



Aberdeen City Health & Social Care Partnership
A caring partnership



Aberdeen City Integration Joint Board

Unaudited Annual Accounts 2018/19



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Management Commentary

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

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

Hosted Services	Hospital-Based Services
Intermediate care of the elderly and specialist rehabilitation Sexual health Acute mental health and learning disability (decision pending)	Accident and emergency services provided in a hospital Inpatient hospital services relating to the following branches of medicine: (a) general medicine (b) geriatric medicine (c) rehabilitation medicine (d) respiratory medicine (e) palliative care (f) mental health (g) psychiatry of learning disability

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

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

The IJB's Operations for the Year

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

Aberdeen has a population estimated in 2018 at 239,000. There is a mixture of affluent and deprived areas in Aberdeen with eight of its 37 data zones 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 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.

Alongside this increase in demand there are rising costs and reduced funding available. The focus of this year has been to build on the progress delivered in the first year of operation and start to scale up the transformation projects previously approved. We need to pick up the pace of transformation and start to do things differently in order to be able to continue to deliver services and positive outcomes for the people who use them.

During the financial year 2018/19 the IJB committed to:

- fully implement the first phase of Acute Care @ Home (ACH) and start to develop plans for the second phase;
- approve a primary care improvement plan and test new delivery models linked to our primary care strategy;
- further establish and embrace locality working;
- implement and monitor the carers strategy;
- develop a public health strategy for Aberdeen City IJB;
- begin to evaluate the benefits of the Integrated Neighbourhood Care Aberdeen (INCA) teams and, providing the anticipated benefits are realised, develop a roll-out plan across the city; and
- further develop our evaluation programme for our transformation projects.

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

The first phase of ACH has been implemented. The team holds an active caseload and attends the Geriatric Assessment Unit to facilitate early supported discharge / active recovery of patients. This currently happens on a city-wide basis. Phase one also saw the development of work with a care home in the South locality focused on hospital admission avoidance. Phase two of ACH will see the expansion of 'alternative to admission' work with the development of a city-wide Unscheduled Care approach delivered within all localities.

In June 2018 the IJB approved a Primary Care Improvement Plan (PCIP). The new General Medical Services (GMS) contract came into force in April 2018. Related to this new contract was the provision of transformation funding to help provide GPs with the capacity to undertake their roles as Expert Medical Generalist as set out in

the new contract. Each IJB was required to set out their aims and priorities for releasing GP capacity within a PCIP. A prioritised and phased implementation plan has been developed which will lead to full implementation by 2021. Year 1 priority areas were Musculoskeletal (MSK) Physiotherapy First Contact Practitioners, Chaplaincy Listening, Workflow Optimisation and Phlebotomy. April 2019 sees the start of year 2 of the PCIP and the start of a further raft of projects.

At their meeting in December 2018 the IJB approved a consultation on moving from four localities to three, which more closely align with those adopted by our community planning partners. Key benefits of this have been identified as: -

- providing greater joined-up focus to areas where people experience poorer outcomes;
- improving links with key partners which would enable closer alignment across operational service delivery; and to
- simplify locality arrangements to make it easier for members of the public to understand what locality their community falls under and therefore how to engage with services.

Locality planning is a key element of the Public Bodies (Joint Working) (Scotland) Act 2014 in relation to the planning and delivery of our integrated services. Localities are intended to be the engine room of integration, bringing together service users, carers, and health and care professionals to plan and help redesign services. During the consultation 79% of respondents agreed with the rationale of moving to three localities. An implementation plan for the move has been developed and the Chief Officer will take a report on implementation back to the IJB in 2019.

The Carers (Scotland) Act 2016 was implemented on 1 April 2018. In March 2018 the IJB approved a Carers Strategy and in May 2018 they approved Eligibility Criteria for Carers and the Adult Carers Support Planning process. In August 2018, the IJB approved Guidance on the Waiving of Charges for Carers and in December 2018 they approved a Short Breaks Services Statement, completing their obligations under the Act. The Carers Strategy Implementation Group continues to meet regularly to drive delivery of the Action Plan and an Annual Report on delivery will be presented to the IJB during 2019.

With the announcement of Public Health Reform in Scotland it was decided to put the development of a public health strategy for Aberdeen City IJB on hold. A new public health body – Public Health Scotland – is being created, bringing together Public Health Intelligence, Health Protection and Health Improvement expertise and knowledge into a single body. The new body will provide a clear vision and strong voice for the public's health in Scotland by 2019. It will be accountable to the Scottish Government and COSLA and will support, enable and provide challenge to the whole system of partners in the public, private and third sector. Once the reform arrangements are established the IJB will consider how best to deliver Public Health locally.

The full evaluation of INCA was completed in October 2018. The key findings from this project have been used to inform the development of a 'Stepped Care Approach' and also to develop the leadership team structure. Our learning has also been of

interest nationally, including a presentation at the Annual Quality and Safety in Healthcare Event and disseminating learning through Healthcare Improvement Scotland. Internationally, a research manuscript based on the findings from the initial evaluation has been accepted for publication in the prestigious AIMS Public Health Journal, with a second manuscript currently under review.

The evaluation programme of our transformation projects has extended across approximately 50 projects, providing support in developing, implementing and reporting on new initiatives. The evaluation team hosts monthly clinics with colleagues across the system to advise and support them in localised pieces of work, helping to improve the culture of evaluation. Two large-scale evaluations on INCA and the West Visits Unscheduled Care project have been completed. The findings have been shared nationally through a variety of conferences, including hosting a workshop at the Health and Social Care Scotland Conference. Internationally, two research manuscripts from evaluation activity have been accepted for publication in peer-reviewed journals, with an additional manuscript currently under-review. The evaluation activity to date has been endorsed for its rigour and quality, including at a recent Audit & Performance Systems Committee meeting. A further two large-scale evaluations on Acute Care @ Home and House of Care will be completed by April 2019.

During 2018/19 ACHSCP experienced significant changes to the Executive Team, with three out of four members of that senior team moving on to work in other health and social care partnerships. A new Chief Officer was appointed in September 2018 and work has been undertaken to develop a new Leadership Team structure which, it is hoped, will support transformational activity and ensure the future sustainability of the partnership.

There are still issues in recruiting staff to qualified positions such as social workers, nurses, allied health professionals and general practitioners in the primary care setting.

The IJB's Position at 31 March 2019

The accounts for the year ended 31 March 2019 show a usable reserves position of £5,578,337 (£8,306,965 2017/18). This is largely due to additional funding received in 2016/17 from the Scottish Government which the IJB is using on integration and change projects. A significant element of these funds has been committed and used in 2018/19. All of the recurring funding has now been allocated and the IJB had agreed through its Medium-Term Financial Strategy to use these funds in 2017/18, hence the reduction. The IJB agreed a reserves strategy and during the 2017/18 budget process agreed to hold back as earmarked reserves £2.5 million as a risk fund. The reserves position was confirmed during the 2019/20 budget process.

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 2019/20 budget was agreed on 12 March 2019 and included £4.6 million of budget reductions.

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

The IJB has made arrangements with social care providers to allow the Scottish Living Wage to be paid in 2019/20. Local negotiations will be undertaken with social care providers to provide funding to pay the Scottish Living Wage of £9 per hour from 1 May 2019. This was possible due to additional funding being made available. Should additional funding not be available in future years, it will be difficult for the IJB to fund any future increases in the Scottish Living Wage given the financial pressures being experienced across its services and the level of increase in Scottish Living Wage year on year.

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 2018/19 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.

The implementation of the carers strategy in 2019/20 will expose the IJB 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. However, the implementation of this strategy will support carers to help them maintain their own health and wellbeing, as well as that of the person they care for.

The new policy which is seeking to provide free personal care to under-65s could also have implications on the IJB's budget. Whilst additional funding for this has been provided, the demand for this funding for clients who are currently not known to social care services is unknown. The IJB senior management team will be monitoring demand for this budget closely over the next financial year.

The IJB's Strategy and Business Model

The IJB's Strategic Plan for 2016-19 set out how the National Health and Wellbeing Outcomes would be achieved. It confirmed our strategic priorities as:

- develop a consistent person-centred approach that promotes and protects the human rights of every individual and which enables 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 people 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 2018/19 work was undertaken to refresh the IJB's Strategic Plan. Following an extensive consultation process with a wide range of stakeholders, the Strategic Plan 2019-22 was approved by the IJB in March 2019. The refreshed plan identifies five new Strategic Aims – Prevention, Resilience, Personalisation, Connections and Communities. Each of these aims has a number of commitments and priorities identified, with the priorities being spread over the three-year lifetime of the plan.

Delivery of the Strategic Plan is underpinned by a number of Enablers – Empowered Staff, Principled Commissioning, Digital Transformation, Sustainable Finance and Modern and Adaptable Infrastructure.

During the 2019/20 the IJB will seek to: -

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

Key Risks and Uncertainties

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

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

The IJB held a workshop in April 2018 on the Strategic Risk Register and the Board's Risk Appetite. As a result of the workshop, the revisions to both the Register

and the Appetite Statement were submitted to the Audit & Performance Systems Committee for approval.

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

At its meeting on 12 February 2019, the committee monitored strategic risks 1-3 (as detailed below) and provided comments which the Risk Owners have considered as part of the ongoing monitoring of the risks.

1. There is a risk that there is insufficient capacity in the market (or appropriate infrastructure in-house) to fulfil the IJB's duties as outlined in the integration scheme. This includes commissioned services and general medical services. **High**
2. There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and projects an overspend. **High**
3. There is a risk that the outcomes expected from hosted services are not delivered and that the IJB does not identify non-performance through its systems. This risk relates to services that the Aberdeen IJB hosts on behalf of Moray and Aberdeenshire, and those hosted by those IJBs and delivered on behalf of Aberdeen City. **High**
4. There is a risk that relationship arrangements between the IJB and its partner organisations (Aberdeen City Council & NHS Grampian) are not managed to maximise the full potentials of integrated and collaborative working. This risk covers the arrangements between partner organisations in areas such as governance, corporate service, and performance. **Medium**
5. There is a risk that the IJB, and the services that it directs and has operational oversight of, fail to meet both performance standards/outcomes as set by regulatory bodies and those locally-determined performance standards as set by the board itself. This may result in harm or risk of harm to people. **Medium**
6. There is a risk of reputational damage to the IJB and its partner organisations resulting from complexity of function, delegation and delivery of services across health and social care. **Medium**
7. Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system **High**
8. There is a risk that the IJB does not maximise the opportunities offered by locality working **High**
9. There is a risk of failure to recruit and that workforce planning across the partnership is not sophisticated enough to maintain future service delivery. **High**

10. There is a risk that ACHSCP is not sufficiently prepared to deal with the impacts of a potential EU exit on areas of our business, including affecting the available workforce and supply chain. **High**

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

Analysis of the Financial Statements

The accounts show usable reserves of £5,578,337 at 31 March 2019 (£8,306,965 at 31 March 2018). This is largely due to unspent integration and change funds provided by the Scottish Government to the IJB via NHS Grampian. This level of reserve had been anticipated throughout the year in the budget monitoring reports.

Prescribing continues to be a major financial risk for the IJB. In 2017/18 an overspend on the prescribing budget of £1,616,080 was incurred. This was largely due to a discount anticipated in one medicine not materialising at the forecast levels and the price of some drugs substantially increasing due to short-supply issues. For 2018/19 the prescribing budget reported an underspend of £414,000. Work continues with our colleagues in pharmacy to reduce spend on prescribing and a regional approach is being developed across the North East supported by NHS Grampian.

This financial year the IJB has experienced significant cost increase on its social care spend for clients with learning disabilities. There are a number of reasons for this movement including suppliers seeking above-inflation increases, the number of clients increasing, the closure of wards in Royal Cornhill Hospital, the complexity of the clients being looked after increasing and more clients being sent to services out of area due to the specialist nature of their disability. Work is being undertaken by the IJB Senior Leadership Team to review the spend and determine ways in which this can be reduced in future years.

Hosted services continue to experience financial pressure as the governance and financial processes between the three Grampian IJBs are still being developed. As a result of this several budget legacy, funding issues continued to be incurred and this was compounded as the additional budget was not provided for the pay award. Workshops have been held with the three IJBs during this financial year to start developing and refining the governance and financial processes.

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 reduce the use of these services by transferring them into the community. During the financial year NHS Grampian advised that the Aberdeen City IJB's use of these services had increased slightly as highlighted below.

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

Aberdeen City IJB used 706 days more of the hospital services than in 2017/18. The budget has increased due to movements in the price per bed days for the services. The IJB Senior Leadership Team are in the process of reviewing this data to see what actions can be taken to reduce hospital usage.

Cllr Sarah Duncan
IJB Chair
30 April 2019



Sandra Ross
Chief Officer
30 April 2019



Alex Stephen
Chief Finance Officer
30 April 2019



Independent auditor's report to the members of Aberdeen City Integration Joint Board and the Accounts Commission – to follow after audit

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature.

Signed on behalf of the Aberdeen City Integration Joint Board

Sarah Duncan

IJB Chair

30 April 2019

Responsibilities of the Chief Financial Officer

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

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

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

The chief financial officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Aberdeen City Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.

Alex Stephen
Chief Finance Officer
12 June 2018

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 2017/18 £	Name	Post(s) Held	Nominated by	Taxable Expenses 2018/19 £
Nil	Jonathan Passmore	Chair 01/04/17 to 31/12/18 Vice Chair 01/01/19 to 26/3/19	NHS Grampian	Nil
Nil	Cllr Sarah Duncan	Chair 01/01/19 to 31/03/19 Vice Chair 18/05/17 to 31/12/18	Aberdeen City Council	Nil
Nil	Luan Grugeon	Vice-Chair 27/03/19 to 31/03/19	NHS Grampian	Nil
Nil	Cllr Len Ironside CBE	Vice-Chair 01/04/17 to 03/05/17	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. From 3 May 2017 to 18 May 2017 there was no vice-chair due to the period of time between the local government elections and the statutory meeting of the Council.

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 2017/18 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Total 2018/19 £
112,979	Judith Proctor Chief Officer 01/02/16 to 27/04/18	14,727	-	14,727
-	Sally Shaw Chief Officer 01/04/18 to 31/08/18	41,359	-	41,359
-	Sandra Ross Chief Officer 3/09/18 to 31/03/19 (FYE £104,768)	61,115	-	61,115
68,806	Alex Stephen Chief Finance Officer 04/07/16 to 31/03/19	71,214	-	71,214
181,785	Total	188,415	-	188,415

FYE = Full Year Equivalent

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On

this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

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

Officer Name	Responsibility	Pension as at 31/3/2019 £000	Pension Difference from 31/3/2018 £000	Lump Sum as at 31/3/2019 £000	Lump Sum Difference from 31/3/2018 £000	Pension Contribution 2018/2019 £	Pension Contribution 2017/2018 £
Judith Proctor	Chief * Officer 01/02/2016 – 27/04/2018	34	4	82	2	1,395	16,745
Sally Shaw	Chief Officer 01/04/18 - 31/08/18	-	-	-	-	7,982	-
Sandra Ross	Chief Officer* 3/09/18 to 31/03/19	-	-	-	-	9,106	-
Alex Stephen	Chief Finance Officer 01/07/2016 – 31/03/2019	24	2	33	1	13,744	13,280
						32,227	30,025

*to be finalised

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 -2017/18	Remuneration Band	Number of Employees in Band - 2018/19
0	£60,000 - £64,999	1
1	£65,000 - £69,999	0
0	£70,000 - £74,999	1
1	£110,000 - £114,999	0

Exit Packages

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

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Sandra Ross
Chief Officer

Sarah Duncan
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.

At the same meeting a review was 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’.

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)

¹ CIPFA - The Chartered Institute of Public Finance and Accountancy

SOLACE – The Society of Local Authority Chief Executives

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.

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

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

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

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

- caring
- person-centred
- enabling

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

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

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

Improvement activities undertaken during the year: The standing orders of the IJB have been reviewed and updated, and were approved on 26 April 2018. The terms of reference for the two sub committees were reviewed and update at the same IJB meeting. An IJB Data Protection Officer was agreed on 22 May 2018. The activities of the Audit & Performance Systems Committee were reviewed on 11 September 2018 against the terms of reference for this committee to ensure there were no assurance gaps over the course of a year. The IJB has been working closely with both Aberdeen City Council & NHS Grampian to ensure that it meets the requirements of the EU

General Data Protection Regulation and that members of staff are aware of the implications.

Principle 2 – Ensuring openness and comprehensive stakeholder engagement,

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

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

Improvement activities undertaken during the year: The IJB approved a new Strategic Plan covering the next three financial years on 26 March 2019. This plan and a decision to alter the number of localities were widely consulted on with our partners, the third sector and residents. The duty of candour guidance was rolled out to all staff and a workshop was held with the IJB to explain the implications. Some of our improvement projects, particularly those with a public health element have been undertaken using co-production principles which includes members of the public in the project. There have been good examples of pro-active engagement with families and media, particularly in relation to both the GP Practices where new arrangements were required and Care Homes which have closed or are in the process of closing.

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

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

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

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

Improvement activities undertaken during the year: Comprehensive evaluations have been completed for the West Visiting Unscheduled Care Service and the Integrated Neighbourhood Care Aberdeen (INCA) projects. Also, the partnership has adopted the lean 6 sigma continuous improvement methodology, has trained relevant staff and is undertaking six improvement projects.

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

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

Improvement activities undertaken during the year: All of the Leadership Team have received their objectives which directly link to the Chief Officer's objectives and the new Strategic Plan.

Future Developments: Align the transformation programme fully to the new Strategic Plan and seek to mainstream existing projects, focusing on strategic performance indicators to measure impact and demonstrate meaningful change. The new plan will require greater focus on prevention, early intervention and addressing health inequalities which will have an impact on improving outcomes.

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

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

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

Individuals: An induction programme has been established for the IJB which complements the induction programmes of NHS Grampian and Aberdeen City Council. Monthly newsletters are sent to all staff and an awards ceremony was held to celebrate achievements during the year. Staff surveys have been undertaken for

Council staff and the 'imatter' survey is undertaken annually. The outputs from these surveys are discussed by the IJB Executive Team and any necessary improvement actions implemented.

Improvement activities undertaken during the year: The 'imatter' survey was undertaken and teams have prepared their action plans on the basis of the information included. The iMatters survey indicated that leadership visibility could be improved and a further survey was conducted to establish what 'level' of leadership staff were referring to. A new IJB Workforce Plan was approved on the 26 March 2019. The partnership participated in a career ready programme which seeks to develop the skills of young people so they are ready for their future career.

Future Developments: Further roll out of the career ready programme and establish modern apprenticeships within services. Implement a new leadership team structure to allow Strategic Plan outcomes to be achieved.

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. Both the Strategic Risk Register is updated frequently and reported to the Audit & Performance Systems Committee and the IJB.

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 Auditor and his opinion on the adequacy of the internal control environment is highlighted below.

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

Improvement activities undertaken during the year: A Medium Term Financial Framework has been prepared and agreed by the IJB. The strategic risk register and

risk appetite statement were reviewed by the IJB in a workshop and subsequently formally approved.

Future Developments: The Audit & Performance Systems Committee has committed to undertake a 'deep dive' on the strategic risks through the next few meetings. The Clinical & Care Governance Committee is undertaking a robust review, including looking at the data submitted to the committee to ensure alignment with broader performance frameworks.

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

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

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

Audit: The 2017/18 accounts received an unqualified audit opinion. The Audit & Performance Systems Committee has received an internal audit plan from the Chief Internal Auditor and internal audit reports over the last financial year.

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

Future Developments: Implement the results from the review of the clinical care governance arrangements and consider whether the Clinical Care Governance Committee should be a public meeting. A review is being undertaken of the role of the North East Partnership which should strengthen governance arrangements for hosted and large hospital services.

Review of Effectiveness

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

The Chief Internal Auditor has reviewed the IJB's internal control framework and in his opinion reasonable assurance can be placed upon the adequacy and effectiveness of the Board's framework of governance, risk management and control in the year to 31 March 2019.

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

The external auditor's 2017/18 annual report had one formal recommendation for the Leadership Team in relation to establishing a workforce plan to identify and address potential skills gaps. The partnership developed an IJB Workforce Plan which was approved by the IJB on 26 March 2019 to address this recommendation.

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

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

The work undertaken against the improvement actions highlighted in the 2017/18 annual governance statement is detailed in the improvement activities undertaken during the year sections detailed above.

It is recognised that the IJB's governance framework is evolving as it matures and that future development work is required to provide further assurance against the governance principles. A summarised list of the 2019/20 improvement actions is shown directly below:

	Area for Improvement and Outcome to Be Achieved	Improvement Action Agreed	Responsible Party	Completion Date
1.	Transformation Programme	Align to the new Strategic Plan	Transformation Lead	31 March 2020
2.	Workforce Development	Roll out career ready and modern apprenticeships	Business Manager	31 March 2020
3.	Clinical Care Governance	Review and implement new arrangements	Lead AHP	31 March 2020
4.	Leadership Team	Implement new structure	Chief Officer	31 March 2020

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 2018/19, where the roles 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 & 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.

- | | |
|--------------------|--|
| Principle A | Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law |
| Principle B | Ensuring openness and comprehensive stakeholder engagement |
| Principle C | Defining outcomes in terms of sustainable economic, social and environmental benefits |
| Principle D | Determining the interventions necessary to optimise the achievement of the intended outcomes |
| Principle E | Developing the entity's capacity, including the capability of its leadership and the individuals within it |
| Principle F | Managing risk and performance through robust internal control and strong public financial management |

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

The Code, approved by Council on 15 March 2017, can be viewed 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 Co-Leaders 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 is 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 and Social Care Directorates as being applicable to NHS Boards. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

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

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

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

Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;

- Clear allocation of responsibilities to ensure we review and develop our organisational arrangements and services in line with national standards and guidance;
- Consultation on service change proposals is undertaken with stakeholders and used to inform decision making;
- Promotion of effective cross sector governance arrangements through participation by the IJB Board members and the Chief Executives of each of the partner organisations in the North East Partnership forum, regular meetings between the Chief Executives of all public sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery.
- A patient feedback service to record and investigate complaints and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches; and
- An annual general meeting of all Trustees of the NHS Grampian Endowment Funds to approve the accounts and review investment policy and strategy.

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.

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Sandra Ross

Sarah Duncan

Chief Officer

Chair

Comprehensive Income and Expenditure Statement

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

2017/18				2018/19		
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
31,406,760	-	31,406,760	Community Health Services	31,594,608	0	31,594,608
21,724,509	-	21,724,509	Aberdeen City share of Hosted Services (health)	22,330,324	0	22,330,324
31,269,790	-	31,269,790	Learning Disabilities	34,621,408	0	34,621,408
20,065,177	-	20,065,177	Mental Health & Addictions	19,992,884	0	19,992,884
72,882,926	-	72,882,926	Older People & Physical and Sensory Disabilities	74,255,297	0	74,255,297
(475,319)	(112,000)	(587,319)	Head office/Admin	171,352	0	171,352
4,658,796	(4,749,806)	(91,010)	Criminal Justice	5,110,341	(5,011,925)	98,416
1,860,555	-	1,860,555	Housing	1,860,555	0	1,860,555
41,364,343	-	41,364,343	Primary Care Prescribing	40,316,656	0	40,316,656
37,234,075	-	37,234,075	Primary Care	38,885,208	0	38,885,208
1,480,487	-	1,480,487	Out of Area Treatments	1,689,920	0	1,689,920
41,344,000	-	41,344,000	Set Aside Services	46,416,000	0	46,416,000
5,011,678	-	5,011,678	Transformation	5,652,732	0	5,652,732
309,827,777	(4,861,806)	304,965,971	Cost of Services	322,897,286	(5,011,925)	317,885,361
-	(302,855,462)	(302,855,462)	Taxation and Non-Specific Grant Income (Note 5)	-	(315,156,732)	(315,156,732)
309,827,777	(307,717,268)	2,110,509	(Surplus) or Deficit on Provision of Services	322,897,286	(320,168,657)	2,728,628
		2,110,509	Total Comprehensive Income and Expenditure			2,728,628

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 2018/19	General Fund Balance	Total Reserves
	£	£
Opening Balance at 31 March 2018	(8,306,965)	(8,306,965)
Total Comprehensive Income and Expenditure	2,728,628	2,728,628
Adjustments between accounting basis and funding basis under regulation	-	-
(Increase) or Decrease in 2018/19	2,728,628	2,728,628
Closing Balance at 31 March 2019	(5,578,337)	(5,578,337)
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Movements in Reserves During 2017/18	General Fund Balance	Total Reserves
	£	£
Opening Balance at 31 March 2017	(10,417,474)	(10,417,474)
Total Comprehensive Income and Expenditure	2,110,509	2,110,509
Adjustments between accounting basis and funding basis under regulation	-	-
(Increase) or Decrease in 2017/18	2,110,509	2,110,509
Closing Balance at 31 March 2018	(8,306,965)	(8,306,965)

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 2018		Notes	31 Mar 2019
£			£
8,306,965	Short term Debtors	(6)	8,147,833
8,306,965	Current Assets		8,147,833
-	Short term Creditors	(7)	(2,569,497)
-	Current Liabilities		(2,569,497)
-	Provisions		-
-	Long-term Liabilities		-
8,306,965	Net Assets		5,578,337
(8,306,965)	Usable Reserve: General Fund	(8)	(5,578,337)
-	Unusable Reserve:		-
(8,306,965)	Total Reserves		(5,578,337)

The unaudited accounts were issued on 30 April 2019

Alex Stephen

Chief Finance Officer

30 April 2019

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 2018/19 financial year and its position at the year-end of 31 March 2019.

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 2018/19, 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.

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 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 on 30 April 2019. 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 2019, 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

2017/18		2018/19
£		£
122,925,886	Services commissioned from Aberdeen City Council	128,849,426
186,873,091	Services commissioned from NHS Grampian	194,018,459
-	Employee Benefits Expenditure	-
-	Insurance and Related Expenditure	-
28,800	Auditor Fee: External Audit	29,400
-	Auditor Fee: Other	-
(4,861,806)	Service Income: Aberdeen City Council	(5,011,925)
-	Service Income: NHS Grampian	-
(302,855,462)	Partners Funding Contributions and Non-Specific Grant Income	(315,156,732)
2,110,509	(Surplus) or Deficit on the Provision of Services	2,728,628

5. Taxation and Non-Specific Grant Income

2017/18		2018/19
£		£
(85,168,829)	Funding Contribution from Aberdeen City Council	(86,855,919)
(217,686,633)	Funding Contribution from NHS Grampian	(228,300,813)
(302,855,462)	Taxation and Non-specific Grant Income	(315,156,732)

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

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

6. Debtors

31 Mar 18		31 Mar 19
£		£
5,181,711	NHS Grampian	8,147,834
3,125,254	Aberdeen City Council	-
8,306,965	Debtors	8,147,834

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 18		31 Mar 19
£		£
-	Aberdeen City Council	(2,569,497)
-	Creditors	(2,569,497)

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.

2017/18				2018/19			
Balance at 1 April 2017	Transfers In	Transfers Out	Balance at 31 March 2018		Transfers In	Transfers Out	Balance at 31 March 2019
£	£	£	£		£	£	£
(500,000)	-	-	(500,000)	Equipment	-	500,000	-
-	(2,639,806)	-	(2,639,806)	Primary Care	-	1,059,945	(1,579,861)
-	-	-	-	PCIP*	(281,152)	-	(281,152)
-	-	-	-	ADP*	(666,404)	-	(666,404)
(7,417,474)	-	4,000,315	(3,417,159)	Integration +Change	(399,806)	3,266,045	(550,920)
(7,917,474)	(2,639,806)	4,000,315	(6,556,965)	Total Earmarked	(1,347,362)	4,825,990	(3,078,337)
(2,500,000)	-	750,000	(1,750,000)	Risk Fund	(750,000)	-	(2,500,000)
(10,417,474)	(2,639,806)	4,750,315	(8,306,965)	General Fund	(2,097,362)	4,825,990	(5,578,337)

* PCIP – Primary Care Improvement Funds

* ADP – Alcohol & Drugs Partnership Funding

9. Agency Income and Expenditure

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

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

2017/18		2018/19
£		£
1,259,746	Expenditure on Agency Services	1,269,269
(1,259,746)	Reimbursement for Agency Services	(1,269,269)
-	Net Agency Expenditure excluded from the CIES	-

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

2017/18 £		2018/19 £
6,061,434	Expenditure on Agency Services	6,374,360
(6,061,434)	Reimbursement for Agency Services	(6,374,360)
-	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

2017/18 £		2018/19 £
(217,686,633)	Funding Contributions received from the NHS Board*	(228,300,813)
-	Service Income received from the NHS Board	-
186,687,549	Expenditure on Services Provided by the NHS Board	193,901,170
185,542	Key Management Personnel: Non-Voting Board Members	117,289
(30,813,542)	Net Transactions with the NHS Grampian	(34,282,354)

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 £31,319,000

Balances with NHS Grampian

31-Mar-18		31-Mar-19
£		£
5,181,711	Debtor balances: Amounts due from the NHS Board	8,147,834
-	Creditor balances: Amounts due to the NHS Board	-
5,181,711	Net Balance with the NHS Grampian	8,147,834

Transactions with Aberdeen City Council

2017/18		2018/19
£		£
(85,168,829)	Funding Contributions received from the Council	(86,855,919)
(4,861,806)	Service Income received from the Council	(5,011,925)
122,864,232	Expenditure on Services Provided by the Council	128,730,637
90,454	Key Management Personnel: Non-Voting Board Members	148,189
32,924,051	Net Transactions with Aberdeen City Council	37,010,982

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

31-Mar-18		31-Mar-19
£		£
3,125,254	Debtor balances: Amounts due from the Council	-
-	Creditor balances: Amounts due to the Council	(2,569,497)
3,125,254	Net Balance with the Aberdeen City Council	(2,569,497)

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-18		31-Mar-19
£		£
(898,000)	Service Income received from the Council	(980,261)
28,975,742	Expenditure on Services Provided by the Council	29,010,581
28,077,742	Net Transactions with BAC/BASS	28,030,320

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.