



Aberdeen City
Health & Social Care
Partnership

A caring partnership

Aberdeen City Integration Joint Board Annual Accounts 2016/17

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Management Commentary

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

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, although since the oil price reduction in 2014 the local economy has suffered. Aberdeen has a population estimated in 2014 at 228,990 and eight of its thirty seven areas are recognised as deprived in the Scottish Index of Multiple Deprivation rankings.

In terms of health and social care the demand for services continues to rise each year. The population in Aberdeen City is expected to grow by 28% by 2037 which is the largest growth of all Scottish local authority areas. The over 65s account for 15% of the total population of Aberdeen and this percentage is forecast to increase to 18% over the next 20 years.

Prior to the establishment of the Integration Joint Board the community health services were delivered by NHS Grampian (through the Community Health Partnership) and adult social care services were delivered by Aberdeen City Council through the Social Work Department.

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. The Act provides a framework for the integration of adult health and social care services in order 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.

Aberdeen City Council and NHS Grampian took the decision that, in order to comply with their obligations as a result of the 2014 Act, the model for integration of health and social care services in Aberdeen City would be the Body Corporate model, also known as an Integration Joint Board. Under this model, the Health Board and Local Authority delegate the responsibility for the strategic planning and delivery of health and adult social care services to the Integration Joint Board. The Aberdeen City Integration Joint Board was established by Scottish Ministers as a Body Corporate on the 6 February 2017 with full delegation of services taking effect from 1 April 2016.

The Integration Scheme defines the services that have been delegated by the Health Board and Local Authority to the Aberdeen City Integration Joint Board. The Act indicates that the delegation of some services is mandatory, while for others a discretionary approach can be taken depending on local circumstances. For some of the delegated health services it was not practical to split the services across the three integration joint boards in the Grampian area. These services are still delegated, but classed as 'hosted', which means the costs and budgets are shared based on estimated usage across the three integration joint boards. These services

are managed and led by one lead integration joint board on behalf of the other two boards. A full list of the services delegated is contained in the appendices of the Integration Scheme, along with the name of the lead integration joint board in the case of the hosted services.

The Integration Joint Board is the governing body for the delegated health and social care services. The operational delivery of these services is undertaken by the Aberdeen City Health & Social Care Partnership which is an overarching term to describe the services delegated to the Integration Joint Board and delivered by Aberdeen City Council, NHS Grampian, voluntary organisations, care providers and the third sector.

The IJB's Operations for the Year

During the first full year of operation good progress has been made in terms of delivery of the strategic plan. The focus of this year has been to establish the building blocks to allow the transformation of service delivery in future years. In this regard the Integration Joint Board has

- held seven meetings over the last year, which has established the relationships and procedures required to effectively deliver the strategic plan,
- prepared and agreed its first joint budget in consultation with its two partners, Aberdeen City Council and NHS Grampian,
- established and operated two sub committees (Audit and Performance System Committee and Clinical and Care Governance Committee),
- agreed spend for several major transformation projects,
- hosted an annual conference and awards ceremony,
- established performance management and risk frameworks,
- held several workshops to inform IJB members of the services for which the IJB has strategic responsibility.
- Approved and is in the process of implementing a new operational management structure.
- In conjunction with Aberdeen City Council opened a new day care centre called the Len Ironside CBE centre.

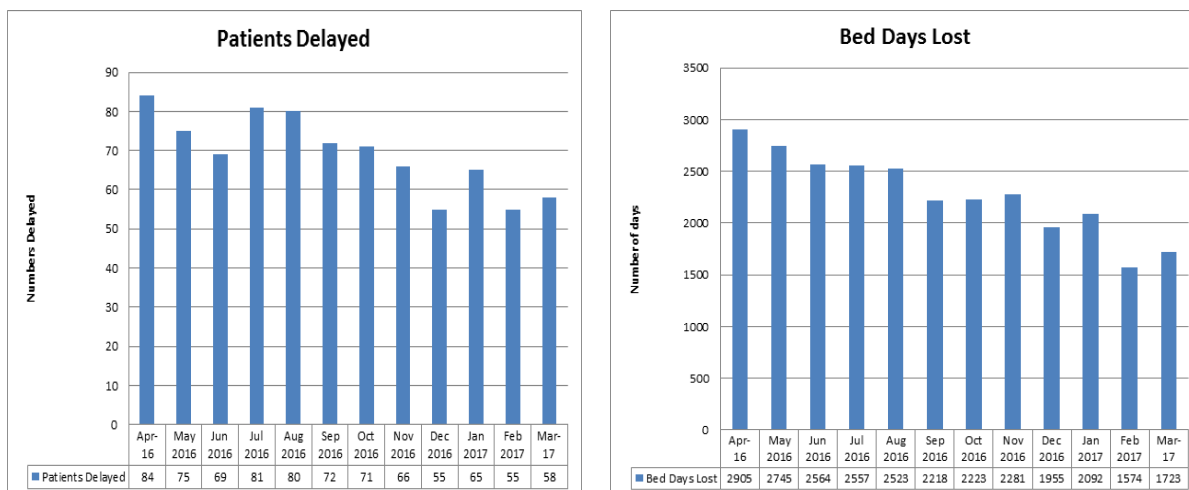
The Integration Joint Board continues to move towards delivery of the priorities indicated in the strategic plan. Significant progress has been made towards this with £9 million of spend allocated towards transformation projects during this financial year. Progress on transformation work has been slower than might have been anticipated due to the complexity in having to work through the governance systems of the three organisations (NHS Grampian, Aberdeen City Council and the Integration Joint Board).

The IJB Executive Team has been established and is making good progress in moving forward and improving service delivery, leading the organisation and supporting the Integration Joint Board in its decision making. The senior management structure below the IJB Executive Team has been established and the final posts are anticipated to be filled in the first few months of the new financial year. Once these posts are filled the scale and pace of delivery of the strategic plan will increase.

A number of the services delegated to the Integration Joint Board continue to experience difficulties recruiting staff. The payment of the Scottish living wage has helped in recruiting staff for social care services and the downturn in the oil industry has improved recruitment for some positions. However, there are still issues in recruiting staff to qualified positions such as social workers, nurses and general practitioners in the primary care setting.

One of the key aspects of the 2014 Act and strategic plan is the formation of localities in which health and social care services will be delivered. In Aberdeen City it was agreed to have four localities and a locality leadership group has been established in each area. These groups are working well and making good progress at their own speed. Four Head of Locality posts have been established to support the delivery of locality working and these posts are in the process of being recruited to. Work is taking place to align staffing structures into the four localities.

The Integration Joint Board has been working hard to reduce the number of Aberdeen City residents who are ready to be sent home from hospital, but have been delayed from doing so. The term commonly used for these individuals is a “delayed discharge”, and individuals can be delayed for varied reasons, ranging from social care provision through to issues with equipment, adaptations and even transport. The City Partnership has presided over a notable improvement in respect of both the numbers of individuals delayed in hospital, alongside the overall bed days lost to delayed discharges. This can be seen from the performance information below:



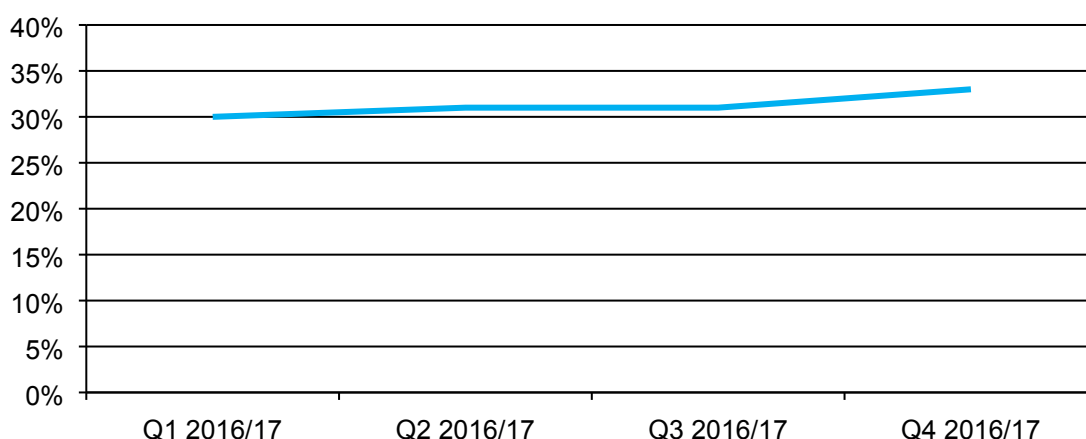
NOTE: The Scottish Government changed the definitions related to counting individual delayed discharges in July 2016. As a result direct comparisons cannot be made between pre and post July 2016 data.

The Integration Joint Board has received budget monitoring reports each quarter as defined in the integration scheme. The Audit and Performance Systems Committee

has also been reviewing the budget monitoring information on a regular basis. The outturn for the financial year against the forecast position reported for December is shown below.

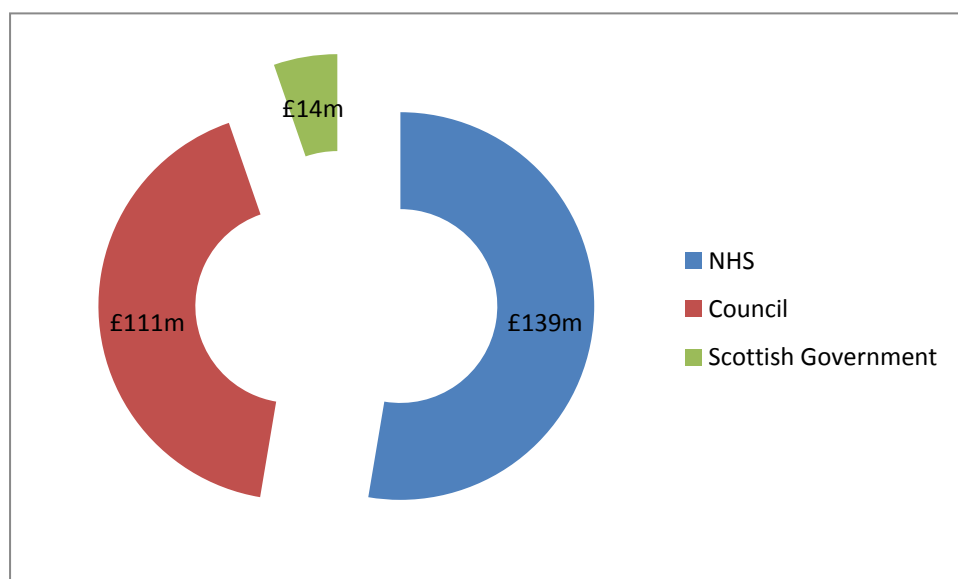
Budget	Forecast 31 December 2016 £'000	Outturn 31 March 2017 £'000
Mainstream	1,480 over	1,068 over
Integration and Change Fund	10,630 under	11,485 under
Total	9,150 under	10,417 under

One of the key priorities of the strategic plan is keeping people at home and the following graph shows the percentage of people 65 and over with intensive care needs receiving care at home.



The IJB's Position at 31 March 2017

The resources available to the Integration Joint Board to deliver services and its strategic plan during the financial year are as follows to the nearest £million:



The accounts for the year show a usable reserves position of £10,417,474. This is largely due to additional funding from the Scottish Government which the Integration Joint Board is using on integration and change projects. A significant element of these funds have been committed to be used in 2017/18 and the underspend is a timing issue while these projects progress through the established governance processes of the partner organisations. The Integration Joint Board 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 and £500,000 to replace equipment.

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 2017/18 budget was agreed on 7 March 2017 and included £5 million of budget savings.

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 Government priorities and policies, which means new projects and initiatives at a time where financial pressure is being faced on mainstream budgets.

The Scottish Government has committed to paying the Scottish Living Wage. This commitment has been followed in 2016/17 and 2017/18 with additional funding. Should additional funding not be available in future years it will be difficult for the Integration Joint Board to fund any future increases in the Scottish Living Wage given the financial pressures being experienced across its services.

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. Also, there are greater expectations being placed on our services by clients and this along with expectations from the Scottish Government continue to drive performance on targets such as waiting times.

The implementation of the carers' strategy in 2018/19 will expose the Integration Joint Board to financial risk, as although additional resources will be provided and the calculation of the adequacy of these resources has been assessed through a comprehensive process at a national level, there are still concerns over the potential level of spend. In particular the demand for these services, whilst influenced by the local eligibility criteria, may be difficult to predict and manage.

The IJB's Strategy and Business Model

The IJB's Strategic Plan for 2016-19 sets out how the National Health and Wellbeing Outcomes will be achieved. To achieve our desired outcomes, the strategic priorities for the next three years are:

- Develop a consistent person centred approach that promotes and protects the human rights of every individual and which enable our citizens to have opportunities to maintain their wellbeing and take a full and active role in their local community.

- Support and improve the health, wellbeing and quality of life of our local population.
- Promote and support self-management and independence for individuals for as long as reasonably possible.
- Value and support those who are unpaid carers to become equal partners in the planning and delivery of services, to look after their own health and to have a quality of life outside the caring role if so desired.
- Contribute to a reduction in health inequalities and the inequalities in the wider social conditions that affect our health and wellbeing.
- Strengthen existing community assets and resources that can help local people with their needs as they perceive them and make it easier for people to contribute to helping others in their communities.
- Support staff to deliver high quality services that have a positive impact on personal experiences and outcomes.

During the 2017/18 budget process the IJB agreed to six priorities to be delivered by the end of the financial year in terms of its integration and change programme. These priority projects are documented below:

- Develop business case for acute care @ home,
- Establish link workers in city,
- Localities shadow operation\notional budgets,
- Continue work on carers' strategy,
- Develop commissioning strategy and move forward market facilitation,
- Testing the buurtzorg model.

The IJB strategic plan will be updated during 2018/19 picking up on the trends and cost pressures identified in the two years of operation. In a similar method to the creation of the current strategic plan, an extensive consultation process will be undertaken with interested and affected groups.

The Integration Joint Board provides strategic direction to the partners (Aberdeen City Council and NHS Grampian) by approving formal directions to the partner organisations on the changes that it would like made to operational service delivery in order to achieve the priorities included in the strategic plan.

The directions are then passed to the Chief Executives of the partner organisations who in turn pass these onto officers for implementation.

Key Risks and Uncertainties

The key strategic risks along with an assessment of level of risk facing the IJB are as indicated below:

- There is a risk of significant market failure in Aberdeen City – High
- There is a risk of financial failure , that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend – Medium

- Failure of the IJB to function, make decisions in a timely manner etc – Medium
- There is a risk that the outcomes expected from hosted services are not delivered and that the IJB does not identify non-performance in through its systems. This risk relates to services that Aberdeen IJB hosts on behalf of Moray and Aberdeenshire, and those hosted by those IJBs and delivered on behalf of Aberdeen City. – Medium
- There is a risk that the governance arrangements between the IJB and its partner organisations (ACC and NHSG) are not robust enough to provide necessary assurance within the current assessment framework – leading to duplication of effort and poor relationships – Medium
- There is a risk that services provided by ACC and NHS corporate services on behalf of the IJB do not have the capacity, are not able to work at the pace of the IJB's ambitions, or do not perform their function as required by the IJB to enable it to fulfil its functions - High
- There is a risk that the IJB and the services that it directs and has operational oversight of fail to meet performance standards or outcomes as set by regulatory bodies - Medium
- 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 - High
- Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system – High
- There is a risk that the IJB does not maximise the opportunities offered by locality working – Medium

These risks are monitored and updated frequently by the IJB Executive Team, who in-turn report to the IJB and Audit and Performance Systems Committee on a regular basis.

Analysis of the Financial Statements

The accounts show a usable reserve of £10,417,474 at 31 March 2017. This is largely due to unspent integration and change funds provided by the Scottish Government. This level of reserve had largely been anticipated throughout the year and is a result of the transformation programme taking time to make its way through the various governance processes.

The prescribing budget was overspent by £841,000 at the end of the financial year. As with the underspend on the integration and change funds this had been forecast throughout the financial year. The reason for the overspend on prescribing is an increase in both the cost of the drugs and volumes prescribed. A Local Enhanced Service direction was issued to NHS Grampian during the financial year in an attempt to reduce the level of spend. The level of overspend has reduced at the yearend from the overspend position of £1,201,000 forecast in December 2016.

The 2015/16 comparator figures included in the accounts relate to the period of the 6 February 2016 to 31 March 2016 and therefore don't reflect a full year of spend on the delegated budgets.

Jonathan Passmore
IJB Chair



Judith Proctor
Chief Officer



Alex Stephen
Chief Finance Officer



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

Jonathan Passmore
IJB 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
- 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
- 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 2017 and the transactions for the year then ended.

Alex Stephen

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 auditors 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 2015/16 £	Name	Post(s) Held	Nominated by	Taxable Expenses 2016/17 £
Nil	Jonathan Passmore	Chair January 2017 to March 2017 Vice Chair April 2016 to December 2017	NHS Grampian	Nil
Nil	Cllr Len Ironside CBE	Chair April 2016 to December 2016 Vice Chair January 2017 to March 2017	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 has to be appointed and the employing partner has to 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 2015/16 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Total 2016/17 £
15,712 (FYE 104,934)	Judith Proctor Chief Officer February 2016 to March 2017	108,429	317	108,746
Nil	Alex Stephen Chief Finance Officer July 2016- March 2017	50,544 (68,124)	nil	50,544
15,712	Total	158,973	317	159,290

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.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/16 £	For Year to 31/03/17 £		Difference from 31/03/16 £000	As at 31/03/17 £000
Judith Proctor	2,111	16,191	Pension	2	30
Chief Officer February 2016 to March 2017			Lump sum	3	80
Alex Stephen	Nil	9,755	Pension	0	20
Chief Finance Officer July 2016- March 2017			Lump sum	0	31
Total	2,111	25,946	Pension	2	50
			Lump Sum	3	111

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

Disclosure by Pay Bands

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

Number of Employees in Band 2015/16	Remuneration Band	Number of Employees in Band 2016/17
0	£50,000 - £54,999	1
0	£105,000 - £109,999	1

Exit Packages

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

Jonathan Passmore
IJB Chair

Judith Proctor
Chief Officer

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 includes 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's systems of internal control, which support compliance with both organisations' policies and promotes 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 the 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)'. This code provides a list of documents from an IJB, NHS Grampian and Aberdeen City Council perspective which also provides assurance on the governance framework.

To provide further assurance about the governance environment and as requested by Audit Scotland, the IJB's external auditors for the financial year 2015/16, a review has also been undertaken against the governance principles detailed in the CIPFA document titled the 'the role of the chief financial officer in local government'. This review was discussed and noted at a meeting of the Audit & Performance Systems Committee in April.

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

¹ CIPFA - The Chartered Institute of Public Finance and Accountancy

SOLACE – The Society of Local Authority Chief Executives

(Scotland) Act 1973 and Aberdeen City Council have also adopted the governance principles from the delivering good governance document in their own local code of corporate governance.

Against each of the seven governance principles adopted by the IJB there are key documents, 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: Over the course of this financial year 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 have 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 have their own terms of reference.

Future Developments: The IJB report format needs to be modified to demonstrate more clearly the links to the IJB values and the strategic priorities. A review of the standing orders and integration scheme is progressing with support from colleagues in the Council's Governance Team.

Principle 2 – Ensuring openness and comprehensive stakeholder engagement,

Openness: The IJB has moved from a transitional leadership group held in private to a public board where members of the public can attend and agendas, reports and minutes are available to review. Therefore, members of the public can assess whether they believe that decisions are being taken in the public interest. The Audit & Performance Systems Committee recently reviewed its terms of reference and is now also a public meeting.

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 4 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 which sought to formalise stakeholder engagement with the partner organisations around the budget process. A number of workshops have been held during the year, particularly around primary care and development of a carers' strategy. 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.

Future Developments: develop a communications protocol which explains when, where and how the IJB will communicate with stakeholders.

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

Economic: The IJB has an agreed budget for both 2016-17 and 2017-18. Indicative figures of the level of financial need over the next five financial years were also discussed and agreed at the IJB. The transformation programme and IJB report format specifically highlight the economic impact of the decisions being taken on current and future financial years.

Social: The IJB has published a 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.

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

Interventions: A transformation programme has been developed focussing on six big ticket items which will help support the delivery of the strategic plan. These six big ticket items are monitored on a regular basis and information on progress is received by the Integration Joint Board and the Audit & Performance Systems Committee for scrutiny and challenge. Decisions to procure services costing over £50,000 are taken by the Integration Joint Board in so far as it relates 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 optional appraisal and project plan is developed in line with best practice. The benefits, both financial and non-financial, are highlighted and contained in the project plans.

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 Executive Team have started the Aston Team Journey programme with the intention of rolling this out across the partnership.

Leadership: The IJB has set itself goals and has recently evaluated their performance after one year of operation against these goals. A structure review has recently been completed and individuals are currently being recruited to these key posts. 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 attended by senior officers.

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 being completed by all partnership staff. The outputs from these surveys are discussed by the IJB Executive Team and any necessary improvement actions implemented.

Future Developments: The IJB Executive Team have committed to shadowing staff at all levels in the organisation and holding a quarterly leadership event for third and fourth tier managers during 2017/18.

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. Both the operational and strategic risk register are updated frequently and reported to the Audit & Performance Systems Committee at least quarterly.

Performance: A performance management framework has been developed for the IJB and is reported frequently to the Audit & Performance Systems 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 Auditors 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. The IJB financial position has remained largely static during the financial year, in which the only material adverse movement being on the prescribing budget. The IJB agreed a balanced budget for 2017/18 on 7 March, which contained information on budget pressures, budget reductions and an indicative budget position for the next five financial years. All IJB reports contain a financial implications section advising the IJB on the budget implications of agreeing the recommendations of the report.

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 Audit & Performance Systems committee has recently reviewed its terms of reference and agreed that meetings should now be 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 2015/16 accounts received an unmodified audit certificate. The Audit & Performance Systems Committee has received an internal audit plan from the Chief Internal Auditor and five internal audit reports over the last financial year. A joint inspection of adult services and health care services for Aberdeen City was published by the Care Inspectorate during the year and reported to both the IJB and Clinical & Care Governance Committee. Of the nine quality indicators used in the report, Aberdeen City was graded as follows: one very good, two good, five adequate and one weak. An action plan was developed to address the recommendations of the report.

Future Developments: Improvement plans are in the process of being developed and these will be influenced by the performance management framework.

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 Executive Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor's annual report, and reports from external auditors 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 internal control system in the year to 31 March 2017.

However, some significant concerns have been identified throughout the year. Recommendations graded as "major" were made in an Aberdeen City Council Internal Audit report in 2016/17 relating to Adult Social Work Purchasing and Creditors Procedures. Recommendations made regarding the issues identified were either agreed by management or the Aberdeen City Council Audit, Risk and Scrutiny sought, and were satisfied with, management assurances at Committee.

In addition, there were limitations to the scope of planned Internal Audit work in relation to Aberdeen City Council. These limitations related to not being permitted access to records held within the Care First system (with data being provided to Internal Audit by officers) and impacted on audits of Self-Directed Support and the Care First System

Whilst the above issues occurred, areas of good practice, improvement, and procedural compliance were also identified and these have been detailed in individual assignment reports.

The external auditor's annual report had one formal recommendation for the Executive Team about establishing a performance management framework. This recommendation is now closed as the framework is operating and established.

On the 1 April 2017, Aberdeen City Council assumed responsibility for the operation of Kingsmead Nursing Home on a temporary basis, pending determination as to how services to meet the needs of the residents may best be provided in the future. Whilst the safe operation of the home has been secured in the short term, further work will be required to determine the best solution going forward, and to address any governance issues identified following a review of contract management and service delivery processes.

The governance framework was reviewed by the Executive Team against the governance principles identified in the CIPFA Role of the Chief Finance Officer Framework. The results of this review were also discussed and noted by the Audit & Performance Systems Committee.

The local code of corporate governance was agreed by the Audit & Performance Systems Committee on the 11 April 2017 and progress against the seven principles is 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. Therefore, these future developments will be developed into an action plan which will be monitored by the Audit & Performance Systems Committee, along with a more structured process for reviewing effectiveness in future years.

	Area for Improvement and Outcome to Be Achieved	Improvement Action Agreed	Responsible Party	Completion Date
1.	Demonstrate links to Strategic Plan.	Review report format to establish clearer links	Chief Finance Officer	31 March 2018
2.	Standing Orders and integration scheme	Review standing orders and integration scheme	ACC Legal and Democratic Services	31 March 2018
3.	Define clear expectations on how and when the IJB will consult.	Create communications protocol	Communications Partner	31 March 2018
4.	Improvement planning	Develop service improvement plans	Chief Officer	31 March 2018

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 strategic objectives as set out in the Strategic Business Plan 2017/18, where the role of governance, performance management and risk management are recognised as crucial 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 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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The Audit, Risk and Scrutiny Committee has a key role in this and an annual report of its activities will be approved by the committee and referred to Council for its consideration. This demonstrates the Council's governance arrangements through 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 our commitment to the seven principles recommended in the CIPFA / SOLACE Framework 2016, by citing the primary sources of assurance which demonstrate the

effectiveness of our systems of internal control. The revised Code, approved by Council on 15th March 2017, can be viewed at:

<https://committees.aberdeencity.gov.uk/documents/s67547/LocalCodeofCorporateGovernance.pdf>

In summary the Council has undertaken a self-evaluation of its Local Code of Corporate Governance and determined that there is strong compliance with the Code and that governance processes, procedures, performance reporting and engagement material are well managed by the organisation. The Council has a clear approach to the decision-making process and seeks to engage with those in the community and with partners and staff.

The Chief Executive and Leader of the Council have certified that reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council's systems of governance and that the annual review demonstrates sufficient evidence that the Code of Corporate Governance operates effectively. Furthermore, the Council proposes over the coming year to take steps to further enhance governance arrangements and are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation 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 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:

- Executive and senior managers who are required to develop, implement and maintain adequate internal controls across their areas of responsibility;
- The work of the internal auditor, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, internal control and governance processes;

- Management letters and other reports issued by external audit;
- Financial plans, service plans and related organisational performance and risk management reports presented to the Board and relevant governance committees;
- Reports relating to the recent reviews carried out by Health Improvement Scotland and other inspection agencies; and
- Transparent assumptions regarding the timing of investment to deliver a significant reduction in high risk backlog maintenance in clinical areas agreed by the Scottish Government Health and Social Care Directorates as part of the Board's Asset Management Plan.
- Annual statements of assurance from each of the core governance committees of the Board, including the Endowment Committee with respect to the governance arrangements that exist for the NHS Grampian Endowment Funds charity which is consolidated with the main Board accounts;
- Written confirmation from executive and senior managers that controls within their individual areas of responsibility are adequate and have been operating effectively throughout the year;
- During the year, minutes of the meetings of the core governance committees were provided to all Board members.
- Consideration of the governance statement and its disclosures by Internal Audit, the Audit Committee and Board members;

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 he is not aware of any outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance that applies to NHS Boards in relation to governance, risk management and internal control.

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.

.....
Judith Proctor
Chief Officer

.....
Jonathan Passmore
Chair

Comprehensive Income and Expenditure Statement

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

2015/16				2016/17		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
0	0	0	Community Health Services	31,649,313	0	31,649,313
0	0	0	Aberdeen City share of Hosted Services (health)	21,207,851	0	21,207,851
0	0	0	Learning Disabilities	29,264,461	0	29,264,461
0	0	0	Mental Health & Addictions	18,304,741	0	18,304,741
0	0	0	Older People & Physical and Sensory Disabilities	69,719,818	0	69,719,818
26,809	(26,809)	0	Head office/Admin	1,007,021	(170,013)	837,008
0	0	0	Criminal Justice	4,413,345	(4,624,593)	(211,248)
0	0	0	Housing	2,197,288	0	2,197,288
0	0	0	Primary Care Prescribing	40,005,916	0	40,005,916
0	0	0	Primary Care	36,846,589	0	36,846,589
0	0	0	Out of Area Treatments	1,219,506	0	1,219,506
0	0	0	Set Aside Services	46,732,000	0	46,732,000
0	0	0	Transformation	2,856,283	0	2,856,283
26,809	(26,809)	0	Cost of Services	305,424,132	(4,794,606)	300,629,526
0	0	0	Taxation and Non-Specific Grant Income (Note 5)	0	(311,047,000)	(311,047,000)
26,809	(26,809)	0	Surplus or Deficit on Provision of Services	305,424,132	(315,841,606)	(10,417,474)
			0	Total Comprehensive Income and Expenditure	(10,417,474)	

**The IJB was established on 6 February 2016. Integrated delivery of health and care services did not commence until 01 April 2016. Consequently the 2016/17 financial year is the first fully operational financial year for the IJB and the figures above reflect this.*

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 2016/17	General Fund Balance £	Total Reserves £
Opening Balance at 31 March 2016	0	0
Total Comprehensive Income and Expenditure	(10,417,474)	(10,417,474)
Adjustments between accounting basis and funding basis under regulations(*)	0	0
Increase or Decrease in 2016/17	(10,417,474)	(10,417,474)
Closing Balance at 31 March 2017	(10,417,474)	(10,417,474)

Movements in Reserves During 2015/16	General Fund Balance £	Total Reserves £
Opening Balance at 6 February 2016	0	0
Total Comprehensive Income and Expenditure	0	0
Adjustments between accounting basis and funding basis under regulations (*)	0	0
Increase or Decrease in 2015/16	0	0
Closing Balance at 31 March 2016	0	0

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 2016		Notes	31-Mar 2017
£			£
5,000	Short term Debtors	(6)	10,417,474
5,000	Current Assets		10,417,474
(5,000)	Short-term Creditors		0
(5,000)	Current Liabilities		0
0	Provisions		0
0	Long-term Liabilities		0
0	Net Assets		10,417,474
	Usable Reserve:		
0	General Fund		(10,417,474)
0	Unusable Reserve:		0
0	Total Reserves		(10,417,474)

The unaudited accounts were issued on 30 June 2017

Alex Stephen
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 2016/17 financial year and its position at the year-end of 31 March 2017.

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 2016/17, 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. 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.

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Reserves

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. The 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.

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. Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Finance Officer on 20 September 2017. 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 2017, 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

2015/16	2016/17
£	£
0 Services commissioned from Aberdeen City Council	117,050,344
0 Services commissioned from NHS Grampian	188,347,788
0 Employee Benefits Expenditure	0
0 Other IJB Operating Expenditure	0
0 Insurance and Related Expenditure	0
5,000 Auditor Fee: External Audit Work	26,000
0 Auditor Fee: Other Work	0
0 Service Income: Aberdeen City Council	(4,794,606)
0 Service Income: NHS Grampian	0
0 Partners Funding Contributions and Non-Specific Grant Income	(311,047,000)
5,000 Surplus or Deficit on the Provision of Services	(10,417,474)

5. Taxation and Non-Specific Grant Income

2015/16	2016/17
£	£
0 Funding Contribution from Aberdeen City Council	(88,463,000)
0 Funding Contribution from NHS Grampian	(222,584,000)
0 Other Non-ring fenced grants and contributions	0
0 Taxation and Non-specific Grant Income	(311,047,000)

The funding contribution from the NHS Board shown above includes £46,732,000 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 ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

6. Debtors

31-Mar-16		31-Mar-17
£		£
0	NHS Grampian	5,644,089
0	Aberdeen City Council	4,773,385
0	Debtors	10,417,474

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. Usable Reserve: General Fund

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

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

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

2015/16				2016/17		
Balance at 1 April 2015	Transfers In	Transfers Out	Balance at 31 March 2016		Transfers In	Transfers Out
£	£	£	£		£	£
0	0	0	0	Equipment	0	(500,000)
0	0	0	0	Integration & Change	0	(7,417,474)
0	0	0	0	Total Earmarked	0	(7,917,474)
0	0	0	0	Risk Fund	0	(2,500,000)
0	0	0	0	General Fund	0	(10,417,474)

8. 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.

2015/16 £	2016/17 £
0 Expenditure on Agency Services	1,219,057
0 Reimbursement for Agency Services	(1,219,057)
0 Net Agency Expenditure excluded from the CIES	0

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

2015/16 £	2016/17 £
0 Expenditure on Agency Services	5,772,096
0 Reimbursement for Agency Services	(5,772,096)
0 Net Agency Expenditure excluded from the CIES	0

9. Related Party Transactions

The IJB has related party relationships with the NHS Grampian and Aberdeen City Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

NHS Grampian

2015/16	2016/17
£	£
0 Funding Contributions received from the NHS Board*	(222,584,000)
0 Service Income received from the NHS Board	0
0 Expenditure on Services Provided by the NHS Board	188,183,593
0 Key Management Personnel: Non-Voting Board Members	159,923
0 Net Transactions with the NHS Grampian	(34,240,484)

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 £28,596,395

Balances with NHS Grampian

31-Mar-16	31-Mar-17
£	£
0 Debtor balances: Amounts due from the NHS Board	5,644,089
0 Creditor balances: Amounts due to the NHS Board	0
0 Net Balance with the NHS Grampian	5,644,089

Transactions with Aberdeen City Council

2015/16	2016/17
£	£
0 Funding Contributions received from the Council	(86,463,000)
0 Service Income received from the Council	(4,794,606)
0 Expenditure on Services Provided by the Council	117,014,182
0 Key Management Personnel: Non-Voting Board Members	66,434
0 Net Transactions with Aberdeen City Council	23,823,010

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 Integration Joint Board and the costs associated for this post are borne by the Council.

31-Mar-16	31-Mar-17
£	£
0 Debtor balances: Amounts due from the Council	4,773,385
0 Creditor balances: Amounts due to the Council	0
<hr/>	
0 Net Balance with the Aberdeen City Council	4,773,385

10. 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.