

# Public Document Pack



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

To: Members of the Integration Joint Board

Town House,  
ABERDEEN 6 May 2020

## INTEGRATION JOINT BOARD

The Members of the **INTEGRATION JOINT BOARD** are requested to meet in **Virtual - Remote Meeting on TUESDAY, 12 MAY 2020 at 10.00 am.**

FRASER BELL  
CHIEF OFFICER - GOVERNANCE

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Website Address: <https://www.aberdeencityhscp.scot/>

Should you require any further information about this agenda, please contact Derek Jamieson, tel 01224 523057 or email [DerJamieson@AberdeenCity.gov.uk](mailto:DerJamieson@AberdeenCity.gov.uk)

## **DECLARATIONS OF INTEREST**

You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether reports for meetings raise any issue of declaration of interest. Your declaration of interest must be made under the standing item on the agenda, however if you do identify the need for a declaration of interest only when a particular matter is being discussed then you must declare the interest as soon as you realise it is necessary. The following wording may be helpful for you in making your declaration.

I declare an interest in item (x) for the following reasons .....

*For example, I know the applicant / I am a member of the Board of X / I am employed by...*

and I will therefore withdraw from the meeting room during any discussion and voting on that item.

**OR**

I have considered whether I require to declare an interest in item (x) for the following reasons ..... however, having applied the objective test, I consider that my interest is so remote / insignificant that it does not require me to remove myself from consideration of the item.

**OR**

I declare an interest in item (x) for the following reasons ..... however I consider that a specific exclusion applies as my interest is as a member of xxxx, which is

- (a) a devolved public body as defined in Schedule 3 to the Act;
- (b) a public body established by enactment or in pursuance of statutory powers or by the authority of statute or a statutory scheme;
- (c) a body with whom there is in force an agreement which has been made in pursuance of Section 19 of the Enterprise and New Towns (Scotland) Act 1990 by Scottish Enterprise or Highlands and Islands Enterprise for the discharge by that body of any of the functions of Scottish Enterprise or, as the case may be, Highlands and Islands Enterprise; or
- (d) a body being a company:-
  - i. established wholly or mainly for the purpose of providing services to the Councillor's local authority; and
  - ii. which has entered into a contractual arrangement with that local authority for the supply of goods and/or services to that local authority.

**OR**

I declare an interest in item (x) for the following reasons.....and although the body is covered by a specific exclusion, the matter before the Committee is one that is quasi-judicial / regulatory in nature where the body I am a member of:

- is applying for a licence, a consent or an approval
- is making an objection or representation
- has a material interest concerning a licence consent or approval
- is the subject of a statutory order of a regulatory nature made or proposed to be made by the local authority.... and I will therefore withdraw from the meeting room during any discussion and voting on that item.



Aberdeen City Health & Social Care Partnership

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ABERDEEN, 24 March 2020. Minute of Meeting of the INTEGRATION JOINT BOARD.

Present:- Councillor Sarah Duncan, Chair; Luan Grugeon, Vice Chair; and Councillor Gill Al-Samarai, Councillor Philip Bell, Councillor Lesley Dunbar, John Tomlinson, Jim Currie, Graeme Simpson, Sandra MacLeod and Alex Stephen.

Also in attendance:- Alison Macleod, (ACHSCP), Jess Anderson (Team Leader, Legal) and Derek Jamieson (Clerk)

Apologies:- Kim Cruttenden, Alan Gray, Mike Adams, Dr Howard Gemmell, Dr Caroline Howarth, Jenny Gibb, Maggie Hepburn, Alison Murray, Shona McFarlane and Chris Littlejohn

## INTRODUCTION

1. The Chair welcomed all Members and Officers to the first virtualised meeting of the IJB. The Chair indicated that some participants were present in the Council Chamber where social distancing was being exercised and that other members had joining remotely.

As the very such virtualised meeting for IJB and Aberdeen City Council, any difficulties or challenges would be captured for learning and development.

## IJB REPORT STANDING ORDERS AMENDMENT - HSCP.19.122

2. The Board had before it a report by the Chief Officer – Governance, Aberdeen City Council (ACC) which the Chair intimated was a late submission and was accepted as urgent business.

**The report recommended :-**  
that the Board -

- (a) approve a new temporary Standing Order 11 (SO11) (with the existing Standing Order 11 becoming Standing Order 12 and so on) as contained in paragraph 4.1 of the report and instruct the Chief Officer to make the relevant amendments to the Standing Orders as a result of this change and instruct the Chief Officer, as part of the annual governance review, to consider whether this should become a permanent addition;
- (b) agree to suspend Standing Order (8)(2) to make SO11 effective immediately; and
- (c) agree to temporarily remove Standing Order 14(5) with immediate effect, as this will be replaced with the new temporary SO11.

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The Board heard that the purpose of the report was to facilitate and enable decision-making in light of the Covid-19 pandemic and UK and Scottish Government advice for people to restrict social contact.

The Board heard that the Chair and Vice-Chair of the IJB, together with the Chairs of the Risk Audit and Performance and Clinical Care Governance Committee had discussed that the Committees be cancelled and that all Urgent Only Business should be arranged in discussion with the respective Chief Officer/Chief Financial Officer and the respective Chairs and progressed via a Board meeting.

**The Board resolved :-**

- (i) to approve the recommendations; and
- (ii) to cancel meetings of the Risk Audit and Performance Committee and the Clinical Care Governance Committee until further notice.

**DECLARATIONS OF INTEREST**

3. There were no declarations.

**EXEMPT BUSINESS**

4. **The Board resolved :-**

to accept Articles 14, 15 and 16 as Exempt Business.

**MINUTE OF BOARD MEETING OF 10 MARCH 2020**

5. The Board had before it the draft minute of its previous meeting.

**The Board resolved :-**

to approve the minute as a correct record.

**DRAFT MINUTE OF RISK, AUDIT AND PERFORMANCE SYSTEMS COMMITTEE OF 25 FEBRUARY 2020**

6. The Board had before it the draft minute of the recent Risk, Audit and Performance Committee.

**The Board resolved :-**

to note the minute of the meeting.

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**DRAFT MINUTE OF CLINICAL AND CARE GOVERNANCE COMMITTEE OF 4 FEBRUARY 2020**

7. The Board had before it the draft minute of the recent Clinical and Care Governance Committee.

**The Board resolved :-**

to note the minute of the meeting.

**BUSINESS PLANNER**

8. The Board had before it the Business Planner.

The Board heard that a considerable volume of work connected with the ongoing CoVid-19 situation had impacted on author's ability to prepare or plan some of the intended reporting. It was agreed that only Urgent and/or Emergency matters be reported to the Board during the period of emergency.

The Board were advised that routine matters which provided updates only and did not require decision making, could be reported via a Service Update process. Members could seek clarity on such reports from the Lead Strategy and Performance Manager.

**The Board resolved :-**

- (i) to instruct the Chief Officer to update the Business Planner as necessary and to focus on Urgent/Emergency business only;
- (ii) to continue to submit Service Updates as appropriate; and
- (iii) to note the revised business planner.

**CHIEF OFFICER'S REPORT - HSCP.19.110**

9. The Board had before it a report from the Chief Officer, ACHSCP.

**The report recommended :-**

that the Integration Joint Board note the content of the report.

The Board heard further details on planning for CoVid-19 including current Leadership functions. The Board heard that this verbal update would be circulated with the minutes.

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**The Board resolved :-**

- (i) to approve the recommendations; and
- (ii) instruct the Chief Officer to circulate a brief outline of additional items verbally presented to the Board.

**REVISED SCHEME OF INTEGRATION TO HOST GRAMPYAN-WIDE MENTAL HEALTH AND LEARNING DISABILITY SERVICES - HSCP.19.107**

**10.** The Board had before it a report from the Chief Officer, ACHSCP which sought transfer of operational and budget responsibility for Grampian-wide Mental Health and Learning Disability Services (MHL) to the Chief Officer, ACHSCP.

**The report recommended :-**

that the Board –

- a) note that NHS Grampian (NHSG) will be delegating operational responsibility and the associated budget for Grampian-wide inpatient and specialist Mental Health and Learning Disability Services to the Chief Officer of the Aberdeen City Health and Social Care Partnership (HSCP) which will be set out in Annex 1, Part 2 B of the Integration Scheme;
- b) consider and agree to the proposal that Aberdeen City Integrated Joint Board (IJB) hosts Grampian-wide inpatient and specialist Mental Health and Learning Disability (MHL) Services on behalf of Aberdeenshire IJB and Moray IJB;
- c) note that NHSG will continue to fund any deficit arising from the inpatient and specialist Mental Health and Learning Disability Services delegated under these arrangements;
- d) note the proposals to amend the Integration Scheme for Aberdeen City and that it will be revised and submitted to Aberdeen City Council and NHSG for approval.

**The Board resolved :-**

to approve the recommendations.

**GRAMPYAN-WIDE STRATEGIC FRAMEWORK FOR MENTAL HEALTH AND LEARNING DISABILITY SERVICES 2020-2025 - HSCP.19.108**

**11.** The Board had before it a report from the Chief Officer, ACHSCP which sought approval of the Grampian-wide Strategic Framework for Mental Health and Learning Disability (MHL) 2020-2025.



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**The report recommended :-**

that the Board –

- a) approve the Grampian-wide Strategic Framework for Mental Health and Learning Disability (MHL) 2020-2025 [appendix a];
- b) note Aberdeen City Health and Social Care Partnership (ACHSCP), Aberdeenshire HSCP (ASHSCP) and Moray HSCP (MHSCP) plan to refresh their respective Mental Health and Learning Disability Strategy/(ies) for community-based services in 2022;
- c) instruct the Chief Officer to report back on the Performance Framework and Programme Transformation Plan to Aberdeen City IJB on the 25 June 2020, Aberdeenshire IJB on 24 June and Moray IJB on 26 June to provide assurance of detailed plans for service redesign, timelines and measures to monitor progress and sustainability.

**The Board resolved :-**

to approve the recommendations.

**MENTAL HEALTH DELIVERY PLAN - HSCP.19.113**

12. The Board had before it a report from the Lead for Community Mental Health, Learning Disabilities & Substance Misuse Services which sought approval of the Aberdeen City Community Mental Health Delivery Plan, known as Promoting Good Mental Health, which will run from April 2020 – March 2023.

**The report recommended:-**

that the Board –

- a) approve the Community Mental Health Delivery Plan known as Promoting Good Mental Health with effect from March 2020;
- b) note that update reports on implementation will be presented annually to Clinical Care Governance Committee

**The Board resolved :-**

to approve the recommendations.

**TRANSFORMATION - DECISIONS REQUIRED: DIGITAL - HSCP.19.116**

13. The Board had before it a report from the Chief Officer, ACHSCP. The report sought approval from the IJB to incur expenditure, and for the Board to make a Direction to Aberdeen City Council and NHSG in relation to projects that sit within the Partnership's Data and Digital, and Demand Management Programmes of Transformation.

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**The report recommended:-**

that the Board –

- a) approve the expenditure, as set out in Appendix A, relating to the Care Management Electronic Monitoring System project, and make the Direction relating to this project as per Appendix B and instruct the Chief Officer to issue this direction to Aberdeen City Council; and
- b) approve the expenditure, as set out in Appendix C, relating to the transfer of Adult Vaccinations from General Practice, and make the Direction relating to this project as per Appendix D and instruct the Chief Officer to issue this Direction to NHS Grampian.

The Board heard confirmation that Option 2 as presented was the preferred Option.

**The Board resolved :-**

to approve the recommendations.

**TRANSFORMATION - DECISIONS REQUIRED: DIGITAL - HSCP.19.116**

14. This Exempt report was approved at Article 13.

**DEVELOPING HEALTH AND CARE FACILITIES FOR COUNTESSWELLS  
(UPDATE) - HSCP.19.109**

15. The Board had before it a report from the Chief Officer, ACHSCP which sought approval of an addendum to the ACHSCP Pharmaceutical Care Services Plan and to provide an update on work ongoing to provide health and care facilities for the new development in Countesswells.

**The report recommended :-**

that the Board -

- a) approve the addendum to the Aberdeen City Health and Social Care Partnership's Pharmaceutical Care Services plan, as attached at Appendix A and instruct officers to publish the addendum for the attention of the independent pharmacy community; and
- b) instruct the Chief Officer to progress with the model for delivering an interim health facility for the community in Countesswells, as outlined in the report.

**The Board resolved :-**

to approve the recommendations.

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**2020/21 SUPPLEMENTARY PROCUREMENT WORK PLAN 2 - HSCP 19.121**

**16.** The Board had before it a report from the Chief Officer, ACHSCP. The report presented a supplementary 2020/21 procurement work plan for expenditure on social care services, together with associated procurement business cases, for approval.

**The report recommended :-**

that the Board –

- a) approve the expenditure for social care services as set out in the supplementary work plan at Appendix A,
- b) approves the award of contracts as set out in the procurement business cases at Appendix B,
- c) make the Direction, as attached at Appendix C,
- d) instruct the Chief Officer to issue the Direction to Aberdeen City Council.

**The Board resolved :-**

to approve the recommendations.

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<b>Date of Meeting</b>	12.05.2020
<b>Report Title</b>	Annual Governance Statement and Internal Control Environment
<b>Report Number</b>	HSCP.19.125
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Alex Stephen, Chief Finance Officer
<b>Consultation Checklist Completed</b>	No
<b>Directions Required</b>	No
<b>Appendices</b>	Appendix 1 – Annual Governance Statement Appendix 2 – Statement from the Chief Internal Auditor

### 1. Purpose of the Report

- 1.1. To provide the Integration Joint Board with assurance in relation to the governance arrangements and control environment.

### 2. Recommendations

It is recommended that the Integration Joint Board:

- a) Comment on and approve the draft annual governance statement, as set out in appendix 1,

### 3. Summary of Key Information

- 3.1. On the 19 March 2020 as a result of the coronavirus pandemic Audit Scotland indicated that they would be taking a pragmatic and flexible approach to this year's audit. Following this announcement, CIPFA began work on revising the accounting code of practice to provide relief to public sector bodies who were dealing with the implications of the coronavirus. The work undertaken to revise the code of practice was subsequently rejected



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by the Financial Reporting Advisory Body and therefore the code of practice still stands and so do the requirements for a full set of financial accounts and a full external audit.

- 3.2.** The maintenance of the code of practice will cause some problems for public sector bodies where it is not possible to collate the relevant financial information due to staff being diverted to other duties or the duties not being able to be completed in their traditional form due to social distancing. From an Integration Joint Board there have been two difficulties:
- 1) obtaining the financial information required, as some staff have been redeployed for pandemic work,
  - 2) that many of the meetings which support the accounts process from an IJB perspective have been cancelled.
- 3.3.** The annual governance statement forms a key part of the annual accounts and provides readers of the accounts with assurance that the governance framework is fit for purpose. The approach identified below has been proposed following consultation with external audit.
- In terms of the annual governance statement it has not been possible to update some of the supporting documentation which provide the IJB with assurance over the control environment. For example, normally the local code of governance supporting documentation is updated and a review is undertaken by the Chief Finance Officer against the CIPFA Role of the Chief Finance Officer in Local Government document.
  - A reliance would therefore be placed on the previous versions of these documents where these arrangements remain unchanged, given the movements in control and governance environments has been minimal.
  - These documents have been considered as part of the review of the system this year to inform the governance statement along with a focus on changes / matters arising in the current year, some of which will relate to Covid-19.
  - The Chief Finance Officer should report to the IJB on any changes to the governance framework and this report has been prepared to address this recommendation.
- 3.4.** The framework in an IJB context is complex, as although the IJB has its own governance framework, assurance is required that the partners' governance frameworks are also fit for purpose, given that the operational responsibility



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is maintained by the partner organisations. The IJB will be consolidated into the group accounts of Aberdeen City Council and NHS Grampian as a joint venture and they therefore require assurance that the IJB's governance framework is fit for purpose. Therefore, a failure or weakness in either of the IJB, ACC or NHSGs' governance frameworks may require disclosure in the accounts of any of the partners depending on the severity.

**3.5.** This year, as in every year, the IJB continues to review, modify and improve its governance framework. The documents prepared in the prior year have been considered / reviewed to determine which aspects are still applicable and help inform the following list of updates:

- *The standing orders of the IJB have been reviewed and updated and were approved on 19 November 2019. The terms of reference for the two sub committees were reviewed and update at the same IJB meeting.*
- *A new standards officer was agreed on 3 September 2019.*
- *The partnership has adopted the lean six sigma quality improvement methodology, has trained relevant staff and has undertaken and implemented several improvement projects using this methodology. The outcomes of some of these projects are directly informing, wider transformational activity across the partnership including the redesign of staffing teams aligned to localities and are part of our conditions for change programme.*
- *A strategic planning framework has been agreed and implemented for the large hospital services. A governance structure has been implemented to support this work including a cross system transformation board which include senior officers from the Council, NHSG and the IJBs.*
- *The transformation programme fully aligns to the new Strategic Plan and seeks to mainstream existing projects, focusing on strategic performance indicators to measure impact and demonstrate meaningful change. The new plan requires greater focus on prevention, early intervention and addressing health inequalities which will have an impact on improving outcomes. A new governance structure has been implemented to support the programme.*
- *The career ready programme and modern apprenticeships have been established within services.*
- *The Chief Officer is undertaking quarterly staff forums.*
- *Regular meetings have been held with the direct reports of the leadership team to promote the localities model and the leadership team objectives.*



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- *Quarterly performance meetings have been undertaken with the leadership team.*
- *A new leadership team structure has been implemented to allow Strategic Plan outcomes to be achieved.*
- *The strategic risk register and risk appetite statement were reviewed by the IJB in a workshop and subsequently formally approved.*
- *A performance dashboard has been implemented using an NHS software system called Tableau. The dashboard is the basis of all performance reporting from operational to strategic level.*
- *Work has been undertaken to review the clinical care governance arrangements in the Partnership and the role of the Clinical Care Governance Committee in this process.*
- *An engagement and consultation protocol with the trade unions was agreed at the IJB on 21 January 2020.*
- *A review has been undertaken of the role of the North East Partnership which has strengthen governance arrangements for hosted and large hospital services.*
- *A new commissioning approach and strategy has been agreed by the IJB.*

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

**3.7.** A draft annual governance statement is attached in appendix 1 of this report. The governance statement has been designed to provide assurance around compliance against the local code of corporate governance and the governance principles contained therein. Information has been provided by Aberdeen City Council and NHS Grampian for inclusion in the statement. The paragraph on the internal financial control arrangements has been agreed with the chief internal auditor and further information is contained in





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appendix 2 of this report, the internal annual audit report for 2019-20 will be reported to the next Risk, Audit and Performance Committee.

- 3.8. The Leadership Team has identified improvements to further strengthen the governance environment and these are identified in the governance statement and will be monitored throughout the financial year. Good progress was made in closing off the improvements made last financial year.

### 4. Implications for IJB

- 4.1. **Equalities** – There are no equalities implications arising from this report.
- 4.2. **Fairer Scotland Duty** – There are no Fairer Scotland Duties arising from this report.
- 4.3. **Financial** – There are no financial implications arising from this report.
- 4.4. **Workforce** – There are no workforce implications arising from this report.
- 4.5. **Legal** – There are no legal implications arising from this report.
- 4.6. **Other** – There are no other implications arising from this report.

### 5. Links to ACHSCP Strategic Plan

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

### 6. Management of Risk

- 6.1. **Identified risk(s):** Good governance and internal controls are fundamental to the delivery of the strategic plan and therefore applicable to most of the risks within the strategic risk register.
- 6.2. **Link to risk number on strategic or operational risk register:** Risk numbers 1-10 of the strategic risk register
- 6.3. **How might the content of this report impact or mitigate the known risks:** The Annual Governance Statement provides information on the effectiveness of the IJB Governance Framework.



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### Appendix 1

#### Annual Governance Statement

##### Scope of Responsibility

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

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

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

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

##### The Governance Framework

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

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

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<sup>1</sup> CIPFA - The Chartered Institute of Public Finance and Accountancy  
SOLACE – The Society of Local Authority Chief Executives



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financial year it has not been reviewed due to the impact of the coronavirus on staffing levels. Therefore, the IJB will need to take assurance that the control environment and governance of the organisation has remained largely unchanged since the assurance received in 2018/19.

At the same meeting a review is normally undertaken by the Chief Finance Officer evaluating the IJB's governance environment against the governance principles detailed in the CIPFA document titled the 'The role of the chief financial officer in local government'. Again, this review has not been undertaken due to the impact of the coronavirus on staffing levels and assurance will need to be taken from the 2018/19 review.

A reliance has been placed on the previous versions of these documents where these arrangements remain unchanged, given the movements in control and governance environments has been minimal and these documents have been considered when preparing the Annual Governance Statement.

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

### **Coronavirus Arrangements**

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



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

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

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

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

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

- caring
- person-centred
- enabling

These values form part of the decision-making process of the IJB and are evident in the actions and decisions made by the Board. The IJB has appointed a Standards Officer who is responsible, amongst other things, for the maintaining of Registers of Interests, Registers of Gifts and Hospitality and training on the Model Code of Conduct for Members of Devolved Public Bodies.

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

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



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*Improvement activities undertaken during the year: The standing orders of the IJB have been reviewed and updated and were approved on 19 November 2019. The terms of reference for the two sub committees were reviewed and update at the same IJB meeting. A new standards officer was agreed by the IJB on 3 September 2019.*

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

*Openness:* The IJB is a public board where members of the public and press can attend and agendas, reports and minutes are available publicly to review. Therefore, members of the public can assess whether they believe that decisions are being taken in the public interest. The Risk, Audit & Performance Committee is also a public meeting. The IJB has its own complaints handling procedure which complies with Scottish Public Services Ombudsman’s guidance.

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

*Improvement activities undertaken during the year: The IJB approved a new Strategic Plan covering the next three financial years on 26 March 2019. This plan and a decision to alter the number of localities were widely consulted on with our partners, the third sector and residents. A significant engagement process was undertaken on the new care at home recommissioning exercise and the final specification was agreed on the 11<sup>th</sup> February 2020. An engagement and consultation protocol with the trade unions was agreed at the IJB on 21 January 2020.*



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

*Economic:* The IJB has agreed a Medium-Term Financial Framework which is updated annually. The transformation programme and IJB report format specifically highlight the economic impact of the decisions being taken on current and future financial years. Work has been undertaken to establish the financial and operational benefits of the major transformation projects.

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

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

*Improvement activities undertaken during the year: The partnership has adopted the lean six sigma quality improvement methodology, has trained relevant staff and has undertaken and implemented several improvement projects using this methodology. The outcomes of some of these projects are directly informing, wider transformational activity across the partnership including the redesign of staffing teams aligned to localities and are part of our conditions for change programme. A strategic planning framework has been agreed and implemented for the large hospital services. A governance structure has been implemented to support this work including a cross system transformation board which include senior officers from the Council, NHSG and the IJBs.*

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

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

*Improvement activities undertaken during the year: The transformation programme fully aligns to the new Strategic Plan and seeks to mainstream existing projects,*





## INTEGRATION JOINT BOARD

*focusing on strategic performance indicators to measure impact and demonstrate meaningful change. The new plan requires greater focus on prevention, early intervention and addressing health inequalities which will have an impact on improving outcomes. A new governance structure has been implemented to support the programme.*

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

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

*Entity’s Capacity:* A workforce plan has been developed for the IJB covering health and social care services. Capacity is further developed and scrutinised by having stakeholders out with those employed by the IJB, ACC or NHS Grampian around the IJB and many of its working groups.

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

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

*Improvement activities undertaken during the year: The career ready programme and modern apprenticeships have been established within services. The Chief Officer is undertaking quarterly staff forums. Regular meetings have been held with the direct reports of the leadership team to promote the localities model and the leadership team objectives. A new leadership team structure has been implemented to allow Strategic Plan outcomes to be achieved.*

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

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



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

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

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

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

*Improvement activities undertaken during the year:* The strategic risk register and risk appetite statement were reviewed by the IJB in a workshop and subsequently formally approved. A performance dashboard has been implemented using an NHS software system called Tableau. The dashboard is the basis of all reporting from operational to strategic level.

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

*Transparency:* The IJB meetings are held in public and the agendas, reports and minutes are available for the public to inspect. Public attendance is welcome at the IJB meetings. The Risk, Audit & Performance committee is held in public. The IJB has developed a publication scheme as required under the Freedom of Information (Scotland) Act 2002.

*Reporting:* The annual accounts management commentary section will have a focus on both financial and service performance over the last financial year.





## INTEGRATION JOINT BOARD

*Audit:* The 2018/19 accounts received an unqualified audit opinion. The Risk, Audit & Performance Committee has received an internal audit plan from the Chief Internal Auditor and internal audit reports over the last financial year.

*Improvement activities undertaken during the year:* Work has been undertaken to review the clinical care governance arrangements in the partnership and the role of the Clinical Care Governance Committee in this process. A review has been undertaken of the role of the North East Partnership which has strengthened governance arrangements for hosted and large hospital services.

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

### Review of Effectiveness

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

The Chief Internal Auditor has reviewed the IJB's internal control framework and in his opinion reasonable assurance can be placed upon the adequacy and effectiveness of the Board's framework of governance, risk management and control in the year to 31 March 2020.

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

The governance framework was reviewed by the IJB Leadership Team against the governance principles identified in the CIPFA Role of the Chief Finance Officer Framework. The Audit & Performance Systems Committee was updated on progress with the implementation of improvement actions identified on the 30 April 2019.

The local code of corporate governance was agreed by the Audit & Performance Systems Committee on 11 April 2017 and progress against the seven principles is detailed above. At Audit & Performance Systems Committee on 10 April 2018 and the 30 April 2019 an update was provided on the sources of assurance contained in the local code of governance.

The work undertaken against the improvement actions highlighted in the 2019/20 annual governance statement is detailed in the improvement activities undertaken during the year sections detailed above.



## INTEGRATION JOINT BOARD

It is recognised that the IJB's governance framework is evolving as it matures, and that future development work is required to provide further assurance against the governance principles. A summarised list of the 2020/21 improvement actions is shown directly below:

	<b>Area for Improvement and Outcome to Be Achieved</b>	<b>Improvement Action Agreed</b>	<b>Responsible Party</b>	<b>Completion Date</b>
1.	Transformation Programme	Create Programme Management Structure	Transformation Lead	31 March 2021
2.	Clinical Care Governance	Review arrangements	Clinical Lead	31 March 2021
3.	Leadership Development	Implement new programme to support cross system leadership	SOARS Lead	31 March 2021

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

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

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

Aberdeen City Council's governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its outcomes given the crucial role of governance, performance management and risk management in improving stewardship and how we do business. Reviewing our governance activity enables us to consider whether those objectives have led to the delivery of appropriate, cost effective services to the citizens of Aberdeen. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, or comply with controls, and can



## INTEGRATION JOINT BOARD

therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: -

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

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

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

Principle B: Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

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

In summary the Council has undertaken a self-evaluation of its Local Code of Corporate Governance as at 31 March 2020. This demonstrates that reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council and its systems of governance. As the interim transitional structure continues to embed and as working practices are improved through digital design and delivery, levels of assurance are expected to increase.



## INTEGRATION JOINT BOARD

The Chief Executive and Co-Leaders of the Council have certified that this review demonstrates sufficient evidence that the Code of Corporate Governance operates effectively and provides a clear pathway for the enhancement of the governance arrangements over the coming year. They are satisfied that the programme of improvement actions will help to raise the standard of governance and provide assurance to their internal and external auditors, and other bodies with a role to play in evaluating their structures. They are also satisfied that their implementation and operation will be monitored closely as part of the next annual review.

### ii) NHS Grampian governance framework

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

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

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

- A Board which meets regularly to discharge its governance responsibilities, set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive Directors and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available;
- The Board receives regular reports on Healthcare Associated Infection and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities;
- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board are subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements;



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- Mature and organisation wide risk management arrangements built on localised risk registers and processes which ensure, as appropriate, escalation of significant instances of non-compliance with applicable laws and regulations;
- Dedicated full time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas.
- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance, engagement and participation, staff governance, clinical governance, audit committee and from the Chair of the Endowment Trustees concerning any significant matters on governance, risk and internal controls;
- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters.
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;
- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;
- An active joint management and staff partnership forum with staff side representation embedded in all key management teams and a dedicated full time Employee Director who is a member of the Board;
- Regular review of priorities for infrastructure investment and progress against the agreed Asset Management Plan by an Asset Management Group chaired by a Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;
- Clear allocation of responsibilities to ensure we review and develop our organisational arrangements and services in line with national standards and guidance including consultation with all stakeholders on service change proposals to inform decision making;
- Promotion of effective cross sector governance arrangements through participation by the IJB Board members and the Chief executives of each of the partner organisations in the North East Partnership forum, regular meetings between the Chief Executives of all Public Sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery;





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- A patient feedback service to record and investigate complaints and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches; and
- Separate governance arrangements for the NHS Grampian Endowment Funds including a separate and distinct Chair of the Trustees, elected from within the body of the Trustees, an annual general meeting of all Trustees to agree all policy matters and an Endowment Sub Committee of Trustees with delegated authority to manage the day to day operational matters of the charity.

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

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

.....

.....

Sandra Macleod

Sarah Duncan

Chief Officer

Chair

9 June 2020

9 June 2020

.....



## INTEGRATION JOINT BOARD

### Appendix 2 - Internal Audit Annual Report for the year ended 31 March 2020

As Chief Internal Auditor of Aberdeen City Integration Joint Board, I am pleased to present my annual statement on the adequacy and effectiveness of the Board's framework of governance, risk management and control for the year ended 31 March 2020. The purpose of this statement is to assist the Chief Financial Officer in forming his opinion in relation to the Annual Governance Statement to be included in the Annual Accounts.

### Opinion

It is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's framework of governance, risk management and control in the year to 31 March 2020.

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

### Basis of Opinion

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

- The audit work completed by Internal Audit during the year to 31 March 2020 in relation to the Integration Joint Board and relevant areas within Aberdeen City Council;
- Progress made with implementing agreed Internal Audit recommendations;
- The assessment of risk completed during the updating of the audit plan;
- Reports issued by the Board's external auditors;
- Internal Audit's knowledge of the Board's and Aberdeen City Council's framework of governance, risk management and performance monitoring arrangements.
- Consideration will be given to the contents of NHS Grampian's Internal Audit annual report when available.

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## INTEGRATION JOINT BOARD

<b>Date of Meeting</b>	12/05/2020
<b>Report Title</b>	Unaudited Final Accounts 2019/20
<b>Report Number</b>	HSCP.19.124
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Alex Stephen, Chief Finance Officer
<b>Consultation Checklist Completed</b>	Yes
<b>Appendices</b>	a. Unaudited Final Accounts 2019/20

### 1. Purpose of the Report

- 1.1. The purpose of this report is to allow the Integration Joint Board to review and comment on the unaudited final accounts for 2019/20.

### 2. Recommendations

- 2.1. It is recommended that the Integration Joint Board:
- a) Consider and comment on the Unaudited Accounts for 2019/20.

### 3. Summary of Key Information

- 3.1. This is the fourth time that a full set of accounts have been prepared for the Integration Joint Board (IJB).
- 3.2. A great deal of work has been undertaken at a national level to agree on a proposed approach to the Integration Joint Board Accounts. Even then there will be changes in format and the disclosures contained in the accounts based on local circumstances. However, the major disclosures and format is based on a template commissioned by the Scottish Government with the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.3. The accounts are based the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) and follow the format of the accounts used by local authorities as the IJB is recognised as a local



## INTEGRATION JOINT BOARD

government body, under Part VII of the Local Government (Scotland) Act 1973.

- 3.4. Given this is the fourth year of producing these accounts there is a possibility that some of the disclosures and the accounts will need to be changed during the audit process. This is particularly pertinent given that there may be changes to the accounts due to the coronavirus and given our accounts are audited sooner than the other IJBs in Scotland. There are two figures in the accounts which will be updated during the audit process, these are the set aside figure which currently relates to 2018/19 and the pension figures for the Chief Officer. Both these figures have not been available for inclusion on the unaudited accounts due to staff resources being prioritised for other activities. Neither figure impacts on the amount held in reserves.
- 3.5. The audit of the accounts will take place week beginning the 18 May 2020. The final audited accounts will be brought back to a special meeting of the Integration Joint Board to be held in June (date still to be finalised).
- 3.6. The Local Authority Accounts (Scotland) Regulations 2014 defines the notice period, the inspection period, the deadline for submission of an objection to the accounts and the information which must be made available for inspection. The inspection must last 15 working days.
- 3.7. Aberdeen City Council have shortened the timescale for closing the final accounts of the Council. As the IJB accounts feed into the Aberdeen City Accounts, the IJB accounts also have to be closed off quicker than in most other IJBs. The intention is that the Aberdeen City Council accounts, including the group accounts, will be drafted, audited and approved by the 30 June at the latest,
- 3.8. The accounts follow the following format:

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

**Remuneration Note** – contains details of the pay and pension benefits accrued by the senior officers of the IJB during 2019/20. Note we are still waiting on the pension information for the Chief Officer, this will be added prior to being sent to auditors.

**Annual Governance Statement** – Highlights the Governance Framework in place and describes performance and improvements against the local code



## INTEGRATION JOINT BOARD

of governance. This contains the assurances from Aberdeen City Council and NHS Grampian. It also contains wording from the Chief Internal Auditor on the internal control environment.

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

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

- 3.9.** As can be seen through the accounts at the end of the financial year the IJB has £2,601,896 in its useable reserve at the end of the financial year, which has largely been earmarked for activities where we received additional income in 2019/20 and require to allocate funding in 2020/21 to complete the activities associated with this income.

### 4. Implications for IJB

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

### 5. Links to ACHSCP Strategic Plan

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





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### 6. Management of Risk

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

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

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

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



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



# **Aberdeen City Integration Joint Board**

## **Un-Audited Annual Accounts 2019/20**



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## Management Commentary

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

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

#### **Hosted Services**

Intermediate care of the elderly and specialist rehabilitation

Sexual health

Acute mental health and learning disability

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

Accident and emergency services provided in a hospital

Inpatient hospital services relating to the following branches of medicine:

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

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

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

## The IJB's Operations for the Year

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

Aberdeen has an estimated population (2018) of 227,560. This population is expected to rise to 229,783 (1.1 % increase) in ten years and 232,863 (2.3% increase) in twenty-five years. There is a mixture of affluent and deprived areas in the city with twenty-nine of its 283 data zones recognised as being in the 20% of most deprived areas in the country (national share 2.08%). In terms of health and social care, the demand for services continues to rise each year. It is estimated that the over-65s accounted for 15.6% of the total population in Aberdeen in 2018 and this is forecast to increase to 17.8% (40,926) of the total population in ten years and to 19.3% (44,981) of the total population in twenty-five years.

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

During the financial year 2019/20 the IJB committed to:

- deliver the commitments and Year 1 priorities of the Strategic Plan;
- implement the three-locality model, developing closer links with our community planning partners;
- embed transformational activity into mainstream service delivery;
- undertake a number of strategic commissioning projects that will transform service delivery, introduce co-design and co-production with our third and independent provider partners, and help develop a sustainable market in Aberdeen;
- consolidate the Leadership Team structure;
- continue to focus on delivering the Medium-Term Financial Framework;
- continue to engage with the public to provide information on our services and why are we seeking to transform.

Good progress has been made in terms of delivery on these commitments.

Strategic Plan - In terms of the Strategic Plan, twelve specific year one commitments were made. Eight of these have been fully delivered with two others significantly progressed. For example, our Alcohol and Drugs, Mental Health, Dental, Commissioning Plans have all been approved and work on our Living Well with Dementia and Transitions Plans and local approaches to healthy diet and weight is well progressed.

In addition, we are progressing the delivery of our Primary Care Improvement Plan and our work to support unpaid carers in Aberdeen. The Community Links Worker



model has been fully rolled out and is delivering benefits in terms of linking people to appropriate service provision and enabling GPs to focus on patients with the highest needs. Our Delayed Discharge figures continue to fall, and we have created a multi-agency Disabled Adaptations Group to ensure the use of adapted housing stock across all tenures is maximised, reducing wait times for those most in need and minimising the need for expensive fit outs and refits where suitable property already exists within the City.

Progress has also been made on some of our Enablers, including developing and supporting our workforce, expanding our digital transformation (new and improved website and intranet, introduction of Office 365, and digitisation of health visiting), and making headway on some of our primary care infrastructure projects most notably the interim solution for the major Countesswells development to the south of the City

Three locality model - The partnership published a strategic plan for 2019 – 22. This revised strategic plan identified the new three locality model which aims to ensure closer alignment with community planning structures and activities, better partner collaborations, more public clarity and a better focus on areas where people experience poorer outcomes.

A phased approach is being adopted, utilising a community engagement and empowerment approach to ensure that our citizens, people and partners work together through our localities to deliver our strategic plan. These phases are:

1. Supporting the establishment and development of three locality empowerment groups;
2. Redesign of staffing teams, aligned with our localities;
3. Upskilling and development of both locality empowerment groups and operational teams;
4. Integrated Locality Working.

These phases are not linear and during 2019/20 strong foundations have been put in place for phases 1, 2 & 3.

Towards the end of 2019/20 was the start of the Covid-19 pandemic. As well as presenting a tremendous challenge to our citizens, staff and partners, the crisis also creates an opportunity to build on existing and newly forming community connections. Early plans are developing, working with the people in our communities to explore what opportunities for community resilience can be developed during the crisis to ensure strong, sustainable, supportive communities into the future.

Programme of Transformation - In September 2019, the IJB approved a revised programme of transformation which aligns to support the delivery of our revised strategic plan. The programme covers the breadth of our partnership and is embedded into our revised leadership team structure, ensuring that it is embedded throughout mainstream service delivery.

The five programmes are:

- Demand Management,
- Prevention,
- Digital & Data,
- Conditions for Change,
- Accessible and Responsive Infrastructure.

The Medium Term Financial Framework (MTFF) approved by the IJB on 10 March 2020 contained proposals which were fully aligned to the programme of transformation. The IJB continues to work to deliver on the ambitions of this MTFF and ensure financial balance.

During the financial year significant work was undertaken on our approach to strategic commissioning. This approach was approved by the IJB in September 2019. It guides the future commissioning activity within all aspects of the Partnership, and links to the demand management approach which allows us to focus our attention on value demand, ensuring the most appropriate and efficient means of meeting the needs of the population in the future.

Finally, the leadership team have been through a restructuring process, the new structure has been developed to aid delivery of the new IJB Strategic Plan, support better working between the sectors delegated to the IJB and ensure more cross system working.

### **The IJB's Position at 31 March 2020**

The accounts for the year ended 31 March 2020 show a usable reserves position of £2,601,896 (£5,578,337 2018/19). A significant element of the 2018/19 funds had been committed and used in 2019/20. All of the recurring funding has now been allocated and the IJB had agreed through its Medium-Term Financial Strategy to use these funds. The IJB agreed a reserves strategy and during the 2017/18 budget process agreed to hold back as earmarked reserves £2.5 million as a risk fund. As a result of additional financial pressures in 2019/20 this risk fund had to be used and now £1.3 million remains. It was agreed at the budget meeting on the 10 March 2020 not to replenish the risk fund due to the level of budget savings requiring to be achieved.

The majority of public sector organisations are facing challenges balancing their budgets in a context of increasing demand and costs, while the funding available is reducing in real terms. The 2020/21 budget was agreed on 10 March 2020 and included £5.7 million of budget reductions.

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

The IJB has made arrangements with social care providers to allow the Scottish Living Wage to be paid in 2019/20. Local negotiations will be undertaken with social care providers to provide funding to pay the Scottish Living Wage of £9.30 per hour from 1 April 2020. This was possible due to additional funding being made available.

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

At the time of preparing the final accounts for 2019/20 and producing the 2020/21 Medium Term Financial Framework the impact of the coronavirus on the finances of the IJB were uncertain. Some of these financial consequences of the coronavirus will receive additional funding from the Scottish Government, however, at this time the position about where the additional costs will be incurred and the level of any additional funding requires further work.

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

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

When setting the Medium Term Financial Framework and identifying the solutions to balance the 2020/21 budget the IJB agreed key objectives aligned to the programme of transformation that it will seek to deliver: -

### **Managing Demand**

**Review of pricing/charging** – A workstream has been developed to review the charges included in the IJB budget. Whilst the budget for fees & charges was delegated to the IJB, the charging policy remains with the Council. Therefore, approval will be required from the Council to increase the fees & charges. The workstream will continue to review charges throughout the year with the intention of delivering an additional £300,000 per annum. The purpose of fees & charges for social care is to provide equity based on a financial assessment and to allow services to continue to be delivered to support the population.

**Commissioned Services** – Aberdeen City commissions the vast majority of its social care from care providers. Commissioning is the largest part of our budget and accounts for over £100 million of our available budget. A Strategic Commissioning Board has been established to review our contracts and the services which we commission. The focus of this Board will not only be to deliver services of a better or

equivalent quality than currently commissioned, but also to do so at less cost. Commissioning decisions will continue to be made at the Integration Joint Board throughout the financial year.

## **Conditions for Change**

**Locums and Agency Staff** – A review of the use of locum and agency staff within the Partnership to reduce the level of spend primarily in Woodend Hospital, Mental Health Community Services and the medical practices directly run. A cross-system group has been established to look at ways to fill these vacancies and where this is not possible consider redesigning services. The cross-system group has both management and clinical representation from the services identified above. Having clinical representation allows a balance to be maintained between reducing costs and clinical safety.

In addition, we will place a strong focus on understanding and improving unplanned staff absences to reduce the reliance on supplementary staff. This will be aligned with service redesign to ensure we have workforce requirements which reflect available resource and future sustainable models of service delivery.

**Localities** – Work has commenced at a management level to engage with and support service managers as we move to a locality model which aims to maintain a sense of cross-system working across the whole city. We will use a three-stage model to support the move to localities. Understanding what new models can and will look like will be an underpinning feature. This process will allow us to review and align our headcount as new models of care are developed. We have placed a conservative target on current figures of turnover and vacancies to identify the commitment and requirement to reduce the headcount to match available resources. It will reduce by 60 FTE as a result of this work and these reductions will come naturally.

### **Accessible and responsive infrastructure:**

**Medical Practices** – Currently the Partnership manages six 2C medical practices within the city. The remaining practices are run by GPs as independent contractors. This objective focuses on the five practices directly run by the Partnership and will seek to develop new models for these services which encourage better collaboration between the practices and more cross-system working. This review will be data led and take consideration of the patient profile and the implications any changes may have on the wider health and social care system.

## Data and Digital/Prevention:

**Sustainable Services** – This objective has a number of themes, such as seeking to reduce:

- the number of GP callouts,
- care home residents admitted to hospital, and
- the cost and volume of medicines being prescribed.

These themes will lead to improvements across both primary and secondary care sectors. The majority of the savings will come from seeking alternatives to medicines (social prescribing), ensuring our prescribing processes and management of patients using medicines is as efficient as it can be and also stopping the prescription of drugs where there is evidence of little clinical value. A cross-Grampian prescribing group provides recommendations to the Partnership on all prescribing matters. In addition, a key driver will be the use of technology to develop more efficient systems across community care which will impact on the key drivers.

## Key Risks and Uncertainties

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

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

The IJB held a workshop in April 2018 on the Strategic Risk Register and the Board's Risk Appetite. As a result of the workshop, the revisions to both the Register and the Appetite Statement were submitted to the Audit & Performance Systems Committee for approval.

The committee at its meeting on the 11 September 2018 approved the revised Strategic Risk Register and Risk Appetite Statement and agreed to monitor three risks within the Strategic Risk Register on an ongoing basis at the committee up to the next formal review of the register by the IJB.

At its meeting on 12 February 2019, the committee monitored strategic risks 1-3 and provided comments which the Risk Owners have considered as part of the ongoing monitoring of the risks. At its meeting on 21 January 2020, the IJB resolved to approve the revised Risk Appetite Statement and the Strategic Risk Register. The risks that are classed as **High or Very High** risk on the Strategic Risk Register are detailed below.

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

market, reduction of available beds and the requirement to care for more complex people at home.

Mitigating Actions -

- The IJB's commissioning model has an influence on creating capacity and capability to manage and facilitate the market
  - Development of provider forum and peer mentorship to support relationship and market management. This includes a workshop on business continuity.
  - Risk fund set aside with transformation funding
  - Approved Reimaging Primary Care Vision and currently implementing the Primary Care Improvement Plan
  - Implementation of the new GMS Contract.
  - Provider Forum business continuity plan workshop
  - The development of risk predictor tools in association with the care inspectorate, and individual team escalation plans
2. There is a risk of IJB financial failure and projecting an overspend, due to demand outstripping available budget, which would impact on the IJB's ability to deliver on its strategic plan (including statutory work).

Mitigating Actions-

- Financial information is reported regularly to the Risk, Audit & Performance Systems Committee, the Integration Joint Board and the Leadership Team.
  - Approved reserves strategy, including risk fund.
  - Robust financial monitoring and budget setting procedures including regular budget monitoring & budget meeting with budget holders.
  - Medium-Term Financial Framework was reviewed and approved at the IJB on 10<sup>th</sup> March 2020.
  - Risk, Audit & Performance Systems Committee receives regular updates on transformation programme & spend.
  - The Leadership Team are committed to driving out efficiencies, encouraging self-management and moving forward the prevention agenda to help manage future demand for services. Lean Six Sigma methodology is being applied to carry out process improvements
3. There is a risk that hosted services do not deliver the expected outcomes, fail to deliver transformation of services, or face service failure and that the IJB fails to identify such non-performance through its own systems and pan-Grampian governance arrangements. This risk relates to services that Aberdeen IJB hosts on behalf of Moray and Aberdeenshire, and those hosted by those IJBs and delivered on behalf of Aberdeen City.

Mitigating Actions-

- This is discussed regularly by the three North East Chief Officers
- Regular discussion regarding budget with relevant finance colleagues.
- Chief Officers should begin to consider the disaggregation of hosted services.

4. Failure of the transformation to delivery sustainable systems change, which helps the IJB deliver its strategic priorities, in the face of demographic & financial pressures

Mitigating Actions-

- Programme management approach being taken across whole of the transformation programme
  - Transformation team in place and all trained in Managing Successful Programmes methodology
  - Regular reporting to Executive Programme Board and Portfolio Programme Boards
  - Regular reporting to Risk, Audit and Performance Systems Committee and Integration Joint Board
  - Six Sigma methodology being used to support delivery of strategic plan, medium term financial plan and to ensure sustainability. Evaluation process in place to track delivery of change and efficiencies. Prioritisation process in place to prioritise allocation of transformation resource.
  - A number of plans and frameworks have been developed to underpin our transformation activity across our wider system including: Reimagining Primary and Community Care Vision, Transformation Plan, Primary Care Improvement Plan, Action 15 Plan.
  - Transformation team amalgamated with public health and wellbeing to give greater focus to localities.
5. There is a risk that the IJB does not maximise the opportunities offered by locality working.

Mitigating Actions-

- Continued broad engagement on locality working and requested development of comprehensive communication plan
  - Position Statement issued in August 2019
6. There is a risk that if the System does not redesign services from traditional models in line with the current workforce marketplace in the City this will have an impact on the delivery of the IJB Strategic Plan.

Mitigating Actions:

- ACHSCP Workforce Plan
- Active engagement with schools to raise ACHSCP profile (e.g. Developing the Young Workforce, Career Ready)
- Active work with training providers and employers to encourage careers in Health and Social Care (e.g. Foundation Apprenticeships/Modern Apprenticeships through NESCOL, working with Department for Work and Pensions)
- Greater use of commissioning model to encourage training of staff
- Increased emphasis on health/wellbeing of staff

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

Whilst the impact on health and social care services of leaving the EU is impossible to forecast, it is clear that a number of issues will need to be resolved. Key areas for health and social care organisations to consider include: staffing; medical supplies; accessing treatment; regulation (such as working time directive and procurement/competition law, for example); and cross border issues.

Mitigating Actions-

- Mitigating actions have been developed on a national and local level through Scottish Government guidance and the ACC and NHSG EU exit steering groups respectively. These actions are linked to the Scottish Planning Assumptions (based on the reasonable worst case scenario-no deal).
- The assumptions are:
  - Travel, Freight and Borders
  - Disruption of Services
  - Information and Data Sharing
  - Demonstrations and Disorder
  - Remote and Rural Scotland
  - Scottish Workforce
- As the Partnership does not directly employ staff, The Chief Officer will work closely with partners to ensure that as implications become clear the Partnership are able to best represent and meet the needs of all staff.
- The Partnership's Business Continuity Planning process is established which will identify key services to prioritise in any contingency event.



- Review Arms Length External Organisations (ALEO) contingency plans. Request evidence of risk assessment and mitigation from ALEOS for assurance of ability to deliver against contract. This is being considered and scrutinised through the ALEO Hub governance arrangements.
  - Survey of providers asking key questions on preparedness.
  - A joint City and Shire Care Home providers workshop was held in May 2019 to discuss with providers their preparedness for any EU exit.
  - Partnership took part in Exercise Pisces run by NHSG on the 19<sup>th</sup> of March. This exercise tested the preparedness and reporting processes ahead of any EU exit situation.
8. There is a risk that the Coronavirus (Covid-19) outbreak leads to high numbers of incidences within the city, impacting public health and the delivery of essential health and care services through significantly increase demand and reduced workforce capacity. This reduced capacity arising as a result of frontline workforce absence and self-isolation requirements.

#### Mitigating Actions

- The Delay phase aims to:
  1. Slow the spread (and protect staff)
  2. Lower peak impact
  3. Push away from the winter season
- The Mitigate phase aims to:
  1. Deliver best care for those that are ill
  2. Support hospitals to deliver essential services
  3. Encourage people in the community who are ill to reduce the risk to others
- The Research Phase:
  - Be flexible and responsive to current advice

Future challenges are to achieve financial savings from mainstream services in order to sustain the financial viability of the IJB. Also, it will be challenging to transform service delivery while trying to maintain the services required by our service users.

#### **Analysis of the Financial Statements**

The accounts show usable reserves of £2,601,896 at 31 March 2020 (£5,578,337 at 31 March 2019). This is largely due to unspent integration and change funds provided by the Scottish Government to the IJB via NHS Grampian. This level of

reserve held is slightly improved from the level anticipated throughout the year in the budget monitoring reports.

Prescribing continues to be a major financial risk for the IJB. In 2017/18 an overspend on the prescribing budget of £1,616,080 was incurred. This was largely due to a discount anticipated in one medicine not materialising at the forecast levels and the price of some drugs substantially increasing due to short-supply issues. For 2018/19 the prescribing budget reported an underspend of £414,000, due to a renegotiation in the costs of some medicines. In 2019/20 this budget has overspent by £852,000 there was an increase in demand and price throughout the year, with the demand being influenced by the Brexit deadlines. Towards the end of 2019/20 the level of overspend started to stabilise, however, the by the middle of March costs started to increase due to the coronavirus. Additional funding was provided by the Scottish Government to cover any additional prescribing costs for the coronavirus. This funding may require to be repaid from reductions in 2020/21 prescribing spend.

Hosted services continue to experience financial pressure (£1,341,000) with budget savings identified from temporarily closing a ward at Woodend Hospital not being achieved as a result of supplementary staffing to cover for sicknesses. A workstream has been developed which is seeking to reduce sickness levels and supplementary staffing across the IJB budgets in 2020/21.

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

The services covered include:

- accident and emergency services at Aberdeen Royal Infirmary and Dr Gray's - inpatient & outpatient;
- inpatient hospital services relating to general medicine, geriatric medicine, rehabilitation medicine, respiratory medicine, learning disabilities, old age psychiatry, general psychiatry;
- palliative care services provided at Roxburghe House, Aberdeen, and The Oaks, Elgin.

One of the key priorities of the IJB and reasons why the IJBs were established is to improve pathways and reduce the use of these services. During the financial year NHS Grampian advised that the Aberdeen City IJB's use of these services had increased slightly as highlighted below.

<b>Set Aside</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Budget	£46,732,000	£41,344,000	£46,416,000
Days used	152,498	142,349	143,055

Aberdeen City IJB used 706 days more of the hospital services than in 2018/19. Figures for 2019/20 will be available in time for the audited accounts. The budget has increased due to movements in the price per bed days for the services. The IJB

Senior Leadership Team are in the process of reviewing this data to see what actions can be taken to reduce hospital usage.

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**Cllr Sarah Duncan**  
IJB Chair  
9 June 2020



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**Sandra Macleod**  
Chief Officer  
9 June 2020



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**Alex Stephen**  
Chief Finance Officer  
9 June 2020



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

**To be added by External Auditor**

## **Statement of Responsibilities**

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

The Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature.

Signed on behalf of the Aberdeen City Integration Joint Board

**Sarah Duncan**

IJB Chair

9 June 2020

## **Responsibilities of the Chief Financial Officer**

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

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

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

The chief financial officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Aberdeen City Integration Joint Board as at 31 March 2020 and the transactions for the year then ended.

**Alex Stephen**

Chief Finance Officer

9 June 2020

## **Remuneration Report**

### **Introduction**

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

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

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

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

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

<b>Taxable Expenses 2018/19 £</b>	<b>Name</b>	<b>Post(s) Held</b>	<b>Nominated by</b>	<b>Taxable Expenses 2019/20 £</b>
Nil	Jonathan Passmore	Chair 01/04/17 to 31/12/18 Vice Chair 01/01/19 to 26/3/19	NHS Grampian	Nil
Nil	Cllr Sarah Duncan	Chair 01/01/19 to 31/03/20 Vice Chair 18/05/17 to 31/12/18	Aberdeen City Council	Nil
Nil	Luan Grugeon	Vice-Chair 27/03/19 to 31/03/20	NHS Grampian	Nil
<b>Nil</b>	<b>Total</b>			<b>Nil</b>

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

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

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

### Chief Officer

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

### Other Officers

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

<b>Total 2018/19 £</b>	<b>Senior Employees</b>	<b>Salary, Fees &amp; Allowances £</b>	<b>Taxable Expenses £</b>	<b>Total 2019/20 £</b>
9,365	<b>Judith Proctor</b> Chief Officer 01/02/16 to 27/04/18 (FYE £112,383)	-	-	-
41,359	<b>Sally Shaw</b> Chief Officer 01/04/18 to 31/08/18	-	-	-
61,115	<b>Sandra Macleod</b> Chief Officer 3/09/18 to 31/03/20 (FYE £106,768)	106,768	-	106,768
71,214	<b>Alex Stephen</b> Chief Finance Officer 04/07/16 to 31/03/20	85,597	-	85,597
<b>183,053</b>	<b>Total</b>	<b>192,365</b>	-	<b>192,365</b>

FYE = Full Year Equivalent

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

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their



role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

<b>Officer Name</b>	<b>Responsibility</b>	<b>Pension as at 31/3/2020 £000</b>	<b>Pension Difference from 31/3/2019 £000</b>	<b>Lump Sum as at 31/3/2020 £000</b>	<b>Lump Sum Difference from 31/3/2019 £000</b>	<b>Pension Contribution 2019/2020 £</b>	<b>Pension Contribution 2018/2019 £</b>
Judith Proctor	Chief Officer 01/02/2016 – 27/04/2018	-	-	-	-	-	1,395
Sally Shaw	Chief Officer 01/04/18 - 31/08/18	-	-	-	-	-	7,982
Sandra Macleod	Chief Officer 3/09/18 to 31/03/20	-	-	-	-	22,941	9,106
Alex Stephen	Chief Finance Officer 01/07/2016 – 31/03/2020	24	2	33	1	16,520	13,744
						<b>39,461</b>	<b>32,227</b>

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

### **Disclosure by Pay Bands**

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

<b>Number of Employees in Band -2018/19</b>	<b>Remuneration Band</b>	<b>Number of Employees in Band – 2019/20</b>
1	£60,000 - £64,999	0
1	£70,000 - £74,999	0
0	£85,000 - £89,999	1
0	£105,000 - £109,999	1

## Exit Packages

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

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Sandra Macleod

Chief Officer

9 June 2020

Sarah Duncan

Chair

9 June 2020

## **Annual Governance Statement**

### **Scope of Responsibility**

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

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

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

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

### **The Governance Framework**

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

The IJB agreed on 11 April 2017 at the Audit & Performance Systems Committee to adopt a local code of corporate governance which was built around the principles identified in the CIPFA\SOLACE<sup>1</sup> Delivering Good Governance in Local Government Framework (2016 Edition). The local code of governance is normally reviewed annually and reported to the same audit committee where the annual governance statement is approved. This code provides a list of documents\activities from an IJB, NHS Grampian and Aberdeen City Council perspective which provide assurance on the governance framework. However, this financial year it has not been reviewed due to the impact of the coronavirus on staffing levels. Therefore, the IJB will need to take assurance that the control environment and governance of the organisation has remained largely unchanged since the assurance received in 2018/19.

At the same meeting a review is normally undertaken by the Chief Finance Officer evaluating the IJB’s governance environment against the governance principles detailed in the CIPFA document titled the ‘The role of the chief financial officer in local

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

SOLACE – The Society of Local Authority Chief Executives

government'. Again, this review has not been undertaken due to the impact of the coronavirus on staffing levels and assurance will need to be taken from the 2018/19 review.

A reliance has been placed on the previous versions of these documents where these arrangements remain unchanged, given the movements in control and governance environments has been minimal and these documents have been considered when preparing the Annual Governance Statement.

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

### **Coronavirus Arrangements**

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

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

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

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

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

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

- caring
- person-centred
- enabling

These values form part of the decision-making process of the IJB and are evident in the actions and decisions made by the Board. The IJB has appointed a Standards Officer who is responsible, amongst other things, for the maintaining of Registers of Interests, Registers of Gifts and Hospitality and training on the Model Code of Conduct for Members of Devolved Public Bodies.

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

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

*Improvement activities undertaken during the year:* The standing orders of the IJB have been reviewed and updated and were approved on 19 November 2019. The terms of reference for the two sub committees were reviewed and update at the same IJB meeting. A new standards officer was agreed by the IJB on 3 September 2019.

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

*Openness:* The IJB is a public board where members of the public and press can attend and agendas, reports and minutes are available publicly to review. Therefore, members of the public can assess whether they believe that decisions are being taken in the public interest. The Risk, Audit & Performance Committee is also a public meeting. The IJB has its own complaints handling procedure which complies with Scottish Public Services Ombudsman's guidance.

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

*Improvement activities undertaken during the year: The IJB approved a new Strategic Plan covering the next three financial years on 26 March 2019. This plan and a decision to alter the number of localities were widely consulted on with our partners, the third sector and residents. A significant engagement process was undertaken on the new care at home recommissioning exercise and the final specification was agreed on the 11<sup>th</sup> February 2020. An engagement and consultation protocol with the trade unions was agreed at the IJB on 21 January 2020.*

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

*Economic:* The IJB has agreed a Medium Term Financial Framework which is updated annually. The transformation programme and IJB report format specifically highlight the economic impact of the decisions being taken on current and future financial years. Work has been undertaken to establish the financial and operational benefits of the major transformation projects.

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

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

*Improvement activities undertaken during the year: The partnership has adopted the lean six sigma quality improvement methodology, has trained relevant staff and has undertaken and implemented several improvement projects using this methodology. The outcomes of some of these projects are directly informing, wider transformational activity across the partnership including the redesign of staffing teams aligned to localities and are part of our conditions for change programme. A strategic planning framework has been agreed and implemented for the large hospital services. A governance structure has been implemented to support this work including a cross system transformation board which include senior officers from the Council, NHSG and the IJBs.*

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

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

*Improvement activities undertaken during the year: The transformation programme fully aligns to the new Strategic Plan and seeks to mainstream existing projects, focusing on strategic performance indicators to measure impact and demonstrate meaningful change. The new plan requires greater focus on prevention, early intervention and addressing health inequalities which will have an impact on improving outcomes. A new governance structure has been implemented to support the programme.*

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

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

*Entity’s Capacity:* A workforce plan has been developed for the IJB covering health and social care services. Capacity is further developed and scrutinised by having stakeholders out with those employed by the IJB, ACC or NHS Grampian around the IJB and many of its working groups.

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

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

*Improvement activities undertaken during the year: The career ready programme and modern apprenticeships have been established within services. The Chief Officer is undertaking quarterly staff forums. Regular meetings have been held with the direct reports of the leadership team to promote the localities model and the leadership team objectives. A new leadership team structure has been implemented to allow Strategic Plan outcomes to be achieved.*

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

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

*Risk:* Two risk registers have been developed. The first is an IJB Strategic Risk Register and this documents the risk that the IJB may face in delivery of the Strategic

Plan. The second register covers operational risks and is a summary of the departmental operational risk registers. The Strategic Risk Register is updated frequently and reported to the Risk, Audit & Performance Committee and the IJB.

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

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

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

*Improvement activities undertaken during the year:* The strategic risk register and risk appetite statement were reviewed by the IJB in a workshop and subsequently formally approved. A performance dashboard has been implemented using an NHS software system called Tableau. The dashboard is the basis of all reporting from operational to strategic level.

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

*Transparency:* The IJB meetings are held in public and the agendas, reports and minutes are available for the public to inspect. Public attendance is welcome at the IJB meetings. The Risk, Audit & Performance committee is held in public. The IJB has developed a publication scheme as required under the Freedom of Information (Scotland) Act 2002.

*Reporting:* The annual accounts management commentary section will have a focus on both financial and service performance over the last financial year.

*Audit:* The 2018/19 accounts received an unqualified audit opinion. The Risk, Audit & Performance Committee has received an internal audit plan from the Chief Internal Auditor and internal audit reports over the last financial year.

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



*undertaken of the role of the North East Partnership which has strengthen governance arrangements for hosted and large hospital services.*

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

## **Review of Effectiveness**

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

The Chief Internal Auditor has reviewed the IJB's internal control framework and in his opinion reasonable assurance can be placed upon the adequacy and effectiveness of the Board's framework of governance, risk management and control in the year to 31 March 2020.

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

The governance framework was reviewed by the IJB Leadership Team against the governance principles identified in the CIPFA Role of the Chief Finance Officer Framework. The Audit & Performance Systems Committee was updated on progress with the implementation of improvement actions identified on the 30 April 2019.

The local code of corporate governance was agreed by the Audit & Performance Systems Committee on 11 April 2017 and progress against the seven principles is detailed above. At Audit & Performance Systems Committee on 10 April 2018 and the 30 April 2019 an update was provided on the sources of assurance contained in the local code of governance.

The work undertaken against the improvement actions highlighted in the 2019/20 annual governance statement is detailed in the improvement activities undertaken during the year sections detailed above.

It is recognised that the IJB's governance framework is evolving as it matures, and that future development work is required to provide further assurance against the governance principles. A summarised list of the 2020/21 improvement actions is shown directly below:

	<b>Area for Improvement and Outcome to Be Achieved</b>	<b>Improvement Action Agreed</b>	<b>Responsible Party</b>	<b>Completion Date</b>
1.	Transformation Programme	Create Programme Management Structure	Transformation Lead	31 March 2021

2.	Clinical Care Governance	Review arrangements	Clinical Lead	31 March 2021
3.	Leadership Development	Implement new programme to support cross system leadership	SOARS Lead	31 March 2021

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

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

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

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

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

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

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

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

Principle B: Ensuring openness and comprehensive stakeholder engagement

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

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

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

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

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

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

In summary the Council has undertaken a self-evaluation of its Local Code of Corporate Governance as at 31 March 2020. This demonstrates that reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council and its systems of governance. As the interim transitional structure continues to embed and as working practices are improved through digital design and delivery, levels of assurance are expected to increase.

**The Chief Executive and Co-Leaders of the Council have certified that this review demonstrates sufficient evidence that the Code of Corporate Governance operates effectively and provides a clear pathway for the enhancement of the governance arrangements over the coming year. They are satisfied that the programme of improvement actions will help to raise the standard of governance and provide assurance to their internal and external auditors, and other bodies with a role to play in evaluating their structures. They are also satisfied that their implementation and operation will be monitored closely as part of the next annual review.**

## **ii) NHS Grampian governance framework**

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

efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

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

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

- A Board which meets regularly to discharge its governance responsibilities, set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive Directors and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available;
- The Board receives regular reports on Healthcare Associated Infection and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities;
- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board are subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements;
- Mature and organisation wide risk management arrangements built on localised risk registers and processes which ensure, as appropriate, escalation of significant instances of non-compliance with applicable laws and regulations;
- Dedicated full time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas.
- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance, engagement and participation, staff governance, clinical governance, audit committee and from the Chair of the Endowment Trustees concerning any significant matters on governance, risk and internal controls;
- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters.
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;
- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;

- An active joint management and staff partnership forum with staff side representation embedded in all key management teams and a dedicated full time Employee Director who is a member of the Board;
- Regular review of priorities for infrastructure investment and progress against the agreed Asset Management Plan by an Asset Management Group chaired by a Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;
- Clear allocation of responsibilities to ensure we review and develop our organisational arrangements and services in line with national standards and guidance including consultation with all stakeholders on service change proposals to inform decision making;
- Promotion of effective cross sector governance arrangements through participation by the IJB Board members and the Chief executives of each of the partner organisations in the North East Partnership forum, regular meetings between the Chief Executives of all Public Sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery;
- A patient feedback service to record and investigate complaints and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches; and
- Separate governance arrangements for the NHS Grampian Endowment Funds including a separate and distinct Chair of the Trustees, elected from within the body of the Trustees, an annual general meeting of all Trustees to agree all policy matters and an Endowment Sub Committee of Trustees with delegated authority to manage the day to day operational matters of the charity.

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

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

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Sandra Macleod

Chief Officer

9 June 2020

Sarah Duncan

Chair

9 June 2020

## Comprehensive Income and Expenditure Statement

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

2018/19			2019/20			
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
£	£	£	£	£	£	
31,594,608	0	31,594,608	Community Health Services	34,797,252	0	34,797,252
22,330,324	0	22,330,324	Aberdeen City share of Hosted Services (health)	24,234,025	0	24,234,025
34,621,408	0	34,621,408	Learning Disabilities	35,146,542	0	35,146,542
19,992,884	0	19,992,884	Mental Health & Addictions	20,240,395	0	20,240,395
74,255,297	0	74,255,297	Older People & Physical and Sensory Disabilities	78,465,627	0	78,465,627
171,352	0	171,352	Head office/Admin	1,783,412	0	1,783,412
5,110,341	(5,011,925)	98,416	Criminal Justice	4,734,327	(4,642,640)	91,687
1,860,555	0	1,860,555	Housing	1,477,205	0	1,477,205
40,316,656	0	40,316,656	Primary Care Prescribing	40,842,789	0	40,842,789
38,885,208	0	38,885,208	Primary Care	41,140,761	0	41,140,761
1,689,920	0	1,689,920	Out of Area Treatments	2,000,719	0	2,000,719
46,416,000	0	46,416,000	Set Aside Services	46,416,000	0	46,416,000
5,652,733	0	5,652,733	Transformation	3,778,609	(96,814)	3,681,795
<b>322,897,286</b>	<b>(5,011,925)</b>	<b>317,885,361</b>	<b>Cost of Services</b>	<b>335,057,663</b>	<b>(4,739,454)</b>	<b>330,318,209</b>
0	(315,156,733)	(315,156,733)	Taxation and Non-Specific Grant Income (Note 5)	0	(327,341,768)	(327,341,768)
<b>322,897,286</b>	<b>(320,168,658)</b>	<b>2,728,628</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>335,057,663</b>	<b>(332,081,222)</b>	<b>2,976,441</b>
		<b>2,728,628</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>2,976,441</b>

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

### **Movement in Reserves Statement**

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

<b>Movements in Reserves During 2019/20</b>	<b>General Fund Balance</b>	<b>Total Reserves</b>
	<b>£</b>	<b>£</b>
<b>Opening Balance at 31 March 2019</b>	<b>(5,578,337)</b>	<b>(5,578,337)</b>
Total Comprehensive Income and Expenditure	2,976,441	2,976,441
Adjustments between accounting basis and funding basis under regulation	-	-
<b>(Increase) or Decrease in 2019/20</b>	<b>2,976,441</b>	<b>2,976,441</b>
<b>Closing Balance at 31 March 2020</b>	<b>(2,601,896)</b>	<b>(2,601,896)</b>
<hr/>		
<b>Movements in Reserves During 2018/19</b>	<b>General Fund Balance</b>	<b>Total Reserves</b>
	<b>£</b>	<b>£</b>
<b>Opening Balance at 31 March 2018</b>	<b>(8,306,965)</b>	<b>(8,306,965)</b>
Total Comprehensive Income and Expenditure	2,728,628	2,728,628
Adjustments between accounting basis and funding basis under regulation	-	-
<b>(Increase) or Decrease in 2018/19</b>	<b>2,728,628</b>	<b>2,728,628</b>
<b>Closing Balance at 31 March 2019</b>	<b>(5,578,337)</b>	<b>(5,578,337)</b>
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## **Balance Sheet**

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

<b>31 Mar 2019</b>		<b>Notes</b>	<b>31 Mar 2020</b>
£			£
8,147,834	Short term Debtors	(6)	2,626,540
<b>8,147,834</b>	<b>Current Assets</b>		<b>2,626,540</b>
(2,569,497)	Short term Creditors	(7)	(24,644)
<b>(2,569,497)</b>	<b>Current Liabilities</b>		<b>(24,644)</b>
<b>5,578,337</b>	<b>Net Assets</b>		<b>2,601,896</b>
(5,578,337)	Usable Reserve: General Fund	(8)	(2,601,896)
-	Unusable Reserve:		-
<b>(5,578,337)</b>	<b>Total Reserves</b>		<b>(2,601,896)</b>

The un-audited accounts were issued on 12 May 2020

### **Alex Stephen**

Chief Finance Officer  
9 June 2020

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

## **Notes to the Financial Statements**

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

#### General Principles

The Financial Statements summarises the authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020.

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

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

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

#### Accruals of Income and Expenditure

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

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

#### Funding

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

## Cash and Cash Equivalents

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

## Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken. In the case of Aberdeen City IJB any annual leave earned but not yet taken is not considered to be material.

## Reserves

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

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

The balance of the reserves normally comprises:

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

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

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

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

#### Indemnity Insurance

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

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

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

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

#### Support Services

Corporate support services (finance, legal and strategy) are provided by Aberdeen City Council and NHS Grampian at no cost to the IJB and it is not possible to separately identify these costs. To the extent that delegated services include an element of overheads and support services costs, these will be included within the appropriate line within the Income and Expenditure statement.

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

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

#### Provisions

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

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

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

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

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

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

The un-audited Annual Accounts were authorised for issue by the Chief Finance Officer on 12 May 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

<b>2018/19</b>		<b>2019/20</b>
£		£
128,849,426	Services commissioned from Aberdeen City Council	132,700,907
194,018,459	Services commissioned from NHS Grampian	202,327,356
-	Employee Benefits Expenditure	-
-	Insurance and Related Expenditure	-
29,400	Auditor Fee: External Audit	29,400
-	Auditor Fee: Other	-
(5,011,925)	Service Income: Aberdeen City Council	(4,739,454)
-	Service Income: NHS Grampian	-
(315,156,732)	Partners Funding Contributions and Non-Specific Grant Income	(327,341,768)
<b>2,728,628</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>2,976,441</b>

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

<b>2018/19</b>		<b>2019/20</b>
£		£
(86,855,919)	Funding Contribution from Aberdeen City Council	(90,909,671)
(228,300,813)	Funding Contribution from NHS Grampian	(236,432,097)
<b>(315,156,732)</b>	<b>Taxation and Non-specific Grant Income</b>	<b>(327,341,768)</b>

The funding contribution from the NHS Board shown above includes £46,416,000 in respect of 'set-aside' resources relating to acute hospital and other resources. These are provided by the NHS, which retains responsibility for managing the costs of providing the services. The IJB, however, has responsibility for the consumption of, and level of demand placed on, these resources.

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

## 6. Debtors

31 Mar 19		31 Mar 20
£		£
8,147,834	NHS Grampian	2,626,540
<b>8,147,834</b>	<b>Debtors</b>	<b>2,626,540</b>

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

## 7. Creditors

31 Mar 19		31 Mar 20
£		£
(2,569,497)	Aberdeen City Council	(24,644)
<b>(2,569,497)</b>	<b>Creditors</b>	<b>(24,644)</b>

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

## 8. Usable Reserve: General Fund

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

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

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

2018/19				2019/20			
Balance at 1 April 2018	Transfers In	Transfers Out	Balance at 31 March 2019		Transfers In	Transfers Out	Balance at 31 March 2020
£	£	£	£		£	£	£
(500,000)	-	500,000	-	Equipment	-	-	-
				Earmarked External Funding	(682,198)	-	(682,198)
(2,639,806)	-	1,059,945	(1,579,861)	Primary Care	-	1,579,861	-
-	(281,152)	-	(281,152)	PCIP*	-	208,388	(72,764)
-	(666,404)	-	(666,404)	ADP*	-	90,404	(576,000)
(3,417,159)	(399,806)	3,266,045	(550,920)	Integration +Change	-	550,920	-
(6,556,965)	(1,347,362)	4,825,990	(3,078,337)	Total Earmarked	(682,198)	2,429,573	(1,330,962)
(1,750,000)	(750,000)	-	(2,500,000)	Risk Fund	-	1,229,066	(1,270,934)
<b>(8,306,965)</b>	<b>(2,097,362)</b>	<b>4,825,990</b>	<b>(5,578,337)</b>	<b>General Fund</b>	<b>(682,198)</b>	<b>3,658,639</b>	<b>(2,601,896)</b>

\* PCIP – Primary Care Improvement Funds

\* ADP – Alcohol & Drugs Partnership Funding

## 9. Agency Income and Expenditure

On behalf of all IJBs within the NHS Grampian area, the IJB acts as the lead manager for Sexual Health Services and Woodend Rehabilitation Services. It commissions services on behalf of the other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs, and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the IJB is not acting as principal in these transactions.

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

2018/19		2019/20
£		£
1,269,269	Expenditure on Agency Services	1,299,409
(1,269,269)	Reimbursement for Agency Services	(1,299,409)
-	<b>Net Agency Expenditure excluded from the CIES</b>	-



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

<b>2018/19</b> £		<b>2019/20</b> £
6,374,360	Expenditure on Agency Services	6,953,611
(6,374,360)	Reimbursement for Agency Services	(6,953,611)
-	<b>Net Agency Expenditure excluded from the CIES</b>	-

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

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

#### NHS Grampian

<b>2018/19</b> £		<b>2019/20</b> £
(228,300,813)	Funding Contributions received from the NHS Board*	(236,432,097)
-	Service Income received from the NHS Board	-
193,901,170	Expenditure on Services Provided by the NHS Board	202,133,272
117,289	Key Management Personnel: Non-Voting Board Members	194,084
<b>(34,282,354)</b>	<b>Net Transactions with the NHS Grampian</b>	<b>(34,104,741)</b>

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

\*Includes resource transfer income of £35,688,000

### Balances with NHS Grampian

<b>31-Mar-19</b>		<b>31-Mar-20</b>
£		£
8,147,834	Debtor balances: Amounts due from the NHS Board	2,626,540
-	Creditor balances: Amounts due to the NHS Board	-
<b>8,147,834</b>	<b>Net Balance with the NHS Grampian</b>	<b>2,626,540</b>

### Transactions with Aberdeen City Council

<b>2018/19</b>		<b>2019/20</b>
£		£
(86,855,919)	Funding Contributions received from the Council	(90,909,671)
(5,011,925)	Service Income received from the Council	(4,739,454)
128,730,637	Expenditure on Services Provided by the Council	132,617,568
148,189	Key Management Personnel: Non-Voting Board Members	112,739
<b>37,010,982</b>	<b>Net Transactions with Aberdeen City Council</b>	<b>37,081,182</b>

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

<b>31-Mar-19</b>		<b>31-Mar-20</b>
£		£
-	Debtor balances: Amounts due from the Council	-
(2,569,497)	Creditor balances: Amounts due to the Council	(24,644)
<b>(2,569,497)</b>	<b>Net Balance with the Aberdeen City Council</b>	<b>(24,644)</b>

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

Bon Accord Care Limited and Bon Accord Support Services Limited are private companies limited by shares which are 100% owned by Aberdeen City Council. Bon Accord Care provides regulated (by the Care Inspectorate) care services to Bon Accord Support Services which in turn delivers both regulated and unregulated adult social care services to the Council.

<b>31-Mar-19</b>		<b>31-Mar-20</b>
£		£
(980,261)	Service Income received from the Council	(1,080,280)
29,010,581	Expenditure on Services Provided by the Council	30,434,398
<b>28,030,320</b>	<b>Net Transactions with BAC/BASS</b>	<b>29,354,118</b>

## **11. VAT**

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

## **Glossary of Terms**

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

### **Accounting Period**

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

### **Accruals**

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

### **Asset**

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

### **Audit of Accounts**

An independent examination of the IJB's financial affairs.

### **Balance Sheet**

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

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

### **Consistency**

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

### **Contingent Asset/Liability**

A Contingent Asset/Liability is either:

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

## **Creditor**

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

## **Debtor**

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

## **Entity**

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

## **Exceptional Items**

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

## **Government Grants**

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

## **IAS**

International Accounting Standards.

## **IFRS**

International Financial Reporting Standards.

## **IRAG**

Integration Resources Advisory Group.

## **LASAAC**

Local Authority (Scotland) Accounts Advisory Committee.

## **Liability**

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

## **Provisions**

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

## **PSIAS**

Public Sector Internal Audit Standards.

## **Related Parties**

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

## **Remuneration**

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

## **Reserves**

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

## **Revenue Expenditure**

The day-to-day expenses of providing services.

## **Significant Interest**

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

## **SOLACE**

Society of Local Authority Chief Executives.

## **The Code**

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



## INTEGRATION JOINT BOARD

<b>Date of Meeting</b>	12 May 2020
<b>Report Title</b>	Finance Update as at end March 2020
<b>Report Number</b>	HSCP19.126
<b>Lead Officer</b>	Alex Stephen, Chief Finance Officer
<b>Report Author Details</b>	Scott Thomson (Management Accountant) James Boulton (Finance Lead)
<b>Consultation Checklist Completed</b>	No
<b>Directions Required</b>	No
<b>Appendices</b>	<ul style="list-style-type: none"> <li>a) Finance Update as at end March 2020</li> <li>b) Summary of risks and mitigating action</li> <li>c) Progress in implementation of savings – March 2020</li> <li>d) Virements</li> </ul>

### 1. Purpose of the Report

- a) To summarise the current year revenue budget performance for the services within the remit of the Integration Joint Board as at Period 12 (end of March 2020);
- b) To advise on any areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services.
- c) To approve the budget virements so that budgets are more closely aligned to anticipated income and expenditure (see Appendix E).



## INTEGRATION JOINT BOARD

### 2. Recommendations

2.1. It is recommended that the Integration Joint Board:

- a) Notes this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein.
- b) Approve the budget virements indicated in Appendix E.

### 3. Summary of the financial information reported

3.1 At the end March an adverse position of £283,000 (£2,488,000 in December 2019) is reported on mainstream budgets for the financial year 2019-20. This position includes the transfer of funds for reserves as agreed through our medium-term financial framework and so differs from the deficit on the cost of services included in the un-audited accounts. The main reasons for the movement from the December forecast are as follows:

- £596,000 reduction in the forecast spend on social care,
- £290,000 reduction in prescribing forecast spend,
- £1,331,000 underspend on external earmarked health funds – requiring to be carried forward and ring fenced in reserves,
- £271,000 reduction in spend on budgets on health services.

3.2 At the end of the financial year 2018/19 the IJB had £5.6 million held in its reserves. The majority of this funding is committed to the previously agreed integration and change projects. A breakdown is shown below of the reserves position at the start of the financial year and the reserves position at the end of the financial year.

	<b>01/04/19</b>	<b>31/03/20</b>
	<b>£'000</b>	<b>£'000</b>
Risk fund	2,500	1,271
Primary Care Improvement Fund*	120	73
Primary Care Reserve (previous unspent funding)	1,580	0
Earmarked External Funding*	0	682
Action 15 mental health funding*	161	0
Integration and Change Funding	551	0
Alcohol and Drugs Partnership*	666	576
	<b>5,578</b>	<b>2,602</b>

\* These amounts are ring fenced and need carried forward to next financial year, per the instructions issued with the funding.





## INTEGRATION JOINT BOARD

- 3.4 As can be seen from the table above the IJB has used some its risk fund to protect the partners from having to provide additional funding to the IJB. At December the IJB was forecasting it would need to use all of the risk fund, however, an improvement in the financial position means the amount required from this fund was reduced. The Chief Officer and Chief Finance Officer are reviewing this position to determine whether, as highlighted in the Medium-Term Financial Framework, some of this funding should be ring fenced for technology. This is of particular importance given the important role technology and digital solutions are playing in how services are delivered during the coronavirus pandemic.
- 3.5 The majority of the budget pressures experienced in 2019/20 are of a recurring nature and these were included in the Medium-Term Financial Framework approved by the IJB on the 10 March 2020. Further budget pressures will be incurred by the IJB as a result of the coronavirus and the implications of this on our services. Initial indications of these costs are included in our mobilisation plan and discussions continue with the Scottish Government to ensure consistency in reporting across the country and also determine what level of funding will be provided. At this stage, without knowing how long the emergency arrangements will be in place for or the level of funding to be provided by the Scottish Government it is extremely difficult to predict the impact on the IJB's finances. However, work is taking place and a report will be provided to the IJB in June updating some of the assumptions underpinning our Medium Term Financial Framework.
- 3.6 The position highlighted above closely aligns with the Medium-Term Financial Framework, where it was intended the level of reserves would be reduced in 2019/20 to fund the transformation programme.

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

### **Community Health Services (Position - £1,621,000 underspend)**

#### **Major Variances:**

(£865,063)	Across non-pay budgets
£38,896	Under recovery on income
(£731,005)	Staff Costs

Staffing costs underspend is due to vacancies and a funding adjustment in relation to hosted services made in month 12. Income forecast for under recovery is down to income from Dental patients reducing. Non-Pay underspend primarily relates to earmarked funds which are required to be carried forward.



## INTEGRATION JOINT BOARD

### 3.7 Hosted Services (Position £1,341,000 overspend)

The main areas of overspend are as follows:

**Intermediate Care:** Main reason for overspend medical locum costs as a result of the requirement to provide consultant cover at night within Intermediate Care. Agency nurse usage continues due to sickness/absence levels, this is currently being reviewed by members of the Leadership Team.

**Police Forensic Service:** Legacy of underfunding issue with this budget, although additional funding has been provided by NHS Grampian.

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

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

### 3.8 Learning Disabilities (Position - £45,000 overspend)

#### Major Movements:

(£65,000)	NHS - Staffing
£110,000	Transfer payments

There is an overspend on transfer payments is due to higher than expected direct payments to clients. This is partially offset by underspends on staffing.

### 3.9 Mental Health & Addictions (Position - £285,000 overspend).

#### Major Movements:

(£38,000)	Needs led mental health nursing care
£498,000	Under recovery client contributions

The overspend is mainly due to under recovery on client contributions. This is being investigated and the budget will be re-profiled in 2019/20.



## **INTEGRATION JOINT BOARD**

### **3.10 Older People & Physical and Sensory Disabilities (Position £204,000 underspend)**

#### **Major Movements:**

(£204,000)

Commissioned services underspend

The underspend on Older People & Physical and Sensory Disabilities is mainly due to an underspend on commissioned services.

### **3.11 Directorate (Position – £247,000 underspend)**

(£247,000)

Commissioned services underspend

The underspend on Directorate is mainly due to an underspend on commissioned services. This budget will fund mainstreamed spend on delay discharges and the carers strategy.

### **3.12 Primary Care Prescribing (Position – £852,000 overspend)**

This position is based upon ten months of expenditure and two months of accruals. The forecast overspend has reduced from the position reported in December. During the financial year there had been increases in both demand and price. However, by February it appeared that the financial position on this budget was improving. In March and particularly the last two weeks in March, there was a significant increase in demand due to the coronavirus pandemic. The Scottish Government provided additional funding to the IJBs to cover this additional cost (£678,000 for Aberdeen City). At present it is anticipated this funding will have to be repaid to the Scottish Government, based on the assumption that demand will have dropped in April and May.

### **3.13 Primary Care Services (Position - £233,000 underspend)**

The GP contract uplift for 2019/20 is now been applied to the primary care actuals and budget to date and overall have been uplifted. This has resulted in a minor improved overall position in relation to Global Sum payments element which is continuing.

### **3.14 Out of Area Treatments (Position - £301,000 overspend)**

Final position is a change from forecast of £205,000. Main reason for change is placement at the Brain Injury Unit in Glasgow where additional 3:1 nursing was being provided in March through agency nursing.



## INTEGRATION JOINT BOARD

### 4 Implications for IJB

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

Key underlying assumptions and risks are set out within Appendix B. Appendix D monitors the savings agreed by the IJB.

4.2 **Equalities** – there are no equalities implications arising from this report.

4.3 **Fairer Scotland Duty** – there are no Fairer Scotland Duty implications arising from this report.

4.4 **Financial** – the financial implications are contained throughout the report.

4.5 **Workforce** – there are no workforce implications arising from this report.

4.6 **Legal** – there are no legal implications arising from this report.

4.7 **Other** – there are no other implications arising from this report.

### 5 Links to ACHSCP Strategic Plan

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

#### 5.2 Management of Risk

#### 5.3 Identified risks(s)

See directly below.

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



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



## INTEGRATION JOINT BOARD

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

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

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

**Appendix A: Finance Update as at end March 20**

	<b>Full Year Revised Budget £'000</b>	<b>Full year Actual £'000</b>	<b>Full year Variance £'000</b>	<b>Variance Percent %</b>	<b>Forecast Dec'19 Variance £'000</b>
Period 12					
Mainstream:					
Community Health Services	36,421	34,800	(1,621)	-4.5	(190)
Aberdeen City share of Hosted Services (health)	22,893	24,234	1,341	5.9	1,258
Learning Disabilities	35,102	35,147	45	0.1	64
Mental Health and Addictions	19,955	20,240	285	1.4	679
Older People & Physical and Sensory Disabilities	78,670	78,466	(204)	-0.3	580
Directorate	2,030	1,783	(247)	-12.2	(684)
Criminal Justice	92	92	0	0.0	7
Housing	1,477	1,477	0	0.0	0
Primary Care Prescribing	39,991	40,843	852	2.1	1,142
Primary Care	41,374	41,141	(233)	-0.6	(229)
Out of Area Treatments	1,700	2,001	301	17.7	184
Set Aside Budget	46,416	46,416	0	0.0	0
Public Health	1,368	1,185	(183)	-13.4	(128)
	<b>327,489</b>	<b>327,825</b>	<b>336</b>	0.1	2,683
Integration and Change	0	0	0	0.0	(195)
Primary Care Improvement Fund*	1,890	1,817	(73)	-3.9	0
Action 15 Mental Health*	569	589	20	3.5	0
Alcohol Drugs Partnership*	90	90	0	0.0	0
	<b>2,549</b>	<b>2,496</b>	<b>(53)</b>	<b>-0.3</b>	<b>(195)</b>
	<b>330,038</b>	<b>330,321</b>	<b>283</b>	0.1	<b>2,488</b>

**Appendix B: Summary of risks and mitigating action**

	<b>Risks</b>	<b>Mitigating Actions</b>
<b>Community Health Services</b>	Balanced financial position is dependent on vacancy levels.	<ul style="list-style-type: none"> <li>• Monitor levels of staffing in post compared to full budget establishment.</li> <li>• A vacancy management process has been created which will highlight recurring staffing issues to senior staff.</li> </ul>
<b>Hosted Services</b>	<p>There is the potential of increased activity in the activity-led Forensic Service.</p> <p>There is the risk of high levels of use of expensive locums for intermediate care, which can put pressure on hosted service budgets.</p>	<ul style="list-style-type: none"> <li>• Work is being undertaken at a senior level to consider future service provision and how the costs of this can be minimised.</li> <li>• Substantive posts have recently been advertised which might reduce some of this additional spend.</li> </ul>

	Risks	Mitigating Actions
<b>Learning Disabilities</b>	<p>There is a risk of fluctuations in the learning disabilities budget because of:</p> <ul style="list-style-type: none"> <li>• expensive support packages may be implemented.</li> <li>• Any increase in provider rates for specialist services.</li> <li>• Any change in vacancy levels (as the current underspend is dependent on these).</li> </ul>	<ul style="list-style-type: none"> <li>• Review packages to consider whether they are still meeting the needs of the clients.</li> <li>• All learning disability packages are going for peer review at the fortnightly resource allocation panel.</li> </ul>
<b>Mental Health and Addictions</b>	<p>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.</p>	<ul style="list-style-type: none"> <li>• Work has been undertaken to review levels through using CareFirst.</li> <li>• Review potential delayed discharge complex needs and develop tailored services.</li> <li>• A review of locum spend has highlighted issues with process and been addressed, which has resulted in a much-improved projected outturn.</li> </ul>
<b>Older people services incl. physical disability</b>	<p>There is a risk that staffing levels change which would have an impact on the balanced financial position.</p>	<ul style="list-style-type: none"> <li>• Monitor levels of staffing in post compared to full budget establishment.</li> <li>• A vacancy management process has been created which will highlight recurring staffing issues to senior staff.</li> </ul>



	Risks	Mitigating Actions
	There is the risk of an increase in activity in needs led service, which would also impact the financial position.	<ul style="list-style-type: none"> <li>Review packages to consider whether they are still meeting the needs of the clients.</li> </ul>
<b>Prescribing</b>	There is a risk of increased prescribing costs as this budget is impacted by volume and price factors, such as the increase in drug prices due to short supply. As both of which are forecast on basis of available data and evidence at start of each year by the Grampian Medicines Management Group	<ul style="list-style-type: none"> <li>Monitoring of price and volume variances from forecast.</li> <li>Review of prescribing patterns across General Practices and follow up on outliers.</li> <li>Implementation of support tools – Scriptswitch, Scottish Therapeutic Utility.</li> <li>Poly pharmacy and repeat prescription reviews to reduce wastage and monitor patient outcomes.</li> </ul>
<b>Out of Area Treatments</b>	There is a risk of an increase in number of Aberdeen City patients requiring complex care from providers located out with the Grampian Area, which would impact this budget.	<ul style="list-style-type: none"> <li>Review process for approving this spend.</li> </ul>

## Appendix C: Progress in implementation of savings – March 2020

Area	Agreed Target £'000	Status	Action	Responsible Officer
Review processes and ensure these are streamlined and efficient	(450)		<p><b>Financial Processes</b> – Review of the financial assessment process is being undertaken to determine ways in which this can be sped up, to reduce delays for clients and maximise income available to the IJB.</p> <p><b>Pre-paid cards</b> – Small working group nearing completion of procurement pack. Aberdeen City Council IT Team have reviewed technical specification of identified preferred provider to ensure fit with current systems prior to moving forward with direct award under Surrey Framework. Initial screening completed and currently exploring Data Protection Impact of introduction of card. Data Protection Impact Assessment has been drafted and officers are liaising with Information Governance in Aberdeen City Council to finalise.</p> <p>Communications for staff and service users has been drafted based on similar work in other Local Authority areas, final wording awaiting elements to be taken from procurement pack. Project has gone live and cards are being issued.</p>	Alison MacLeod & Gail Woodcock

## Appendix C: Progress in implementation of savings – March 2020

Area	Agreed Target £'000	Status	Action	Responsible Officer
Income Generation	(553)		The increase in charges was agreed at Full Council and the invoices have been issued to clients. This budget will be monitored closely over the next few months to determine whether these increases have resulted in additional income expected.	Alison MacLeod
Managing Demand and Inflation	(1,063)		Work progresses to manage demand and the reduction in the bed base in the city is helping to achieve this target. Work continues with suppliers to manage the level of inflationary uplifts required.	A Stephen
Medicines Management	(631)		Community Pharmacy operationalising (Grampian Primary Care Prescribing Group) GPCPG report recommendations. Work commenced on tracking and reporting on impact of GPCPG recommendations. Development of an Oral Nutrition Supplements Business Case, which is projected to deliver savings and constrain future demand	Lorraine McKenna
Service Redesign	(1,934)		Service redesign work is taking place and budgets have been reduced to help achieve this saving. The major element of this relates to the closure of a ward at Woodend and whilst the budget has reduced, pressures are being experienced in the use locums and agency staff. The Leadership Team are working with	A Stephen

## Appendix C: Progress in implementation of savings – March 2020

Area	Agreed Target £'000	Status	Action	Responsible Officer
			staff at Woodend to review the use of locums and agency nursing.	

## Appendix D: Budget Reconciliation

	£	£
ACC per full council:		89,311,971
NHS per letter from Director of Finance:		
Budget NHS per letter	219,111,067	
		308,423,039
Reserves:		
Brought Forward NHS		5,581,424
		314,004,463
Funding Assumptions and Adjustments:		
Less: Reserves		<b>-5,581,424</b>
		<b>308,423,039</b>
<b>NHS -Additional allocations received during quarter 1</b>		12,073,491
<b>ACC -Additional allocations received during quarter 1</b>		1,486,000
<b>NHS -Additional allocations received during quarter 2</b>		939,133
<b>ACC -Additional allocations received during quarter 2</b>		123,000
<b>NHS -Additional allocations received during quarter 3</b>		4,363,071
<b>Month 9 Budget</b>		<b>327,407,734</b>
Health Care Staffing		4,992
Pilot Funding		30,000
Orthopaedic Project		1,666
Shingles		12,940
Rotavirus		4,262
Men B		15,057
Child Flu		780
Autism Funding		170,000
Hosted Recharge M10		92
Hosted Budget Realignment		39,858
Resource Transfers		1,561,862
Orthopaedic Project		1,688
Non-Medical Prescribing		2,000
Autism Funding		5,000

GP Premises Improvement Fund	-117,872
PCIP Funding 2ND Allocation	314,000
Hosted Recharge M11	158
Hosted Budget Realignment	904
Orthopaedic Project	1,666
Action 15	102,000
NES ANP Courses	6,576
Hosted Budget Realignment	9,640
MEE - Miscellaneous	31,982
Superannuation Additional Funding	241,821
GMED Hosted ANP Course	10,507
COVID 19	82,800
Hosted Recharge M12	713
Prescribing 20% Scottish Government	677,668
Hosted Budget Realignment	4,848
CMS Medical	9,400
call down ADP funds	89,650
NHS Adjust reserves	-675,000
Adjustment to ACC	-11,300

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**330,038,092**

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## Appendix E: Virements

### Health 10-12 Transfers in Health

Virement Name	Area Affected	£
Calling Down Capacity	City Mental Health	133,307
Calling Down Capacity	Transformation	(133,307)
Calling Down Innovation	Learning Disabilities	20,000
Calling Down Innovation	City Mental Health	47,894
Calling Down Innovation	Transformation	(67,894)
Action 15 Realign	City Core	5,574
Action 15 Realign	Transformation	(5,574)
<b>Virements Total</b>		<b>0</b>

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