership budget of £260million.

Equalities Implications

Equalities implications are considered on a project by project as well as programme wide basis.

Workforce Implications

Workforce implications are considered at project, programme and overall portfolio levels.

4:	Management of Risk

Identified risk(s):

Risks relating to the Transformation Programme are managed throughout the transformation development and implementation processes. The Executive Programme Board and portfolio Programme Boards have a key role to ensure that these risks are identified and appropriately managed. High level risks to programme delivery and mitigating actions are identified within progress reports reported on a regular basis to the Audit and Performance Systems Committee.

AUDIT & PERFORMANCE SYSTEMS COMMITTEE

Link to risk number on strategic or operational risk register:

The main risk relates to not achieving the transformation that we aspire to, and the resultant risk around the delivery of our strategic plan, and therefore our ability to sustain the delivery of our statutory services within the funding available.

9. Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system

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 the known risks:

This paper brings to the attention of the Audit and Performance Systems Committee information about our programme management governance and reporting processes and specifically detailed financial information about our transformation programme, in order to provide assurance of the scrutiny provided across our programme management governance structure in order to help mitigate against the above risks.

4:	Recommendations for Action

It is recommended that the Audit and Performance Systems Committee:

1. Note the information provided in this report.

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Transformation Programme

Acceleration and Pace Highlight Report

Reporting Period: November 2017 – February 2018

- **Organisational Development & Cultural Change**
- **IT, Infrastructure and Data Sharing**
- **Modernising Primary & Community Care**
- **Supporting Self-Management of Long Term Conditions and Building Community Capacity**
- **Strategic Commissioning**
- **Acute Care @ Home**

Highlight Report 4.0

V1.0

1

Overall Transformation Programme

The Aberdeen City Health and Social Care Partnership's Transformation Programme seeks to deliver the change that is required for the partnership to deliver its strategic priorities.

General Comments:

Activities and Projects within the programme are categorised as follows:

- **TRANSFORMATIVE** – activities that are intended to change the current operating arrangements into new, different operating arrangements

- **INNOVATIVE** – activities that will introduce a new way of working into the current operating system

- **ENABLING** – activities and infrastructure which are essential to support innovation and transformation to happen.

Key Risks

RISK	DESCRIPTION	LIKELIHOOD/ IMPLICATION	MITIGATION
Failure to deliver transformation required	Failure to deliver the scale of transformation required within the timescales that additional funding is available, or within the time available before service demand is unsustainable.	MED/ HIGH	Scrutiny of progress via Executive Programme Board and Audit and Performance Systems Committee
Engagement & Change Strategy	Managing change with staff and partners may not be successful due to complexity of programme and other operational pressures	HIGH/ HIGH	Develop communications strategy Enhanced role of communications and engagement group Key stakeholders/ leaders as Programme Board members OD and Cultural Change Programme will provide development training
Sustainability of transformational change	There is a risk that new ways of working do not release resource within the overall system or that "blockages" prevent old system resource from transferring to new systems.	HIGH/ HIGH	Key stakeholders as Programme Board members Robust business and benefits planning and scrutiny to identify where resource will be released from and to allow "blockages" to be identified early. Ongoing review at key milestones to check that outputs remain aligned with corporate objectives
Failure to realise anticipated benefits of programme	The programme does not clearly articulate the anticipated benefits, and/or the anticipated benefits are not delivered.	MED/ MED	Benefits realisation workshops undertaken with a number of working groups and project teams Robust business planning process to clearly set out anticipated benefits. Programme Board and Working groups tasked to ensure benefits are realised. Evaluation Manager and Evaluation Officer in place to evaluate/ measure benefits realisation

2

Failure to balance transformation with business as usual	The balance of resource/ capacity allocated to change activities impacts on ability to deliver business as usual.	MED/ MED	Operational managers (as Business Change Managers) are on Programme Boards. Change process builds in double running resources where required.

## Programme Management Governance:

A programme management approach has been adopted across our transformation portfolio. This approach seeks to ensure progress while managing the natural tensions that will exist between corporate strategy, change processes, and business as usual operations.

The programme governance structure has been established to support the development and delivery of transformation at pace and at scale. This includes the Executive Programme Board which is tasked with providing overall direction to the complex programme of activities, in line with agreed strategy and policy. Three further Programme Boards, including a broad range of stakeholders, are in place to support progression at pace. Working Groups ensure progress on agreed portfolio projects, including supporting the development of business cases and specific projects which are delivered by Project Teams.

There is a good cross section of involvement from across the wider partnership throughout our programme management structure, including executive, operational, strategic, business functions, and including representation from our partners, NHS Grampian, Aberdeen City Council, 3rd Sector and Independent sector.

Work is ongoing to support all aspects of this complex programme of activity to comply with best practice in relation to programme management and good governance. This includes the adoption of an iterative project development process including the development of robust business cases which clearly identify the anticipated benefits, inputs required, and risks of any project.

The governance structure is set out below and highlights the strong relationship that exists between strategy and delivery of transformation programmes:

3
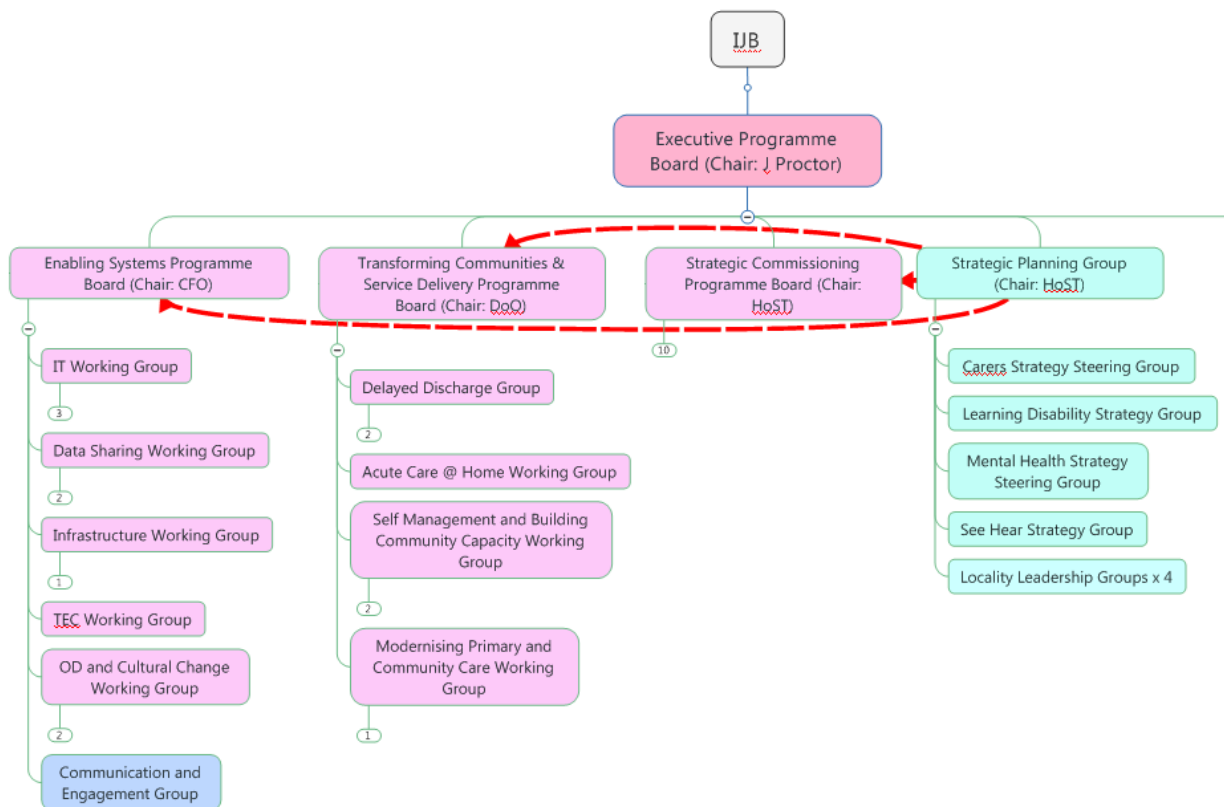
Overall Programme Expenditure

Our transformation programme seeks to release savings, through the development of leaner systems, and most of our initial work and investment seeks to create the environment which will allow this to happen. Further information about our benefits realisation framework including timescales will be included in future progress reports.

Programme Work stream	Investment/ spend to 31/3/17	Projected Spend 2017/18	Actual Spend 2017/18	Projected Spend 2018/19	Projected Spend 2019/20
Infrastructure, IT and Data Sharing	£642,322.42	£556,335.56	£323,789.21	£962,532.00	£845,500.00
Acute Care @ Home	£9,004.00	£26,799.00	£11,452.62	£616,461.00	£675,081.00
Supporting Management of Long Term Conditions and Building Community Capacity	£459,164.56	£552,244.56	£424,670.61	£1,448,925.50	£1,288,452.00
Modernising Primary & Community Care	£1,100,626.94	£1,176,966.00	£974,108.05	£1,768,291.00	£1,704,725.00
Culture and Organisational Change	£614,772.10	£142,671.30	£117,427.30	£95,600.00	£95,600.00
Strategic Commissioning and Development of Social Care	£25,730.10	£48,241.35	£48,844.18	£20,000.00	£20,000.00
Delayed Discharge	£728,169.00	£648,826.00	£462,263.80	£705,690.00	£641,035.00
Integration and Transformation Programme Delivery	£402,309.95	£940,876.00	£424,451.48	£1,410,580.00	£1,046,578.00
	£3,982,099.07	£4,092,959.77	£2,787,007.25	£7,028,079.50	£6,316,971.00

Abbreviations used throughout the report:

ACHSCP: Aberdeen City Health and Social Care Partnership

EPB: Executive Programme Board

MPCC: Modernising Primary & Community Care

SMCC: Supporting Self-Management of Long Term Conditions & Building Community Capacity

ODCC: Organisational Development & Cultural Change

IIDS: IT, Infrastructure and Data Sharing

SC: Strategic Commissioning

AC@H: Acute Care at Home

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Organisational Development and Cultural Change

1.   Programme Summary and Anticipated Benefits

This **ENABLING** work stream recognises that people are key to delivering our integration and transformation ambitions. The appropriate organisational culture is an essential core building block and we will be unable to successfully embed the transformation we week without changing the culture of our organisation and the people who make it.

Activities in this work stream will support this new "Team Aberdeen" culture to be developed and will support the development of people in the right places and with the right skills and attributes to support people in communities. The work stream also recognises the anxiety many of our staff will feel as we transition into our new partnership and integrate at every point of delivery, aligning with our values of caring, person centred and enabling.

2.   Key Milestones during reporting period

Key milestones deliverables	Planned Date	Achieved Date	Update	Comments
Monitor staff engagement through iMatter	17/11/17	October 2017 (1st iteration)	Initial iMatter complete. Findings have been fed back to staff in a range of ways including staff briefings and events.	
Taking Care of Transformation Conference	November 2017	November 2017	Conference took place as two half day sessions in November 2017. Positively received.	Following feedback, it is planned to hold the 2018 event in September.
HEART Awards	February 2018		Planning is well underway for the 2018 staff and partners celebration event. The number of nominations for the 2018 Awards has increased by 100%	

3.   Change Control

Change	Impact	
	Budget/Resource	Schedule
None at current time.		

4.   Issues and Opportunities   *New and Update*

There are no issues identified at present. The group are keen to optimise the use of both ACC and NHSG resources to effectively support the Partnership giving a wider resource base in terms of training and tools for supporting staff through change.

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5. **Major Risks** *New and Update*

No major risks identified in current period.

6. **Outlook and Next Period**

Anticipated milestones for the coming period include:

- Completion of HEART Awards 2018
- Finalising outcomes and agreeing priorities at the next working group meeting
- Review of Social Campus Business Case
- Deep dive presentation at the Enabling Systems Programme Board in April 2018.

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IT, Infrastructure and Data Sharing

1.   Programme Summary and Anticipated Benefits

This programme considers a range of enablers including Infrastructure, ICT, Technology Enabled Care and Data Sharing, which are significant complex activities that are essential for realising our integration and transformation ambitions.

There are clear links between this enabler work stream and delivery programmes including: the Modernising Primary and Community Care programme, including the provider of smart devices to support our workforce directly caring for people in our communities; the Self-Management and Building Community Capacity programme, including the provision of technology enabled care to support people in communities to effectively self manage their long term conditions.

2.   Key Milestones during reporting period

Key milestones deliverables	Planned Date	Achieved Date	Update	Comments
Single email and calendar through Office 365	31/10/17 – initial test phase	1/12/17 – initial test phase live	Office 365 is now being trialled across a couple of test teams. The functionality provided through O365 also extends to supporting virtual working arrangements including sharing files and working collaboratively on documents in real time.	This project will realise real efficiency savings. There are challenges which will affect wider roll out relating to partner arrangements, however test arrangements are working for both NHS and ACC staff (although less streamlined for NHS staff). This project will also, in due course, provide a partnership intranet.
ICT devices for nurses and care workers	31/3/18 (first phase)	November 17 – devices in place for West Visiting Project. February 18 – devices in place for INCA teams.	Cultural challenges in relation to devices have been overcome in relation to the small test teams that are now live. Learning from these small tests will inform wider roll outs.	There are challenges relating to other inter-related IT projects including Community Vision which may only be available on laptops, restricting the flexibility of mobile working. Work is ongoing to overcome these challenges.
Website	February 2018	Complete. Soft launch February 2018.	Website is in final testing phase and is due to go live W/C 19/2/18. A website policy has been developed setting out a governance process to support information to go on-line.	The website will continue to be incrementally developed and improved post go live.

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Video Conferencing Review	November 2017	November 2017	This review has concluded and the new preferred solution implemented, which requires less resource than previous arrangements.	This project is now complete.
Dark Fibre	November 2017	November 2017	This was to support shared networks between NHS & ACC at a faster rate	This project is complete with a successful increase in speed and resilience
GP Wifi Enabled	TBC	TBC	There are several projects to deliver this equitably across the City. Work is progress on understanding baseline and project planning.	Business Analyst aligned to this work.
TEC	Ongoing.	Ongoing.	Initial TEC workshop took place to scope programme and identify stakeholder profiles to inform development of framework. Workshop 2 takes place 17th Feb to draft TEC framework.	Awaiting publication of national Digital Health Strategy – Spring 2018.

3.   Change Control

Change	Impact	
	Budget/Resource	**Schedule**
Change relating to method of resourcing the review of web content on ACC and NHS websites and population of new partnership website.	Minimal (will cost slightly less)	Shorter commencement period, and longer implementation period (staff member was available immediately but for fewer weekly hours)

4.   Issues and Opportunities   *New and Update*

Vacant IT Project Manager progressing towards recruitment process.

5.   Major Risks   *New and Update*

There are a number of risks relating to data sharing and the time required to develop and implement solutions, which will be critical to a number of other projects (to date mitigations have been put in place, however these mitigations are not desirable on a scaled basis.)

6.   Outlook and Next Period

Anticipated milestones for the coming period include:
- A Technology Enabled Care Plan with tiered framework.

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Modernising Primary & Community Care Programme

## 1.	Programme Summary and Anticipated Benefits

This work stream includes reviewing and developing strategies for:

• Collaborative working, in locality hubs, with increased pharmacist provision, social work links and GP led beds to help to reduce admissions to hospital
• locality hubs supported by the design of integrated health and care teams, and investigating new models such as Buurtzorg and Advanced Nurse Practitioners
• New service delivery models primary care and modernising of infrastructure

A long term initial blueprint and vision for reimagining primary and community care has been developed and this long term plan was approved by IJB in January 2018.

## 2.	Key milestones during reporting period

Key milestones deliverables	Planned Date	Achieved Date	Update	Comments
Testing Buurtzorg Principles in Aberdeen/ INCA	1/11/17 (for first phase implementation)	22/1/18 (induction of teams commenced)	2 test teams established in Cove and Peterculter. Each team consists of nurses (NHS) and care at home workers (employed by Bon Accord Care). Induction training completed 02/02/18. Teams operational in 2 areas 05/02/18 (yet to receive referrals at the date of this report.)	Project now in implementation phase
GP Led Step up/ Step Down Care Home Beds	No end date identified	ongoing	Options appraisal has been developed and considered by Transforming Communities and Service Delivery Programme Board. Business case to be developed on option that includes staged process to cross city implementation. Business Case will align with wider Reimagining Primary Care Blueprint.	Progress slower than anticipated due to capacity of key staff.
Nursing succession planning	March 2021	Ongoing	Project proposal agreed that will support a greater number of nurses to achieve the qualifications required to become a District Nurse. IJB approved expenditure and business case now being developed.	Project is in implementation phase.
Community Mental Health Hub	31/3/19	ongoing	Project is operational and initial evaluation is about to progress.	Project is in implementation phase.
West Visiting Service	November 2017 commencement	Ongoing.	West visiting service is now in its 3rd month of operation and all practices in the West Locality are using the service. The service has received extremely positive reviews from GPs to date, and no. of referrals is increasing month on month. A total of 105 visits carried out Nov 6th 2017 – 29th Jan 2018	GPs in other localities are indicating a keenness to progress a similar service.

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3.   Change Control

Change	Impact	
	Budget/Resource	Schedule
none		

4.   Issues and Opportunities   *New and Update*

No major risks or opportunities identified in current period.

5.   Major Risks   *New and Update*

No major risks identified in current period.

6.   Outlook and Next Period

Anticipated milestones for next reporting period include:
- Initial evaluation of Community Mental Health Hubs
- INCA teams commence supporting clients

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Supporting Self-Management of Long Term Conditions and Building Community Capacity

1.   Programme Summary and Anticipated Benefits

This work stream recognises that pressures on mainstream primary and community care services cannot be reduced through a "more of the same" approach. The work stream seeks to shift our relationship with communities to enable a more co-productive approach and to nudge the culture towards being more empowered and responsible in relation to ourselves and each other. A number of referrals and appointments in primary care currently relate to social issues and low level anxiety/ depression, and evidence exists that this can be reduced through "non-clinical" support and link resources, embedded in the community and our locality teams.

To deliver population level impact and change we need to go beyond small tests of change and develop at scale activities.

2.   Key milestones during reporting period

Key milestones deliverables	Planned Date	Achieved Date	Update	Comments
Link Working	April 2018 (commencement of Link Practitioner 's)	ongoing	SAMH has been awarded the contract to provide Link practitioner for the City. A recruitment process is ongoing for a Community Link Development Manager which will project manage the roll out of the wider link approach. Initial Link Practitioners hoped to be appointed in Spring 2018.	
Social Transport	March 2018	ongoing	Provision of social transport through Thinc is continuing during 2018/19 to allow time to develop a sustainable solution. A project plan has been developed including a rapid improvement event in May 2018.	
House of Care	March 2019	ongoing	Three city practices have been approved to participate in the House of Care project. Initial training took place in January 2018.	
Golden Games	July 2017	July 2017	Golden Games event has been delivered. Outline Business Case for 2018/19 and 2019/20 has been approved with sustainability plan in place.	

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Living and Age-ing Well in Aberdeen	January 2018	Ongoing	Visioning and Blueprint workshop is due to take place in February 2018. Proposed milestones have been identified to ensure framework in place.	

3.   Change Control

Change	Impact	
	Budget/Resource	Schedule
No significant changes during current period.		

4.   Issues and Opportunities   *New and Update*

No major issues or opportunities identified during current reporting period.

5.   Major Risks   *New and Update*

No major risks identified in current period.

6.   Outlook and Next Period

Anticipated milestones for the coming period include:
- First Link Practitioner in place
- Social Transport Rapid Improvement Event with initial findings.
- Practices adopting House of Care framework

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Strategic Commissioning

1.   Programme Summary and Anticipated Benefits

The Partnership was required by the Public Bodies legislation to produce a Strategic Commissioning Plan/Strategic Plan and this was published on our 'Go live' date in 2016.

Aligned to this will be a Commissioning Implementation Plan which will translate the Strategic Plan's ambitions and priorities into commissioning intentions for the next six years and include a Market Facilitation Statement which will outline how the partnership can best support the local health and social care market.

The Strategic Commissioning Programme Board has now met and relevant workstreams are being formed.

Anticipated benefits include contractual arrangements that are fit for purpose; more appropriate care models; improved quality of experiences and outcomes for individuals, particularly in terms of being supported to remain safely at home for longer; and improved efficiency.

2.   Key milestones during reporting period

Key milestones deliverables	Planned Date	Achieved Date	Update	Comments
Strategic Commissioning Implementation Plan approved	November 2018	January 2018	Approved at IJB in January 2018	

3.   Change Control

Change	Impact	
	Budget/Resource	Schedule
No substantial changes during current reporting period		

4.   Issues and Opportunities   *New and Update*

The key challenges associated with this project are around capacity to carry out the substantial work required within the timescale available. Work on this workstream has been slow to commence due to recruitment delays with key staff.

5.   Major Risks   *New and Update*

A risk management plan has been produced. The top risks have been identified as:
- Failure to meet deadlines
- Failure to engage effectively with key stakeholders
- Failure to envisage innovative models of care.

Mitigating actions are in place for each of the risks identified.

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6.   Outlook and Next Period

Anticipated milestones for next reporting period include:
- Development of priority workstreams

Acute Care @ Home

1.   Programme Summary and Anticipated Benefits

Our Acute Care at Home service will provide, for a limited time period, active treatment by appropriate professionals, in the individual's home, for condition(s) that would otherwise require acute hospital in-patient care.

The development of such a service fits with our ambition for our strategic intentions to have a greater preventative impact especially since we know that prolonged length of stay for the frail elderly and those with long term conditions can lead to a higher risk of acquired infection and other complications such as loss of confidence, function and social networks.

Increasingly, given the choice, individuals and their carers show a preference for receiving care at home, when they have confidence that it will be provided by skilled practitioners working collaboratively to ensure continuity of care.

2. Key milestones during reporting period

Key milestones deliverables	Planned Date	Achieved Date	Update	Comments
Business Case	August 2017	November 2017	Full Business Case was approved by Executive Programme Board in November 2017, and thereafter a formal Direction was issued to NHS Grampian.	There was a delay in the planned date due to delays in commencement of Programme Management resource.
Initial operational staff in place	November 2017	April 2018	Successfully recruited to Team Leader, Advanced Nurse Practitioner, Physiotherapist and 2 Health Care Support Worker roles. Work ongoing to fill Consultant Geriatrician, Occupational Therapist, Pharmacy Technician, 2 Health Care Support Worker and Administrator posts.	Delays in recruitment and HR checks have resulted time slippage.
AC@H Team operational	February 2018	April 2018	Team will scale up incrementally initially caring for patients in central locality. Scaling plan to become city wide service by Sept '18	
Phase 2 expansion	November 2018	TBC	Team will reach maximum capacity within 6 months and upon demonstration of benefits of service a Phase 2 expansion will be triggered	

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4.   Change Control

Change	Impact	
	Budget/Resource	Schedule
No changes in current reporting period.		

5.   Issues and Opportunities   *New and Update*

The project has in the past progressed slower than desired due to capacity challenges. This was resolved through the appointment of Team Leader and assignment of Programme Management resource. Team will go live in field in April 2018 after recruitment and induction of team.

6.   Major Risks   *New and Update*

No major risks.

7.   Outlook and Next Period

Anticipated milestones for next reporting period include:

- Team fully recruited to and induction completed (April 2018)
- Team operational in Central Locality (April 2018)
- Performance monitoring report on first two months showing incremental expansion of service (June 2018)
- Planning begun for Phase 2 expansion (June 2018)

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Document Location   This document is only valid on the day it was printed and the electronic version is located with the document owner (Integrated Localities Programme Manager)

Document Status   The current status for this document is *DRAFT*

Revision History   Date of next revision:

Version number	Revision date	Previous revision date	Summary of changes	Changes marked
V1.0	20/12/16	N/A	Ist draft	N/A
V2.0	5/2/17		Updated	no
V3.0	5/7/17		Updated	no
V4.0	12/2/18		Update	no

Distribution   This document has been distributed as follows

Name	Responsibility	Date of issue	Version
APS consultation list	S Gibbon	tbc	V4.0

Purpose   The purpose of a Highlight Report is to provide the Integration Joint Board/ Audit and Performance Systems Committee/ Executive Programme Board with a summary of the stage status at intervals defined by the board. The board will use the report to monitor stage and project progress. The Lead Transformation Manager (who normally produces the report) also uses the report to advise the Project Board of any potential problems or areas where the Board could help.

Quality criteria

- Accurate reflection of checkpoint information
- Accurate summary of Risk & Issue Logs
- Accurate summary of plan status
- Highlighting any potential problem areas

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Unique Project ID	Key Milestone/ Actions	Summary of Activity	Anticipated Benefits	Spend to 31/3/17	Projected Spend 2017/18	Actual Spend 2017/18	Projected Spend 2018/19	Projected Spend 2019/20
MP302	GP Practice New Ways of Working	Range of activities including testing new ways of delivering primary care - New Dyce and New Northfield - new ways of working - Triage new ways of working	• Reduce pressure on Primary Care • Absorb/Manage increasing demand • Manage challenge of workforce supply • Reduce unplanned admissions to ARI • Realise Efficiencies in Acute Spend (Set Aside budget) • Reduce Delayed Discharge numbers and bed days lost (Set Aside)	£486,964.03	£509,000.00	£573,431.19	£560,401.00	£371,401.00
MP303	Pharmacy and Prescribing	Additional pharmacy support to enable review of long term medication and improve risks around dispensing budgets - Allocation of pharmacists in GP practices	• Mitigate anticipated increase in cost and volume of medicines • Reduced falls • Reduction in waste of medication Patients stabilised on fewer medications will potentially require less contact with health professionals, freeing up capacity • Fewer unscheduled hospital admissions due to adverse drug reactions. • Potential efficiencies through best practice with caveat on global cost increases	£150,581.00	£210,000.00	£138,126.00	£318,401.00	£318,401.00
MP304	Buurtzorg/ INCA	Person Centred, self managing community nursing and care teams	• Better outcomes for patients: including more efficient discharges from hospital and reduced inappropriate hospital admissions. • Greater staff satisfaction: including reduced turnover of staff, reduced sickness absence. • Staff have more time to spend with clients. • More responsive, patient centred service. • Improved multi-disciplinary working. • Reduced duplication and bureaucracy. • Catalyst for continuous improvement.	£1,688.00	£144,128.00	£59,186.16	£367,879.00	£499,344.00
MP305	Primary Care Workforce Succession Planning	Addressing challenges in workforce planning for wider primary care workforce.	• Increased number of nurses achieving qualification required to become a District Nurse. • Support for flexible approaches to undertake training will mean that more nurses will be able to undertake the qualification. • Opportunity to align training with new ways of integrated working including utilising Buurtzorg principles. • At the conclusion of the 5 year project we will have 30 fully qualified District Nurses (instead of projected 20 nurses under existing system).	£297,600.00	£16,500.00	£10,675.37	£65,920.00	£66,579.00
MP306	Community Falls Clinic and Pathway	Develop Falls pathway.	• Reduce Admissions and realise efficiencies from set aside	£0.00	£11,234.00	£9,332.72	£0.00	£0.00
MP307	Develop GP led beds test in a locality	Project will test the development of GP led beds in communities	• Reduce Admissions and realise efficiencies from set aside	£0.00	£0.00	£0.00	£0.00	£0.00
MP308	Community Mental Health Hub	Primary Care Clinical roles to work alongside existing Mental Health Workers to support community based mental health support	• Reduction in patient symptoms and improvements in functioning and wellbeing • Enabling targeted individuals to return to the workplace • Easy access to appropriate support in the local community • Reduced pressure on GP workload • Improved levels of clinical support for care providing staff • Reduction in spend on physical health conditions • Reduction in costs to provide health and social care services (based on current models) • Reduction in costs to wider public purse (i.e. out of work benefits.)	£7,177.14	£250,000.00	£163,495.61	£389,000.00	£389,000.00
MP309	Clinical Governance Intranet	Intranet to support clinical governance	• Reduced admissions - Greater efficiency	£0.00	£9,008.00	£9,008.00	£12,612.00	£0.00
MP310	Transforming Urgent Care	Development of new models to transform urgent care: - early evening service - west visiting service	• Relieving pressure in Primary Care • Reducing / diverting demand • Reducing admissions - Increased efficiency in primary care	£720.00	£13,596.00	£353.00	£45,876.00	£60,000.00
MP311	Alcohol Hub	A test of change to improve the care and treatment for people with alcohol related problems with the aim of reducing the impact on Primary and Secondary Care.	Reduce alcohol related hospital admissions and in particular unscheduled admissions Increase utilisation of the Integrated Alcohol Service and subsequent retention rates Increase deployment and utilisation of resources to the areas of most need Increase the quality and quantity of support available to primary care	£0.00	£3,000.00	£0.00	£8,202.00	£0.00
MP312	Pre-school Immunisaions	Increase of current capacity of immunisation nurses for fixed period in order to to improve effectiveness of pre-school vaccination programme	Increased uptake of vaccinations - Fewer cancelled clinics				£77,140.00	£81,140.00
MP313	Community phlebotomy service	Implementation of a Citywide Phlebotomy Service in order to provide more efficiency within our nursing system.	• Managing workforce supply • Reducing demand on highly skilled professionals • Absorbing/managing increasing demand • May be offset from additional primary care funding • Potential ability to reconfigure workforce	£0.00	£0.00	£0.00	£0.00	£0.00
MP314	MPCC General/ Other	Spend to 31/3/17 incl. range of former projects including modernisation support at Torry		£155,896.77	£10,500.00	£10,500.00	£0.00	£0.00
				£1,100,626.94	£1,176,966.00	£974,108.05	£1,768,291.00	£1,704,725.00

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Aberdeen City Health & Social Care Partnership

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AUDIT & PERFORMANCE SYSTEMS

Report Title	Finance Update as at end December 2017
Lead Officer	Alex Stephen, Chief Finance Officer
Report Author	Gillian Parkin (Finance Manager)\Jimmie Dickie (Finance Business Partner)
Report Number	HSCP.17.127
Date of Report	16 January 2018
Date of Meeting	2 March 2018

1:	**Purpose of the Report**

i)   To summarise the current year revenue budget performance for the services within the remit of the Integration Joint Board as at Period 9 (end of December 2017); and

ii) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services.

iii) To note the budget virements required to ensure budgets are more closely aligned to anticipated income and expenditure (see Appendix E).

2:	**Summary of Key Information**

Reported position for period to end December 2017

2.1   An adverse position of £2,366,000 is reported for the nine month period to the end of December 2017 as shown in Appendix A.   A forecasted year-end position has been prepared based on month 9 results. This has resulted in a projected overspend of £3,477,000 (£2,808,000 September 2017) on mainstream budgets.   The main areas of overspend are prescribing (forecast £1,817,000), Out of Area Treatments £580,000 and Grampian wide hosted services (£1,050,000).   With prescribing and hosted services being the major movements from the September 2017 forecast.

2.2   A review has been undertaken of the spend and commitments against the Integration and Change Fund budget and the forecast has been adjusted accordingly.   As can be seen from the forecast identified in Appendix A, it is currently anticipated that the £3,477,000 can be accommodated from within this budget for 2017/18.   This would protect the partners from incurring any additional financial pressure on their own budgets.   Nevertheless, the

Executive Team and Senior Managers continue to look for ways to resolve as much of the overspend in 2017/18 as possible, although are mindful there will be some transitional spend while the recovery plans are implemented and that the majority of solutions to resolve this level of overspend will have implications on frontline service delivery and therefore require IJB approval.

2.3 An analysis of variances is detailed below:

Community Health Services (Year to date variance - £142,000 underspend)

Major Movements:

£159,000	Across non pay budgets
£68,000	Under recovery on income
(£370,000)	Staff Costs

There is currently an overspend on the non-pay budgets, as a result of additional expenditure on business rates due to the business rates revaluation. There is also an under recovery on the Local Authority Speech and Language Therapy income budget due to a renegotiation of the contract. These overspends are offset by an underspend on staff costs mainly relating to inability to recruit Allied Health Professionals.

Hosted Services (Year to date variance £759,000 overspend)

Intermediate Care is £376,000 overspent as a result of medical locum costs due to the requirement to provide consultant cover at night within Intermediate Care and higher than anticipated expenditure on the Wheelchair Service due to an increase in demand for this service.

Police Forensic Service is £102,000 over budget as there has been a legacy under funding issue with this budget.

Grampian Medical Emergency Department (GMED) budget is forecast to £299,565 over budget mainly due to the move to a new service model and a greater uptake of shifts across the service.

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. An officer led workshop has been undertaken and hosted services will be required to submit service plans for review by senior managers. It is anticipated this will form the basis of a report to the IJB in the new financial year.

Learning Disabilities (Year to date variance - £220,000 overspend)

Major Movements:

 £22,000 Staff Costs
£176,000 Under-recovery customer and client receipts

The overspend on staff costs mainly relates to support for complex care clients in both day care and support accommodation settings. The under-recovery in client and customer receipts is mainly on residential and nursing care and the reasons for the change in income patterns are being investigated.

Mental Health & Addictions (Year to date variance - £48,000 overspend).

 £102,000 Expenditure on staff costs
(£60,000) Income Customer and Client Receipts

The overspend on medical locum costs is due to difficulties recruiting to consultant posts. There is a shortage of mental health consultants nationally and the U.K. national training scheme makes it difficult to attract newly qualified consultants to the City. Mental Health currently have 4 whole time equivalent consultant vacancies and 1 whole time equivalent speciality doctor, which are currently all being filled by locums. The over recovery on income mainly relates to residential care.

Older People & Physical and Sensory Disabilities (Year to date variance - £465,000 underspend)

Major Movements:

(£329,000) Commissioned services
 (£55,000) Staff Costs

There is an underspend of £329,000 on commissioned services. This consists mainly of an underspend of £287,000 on needs led care and other commissioned services. This is due to how the budget has been allocated rather than a reduction in demand or supply. However, there are signs that our homecare expenditure maybe greater than forecast. This is currently being investigated by the accountants to determine the impact and the reasons for this potential movement, in the meantime £300,000 has been ring fenced in the total forecast position for the IJB. There is an underspend of £55,000 on staff costs due to vacancies.

Directorate £373,000 overspend

£241,000   Under recovery income generation target
£90,000   Staff Costs

There is a potential under recovery of £241,000 of the income generation target. A review is being undertaken to determine whether the income generation target has been achieved against other budget heads and a virement will be processed during the final monitoring of the financial year once this has been confirmed. Additional staff costs of the new staffing structure £90,000 has been identified against this budget line. These staff costs will be offset by the underspends on other staffing budget heads, including the older people underspend highlighted above.

Primary Care Prescribing (Year to date variance – £1,334,000 overspend)

As actual information is received two months in arrears from the Information Services Division this position is based on actuals for October 2017 with an estimation of spend for November and December. The budget to September includes the additional budget added during the budget process of £559,000. The average cost per item varied throughout 2016/17 and averages at £11.28 over the year. The actual average cost per item in October was £11.57 and this price is used for estimating November and December spend. Expenditure on items includes increased expenditure in advance of Christmas beak and this is included in estimate for December. To compensate for this the budget is phased with a greater than normal allocation in December which has contributed to the overall position as compared to November.

Primary Care Services (Year to date variance - £73,000 overspend)

The Primary Care Services budget largely represents the GP contract payments (based on practice registered patient numbers) for 2017/18, which is matched by revised annual grant allocations from the Scottish Government. There are some elements of this budget directly under the control of the partnership and where cost pressures are currently being experienced. In particular a new cost pressure has emerged in 2017/18 for premises in relation to Business Rates as a result of the recent rates revaluation.

Out of Area Treatments (Year to date variance - £325,000 overspend)

The projected overspend reflects that the number of patients receiving care outside of the Grampian area has increased over the last few months. A review is being undertaken to determine how best to manage this budget and financial pressure in future. Work is progressing to look at a regional approach

to dealing with our of area placements.

List of Appendices:

a) Finance Update as at end December 2017
b) Summary of risks and mitigating action
c) Sources of Transformational funding
d) Progress in implementation of savings - December 2017
e) Virements

3:	Equalities, Financial, Workforce and Other Implications

3.1   Every organisation has to 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 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.

3.2   Key underlying assumptions and risks concerning the forecast outturn figures are set out within Appendix B. Appendix D monitors the savings agreed by the IJB.

4:	Management of Risk

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

Link to risk number on strategic or operational risk register: 2

How might the content of this report impact or mitigate the known 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.

Should there be a number of staffing vacancies then this may impact on the level of care provided to clients. This issue is monitored closely by all managers and any concerns re clinical and care governance reported to the executive and if necessary the clinical and care governance committee.

5:	**Recommendations for Action**

It is recommended that the Audit & Performance Systems Committee:

1. Notes this report in relation to the IJB budget and the information on areas of risk contained herein.

2. Notes the budget virements indicated in Appendix E.

Appendix A: Finance Update as at end December 2017

Accounting Period 9	Full Year Revised Budget Budget £'000	End Dec Budget Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance Percent %	Year-End Forecast £'000
Community Health Services	31,897	23,683	23,541	(142)	0.6%	(180)
Aberdeen City share of Hosted Services (health)	20,394	15,324	16,083	759	4.9%	1,050
Learning Disabilities	30,557	22,917	23,137	220	1.0%	160
Mental Health & Addictions	20,053	15,040	15,088	48	0.3%	66
Older People & Physical and Sensory Disabilities	73,549	55,161	54,696	(465)	(0.8%)	(511)
Directorate	(694)	(524)	(151)	373	71%	430
Central Living Wage/Inflation Provision etc.	(4,258)	(3,913)	(3,852)	61	0.3%	(58)
Criminal Justice	47	39	(98)	(137)	(351%)	0
Housing	2,111	1,583	1,500	(83)	5.2%	0
Primary Care Prescribing	39,748	29,756	31,090	1,334	4.5%	1,817
Primary Care	37,217	27,945	28,018	73	0.3%	122
Out of Area Treatments	1,005	766	1,091	325	42.4%	581
Sub Total: Mainstream position	**251,626**	**187,777**	**190,143**	**2,366**	**1.4%**	**3,477**
Integration and Change Funds	22,154					
☐ **Total funding available**						**(22,154)**
Projected expenditure to end March 2018		5,408	5,408			11,947
Contribution to mainstream position (as above)						3,477
Total position including Integration and Change Fund	**273,780**	**193,185**	**195,551**	**2,366**		**(6,730)**
Risk and Equipment Fund						**(2,250)**

Appendix B: Summary of risks and mitigating action

	Risks	Mitigating Actions
Community Health Services	Balanced financial position is dependent on vacancy levels.	• Monitor levels of staffing in post compared to full budget establishment. • A vacancy management process is in the process has been created which will highlight recurring staffing issues to senior staff. • Position improving and break even predicted for year end
Hosted Services	Potential increased activity in the activity led Forensic Service. The use of locums for intermediate care	• Work is being undertaken at a senior level to consider future service provision and how the costs of this can be minimised. • Substantive posts have recently been advertised which might reduce some of this additional spend.
Learning Disabilities	Fluctuations due to expensive support packages being implemented. Increase in provider rates for specialist services. Underspend is dependent on vacancy levels continuing at present levels.	• Packages are reviewed frequently to consider whether they are still meeting the needs of the clients. • All learning disability packages are going for peer review at the weekly resource allocation panel

	Risks	Mitigating Actions
Mental Health and Addictions	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 review of locum spend has highlighted issues with process and been addressed, which has resulted in a much improved projected outturn, although an overspend is still being forecast.
Older people services incl. physical disability	Balanced financial position is dependent on staffing levels. Increase in activity in needs led service.	• 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. • Review packages to consider whether they are still meeting the needs of the clients. • An audit of Carefirst residential packages established that £500k of packages should be closed. These findings were combined with a review of previous years accruals to determine how much the residential care spend should be reduced which also resulted in a favourable reduction in projected spend

	Risks	Mitigating Actions
Prescribing	Primary Care prescribing is impacted by volume and price factors both of which are forecast on basis of available date and evidence at start of each year by the Grampian Medicines Management Group Several drugs now on short supply which has resulted in increased prescribing costs	• 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.
Out of Area Treatments	Increase in number of Aberdeen City patients requiring complex care from providers located outwith the Grampian Area.	• Review process for approving this spend.

Appendix C: Sources of Transformational funding:

	2017/18 (£m)	2016/17 c/fwd (£m)	Total (£m)
Integrated Care Fund	3.750	2.684	6.434
Delayed Discharge Fund	1.125	1.420	2.545
Winter resilience		0.190	0.190
Mental Health Access		0.054	0.054
Primary Care Pharmacy	0.318	0.215	0.533
Social Care transformation funding	9.504	4.773	14.277
Tranche 2 Social Care Funding	3.860		3.860
Primary Care Transformation	0.255	0.267	0.522
Mental Health Fund	0.138	0.147	0.285
Transforming Urgent Care	0.269	0.286	0.555
Keep Well/Public Health (Tobacco, CHW)		0.381	0.381
Carers Information Strategy	0.182		0.182
Mental Health Access Fund	0.129		0.129
Carers	0.280		0.280
Mental Health Innovation Fund	0.078		0.078
6EA Unscheduled Care	0.112		0.112
Winter Monies	0.099		0.099
HV Nursing	0.094		0.094
Winter Funding	0.158		0.158
	20.351	**10.417**	**30.768**
Adjust for social care budget transfer	-8.614		-8.614
Funding available for IJB commitment	**11.737**	**10.417**	**22.154**

Appendix D: Progress in implementation of savings – December 2017

Area	Agreed Target	Status	Action	Responsible Officer
Vacancy Management	1,100	Amber	Once a post becomes vacant grades and hours are reviewed before the vacancy process begins. *All vacancies are authorised by CFO and senior management. Where possible posts are held until it is essential to be filled for the running of a service.*	Judith Proctor
City Core Community Health	103	Green	Only essential training is being permitted. Overtime is being monitored on a monthly basis and will only be used if this is essential to the running of a service and should be the last resort.	Tom Cowan
City Core Community Health	100	Green	There is currently an administration review being undertaken – reviewing all workload and grades of admin staff required. When a vacancy arises the grade and hours are reviewed and posts only being filled if essential. Bank usage is being monitored on a monthly basis and is the last resort of filling holiday or sick leave cover. CFO now chairing Admin review programme board.	Alex Stephen
Various on-costs on commissioned services	315	Green	Care providers will receive no increase in funding other than any increases agreed for sleepovers, living wage and through the NCHC if applicable.	Tom Cowan

Area	Agreed Target	Status	Action	Responsible Officer
Review and reduce commissioning in association with other Councils to reduce rates.	575	Amber	Review placements provided by Aberdeen City that should be funded by other councils. Some packages are expensive and by working with other Councils it should be possible to negotiate better rates. Review care packages to determine whether they are still fit for purpose and meet the eligibility criteria. *Additional social workers have been recruited to review packages and a process has been set-up where expensive packages are required to be signed off by a resource allocation panel. Any increases to packages require to be signed off by either CFO or Head of Operations*	Tom Cowan
Direct payment - reduce contingency levels	200	Green	Direct payment clients receive a contingency payment amounting to 8 weeks and this it to be changed to 4 weeks. 60% of audits have been completed	Tom Cowan
Speed up financial assessment process	100	Amber	By improving this process clients will know quicker how much contribution, if any, they require to make to their care package. Speeding up this process will give clients more certainty and reduce potential arrears.	Alex Stephen

Area	Agreed Target	Status	Action	Responsible Officer
Income Generation	350	Amber	Review charging levels across the Partnership and look for ways to generate more income to support core services - making best use of our assets etc.	Alex Stephen
Self-Directed Support	59	Green	Remove budget for organisation providing support to SDS clients. Contract has come to an end and has not been renewed (support now being provided in-house)	Alex Stephen
Remove historic underspends	260	Green	Complete	Alex Stephen
Outreach team not filled	280	Green	Funding and posts are no longer required re strategic plan.	Alex Stephen
Review of the Training/Overtime & Parking	163	Amber	Managers to consider ways to reduce overtime & training and pay travel as incurred not issuing parking passes. Ongoing	Judith Proctor
Management Model	710	Green	Review and assessment of the Partnership overall management	Tom Cowan

Area	Agreed Target	Status	Action	Responsible Officer
			model. Where staff are employed in transformational roles then they should be charged against the integration and change fund. Where it is possible to reduce the number of posts without making someone redundant then this will be considered and actioned.	
Total	4,315			

Appendix E: Virements

Period 7-9 Health	
Budget Funding Adjustments	
Nursing Quality funding	£13,300
Transfer of resource from Mental Health hosted to support OT and admin	£371,697
Health Visiting additional posts	£93,350
HV resource from NHSG nursing resource group	£15,708
Additional SG allocation – 6EA Unscheduled Care	£112,761
Additional SG allocation – winter pressures	£98,500
SG reduction to prescribing budget.	(£117,234)
Nurse training funding	£4,952
Additional Hosted services budget – SG allocation	£63,502
Additional primary care budget – Support towards our primary care services.	£21,609
Total Virements	**£678,145**

Period 7-9	
Budget Virements	
Older People Direct Payments	£100,000
Learning Disability Commissioning	£241,831
Mental Health Commissioning	£27,907
Physical Disability Commissioning	£664,281
Older People Commissioning	(£1,978,629)
In-house client contributions	(£256,817)
External client Contributions	£525,763
Other local authority contributions	(£218,946)
NHS contribution carer service	(£50,000)
TEC grant funded expenditure	£112,000
TEC grant funded income	(£112,000)
TEC grant equipment correction	(£76,891)
TEC grant Bon Accord commissioned service	£76,891
Reduced contribution to sleepover adjustment	£755,610
Kingsmead Occupancy costs	£369,000
Contribution to Occupancy Costs	(£180,000)
Total Virements	**£0**

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Aberdeen City Health & Social Care Partnership

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Audit and Performance Systems Committee

Report Title	Internal Audit – Adult Social Work Transport
Lead Officer	David Hughes, Chief Internal Auditor
Report Author (Job Title, Organisation)	David Hughes, Chief Internal Auditor
Report Number	HSCP.17.121
Date of Report	7 February 2018
Date of Meeting	2 March 2018

1:	Purpose of the Report

A protocol was agreed by the Audit and Performance Systems Committee and Aberdeen City Council's Audit, Risk and Scrutiny Committee regarding sharing the outcomes from Internal Audit work undertaken in the respective organisations following consideration of the outcomes by the "lead" Committee.

The purpose of this report is to present the outcome from the planned audit of Adult Social Work Transport that was included in the 2017/18 Internal Audit Plan for Aberdeen City Council. The Internal Audit report was considered by the Aberdeen City Council Audit, Risk and Scrutiny Committee in November 2017.

2:	Summary of Key Information

The Social Work Transport team, part of the Council's Public Transport Unit (PTU), arranges transport for Social Work service users where it is assessed as being required by Aberdeen City Health & Social Care Partnership. In 2016/17 the Service spent £246,563 on contracted transport.

The objective of this audit was to consider whether appropriate arrangements are in place to secure transportation in a cost effective and well managed way. In general this is the case, however recommendations have been made, and agreed with management, to help improve governance arrangements.

In order to ensure clarity and make improvements regarding consistency in record keeping, a Service Level Agreement will be introduced and the Service will review the current protocols and practice for arrangement of travel.

The Data Protection Act requires consent from individuals to process their personal sensitive information, including transferring it to others for provision of

1

services. Such data is regularly provided to the PTU and then to transport operators but consent is not specifically recorded on paperwork. Whilst operators are contractually required to comply with Data Protection requirements and the Council's Data Protection Policy, ensure that drivers are appropriately registered with the PVG Scheme and have approval from the PTU to be utilised, there is still a risk of a breach of Data Protection regulations. The Service has agreed to review and, if required, amend practice

Records relating to service provision are maintained in a number of areas with CareFirst, the Social Work case management system, being used inconsistently whilst anomalies were identified in other data held and supplied by the PTU. Whilst this did not impact on actual arrangements or amounts paid, improvements would allow the Health and Social Care Partnership to determine whether arrangements that are in place are as required. The Services have agreed with recommendations made in this respect.

Contracts are called-off at agreed rates or through seeking competitive quotations from providers on a tendered framework agreement. The original framework was tendered through the Public Contracts Scotland website which has a Quick Quotes section that can be used for obtaining competitive quotes during the course of the contract. A manual system based on email returns from providers is being used instead which presents additional risks to accuracy and transparency of the decision making process. The PTU has agreed to start using the PCS functionality at the commencement of the next framework agreement in April 2019.

The Head of Legal and Democratic Services has given written approval to the Team Leader of the PTU and 2 named Technical Officers to sign the call off contracts, bookings and order forms, up to a total contract value of £60,000. Contracts above this level must be signed by the Head of Legal and Democratic Services or Legal Manager. In 6 of 16 cases reviewed, the PTU had, at the date of the audit, not passed the order form to Legal for signing where the contract was over £60,000. It was identified that in 7 of the 16 cases (including 1 of the 6 above) an Acting Technical Officer was signing the order forms for standard services and call off terms and conditions. However, this officer did not have recorded delegated authority to do so. There were 7 Framework Agreements (covering 15 of the 16 cases reviewed) signed by Legal & Democratic Services on the day they were produced to Internal Audit, one year after the Service had commenced. Such delays could make it difficult to enforce all contract terms in the event of dispute and the relevant Services have agreed to address the issues arising.

3:	Equalities, Financial, Workforce and Other Implications

Equalities – An equality impact assessment is not required because the reason for this report is for Committee to discuss, review and comment on the Internal Audit Plan for 2017/18 and there will be no differential impact, as a result of this report, on people with protected characteristics.

Financial – There are no financial implications arising directly from this report.

Workforce – There are no workforce implications arising directly from this report.

Other – There are no other implications arising directly from this report.

4:	Management of Risk

Identified risk(s): The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the resultant report.

How might the content of this report impact or mitigate the known risks: Where risks have been identified during the Internal Audit process, recommendations have been made to management in order to mitigate these risks.

5:	Recommendations

It is recommended that the Audit and Performance Systems Committee review, discuss and comment on the issues raised within this report.

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Aberdeen City Health & Social Care Partnership

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Audit and Performance Systems Committee

Report Title	Internal Audit – Transformational Funding
Lead Officer	David Hughes, Chief Internal Auditor
Report Author (Job Title, Organisation)	David Hughes, Chief Internal Auditor
Report Number	HSCP.17.120
Date of Report	6 February 2018
Date of Meeting	2 March 2018

1:	Purpose of the Report

The purpose of this report is to present the outcome from the planned audit of Transformational Funding that was included in the 2017/18 Internal Audit Plan for the Integration Joint Board.

2:	Summary of Key Information

Funding of over £33 million from the Scottish Government's Integrated Care and Delayed Discharge Funds has been earmarked for 2016/17 – 2018/19 to be used to transform the way services are delivered through the partnership of Aberdeen City Council and NHS Grampian in conjunction with Care Organisations in the independent and third sectors. A high level three-year £13.6 million Transformation Programme was approved by the Integrated Joint Board (IJB) at its first meeting on 26 April 2016. Transformational funds are being used to deliver projects in six key areas which are central to the partnership's objectives including:

- Acute Care at Home;
- Supporting Self-Management of Long Term Conditions and Building Community Capacity;
- Modernising Primary and Community Care;
- Culture Change / Organisational Change;
- Strategic Commissioning and Development of Social Care; and
- Information and Communication Technology, Infrastructure, and Data Sharing.

1

NHS Grampian   ABERDEEN CITY COUNCIL

Audit and Performance Systems Committee

The objective of this audit was to ensure appropriate governance is in place to manage delivery of funded projects and the use of transformational funds.

Officers have noted that the transformational project management process has been iterative, with improved and more efficient governance arrangements being developed as programme management capacity has increased and programmes have progressed. This was evident in the business cases and supporting documentation for projects reviewed by Internal Audit, which for earlier projects could have been more robust.

As a result of recommendations made in the Internal Audit report, management has now documented procedures and are developing an evaluation framework to better demonstrate project suitability, priority, interdependencies and programme progress.

The Strategic Commissioning Programme Board, one of three programme boards charged with governance over transformation, had not meet by the time that the audit was completed, due to delays in recruiting key staff. There is a risk that this could jeopardise the timely delivery of the transformational projects which are within the remit of this Programme Board and it has been agreed that it will meet by the end of January 2018.

Detailed dashboards are presented to each of the Boards as appropriate but they do indicate where there are interdependencies between projects either within a Board's remit or between them. Without this information there is a risk that any delays may impact on other projects without appropriate mitigating action being taken. For future projects a Transformation Programme Review Group has been established to identify such relationships between projects and programmes and the Service has agreed to ensure that interdependencies are clearly identified for the benefit of Programme Managers and Project Staff.

The Programme Dashboards contain £13.6 million of intended transformational projects as well as un-costed ideas for future consideration. Some projects relate to the provision of existing services or continuous improvement rather than to the costs of transforming these. This could detract from focus on the Programme's objective to transform service delivery and funding mainstream activity from transformational funds is also unlikely to be sustainable. The Service has agreed to review the content of programme dashboards to ensure that effort and expenditure is focused on transformational projects.

2

Reports to Committee show that costs are not being included in programme dashboards timeously and is based on defrayed expenditure only. As a result, the reported spend figures gave a limited indication of committed spend. The Service has noted that new file sharing facilities have been implemented which have improved the efficiency of project finance monitoring and it has been agreed that the adoption of a commitment based accounting and reporting process will be considered to better reflect committed expenditure. The Service has also agreed to ensure that Committee reports provide sufficient detail of action, spend and progress to provide adequate assurance and enable challenge where necessary.

Management has given an assurance that all recommendations will be implemented by the end of March 2018.

3:	Equalities, Financial, Workforce and Other Implications

Equalities – An equality impact assessment is not required because the reason for this report is for Committee to discuss, review and comment on the Internal Audit Plan for 2017/18 and there will be no differential impact, as a result of this report, on people with protected characteristics.

Financial – There are no financial implications arising directly from this report.

Workforce – There are no workforce implications arising directly from this report.

Other – There are no other implications arising directly from this report.

4:	Management of Risk

Identified risk(s): The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the resultant report.

How might the content of this report impact or mitigate the known risks: Where risks have been identified during the Internal Audit process, recommendations have been made to management in order to mitigate these risks.

3

Audit and Performance Systems Committee

5:	Recommendation
It is recommended that the Audit and Performance Systems Committee review, discuss and comment on the issues raised within this report.	

4

Aberdeen City Health & Social Care Partnership
A caring partnership

Audit and Performance Systems Committee

Report Title	External Audit Strategy
Lead Officer	Alex Stephen, Chief Finance Officer, ACHSCP
Report Author	Alex Stephen, Chief Finance Officer, ACHSCP
Report Number	HSCP/17/131
Date of Report	21 February 2018
Date of Meeting	2 March 2018

1:	Purpose of the Report

This report presents the draft external audit strategy to the Audit & Performance Systems committee for its consideration.

2:	Summary of Key Information

In 2017, Audit Scotland appointed KPMG LLP as External Auditor of the Aberdeen City Health & Social Care Partnership.

The draft external audit strategy is attached in Appendix A and outlines KPMG's responsibilities as external auditor for the year ending 31 March 2018 and their intended approach to issues impacting on the Partnership's activities in the year.

3:	Equalities, Financial, Workforce and Other Implications

There are no equalities, financial or workforce implications arising directly from this report.

4:	Management of Risk

Identified risk(s):

There is a risk that the governance arrangements between the IJB and its partner organisations (ACC and NHSG) are not robust enough to provide necessary

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assurance within the current assessment framework – leading to duplication of effort and poor relationships.

Link to risk number on strategic risk register: 5

How might the content of this report impact or mitigate the known risks:

The approach to external audit as outlined in Appendix A will help mitigate this risk as it outlines work that KPMG will undertake on behalf of ACHSCP to ensure financial statements give a true and fair view and are prepared in accordance with relevant accounting standards and legislation. They will also review the governance statement and arrangements for preparing and publishing statutory performance information.

5:	Recommendations

It is recommended that the Audit & Performance Systems Committee:

1. Approve the approach to external audit, as outlined in Appendix A;

2

KPMG

Aberdeen City Integration Joint Board

Audit strategy

Year ending 31 March 2018

Draft 19 February 2018

For Audit and Performance Systems Committee consideration on 2 March 2018

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Contents

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About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the *Code*").

This report is for the benefit of Aberdeen City Integration Joint Board and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scoping and purpose section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Andy Shaw, who is the engagement leader for our services to Perth and Kinross Council, telephone 0131 527 6673 email: andrew.shaw@kpmg.co.uk who will try to resolve your complaint. If your problem is not resolved, you should contact Hugh Harvie, our Head of Audit in Scotland, either by writing to him at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 527 6682 or email to hugh.harvie@kpmg.co.uk. We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Fiona Kordiak, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.

Introduction

2017-18 is the second year of our external audit appointment to Aberdeen City Integration Joint Board (''the Board''), having been appointed by the Accounts Commission as auditor of the Board under the Local Government (Scotland) Act 1973 ("the Act"). The period of appointment is 2016-17 to 2020-21, inclusive.

Our planned work in 2017-18 will include:

— an audit of the financial statements and provision of an opinion on whether the financial statements:

  ▪ give a true and fair view in accordance with the applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom ("the 2017-18 Code") of the state of the affairs of the Board as at 31 March 2018 and of the income and expenditure of the Board for the year then ended; and

  ▪ have been prepared in accordance with IFRS as adopted by the European Union, as interpreted and adapted by the 2017-18 Code, the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003.

— completion of returns to Audit Scotland;

— a review and assessment of the Board's governance arrangements and review of the governance statement;

— a review of arrangements for preparing and publishing statutory performance information; and

— contributing to the audit of wider scope and Best Value through performance of risk assessed work.

Adding value

Throughout the audit, we will consider opportunities to add value and will conclude on this in our annual audit report. We add value through:

— our experience, which brings insight and challenge;

— our tools and approach, which contribute to a world class audit; and

— transparency and efficiency, which improves value for money

Our team

The senior team involved in the external audit benefits from continuity in engagement leader and engagement manager. The team has significant experience in the audit of local authorities and integration joint boards. It is supported by specialists, all of whom work with a variety of local government and public sector bodies. All members of the team are part of our wider local government and health network. Senior members of the audit team are set out below and relevant contact details are provided on the back page of this report.

Andy Shaw
Engagement leader – Audit director

Natalie Dyce
Engagement Manager

Our work will be completed in three phases from January 2018 to September 2018. Our key deliverables are this audit strategy document, an ISA 260 report and an annual audit report.

Acknowledgements

We would like to take this opportunity to thank officers and members for their continuing help and co-operation throughout our audit work.

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Headlines

Materiality

Materiality for planning purposes has been based on budgeted gross expenditure for 2017-18 and set at £2.5 million (1% of budgeted gross expenditure).

In line with the Code of Audit Practice, we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at £0.125 million.

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Audit risks

We have identified management override of controls as a fraud risk which requires specific audit attention, in line with International Standards on Auditing.

The risks with less likelihood of giving rise to a material error, but which are nevertheless worthy of audit understanding, relate to:

— completeness and accuracy of expenditure; and

— financial sustainability.

We will report on each of these areas in our ISA 260 report.

Pages seven to eight

Financial statement audit

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Our financial statements audit work follows a three stage audit process which is identified below. Appendix three provides more detail on the activities that this includes. This report concentrates on the audit planning stage of the financial statements audit.

Financial statements audit planning	Substantive procedures	Completion
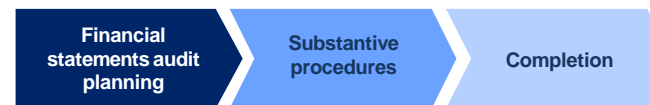
There are no significant changes to the Code of Practice on Local Council Accounting ("the Code") in 2017-18, which means for this year there is consistency in terms of accounting standards the Board needs to apply.

Wider scope

Auditors are required to assess and provide conclusions in the annual audit report in respect of four wider scope dimensions:

— financial sustainability;

— financial management;

— governance and transparency; and

— value for money.

We test wider scope areas where there are identified risks. We consider that there are wider scope risks in respect of demand pressures and the transformation programme. We have identified financial sustainability as a wider scope financial statement level focus area as set out opposite.

Pages 10 to 16

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Headlines (continued)

Independence

In accordance with ISA 260 'Communication of audit matters with those charged with governance' and the APB Ethical Standards, we are required to communicate to you all relationships between KPMG and the Board that may be reasonably thought to have bearing on our independence both:

— at the planning stage; and

— whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.

Appendix two contains our confirmation of independence and any other matters relevant to our independence.

Total fees charged by us for the period ended 31 March 2017 were communicated in our Annual Audit Report issued in September 2017. Total fees for 2017-18 will be presented in our ISA 260 report issued on completion of the audit. The proposed audit fee for 2017-18 is £28,800 as set out below:

Total fee	Pooled costs	Contribution to PABV (Audit Scotland)	Contribution to Audit Scotland	Auditor remuneration (including VAT)
£28,800	1,460	£5,020	£1,050	£21,270

Quality

International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

Our Audit Quality Framework and KPMG Audit Manual comply with ISQC1. Our UK Senior Partner has ultimate responsibility for quality control. Operational responsibility is delegated to our Head of Quality & Risk who sets overall risk management and quality control policies. These are cascaded through our Head of Audit in Scotland and ultimately to Andy Shaw as the Director leading delivery of services to the Board.

The nature of our services is such that we are subject to internal and external quality reviews. KPMG's annual financial statements include our transparency report which summarises the results of various quality reviews conducted over the course of each year.

We also provide Audit Scotland with details of how we comply with ISQC1 and an annual summary of our achievement of KPIs and quality results.

We welcome your comments or feedback related to this strategy and our service overall.

Regularity

We consider the risk of fraud and error over income and expenditure recognition, in line with *Practice Note 10 Audit of financial statements of public sector bodies in the United Kingdom.* As the Board is a net spending body, we consider it appropriate to extend our consideration to cover expenditure as well as income. We do not consider there to be a significant risk over income, see page seven. We have identified the completeness and accuracy of expenditure as an other focus area, see page eight.

Financial statements audit planning

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

Materiality for planning purposes has been set at £2.5 million, which equates to 1% of 2017-18 budgeted gross expenditure. Materiality will be revised once draft financial statements for 2017-18 are received.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the audit and performance systems committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Performance Systems Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Board, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.125 million.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Performance Systems Committee to assist it in fulfilling its governance responsibilities.

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Materiality
£2.5 million
1% gross expenditure

Reporting threshold
£125,000

Financial statements audit planning (continued)

⚠ **Significant risks and other focus areas**

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Risk assessment: Our planning work takes place during January 2018 and February 2018. This involves: risk assessment; determining the materiality level; and issuing this audit plan to communicate our audit strategy. We use our knowledge of the Board, discussions with management and review of Board papers to identify areas of risk and audit focus categorised into financial risks and wider dimension risks as set out in the Code.

Significant risk	Why	Audit approach
Financial statement risks		
Fraud risk from management override of controls	Professional standards require us to communicate the fraud risk from management override of controls as a significant risk; as management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	— Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to the audit of the Board. — Strong oversight of finances by management provides additional review of potential material errors caused by management override of controls. — In line with our methodology, we will carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the organisation's normal course of business, or are otherwise unusual.
Fraud risk from income revenue recognition	Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.	— The Board receives funding requisitions from Aberdeen City Council and NHS Grampian. These are agreed in advance of the year, with any changes arising from changes in need, requiring approval from each body. There is no estimation or judgement in recognising this stream of income and we do not regard the risk of fraud to be significant.

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Other focus area	Why	Audit approach
Financial statement focus area		
Completeness and accuracy of expenditure	The Board receives expenditure forecasts from Aberdeen City Council and NHS Grampian as part of the annual budgeting process. There is a risk that actual expenditure and resulting funding requisition income is not correctly captured.	— Our substantive audit will obtain support for the expenditure included in Aberdeen City Council and NHS Grampian's accounting records. We will obtain confirmations of expenditure from each of these bodies.
Financial sustainability	Financial sustainability looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered. This is inherently a risk to the Board given the challenging environment where funding is reduced and efficiency savings are required	— The Board receives funding requisitions from NHS Grampian and Aberdeen City Council, and has a risk sharing agreement with both bodies for 2017-18. This gives the Board comfort with regards to overspends for 2017-18, however, there is a risk going forward regarding ongoing budget balance, specifically in the context of the challenging NHS and Council budgets. — We will consider the Board's financial planning and reserves strategy and conclude on the appropriateness of these in our annual audit report. — See page 13 for further information regarding the financial sustainability wider scope.

Other matters

Accounting framework update

There are no significant changes to the 2017-18 Code compared to the previous Code.

From 2018-19, IFRS 9 replaces IAS 39 *Financial instruments: recognition and measurement*, and includes:

— a single classification approach for financial assets driven by cash flow characteristics and how an instrument is managed;

— a forward looking 'expected loss' model for impairment rather than the 'incurred loss' model under IAS 39; and

— new provisions on hedge accounting.

From 2018-19, IFRS 15 replaces IAS 18 *Revenue* and IAS 11 *Construction contracts* and their associated interpretations. The core principle in IFRS 15 for local authorities is that they should recognise revenue to depict the transfer of promised goods or services to the service recipient or customer in an amount that reflects the consideration to which the authority expects to be entitled in exchange for those goods or services.

Expected from 2019-20, IFRS 16 *Leases* supersedes IAS 17 *Leases*. IFRS 16 introduces a single lessee accounting model. Public body lessees will be more likely to account for operating leases in a similar way to the current IAS 17 treatment for finance leases.

Given the nature of the Board we do not consider that these changes will have a significant impact on the financial statements when the standards are effective.

Controls testing

In respect of the financial statements, we identify the constituent account balances and significant classes of transactions and focus our work on identified risks. Determining the most effective balance of internal controls and substantive audit testing enables us to ensure the audit process runs smoothly and with the minimum disruption to the Board's finance team.

In 2016-17 we identified one minor recommendation in relation to financial management. We will follow-up progress in implementing this recommendation and report any new recommendations arising from our work in 2017-18 and report our view of progress. Appendix three summarises our approach across each phase of the audit.

Internal audit

International Standard on Auditing (UK and Ireland) 610: *Considering the work of internal audit* requires us to:

— consider the activities of internal audit and their effect, if any, on external audit procedures;

— obtain an understanding of internal audit activities to assist in planning the audit and developing an effective audit approach;

— perform a preliminary assessment of the internal audit function when it appears that internal audit is relevant to our audit of the financial statements in specific audit areas; and

— evaluate and test the work of internal audit, where use is made of that work, in order to confirm its adequacy for our purposes.

We will continue liaison with internal audit and update our understanding of its approach and conclusions were relevant. The general programme of work will be reviewed for significant issues to support our work in assessing the statement of internal control.

Wider scope and Best Value

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Approach

We are required to assess and provide conclusions in the Annual Audit Report in respect of four wider scope dimensions: financial sustainability; financial management; governance and transparency; and value for money. We set out below an overview of our approach to wider scope and Best Value requirements of our annual audit. We provide on pages 12 to 16 our risk assessment in respect of these areas. We will provide narrative on these and other areas in the Annual Audit Report where relevant.

Risk assessment

We consider the relevance and significance of the potential business risks faced by Integration Joint Boards, and other risks that apply specifically to the Board. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice.*

In doing so we consider:

— The Board's own assessment of the risks it faces, and its arrangements to manage and address its risks.

— Evidence gained from previous audit work, including the response to that work.

— The work of other inspectorates and review agencies, through the Local Area Network ('LAN') which is established for Aberdeen City Council.

The LAN brings together local scrutiny representatives in a systematic way to agree a shared risk assessment. Andy Shaw is the LAN lead for the shared risk assessment process for the Aberdeen City Council. For 2017-18 there is no additional scrutiny required by external audit.

The 2018-19 shared risk assessment has begun, and a council local scrutiny plan will be agreed with management by 31 March 2018, followed by publication in Spring 2018.

Linkages with other audit work

There is a degree of overlap between the work we do as part of the wider scope/Best Value and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Council's organisational control environment, many aspects of which are relevant to our wider scope audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and wider scope/Best Value work, and this will continue. We consider information gathered through the shared risk assessment and the Audit Commission's five strategic priorities when planning and conducting our work.

Wider scope and Best Value (continued)

Approach (continued)

Identification of significant risks

The Code identifies a matter as significant *'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'*

If we identify significant wider scope risks, we will highlight the risk to the Board and consider the most appropriate audit response in each case, including:

— Considering the results of work by the Board, inspectorates and other review agencies.

— Carrying out local risk-based work to form a view on the adequacy of the Board's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Concluding on wider scope and Best Value

At the conclusion of the wider scope/Best Value testing we will consider the results of the work undertaken and assess the assurance obtained against each of the wider scope audit dimensions, regarding the adequacy of the Board's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our wider scope conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.

Reporting

We have completed our initial wider scope risk assessment and have not identified any significant risks, as noted on the next page. We will update our assessment throughout the year and should any issues present themselves we will report them in our Annual Audit Report.

We will report on the results of the wider scope and Best Value work through our Annual Audit Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

Wider scope and Best Value (continued)

Risk assessment

We have not identified any financial statement significant risks in relation to wider scope and Best Value. ★ relates to an identified Wider Scope focus areas to be specifically addressed through audit procedures, as further explained on the next page.

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Financial management

Financial sustainability

| Budget setting and monitoring |
| "Telling the Story" in the financial statements |
| Complying with the Code's disclosure requirements |
| Performance indicators |
| Authorisation and approvals |
| Remuneration disclosures |
| Response to cyber security risks |
| Risk assessment review |
| Decision making |

| EU withdrawal |
| Demand pressures ★ |
| Budgetary controls |
| Medium and long term planning |
| Scotland's new financial powers |
| Transformation programme ★ |
| End of public sector pay cap |
| Workforce planning |
| Procurement arrangements |
| Business planning |

Governance and transparency

Value for money

Potential risk type: ■ Wider scope   ■ Emerging   ■ Best Value

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Document Classification: KPMG Confidential

Financial statements audit planning (continued)

Risk assessment (continued)

Wider scope area	Why	Audit approach
Financial sustainability and financial management	**Financial management** is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. **Financial sustainability** looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered. ***Specific identified focus areas:*** Demand pressures and the transformation programme This is inherently a risk to the Board given the challenging environment where funding is unlikely to increase and efficiency savings are required to meet the demand pressures for services, in particular GP Prescribing burden and cost pressures such as the Scottish Living Wage and National drug costs.	— We will obtain an understanding of the Board's financial position and year end outturn position through review of board reports and other management information. We will assess management's progress with implementation of efficiency savings. Commentary and analysis on these areas will be provided within the annual audit report. — We will perform controls testing over the budgeting process including the monitoring of budgets throughout the year. We will perform substantive procedures, including substantive analytical procedures, over income and expenditure comparing the final position to budget. — The Board receives funding requisitions from NHS Grampian and Aberdeen City Council, and has a risk sharing agreement with both bodies for 2017-18. This gives the Board comfort with regards to overspends in 2017-18, however, there is a risk going forward regarding ongoing budget balance, specifically in the context of the challenging NHS Grampian and Aberdeen City Council budgets. — We will consider the Board's financial planning and reserves strategy and conclude on the appropriateness of these in our annual audit report.

Financial statements audit planning (continued)

Risk assessment (continued)

Wider scope area	Why	Audit approach
Financial sustainability and financial management (continued)	***Specific identified focus areas (continued):*** Audit Scotland planning guidance requires us to consider the following matters which are potential risks to all Public Sector bodies. Scotland's new financial powers The Fiscal Framework agreement arising as part of the 2012 and 2016 Scotland Acts provides the Scottish Parliament with new powers and changes Scottish public finance. There is a risk that the Board's funding, responsibilities or performance objectives are altered, together with changes to the environment in which it operates which may impact on day to day activities. EU withdrawal The nature and impact of withdrawal from the EU continues to be uncertain and changing. There is a risk that Board fails to prepare for, or is impacted by changes to employees, citizens, funding or regulations. End of public sector pay cap The Scottish Government has stated its intention for the 1% public sector pay cap which has applied for seven years is being lifted. It is not clear when increases will take effect or how they will be funded. There is an uncertainty risk which needs to be considered as part of the Board's forward financial planning.	— We will remain alert to the impact of new financial powers and EU withdrawal on the Board's operations and the environment within which it operates. We will consider the appropriateness of management's risk assessment and planning for both matters. — We will consider how the Board is planning for the end of the public sector pay cap, for example, within future budget modelling, sensitivity and funding analysis.

Financial statements audit planning (continued)

Risk assessment (continued)

Wider scope area	Why	Audit approach
Governance and transparency	**Governance and transparency** is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information. ***Specific identified focus area:*** Audit Scotland planning guidance requires us to consider the following matters which are potential risks to all Public Sector bodies. **Openness and transparency** There are signals of changing and more challenging expectations for openness and transparency in public business. This is an area the Board is expected to keep under review and consider where there is scope to enhance transparency. **Response to cyber security** The Scottish Government published the Public Sector Action Plan for cyber resilience in November 2017. It aims to ensure that Scotland's public bodies work towards becoming exemplars of cyber resilience. The EU General Data Protection Regulation ("GDPR") will come into effect from 25 May 2018. The Board will need to understand its baseline cyber resilience position and demonstrate commitment to achieving good practice. It will also need to comply GDPR. In determining its compliance, the Board will consider the GDPR readiness projects underway at NHS Grampian and Aberdeen City Council.	— We will consider the effectiveness of scrutiny and governance arrangements, by evaluating the challenge and transparency of the reporting of financial and performance information. — We will update our understanding of the controls and processes around capturing officers' interests. — We will obtain and review minutes of meetings of the various committees to assess the level of transparency. — We will use guidance provided by Audit Scotland to consider the Board's approach to cyber resilience and readiness for GDPR.

Financial statements audit planning (continued)

DRAFT

Risk assessment (continued)

Wider scope area	Why	Audit approach
Value for money	Value for money is concerned with how effectively resources are used to provide services. We have not identified specific value for money focus areas.	— We will specifically consider statutory performance indicators, performance reporting and arrangements to provide for continuous improvement. — We will feed into our Aberdeen City Council audit colleagues' work on Best Value. In 2017-18 they will be focussing on Improvement and Leadership and Governance. We will provide narrative as appropriate in our Annual Audit Report.

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KPMG

Appendices

Mandated communications with the Audit and Performance Systems Committee

Matters to be communicated	Link to audit and performance systems committee papers
Independence and our quality procedures ISA 260 (UK and Ireland).	— See next page
The general approach and overall scope of the audit, including levels of materiality, fraud and engagement letter ISA 260 (UK and Ireland).	— Main body of this paper
— Disagreement with management about matters that, individually or in aggregate, could be significant to the entity's financial statements or the auditor's report, and their resolution (AU 380).	— In the event of such matters of significance we would expect to communicate with the Audit and Performance Systems Committee throughout the year.
— Significant difficulties we encountered during the audit. — Significant matters discussed, or subject to correspondence, with management (ISA 260).	— Formal reporting will be included in our ISA 260 report for the Audit and Performance Systems Committee meeting, which focuses on the financial statements.
— Our views about the qualitative aspects of the entity's accounting and financial reporting. — The potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements (ISA 260 and ISA 540).	
— Audit adjustments, whether or not recorded by the entity, that have, or could have, a material effect on its financial statements. We will request you to correct uncorrected misstatements (including disclosure misstatements) (ISA 450).	
— The selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the entity's financial statements (ISA 570).	
— Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern (ISA 570).	
— Expected modifications to the auditor's report (ISA 705).	
— Related party transactions that are not appropriately disclosed (ISA 550)	

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Auditor Independence

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Assessment of our objectivity and independence as auditor of Aberdeen City Integration Joint Board

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

— General procedures to safeguard independence and objectivity;

— Independence and objectivity considerations relating to the provision of non-audit services; and

— Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

— Instilling professional values

— Communications

— Internal accountability

— risk management

— independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the Board for professional services provided by us during the reporting period. Total fees charged by us for the period ended 31 March 2017 and planned for 2017-18 are as follows:

Services provided to the Board in respect of:	2017-18 continuing (excl VAT) £	2016-17 (excl VAT) £
Audit of the financial statements	16,370	16,547

There are no non audit fees chargeable to the Board.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Performance Systems Committee.
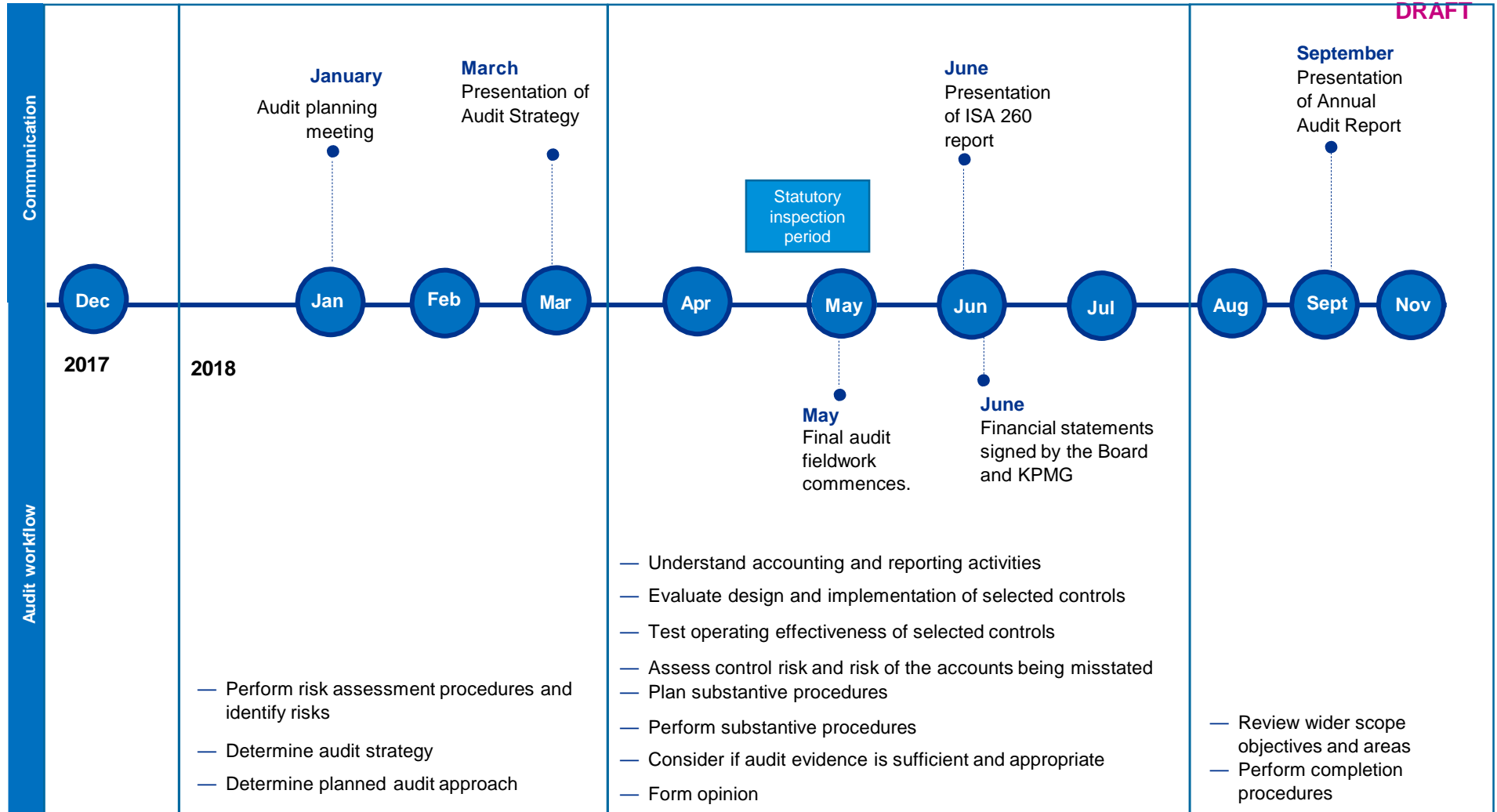
Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the director and audit staff is not impaired.

This report is intended solely for the information of the Audit and Performance Systems Committee of Aberdeen City Integration Joint Board and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully
KPMG LLP

Timeline

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Communication

January
Audit planning meeting

March
Presentation of Audit Strategy

Statutory inspection period

June
Presentation of ISA 260 report

September
Presentation of Annual Audit Report

| Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Nov |

2017

2018

May
Final audit fieldwork commences.

June
Financial statements signed by the Board and KPMG

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Audit workflow

— Understand accounting and reporting activities

— Evaluate design and implementation of selected controls

— Test operating effectiveness of selected controls

— Assess control risk and risk of the accounts being misstated
— Plan substantive procedures

— Perform substantive procedures

— Consider if audit evidence is sufficient and appropriate

— Form opinion

— Perform risk assessment procedures and identify risks

— Determine audit strategy

— Determine planned audit approach

— Review wider scope objectives and areas
— Perform completion procedures

Document Classification: KPMG Confidential

Audit outputs

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Output	Description	Report date
Audit strategy	Our strategy for the external audit of the Board, including significant risk and audit focus areas.	By 30 February 2018
Independent auditor's report	Our opinion on the Board's financial statements.	By 30 June 2018
ISA 260 report	Required communications with Those Charged With Governance	By 30 June 2018
Annual audit report	We summarise our findings from our work during the year.	By 30 June 2018
Audit reports on other returns	We will report on the following returns: — Current issues return — Technical database — Fraud returns	 January, March, July and October 2018 6 July 2018 27 April 2018
Audit reports to support Audit Scotland's wider analysis	We will report on the following matters in conjunction with our Aberdeen City Council audit colleagues: — Health and Social Care integration progress — City Deals — Digital	 July 2018 September 2018 September 2018

Audit Scotland code of audit practice – responsibility of auditors and management

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Responsibilities of management
Financial statements
Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for: — preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; — maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their financial statements and related reports disclosures; — ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate Council; — maintaining proper accounting records; and — preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer- term financial sustainability of the body. Further, it is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely. Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.
Prevention and detection of fraud and irregularities
Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Audit Scotland code of audit practice – responsibility of auditors and management

DRAFT

Responsibilities of management
Corporate governance arrangements
Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including Audit and Performance Systems Committees or equivalent) in monitoring these arrangements.
Financial position
Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to: — such financial monitoring and reporting arrangements as may be specified; — compliance with any statutory financial requirements and achievement of financial targets; — balances and reserves, including strategies about levels and their future use; — how they plan to deal with uncertainty in the medium and longer term; and — the impact of planned future policies and foreseeable developments on their financial position.
Best Value, use of resources and performance
The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.

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Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of auditors
Appointed auditor responsibilities

Auditor responsibilities are derived from statute, this Code, International Standards on Auditing (UK and Ireland), professional requirements and best practice and cover their responsibilities when auditing financial statements and when discharging their wider scope responsibilities. These are to:

— undertake statutory duties, and comply with professional engagement and ethical standards;

— provide an opinion on audited bodies' financial statements and, where appropriate, the regularity of transactions;

— review and report on, as appropriate, other information such as annual governance statements, management commentaries, remuneration reports, grant claims and whole of government returns;

— notify the Auditor General when circumstances indicate that a statutory report may be required;

— participate in arrangements to cooperate and coordinate with other scrutiny bodies (local government sector only);

— demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies:

  – effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets;

  – suitability and effectiveness of corporate governance arrangements; and

  – financial position and arrangements for securing financial sustainability.

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Audit Scotland code of audit practice – responsibility of auditors and management

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Responsibilities of auditors
General principles
This Code is designed such that adherence to it will result in an audit that exhibits these principles.
Independent
When undertaking audit work all auditors should be, and should be seen to be, independent. This means auditors should be objective, impartial and comply fully with the Financial Reporting Council's (FRC) ethical standards and any relevant professional or statutory guidance. Auditors will report in public and make recommendations on what they find without being influenced by fear or favour.
Proportionate and risk based
Audit work should be proportionate and risk based. Auditors need to exercise professional scepticism and demonstrate that they understand the environment in which public policy and services operate. Work undertaken should be tailored to the circumstances of the audit and the audit risks identified. Audit findings and judgements made must be supported by appropriate levels of evidence and explanations. Auditors will draw on public bodies' self-assessment and self-evaluation evidence when assessing and identifying audit risk.
Quality focused
Auditors should ensure that audits are conducted in a manner that will demonstrate that the relevant ethical and professional standards are complied with and that there are appropriate quality-control arrangements in place as required by statute and professional standards.

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Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of auditors
Coordinated and integrated
It is important that auditors coordinate their work with internal audit, Audit Scotland, other external auditors and relevant scrutiny bodies to recognise the increasing integration of service delivery and partnership working within the public sector. This would help secure value for money by removing unnecessary duplication and also provide a clear programme of scrutiny activity for audited bodies.
Public focused
The work undertaken by external audit is carried out for the public, including their elected representatives, and in its interest. The use of public money means that public audit must be planned and undertaken from a wider perspective than in the private sector and include aspects of public stewardship and best value. It will also recognise that public bodies may operate and deliver services through partnerships, arm's-length external organisations (ALEOs) or other forms of joint working with other public, private or third sector bodies.
Transparent
Auditors, when planning and reporting their work, should be clear about what, why and how they audit. To support transparency the main audit outputs should be of relevance to the public and focus on the significant issues arising from the audit.
Adds value
It is important that auditors recognise the implications of their audit work, including their wider scope responsibilities, and that they clearly demonstrate that they add value or have an impact in the work that they do. This means that public audit should provide clear judgements and conclusions on how well the audited body has discharged its responsibilities and how well they have demonstrated the effectiveness of their arrangements. Auditors should make appropriate and proportionate recommendations for improvement where significant risks are identified.

The contacts at KPMG in connection with this report are:

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