



Aberdeen City Health & Social Care Partnership
A caring partnership



Aberdeen City Integration Joint Board

Draft Annual Accounts 2022/23



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Management Commentary

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

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

Hosted Services

Intermediate care of the elderly and specialist rehabilitation

Sexual health

Acute mental health and learning disability

Hospital-Based Services

Accident and emergency services provided in a hospital

Inpatient hospital services relating to the following branches of medicine:

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

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

The 2021 Economic Policy Panel Report notes that the energy sector is critical to the success of Aberdeen with 40% of Scottish energy sector enterprises located in the north-east and about 60,000 jobs supported by the sector in the region.

The downturn in oil and gas, which started in 2014 had not fully recovered even by the start of the pandemic, and this has led to a decline in relative economic performance across the region. The number of employees in the region fell by more than 15,000 between 2015 and the start of the pandemic in early 2020.

Despite this, on a Gross Value Added (GVA) per head basis, the north-east remained some 31% and 19.3% above the Scottish and UK averages respectively in 2019, with earnings also higher than the national average (£32,747 in Aberdeen in 2021 compared with £31,672 in Scotland and £31,285 in the UK).

The estimated population of Aberdeen (2020) is 229,060. The table below shows the anticipated population increase in the next 10 and 20 years in total and by the 65 to 74 and over 75 age groups. The significant rises in the over 75 age group is of concern given their high use of health and social care services.

	2030	2040
Total Population	+0.8%	+1.6%
65 – 74 age group	+10.6%	+4.1%
+75 age group	+20.4%	+46.0%

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

The COVID-19 pandemic has created health debt and additional demand from Long Covid. Alongside this increase in demand there are rising costs and reduced funding available. Continued transformation activity is crucial to ensure the IJB can deliver services and positive outcomes for the people who use them.

Financial year 2022/23 saw the approval of the latest IJB Strategic Plan for 2022 to 2025 which was based on data in terms of demand for health and social care services plus an acknowledgement of the strategic context, not least the planned implementation of a National Care Service.

The plan was approved at the IJB meeting in June and has four strategic aims: -

Aim – Caring Together

Together with our communities, ensure that health and social care services are high quality, accessible, safe, and sustainable; that people have their rights, dignity and diversity respected; and that they have a say in how services are designed and delivered both for themselves and for the people they care for, ensuring they can access the right care, at the right time, in a way that suits them.

Aim – Keeping People Safe at Home

When they need it, people can be cared for safely in their own home or in a homely setting, reducing the number of times they need to be admitted to hospital or reducing the length of stay where admission is unavoidable. This includes a continued focus on improving the circumstances of adults at risk of harm.

Aim – Preventing Ill Health

Help communities to achieve positive mental and physical health outcomes by providing advice and designing suitable support (which may include utilising existing local assets), to help address the preventable causes of ill-health, ensuring this starts at as early an age as possible.

Aim – Achieving Fulfilling, Healthy Lives

Support people to help overcome the health and wellbeing challenges they may face, particularly in relation to inequality, recovering from COVID-19, and the impact of an unpaid caring role, enabling them to live the life they want, at every stage.

A three-year Delivery Plan was also approved, and this details the actions we will take over the next three years to deliver on our Strategic Aims and Priorities. These actions vary in size and complexity and will be delivered using our existing programme and project management approach as appropriate. During 2022/23 the focus was on year one projects although a significant number of projects are ongoing for the three-year lifespan. A reporting framework has been developed which ensures the monitoring of delivery of the projects. The Senior Leadership Team of Aberdeen City Health and Social Care Partnership have responsibility for delivery of the projects and progress is monitored on a monthly basis. The Risk, Audit and Performance Committee scrutinise performance on a quarterly basis and the published Annual Performance Report will demonstrate achievements on an annual basis.

Some of the key aspects delivered during 2022/23 include the development of a revised Carers Strategy taking into account both national priorities and local needs

particularly in the aftermath of the pandemic; publication of our latest Workforce Plan; and the implementation of a new case management system for Adult Social Work which has transformed the way the service records, accesses and shares information ultimately providing improved outcomes for vulnerable clients. Ongoing activity which was further progressed during 2022/23 include: -

- ethical, creative, and co-designed commissioning
- prevention activity related to our Public Health priorities and our Stay Well Stay Connected Programme
- transformation of Grampian-wide Mental Health and Learning Disability Services
- redesign of our Adult Social Work Service
- review of Adult Social Work Pathways
- review of our Rehabilitation Pathway (particularly Neuro- Rehab)
- continued delivery of our Primary Care Improvement Plan
- further enhancements to our Frailty Pathway in the form of an increase in Hospital at Home beds

The Medium-Term Financial Framework (MTFF) approved by the IJB on 28 March 2023 includes a forecast of the financial position for the next seven financial years and is reviewed annually. Contained in the MTFF were proposals to balance the 2023/24 budget which were fully aligned to the Delivery Plan. The IJB continues to work to deliver on the ambitions of this MTFF and ensure financial balance.

The IJB's Position at 31 March 2023

The accounts for the year ended 31 March 2023 show a usable reserves position of £27,110,706 (£51,392,001 2021/22). The IJB agreed a reserves strategy and previously agreed to hold back as earmarked reserves £2.5 million as a risk fund.

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 2023/24 budget was agreed on 1 March 2023 and included £4.1 million of additional funding.

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

The IJB has made arrangements with adult social care providers to allow the Scottish Living Wage to be paid in 2022/23. This was possible due to additional funding being made available from the Scottish Government to implement this policy commitment.

Demand is expected to continue to rise given the increase in the number of over-65s forecast. At the same time the complexity of the care required is increasing due to improvements in medicine and the increased average life expectancy evidenced

over the last few decades. This is evidenced in by our increasing social care spend on clients with learning disabilities. Also, there are greater expectations being placed on our services by clients and this, along with expectations from our other stakeholders, continues to drive performance on targets such as waiting times.

At the time of preparing the final accounts and producing the 2022/23 Medium Term Financial Framework the impact of the coronavirus on the finances of the IJB remains uncertain. It was anticipated that some of the financial consequences of the coronavirus would receive additional funding from the Scottish Government, however, where the additional costs would be incurred, and the level of any additional funding required further work. During the financial year a number of reports were taken to the IJB tracking the impact of Covid on the IJB Budget. At the end of the financial year both the direct and indirect costs of Covid were fully funded by the Scottish Government.

The IJB's Strategy and Delivery Plan

The time period for the current Strategic Plan was designed to take us to the point where the National Care Service (NCS) as proposed by the Independent Review of Adult Social Care, by Derek Feeley, is introduced. It may be that timescale will slip, but we remain connected to various networks where the latest thinking on the development of the NCS is shared and we are mindful of the role that Aberdeen City IJB can play in shaping the discussions. We are confident we will be suitably prepared for implementation of the NCS and equally determined that it will not distract or divert us from our strategic focus.

A full review of the three-year Delivery Plan has taken place and the year two Delivery Plan was approved along with the Medium-Term Financial Framework at the IJB meeting on 28th March 2023. The projects have been streamlined and are now grouped within programmes and categorised as either business as usual or full transformation projects. In line with Aberdeen city Council's approach to Prevention and Early Intervention, a tiered approach to resource management has been adopted allowing a greater understanding of where the balance of our spending lies. As such, a tier has been allocated in terms of whether the work of the project is in relation to Response (Tier 3), Early Intervention (Tier 2) or Prevention (Tier1). As a result of an internal audit recommendation, the budget allocation for each project, where appropriate, will be recorded by the end of June 2023.

In Aberdeen, to date, we are confident that we have maximised the levers the integration agenda affords us. Our Integration Joint Board (IJB) has made bold and brave decisions resulting in integrated services, positive relationships, and improved outcomes for local communities. It is vital we continue this journey whilst sharing our successes to show what can be achieved when the integration principles are fully embraced.

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 Aberdeen City Health and Social Care Partnership Senior 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 August 2022 on the Strategic Risk Register and the Board's Risk Appetite Statement and made some amendments to these documents to reflect the Board's risk appetite as at August 2022.

Work has been undertaken to edit the content of each risk, as requested by the IJB. The risk owners have undertaken this task as well as making revisions to the description of the strategic risks, following the "case/event/consequence" model.

The IJB at its meeting on 11 October 2022 approved the revised Strategic Risk Register and Risk Appetite Statement. The risks that are classed as **High or Very High** risk on the Strategic Risk Register are detailed below:

- 1. Very High: Cause:** The commissioning of services from third sector and independent providers (e.g. General Practice and other primary care services) requires all stakeholders to work collaboratively to meet the needs of local people. **Event:** Potential failure of commissioned services to deliver on their contract. **Consequence:** There is a gap between what is required to meet the needs of local people, and services that are available.
Consequences to the individual include not having the right level of care delivered locally, by suitably trained staff.
Consequences: ability of other commissioned services to cope with the unexpected increased in demand.
Consequences to the partnership includes an inability to meet people's needs for health and care and the additional financial burden of seeking that care in an alternative setting.
Mitigating Actions:
 - All opportunities to work in a collaborative manner to commission services are advertised on Public Contract Scotland, as well as individual invitations made to CEOs / owners of social care services.
 - Additional offers are made to encourage dialogue where the provider is unavailable to attend collaborative commissioning workshops etc.
 - Agreed strategic commissioning approach for ACHSCP.
 - Strategic commissioning programme board (SCPB members) established to provide governance framework for commissioning activity.
 - Sustainability meetings with all Practices in Aberdeen City.
 - Working in collaboration with the Scottish Government, Local Medical Council (LMC) and Clinical Leads with practices to agree a sustainable way forward using individualised action plans and group discussions.
 - Chief Operating Officer is establishing a task and finish group to review medical cover across care settings in the City with a view to establishing an alternative model for medical cover. The review is due to complete by 30 September 2023.

2. **High: Cause:** IJB financial failure and projection of overspend. **Event:** Demand outstrips available budget. **Consequence:** IJB can't deliver on its strategic plan priorities, statutory work, and projects.

Mitigating Actions:

- The Senior Leadership Team are committed to driving out efficiencies, encouraging self-management and moving forward the prevention agenda to help manage future demand for services.
- The Senior Leadership Team have formalised arrangements to receive monthly financial monitoring statements.

3. **High: Cause:** Under Integration arrangements, Aberdeen IJB hosts services on behalf of Moray and Aberdeenshire, and who also hosts services on behalf of Aberdeen City. **Event:** Hosted services do not deliver the expected outcomes, fail to deliver transformation of services, or face service failure.

Consequence: Failure to meet health outcomes for Aberdeen City, resources not being maximised and reputational damage.

Mitigating Actions:

- Development of Service Level Agreements for 9 of the hosted services considered through budget setting process.
- In depth review of the other 3 hosted services.
- Quarterly reporting to ACSPG and annual reporting on budget setting to IJB (once developed).

4. **High: Cause:** Performance standards/outcomes are set by national and regulatory bodies and those locally-determined performance standards are set by the board itself. **Event:** There is a risk that the IJB, and the services that it directs and has operational oversight of, fails to meet the national, regulatory and local standards. **Consequence:** This may result in harm or risk of harm to people.

Mitigating Actions:

- Continual review of key performance indicators.
- Review of and where and how often performance information is reported and how learning is fed back into processes and procedures.
- On-going work developing a culture of performance management and evaluation throughout the partnership.
- Refinement of Performance Dashboard, presented to a number of groups, raising profile of performance and encouraging discussion leading to further review and development.
- Recruitment of additional resource to drive performance management process development.
- Risk-assessed plans with actions, responsible owners, timescales and performance measures monitored by dedicated teams.
- Restructure of Strategy and Transformation Team which includes an increase in the number of Programme and Project Managers will help mitigate the risk of services not meeting required standards.
- Use of Grampian Operational Pressure Escalation System (G-OPES) and Daily and Weekly System Connect Meetings help to mitigate the risk of services not meeting standards through system wide support.

- Four focus areas of the system wide critical response to ongoing system pressures.
 - All recommendations from the Internal Audit report on Performance Management have been implemented.
- 5. High: Cause:** Demographic & financial pressures requiring IJB to deliver transformational system change which helps to meet its strategic priorities.
Event: Failure to deliver transformation and sustainable systems change.
Consequence: People not receiving the best health and social care outcomes.
- Mitigating Actions:**
- Programme management approach being taken across whole of the Partnership.
 - Regular reporting of progress on programmes and projects to Senior Leadership Team.
 - Increased frequency of governance processes, Senior Leadership Team now meeting weekly.
 - A number of plans and frameworks have been developed to underpin our transformation activity across our wider system including: Primary Care Improvement Plan and Action 15 Plan.
- 6. Very High: Cause:** The ongoing recruitment and retention of staff. **Event:** Insufficient staff to provide patients/clients with services required.
Consequence: Potential loss of life and unmet health and social care needs, leading to severe reputational damage.
- Mitigating Actions:**
- Significantly increased emphasis on health/wellbeing of staff and positive feedback regularly received.
 - Establishment of ACHSCP recruitment programme, with significantly increased Social Media presence.
 - Promotion and support of the 'We Care' and 'Grow of own' approaches.
 - Embrace the use of new/improved digital technologies to develop and support the ACHSCP infrastructure & develop a road map with a focus on enablement for staff.
 - Flexible/hybrid working options to become 'normal' working practice that benefit staff time & supports their wellbeing as well as helps staff retention.
 - Increased emphasis on communication with staff.
 - Increased collaboration across the Senior Leadership Team (SLT) and integration between professional disciplines, third sector, independent sector and communities through Localities to help diversity of the workforce.
 - Increased monitoring of staff statistics (sickness, turnover, CPD, complaints etc) through Senior Leadership Team and daily Operational Leadership Team meetings, identifying trends.
 - Awareness of new Scottish Government, NHSG and ACC workforce policies and guidelines.
 - Partnership to reintroduce staff recognition events to encourage retention.

- Staff Wellbeing budget in 2023/24 of £25,000.
- All staff strongly encouraged to use their annual leave throughout the year, take regular breaks and this to be positively modelled by SLT.

Analysis of the Financial Statements

The accounts show usable reserves of £27,110,706 at 31 March 2023 (£51,392,001 at 31 March 2022).

The level of reserve has decreased significantly due to direction from Scottish Government to use unspent reserves before any further allocations were distributed. Scottish Government reclaimed £19.5m of covid funding that was no longer required. In addition to covid, reserves were also used to cover overspends in various mainstream services across the IJB, including PCIP (£3.9m), ADP (£1.4m) and Integration & Change (£1.1m).

A local mobilisation plan and process was developed by the Scottish Government to show the impact of Covid on the IJB budgets and also to support services during the lockdown. The local mobilisation plan was updated frequently through the financial year and additional funding allocations were made by the Scottish Government on the basis of these updates. For Aberdeen City IJB the final mobilisation plan for 2022/23 was estimated to spend £10 million and this was received from the Scottish Government.

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

The services covered include:

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

One of the key priorities of the IJB and reasons why the IJBs were established is to improve pathways and reduce the use of these services. It has not been possible to update the days used figures as the data which this information is based on has not be prepared due to staff being allocated to support other parts of the health system due to the impact of Covid. The financial costs have therefore been updated by applying 6.7% to 2021/22 costs shown below.

Set Aside	2018/19	2019/20	2020/21	2021/22	2022/23
Budget	£46,416,000	£46,410,000	£47,802,300	£49,408,000	£52,719,000
Days used	143,055	137,732	n/a	n/a	n/a

Luan Grugeon
JB Chair



Sandra Macleod
Chief officer



Paul Mitchell
Chief Finance Officer



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

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature.

Signed on behalf of the Aberdeen City Integration Joint Board

Luan Grugeon
JB Chair

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.

With effect from 18th July 2022, Paul Mitchell replaced Alex Stephen as the Chief Finance Officer of the Partnership. Alex Stephen left his post on 7th August 2022.

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 2023 and the transactions for the year then ended.

Paul Mitchell

Chief Finance Officer

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.

Taxable Expenses 2021/22 £	Name	Post(s) Held	Nominated by	Taxable Expenses 2022/23 £
Nil	Cllr Lesley Dunbar	Vice Chair 01/04/21 to 05/05/22	Aberdeen City Council	Nil
Nil	Luan Grugeon	Chair 01/04/21 to 31/03/23	NHS Grampian	Nil
Nil	Cllr John Cooke	Vice Chair 18/05/22 to 31/03/23	Aberdeen City Council	Nil
Nil	Total			Nil

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.

Total 2021/22 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Total 2022/23 £
121,507	Sandra Macleod Chief Officer 3/09/18 to 31/03/23	130,259	-	130,259
89,165	Alex Stephen Chief Finance Officer 04/07/16 to 07/08/22	32,895	-	32,895
-	Paul Mitchell Chief Finance Officer 18/07/22 to 31/03/23	56,430	-	56,430
210,672	Total	219,584	-	219,584

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

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

Officer Name	Responsibility	Pension as at 31/3/2023 £000	Pension Difference from 31/3/2022 £000	Lump Sum as at 31/3/2023 £000	Lump Sum Difference from 31/3/2022 £000	Pension Contribution 2022/23 £	Pension Contribution 2021/22 £
Sandra Macleod	Chief Officer 03/09/18 to 31/03/23	12	4	-	-	26,192	25,213
Alex Stephen	Chief Finance Officer 04/07/16 – 07/08/22	35	1	41	-	5,888	15,961
Paul Mitchell	Chief Finance Officer 18/07/22 – 31/03/23	1	1	-	-	10,101	-
						42,181	41,174

The IJB does not have its own pension scheme, however, details of the Northeast 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. The pension figures for the chief officer and chief finance officer are indicative based on last years.

Disclosure by Pay Bands

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

Number of Employees in Band – 2021/22	Remuneration Band	Number of Employees in Band – 2022/23
0	£75,000 - £79,999	1
1	£85,000 - £89,999	0
1	£120,000 - £124,999	0
0	£130,000 - £134,999	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

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Luan Grugeon
Chair

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\SOLACE¹ Delivering Good Governance in Local Government Framework (2016 Edition). The local code of governance is reviewed annually and reported to the same audit committee where the annual governance statement is approved. This code provides a list of documents\activities from an IJB, NHS Grampian and Aberdeen City Council perspective which provide assurance on the governance framework.

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

¹ CIPFA - The Chartered Institute of Public Finance and Accountancy

SOLACE – The Society of Local Authority Chief Executives

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

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.

Principle 2 – Ensuring openness and comprehensive stakeholder engagement.

Openness: Pre-COVID the IJB was a public board where members of the public and press could attend and agendas, reports and minutes were available publicly to

review. Therefore, members of the public could assess whether they believe that decisions are being taken in the public interest. As a result of the COVID restrictions IJB meetings were held electronically and were recorded. The recordings are made available to the public shortly after the meeting. The Risk, Audit & Performance Committee is also a public meeting. Recent meetings of the IJB have been operated under a hybrid model with some participants meeting in person and others online. The IJB has its own complaints handling procedure which complies with Scottish Public Services Ombudsman's guidance.

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

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

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

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

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

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

Interventions: A transformation programme and senior leadership team objectives have 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.

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

Entity’s Capacity: A workforce plan has been developed for the IJB covering health and social care services. Capacity is further developed and scrutinised by having stakeholders out with those employed by the IJB, ACC or NHS Grampian around the IJB and many of its working groups. The career ready programme and various initiatives through Developing the Young Workforce North East have been developed and established within services. Regular meetings have been held with the direct reports of the senior leadership team to promote the localities model and the senior leadership team objectives. A new senior leadership team structure has been implemented to allow Strategic Plan outcomes to be achieved.

Leadership: The IJB has set itself goals and has evaluated their performance against these goals. An organisational development plan has been developed and agreed which has a focus on leadership.

Individuals: An induction programme has been established for the IJB which complements the induction programmes of NHS Grampian and Aberdeen City Council. 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 Senior Leadership Team and any necessary improvement actions implemented. The IJB itself undertook a series of workshops with external support to help aid future decision making.

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.

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

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

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

Audit: The 2020/21 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.

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 Senior 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's annual opinion on the effectiveness of the IJB's governance framework for 2022/23 will be reported to the Risk, Audit and Performance Committee in June 2023.

The Committee received internal audit reports with recommendations for improvement identified throughout the year, which included identification of areas of good practice, improvement, and procedural compliance. The Senior Leadership Team are also notified of any outstanding audit recommendations.

The governance framework was reviewed by the JJB Senior Leadership Team against the governance principles identified in the CIPFA Role of the Chief Finance Officer Framework.

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.

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

In summary the Council undertakes an annual self-evaluation of its Local Code of Corporate Governance. This demonstrates that reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council and its systems of governance.

ii. NHS Grampian governance framework (pending approval)

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

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

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

1. 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;
2. The Board receives regular reports on Healthcare Associated Infection from the Clinical Governance Committee and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities;
3. 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;
4. 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;
5. 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;

6. 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;
7. 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;
8. Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters. In addition, senior leadership arrangements were strengthened during the year to provide additional capacity and support to the Chief Executive;
9. Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;
10. Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
11. Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;
12. 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;
13. 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;
14. 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;
15. Promotion of effective cross sector governance arrangements through participation by the IJB Board members and the Chief Executives of each of the partner organisations in the regular meetings between the Chief Executives of all Public Sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery; and
16. 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
17. Separate governance arrangements for the NHS Grampian Endowment Funds including a Chair of the Trustees elected from within the body of the Trustees, an annual general meeting of all Trustees to agree all policy matters and an Endowment Sub Committee of Trustees with delegated authority to manage the day to day operational matters of the charity.

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

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

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Sandra Macleod
Chief Officer

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Luan Grugeon
Chair

Comprehensive Income and Expenditure Statement

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

2021/22			2022/23			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
36,816,513	0	36,816,513	Community Health Services	40,268,789	0	40,268,789
26,329,493	0	26,329,493	Aberdeen City share of Hosted Services (health)	29,125,768	0	29,125,768
34,689,647	0	34,689,647	Learning Disabilities	40,668,018	0	40,668,018
22,857,455	0	22,857,455	Mental Health & Addictions	24,964,561	0	24,964,561
84,433,334	0	84,433,334	Older People & Physical and Sensory Disabilities	97,907,284	0	97,907,284
706,721	0	706,721	Head office/Admin	1,889,544	0	1,889,544
11,977,726	0	11,977,726	Covid	10,012,029	0	10,012,029
4,931,999	(4,840,312)	91,687	Criminal Justice	5,119,400	(4,958,384)	161,016
1,862,505	0	1,862,505	Housing	2,139,020	0	2,139,020
40,165,525	0	40,165,525	Primary Care Prescribing	42,928,059	0	42,928,059
43,058,027	0	43,058,027	Primary Care	41,544,380	0	41,544,380
2,494,721	0	2,494,721	Out of Area Treatments	2,514,611	0	2,514,611
49,408,000	0	49,408,000	Set Aside Services	52,719,000	0	52,719,000
7,048,615	0	7,048,615	Transformation	12,144,018	0	12,144,018
366,780,281	(4,840,312)	361,939,969	Cost of Services	403,944,481	(4,958,384)	398,986,097
0	(395,096,188)	(395,096,088)	Taxation and Non-Specific Grant Income (Note 5)	0	(374,704,802)	(374,704,802)
366,780,281	(399,936,500)	(33,156,221)	(Surplus) or Deficit on Provision of Services	403,944,481	(379,663,186)	24,281,295
		(33,156,221)	Total Comprehensive Income and Expenditure			24,281,295

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.

Movements in Reserves During 2022/23	General Fund Balance	Total Reserves
	£	£
Opening Balance at 31 March 2022	(51,392,001)	(51,392,001)
Total Comprehensive Income and Expenditure	24,281,295	24,281,295
Adjustments between accounting basis and funding basis under regulation	-	-
(Increase) or Decrease in 2022/23	24,281,295	24,281,295
Closing Balance at 31 March 2023	(27,110,706)	(27,110,706)
<hr/>		
Movements in Reserves During 2021/22	General Fund Balance	Total Reserves
	£	£
Opening Balance at 31 March 2021	(18,235,780)	(18,235,780)
Total Comprehensive Income and Expenditure	(33,156,221)	(33,156,221)
Adjustments between accounting basis and funding basis under regulation	-	-
(Increase) or Decrease in 2021/22	(33,156,221)	(33,156,221)
Closing Balance at 31 March 2022	(51,392,001)	(51,392,001)
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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.

31 Mar 2022		Notes	31 Mar 2023
£			£
51,392,001	Short term Debtors	(6)	27,110,706
<u>51,392,001</u>	Current Assets		<u>27,110,706</u>
	- Short term Creditors	(7)	-
	- Current Liabilities		-
<u>51,392,001</u>	Net Assets		<u>27,110,706</u>
	Usable Reserve:		
(51,392,001)	General Fund	(8)	(27,110,706)
	- Unusable Reserve:		-
<u>(51,392,001)</u>	Total Reserves		<u>(27,110,706)</u>

The unaudited accounts were issued in April 2023.

Paul Mitchell

Chief Finance Officer

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 2022/23 financial year and its position at the year-end of 31 March 2023.

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 2022/23, 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 unaudited Annual Accounts were authorised for issue by the Chief Finance Officer in April 2023. 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 2023, 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

2021/22		2022/23
£		£
147,404,475	Services commissioned from Aberdeen City Council	170,606,768
219,334,008	Services commissioned from NHS Grampian	233,315,366
-	- Employee Benefits Expenditure	-
-	- Insurance and Related Expenditure	-
41,796	Auditor Fee: External Audit	22,347
-	- Auditor Fee: Other	-
(4,840,312)	Service Income: Aberdeen City Council	(4,958,384)
-	- Service Income: NHS Grampian	-
(395,096,188)	Partners Funding Contributions and Non-Specific Grant Income	(374,704,802)
(33,156,221)	(Surplus) or Deficit on the Provision of Services	24,281,295

5. Taxation and Non-Specific Grant Income

2021/22		2022/23
£		£
(104,113,970)	Funding Contribution from Aberdeen City Council	(118,777,887)
(290,982,218)	Funding Contribution from NHS Grampian	(255,926,915)
(395,096,188)	Taxation and Non-specific Grant Income	(374,704,802)

The funding contribution from the NHS Board shown above includes £53 million 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 22		31 Mar 23
£		£
40,360,692	NHS Grampian	17,175,456
11,031,309	Aberdeen City Council	9,935,250
51,392,001	Debtors	27,110,706

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 22		31 Mar 23
£		£
	- Aberdeen City Council	-
	- Creditors	-

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.

2021/22				2022/23			
Balance at 1 April 2021	Transfers In	Transfers Out	Balance at 31 March 2022		Transfers In	Transfers Out	Balance at 31 March 2023
£	£	£	£		£	£	£
(2,534,327)	(17,206,169)	-	(19,740,496)	Covid	-	19,501,211	(239,285)
(1,007,266)	(783,915)	-	(1,791,181)	Earmarked External Funding	-	91,078	(1,700,103)
(876,523)	-	-	(876,523)	Community Living Change	-	-	(876,523)
-	-	-	-	Primary Care	(1,668,982)	-	(1,668,982)
(2,540,833)	(1,718,167)	-	(4,259,000)	PCIP*	-	3,892,288	(366,712)
(693,049)	(299,951)	-	(993,000)	Action 15	-	993,000	-
-	(1,052,874)	-	(1,052,874)	MH Recovery and Renewal	-	115,230	(937,644)
(1,320,957)	(965,270)	-	(2,286,227)	ADP*	-	1,355,061	(931,166)
(6,762,825)	(11,129,875)	-	(17,892,700)	Integration +Change	(1,093,650)	1,096,059	(17,890,291)
(15,735,780)	(33,156,221)	-	(48,892,001)	Total Earmarked	(2,762,632)	27,043,927	(24,610,706)
(2,500,000)	-	-	(2,500,000)	Risk Fund	-	-	(2,500,000)
(18,235,780)	(33,156,221)	-	(51,392,001)	General Fund	(2,762,632)	27,043,927	(27,110,706)

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.

2021/22		2022/23
£		£
1,521,455	Expenditure on Agency Services	1,615,721
(1,521,455)	Reimbursement for Agency Services	(1,615,721)
- Net Agency Expenditure excluded from the CIES		-

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

2021/22		2022/23
£		£
7,950,904	Expenditure on Agency Services	8,458,027
(7,950,904)	Reimbursement for Agency Services	(8,458,027)
- Net Agency Expenditure excluded from the CIES		-

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

2021/22		2022/23
£		£
(290,982,218)	Funding Contributions received from the NHS Board*	(255,926,915)
-	- Service Income received from the NHS Board	-
219,121,866	Expenditure on Services Provided by the NHS Board	233,092,061
212,142	Key Management Personnel: Non-Voting Board Members	223,305
(71,648,210) Net Transactions with the NHS Grampian		(22,611,549)

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 £ 46.0 million.

Balances with NHS Grampian

31-Mar-22		31-Mar-23
£		£
40,360,692	Debtor balances: Amounts due from the NHS Board	17,175,456
-	- Creditor balances: Amounts due to the NHS Board	-
40,360,692	Net Balance with the NHS Grampian	17,175,456

Transactions with Aberdeen City Council

2021/22		2022/23
£		£
(104,113,970)	Funding Contributions received from the Council	(118,777,887)
(4,840,312)	Service Income received from the Council	(4,958,384)
147,329,544	Expenditure on Services Provided by the Council	170,512,015
116,727	Key Management Personnel: Non-Voting Board Members	117,100
38,491,989	Net Transactions with Aberdeen City Council	46,892,844

Key Management Personnel: The non-voting Board members employed by the Council 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.

31-Mar-22		31-Mar-23
£		£
11,031,309	Debtor balances: Amounts due from the Council	9,935,250
-	- Creditor balances: Amounts due to the Council	-
11,031,309	Net Balance with the Aberdeen City Council	9,935,250

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.

31-Mar-22		31-Mar-23
£		£
(1,025,658)	Service Income received from the Council	(1,009,657)
34,404,699	Expenditure on Services Provided by the Council	37,825,558
<hr/> 33,379,041 Net Transactions with BAC/BASS		<hr/> 36,815,901

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.