



Aberdeenshire  
Health & Social Care  
Partnership

# Aberdeenshire Integration Joint Board Annual Accounts 2019/20



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Welcome to Aberdeenshire Integration Joint Board's (IJB) Annual Accounts for 2019/20. The main purpose of the Annual Accounts is to set out the financial position of the IJB for the financial year but also to demonstrate that appropriate governance is in place regarding public funds and that the expected levels of service delivery have been achieved.

The Annual Accounts have been prepared in accordance with the relevant legislation, regulations and the proper accounting practices, which primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government in Scotland Act 2003.

The Annual Accounts are a financial representation of the Board's strategic priorities and set out on an annual basis an investment of over £330 million per year across local communities in Aberdeenshire, equivalent to around £0.9 million each day being spent on health and social care services.

The Management Commentary is intended to provide a suitable overview to a complex document allowing the reader to determine the IJB's overall performance for the year. The Management Commentary is structured as follows:

- The Role and Remit of Aberdeenshire's IJB
- Strategy and Business Model
- Performance
- Finances
- Principal Risks and Uncertainties
- Outlook for future years

### **The Role and Remit of Aberdeenshire's IJB**

The IJB was established on 6 February 2016 under The Public Bodies (Joint Working) (Scotland) Act 2014. The IJB has responsibility for the strategic planning and delivery of adult health and social care services within Aberdeenshire. Through a partnership agreement between Aberdeenshire Council and NHS Grampian, known as the Integration Scheme, locally agreed operational arrangements for the delivery of integrated services have been set out. The purpose of the IJB is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. More details can be found in the Integration Scheme at:

<https://www.aberdeenshire.gov.uk/media/22082/aberdeenshireintergrationschemerev19-01-2018.pdf>

The IJB has different levels of responsibility for different services. Some services such as Adult Social Care, Community Mental Health Services, Criminal Justice, General Practitioner services, District Nursing, Health Visiting and Allied Health Professionals are fully delegated with the IJB having responsibility both for the strategic planning and operational delivery of these services. Other services are Grampian wide services which Aberdeenshire IJB "host" on behalf of all three IJBs in the NHS Grampian area.

## Management Commentary (continued)

There are also a number of hospital based services where Aberdeenshire IJB has responsibility for the strategic planning of these for Aberdeenshire residents but operational management of the service remains with the relevant hospital.

### Hosted Services

Chronic Oedema

Retinal Screening / Diabetes Network

Marie Curie Nursing

Heart Failure Service

Continence Service

Medical services at HMP Grampian

Forensic Medical Examiners

### Hospital Based Services

Accident & Emergency Services provided in a hospital

Inpatient hospital services for the following areas:

a) General Medicine

b) Geriatric Medicine

c) Rehabilitation Medicine

d) Respiratory Medicine

e) Palliative Care

f) Mental Health

g) Learning Disability Services

**Members of the Board for the period 1 April 2019 to 31 March 2020 were as follows:**

### Voting Members

Name	Organisation
Rhona Atkinson (Chair until 1 November 2019 /Vice Chair from 1 November 2019)	NHS Grampian
Cllr Anne Stirling (Vice Chair until 1 November 2019 Chair from 1 November 2019)	Aberdeenshire Council
Cllr Anne Allan (until 28 May 2020)	Aberdeenshire Council
Amy Anderson	NHS Grampian
Joyce Duncan	NHS Grampian
Alan Gray (until 14 May 2019)	NHS Grampian
Cllr Bill Howatson	Aberdeenshire Council
Rachael Little	NHS Grampian
Cllr Glen Reynolds (from 29 May 2020)	Aberdeenshire Council
Cllr Dennis Robertson	Aberdeenshire Council
Cllr Ann Ross	Aberdeenshire Council
Susan Webb (from 15 May 2019)	NHS Grampian

**Non-Voting Members**

<b>Name</b>	<b>Position</b>
Adam Coldwells (until 28 October 2019)	Chief Officer
Angie Wood (from 28 October 2019)	Interim Chief Officer
Alan Sharp	Chief Finance Officer
Iain Ramsay	Chief Social Work Officer
Dr Chris Allan	General Medical Practitioner
Jennifer Gibb (until 14 January 2020)	Nurse practitioner representative
June Brown (from 15 January 2020)	Nurse practitioner representative
Dr Malcolm Metcalfe	Medical Practitioner - Secondary Care Adviser

**Stakeholder Representatives Non-Voting Members**

<b>Name</b>	<b>Position</b>
Inez Kirk	Trade union representative
Martin McKay	Trade union representative
David Hekelaar	Third sector representative
Sue Kinsey	Third sector representative
Angie Mutch	Service User Representative
Fiona Culbert (from 26 February 2020)	Carer representative
George Mitchell (from 26 February 2020)	Carer representative

**Strategy and Business Model**

The IJB is responsible for adult health and social care services across the Aberdeenshire area and oversees the Health & Social Care Partnership (HSCP) whose key strategic aim is to achieve sustainable, positive health and social care outcomes for people living in Aberdeenshire.

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

## Management Commentary (continued)

Aberdeenshire Health and Social Care Partnership's vision is:

*"Building on a person's abilities, we will deliver high quality person centred care to enhance their independence and wellbeing in their own communities."*

The vision is underpinned by our philosophy and principles:

- Care and treatment should be designed round the needs of the person.
- People are entitled to expect the best possible advice, care and support from our staff, in a timely way and in the right place. Health and social care should be provided by a single team.
- Every individual is able to contribute to their own health and wellbeing, make their views known, and participate positively in their own care.
- A person's family, their social network and their close community all have a part to play to achieve healthy lifestyles and to support those who need help to continue to live in their own homes.

During the year the Aberdeenshire Strategic Plan was refreshed and now covers the period from 2020-2025. A copy of the Strategic Plan can be found at:

<http://publications.aberdeenshire.gov.uk/dataset/92dd401b-c939-4b2d-a804-e556a8fa9b69/resource/e7a18b76-77b8-40ca-87c1-36916c7300f5/download/ahscp-strategic-plan-2020---2025.pdf>

### Strategic Plan

The Strategic Plan sets out how the Partnership will use programme boards to deliver the transformational and operational change required to meet our strategic priorities.

The Partnership has shaped its strategic plan to be responsive and flexible to future change, ensuring it will continue to meet the health and social care needs of Aberdeenshire's changing population and react to any reforms in national policy. The five key priorities are:

- Prevention and Early Intervention
- Reshaping Care
- Engagement
- Effective use of Resources
- Tackling Inequalities and Public Protection

In order to manage this the Partnership has developed four programmes of work, each with a particular focus and encompassing a range of diverse and inter-dependent projects. Each programme is led by one of the four Partnership Managers and all have established programme boards to oversee and co-ordinate the work of the underpinning projects.

The four programmes of work are:

- Enabling Health and Wellbeing.
- Reshaping Care.
- Engagement (including workforce development).
- Safe, Effective, Sustainable.



## Management Commentary (continued)

Data Source: Public Health Scotland (PHS)  
Last Refreshed: July 2020

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

Indicator	Title	Aberdeenshire		Scotland	RAG
		Previous score 2015/16	Current score 2017/18	Current score 2017/18	
NI - 1	Percentage of adults able to look after their health very well or quite well	96% (3979)	95% (4821)	93%	G
NI - 2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	84% (213)	85% (151)	81%	G
NI - 3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	79% (203)	84% (150)	76%	G
NI - 4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	75% (203)	70% (126)	74%	A
NI - 5	Total % of adults receiving any care or support who rated it as excellent or good	81% (222)	83% (160)	80%	G
NI - 6	Percentage of people with positive experience of the care provided by their GP practice	83% (3227)	81% (3531)	83%	A
NI - 7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	85% (216)	83% (148)	80%	G
NI - 8	Total combined % carers who feel supported to continue in their caring role	40% (185)	37% (225)	37%	G
NI - 9	Percentage of adults supported at home who agreed they felt safe	82% (206)	87% (152)	83%	G
NI - 10	Percentage of staff who say they would recommend their workplace as a good place to work	NA	NA	NA	

Indicator	Title	Aberdeenshire		Scotland	RAG
		Previous score	Current score	Current Score	
NI - 11	Premature mortality rate per 100,000 persons ( <i>European age-standardised mortality rate per 100,000 for people aged under 75</i> )	342 <sup>2018</sup>	340 <sup>2019</sup>	426	G
NI - 12	Emergency admission rate (per 100,000 population)	8,828 <sup>2018/19</sup>	8,957 <sup>2019</sup>	12,602	G
NI - 13	Emergency bed day rate (per 100,000 population)	89,073 <sup>2018/19</sup>	86,430 <sup>2019</sup>	117,478	G
NI - 14	Readmission to hospital within 28 days (per 1,000 population)	98 <sup>2018/19</sup>	95 <sup>2019</sup>	104	G
NI - 15	Proportion of last 6 months of life spent at home or in a community setting	90% <sup>2018/19</sup>	90% <sup>2019</sup>	89%	G
NI - 16	Falls rate per 1,000 population aged 65+	14.7 <sup>2018/19</sup>	16.5 <sup>2019</sup>	22.7	G
NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	86% <sup>2018/19</sup>	88% <sup>2019/20</sup>	82%	G
NI - 18	Percentage of adults with intensive care needs receiving care at home	55% <sup>2017</sup>	57% <sup>2018</sup>	62%	A
NI - 19	Number of days people aged 75+ spend in hospital when they are ready to be discharged (per 1,000 population)	614 <sup>2018/19</sup>	528 <sup>2019/20</sup>	783	G
NI - 20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	22% <sup>2018/19</sup>	21% <sup>2019</sup>	23%	G
NI - 21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	NA	NA	NA	
NI - 22	Percentage of people who are discharged from hospital within 72 hours of being ready	NA	NA	NA	
NI - 23	Expenditure on end of life care, cost in last 6 months per death	NA	NA	NA	

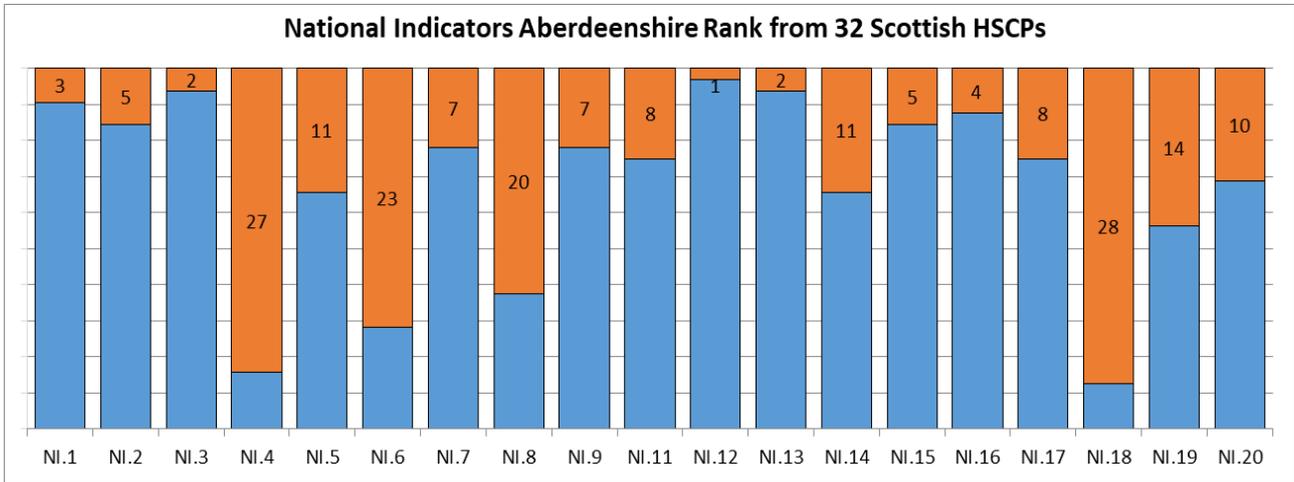
\* current scores uses calendar and not financial year for indicators 12 to 16, 19 and 20 as recommended by PHS as data is more complete

### RAG scoring based on the following criteria

	If Current position is the same or better than Scotland then "Green"
	If Current position is worse than Scotland but within 5% then "Amber"
	If Current position is worse than Scotland by more than 5% then "Red"

**Management Commentary (continued)**

Aberdeenshire sits in the top 10 partnerships for 12 of the 19 reported indicators and records the lowest rate of emergency admissions in Scotland (NI.12). The chart below shows Aberdeenshire’s performance against the other HSCPs in Scotland for each National Indicator. A lower number in the chart highlights that Aberdeenshire’s performance is better when compared against the rest of Scotland.



Comparing Aberdeenshire’s current performance against the national indicators to the previous reporting periods, Aberdeenshire’s performance has improved or stayed the same for 12 of the 19 reported indicators. Of the 7 indicators where performance is worse than the last period, 6 are within 5% of the previous period with NI.16 at 12% below.

The HSCP’s performance against a suite of local indicators has also continued to be reported to the IJB on a quarterly basis, providing some further context and information to performance in specific areas, with exception reports provided on improvement activity underway where performance falls outside targets. Recognising limitations within the current framework, a wholesale review commenced in 2019/20 with new performance reporting arrangements to commence in 2020/21.

Over the last year, bi-monthly meetings have continued to take place with the Chief Executives from NHS Grampian and Aberdeenshire Council, the Chief Officer and Chief Finance Officer to enable scrutiny and whole system improvements. A Partnership Manager attends each of the meetings to illustrate the work they are leading; this often reflects their Programme of work for strategic change. These sessions are also seen as a crucial enabler in building partner relationships.

Key achievements in the year have been:

**Strategic Plan**

Adoption of the Strategic Plan for 2020 to 2025. The Plan outlines the key priorities we will focus on for Health and Social Care services over the next five years and the vision of the Aberdeenshire HSCP. It describes how we will work together to improve the health of local people and provide care and support when needed. The plan was developed by listening to people living in our communities, our partners and health and social care staff.

### **Launch of Learning Disability Strategy**

Our Learning Disability Strategy: 'Be All You Can Be' was launched in March. The strategy sets out our key priorities for the next five years to make Aberdeenshire the best possible place for someone living with a learning disability. We want to make sure people with a learning disability will feel well, involved, valued and supported.

The strategy was produced after extensive discussions with people using our services, their families, learning disability professionals, national organisations and third sector partners.

### **Increase in Carer Practitioner provision to meet demand:**

Since successful implementation of the Carers (Scotland) Act 2016 in April 2018, we have seen a significant increase in the number of unpaid carers requiring a Self Directed Support budget. During 2019/20, we responded to this by increasing the number of Carer Practitioners. We now have three Carer Practitioners covering Aberdeenshire who support eligible unpaid carers to plan the use of their individual budget, providing a consistent approach to the provision of support to carers across the area.

### **Health Improvement**

Health improvement programmes were delivered across Aberdeenshire. Key highlights included:

- Reducing the availability of tobacco products to children, prevalence of smoking and exposure to second-hand smoke among children.
- Improving public and practitioner awareness of mental health and how to improve it.
- Supporting communities, families and carers to develop food skills for health and wellbeing.

### **Primary Care Improvement Plan**

Progress has been made with implementation of work streams under the Primary Care Improvement Plan, including the appointment of urgent care practitioners and pharmacotherapy staffing aligned to General Practice and the roll out of First Contact Physiotherapy service, which allows patients to be seen first by a physiotherapist within the GP practice, rather than having to go to a GP first to be referred. Staff have been employed in three practices as a first phase of the Community Treatment and Care service.

### **Dementia Strategy**

'Making Connections' – Aberdeenshire's Dementia Strategy 2020-2030 was approved in draft at the IJB in February 2020. It had been due to go out for consultation in March and April however this has been delayed by the pandemic.

The strategy outlines our key Dementia priorities over the next 10 years. A key achievement of the strategy development was our engagement with people living with dementia and carers across Aberdeenshire.

## **Finances**

### **2019/20 Financial Year**

At the beginning of the financial year the IJB set a balanced budget for 2019/20 of £317 million after recording an overspend position for the 2018/19 financial year of £3.1 million.

The financial position has been challenging throughout the year with significant cost pressures being experienced, particularly around adult social care where demographic and demand pressures have seen higher numbers of people admitted to residential care and an increase in the provision on care at home services. A significant overspend was forecast throughout the financial year. The HSCP Management Team put in place a wide range of mitigating actions to control expenditure but these were not sufficient to fully reverse the rate of overspending. In addition, NHS Grampian and Aberdeenshire Council were made aware on a timeous basis of the likelihood of the IJB returning an over budget position and that their financial support would be required. As a result, the IJB recorded a year end position of £5.6 million over budget.

As the IJB holds no reserves for general purposes, an agreement has been reached with partners to fund the £5.6 million: NHS Grampian will contribute £3.2 million and Aberdeenshire Council will contribute £2.4 million, in line with their proportionate shares to the overall funding of the IJB. The IJB's Medium Term Financial Strategy is the vehicle by which future financial plans are discussed and agreed in line with priorities and this will include discussions with partners around the 2019/20 additional funding.

The Annual Accounts show a deficit position for 2019/20 of £1.288 million. This position reflects:

- A deficit for the year against the revenue budget of £5.6 million.
- Additional funding contributions by Partners to adjust this position to break even.
- The use of funding from earmarked reserves during the year of £1.288 million.

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

Some of the main areas of budget pressures occurred within: Older People Care Management (largely due to increasing numbers within residential care); Community Hospitals (mainly due to the mix of staffing); Adult Services Community Care (mainly due to increasing levels of residential care and supported living), Older People Residential Care (use of agency staff in Partnership run care homes) and Out of area referrals (due to increasing numbers of health related referrals to specialist facilities for mental health related care).

Steps were taken during 2019/20 to redesign a number of services on a more efficient basis and to control demand for services where feasible. The savings achieved from these mitigating actions were not enough to balance the levels of overspends from the areas noted above.

These pressures were partially mitigated by areas of activity being within budget for the year. These areas included Allied Health Professionals, Adult Services Mental Health, Health Visiting and Adult Services Substance Misuse.

### Medium Term Financial Strategy

Many public sector organisations are now facing an increasing challenge to balance their budgets in the context of increasing service demand and rising costs. Aberdeenshire IJB is no different to this pattern. The IJB's revenue budget for 2020/21 totals £334.6 million and was agreed on 25<sup>th</sup> March 2020. The overall budget included planned savings of £5.5 million. Delivery of these planned savings in the early part of 2020/21 has been impacted on by the requirement to deal with the Covid 19 pandemic although planned savings schemes are now restarting and are expected to deliver efficiencies in the second half of the financial year.

As the IJB Revenue Budget for 2020/21 is part of a Medium Term Financial Strategy covering five financial years, the approach for the 2020/21 budget recognised the continuation of pressures arising during the 2019/20 financial year. A strategic and medium term view of resources is essential if the IJB is to deliver on its priorities.

The breakdown of the funding included in the budget can be seen in more detail below:

<b>IJB 2020/21 Budget – Funding Sources</b>	<b>£m</b>
NHS Grampian	189.1
Aberdeenshire Council	117.0
<b>Sub total</b>	<b>306.1</b>
Set aside	28.5
<b>Total</b>	<b>334.6</b>

The Covid 19 pandemic has happened at the same time as the 2019/20 Annual Accounts and Medium Term Financial Strategy have been being prepared. The impact of Covid 19 on the finances of the IJB is uncertain but since late March 2020 the IJB has been incurring extra costs in order to deal with the impact of Covid 19 across Aberdeenshire. The full extent of these costs is not yet certain but estimates for the year are for extra Covid costs of £11.8 million with significant expenditure on Personal Protective Equipment (PPE), sustainability payments to Social Care Providers and additional capacity for Care at Home and Residential Care. The Scottish Government have agreed in principle to provide additional funding for IJBs to meet these costs but it is not yet known whether the level of funding to be provided will be sufficient to meet all costs incurred. At the end of the first quarter of the 2020/21 financial year the IJB was reporting a small underspend against the revenue budget.

As a result of this ongoing uncertainty, the Chief Finance Officer has undertaken to provide a revised budget for the IJB and a refreshed Medium Term Financial Strategy at a later point in the 2020/21 financial year.

## Management Commentary (continued)

### Principal Risks and Uncertainties

Aberdeenshire IJB has an approved Risk Management Policy and Strategy in place. The IJB monitors a series of corporate strategic risks using agreed methodologies. The Board recognises that the management of risk is one of its key responsibilities. The risks monitored include service, financial, clinical care & professional governance, performance management and workforce risks.

The risk register has been updated during the year and identifies ten high level risks. The risk register was reviewed by the Audit Committee on 26<sup>th</sup> February 2020. A link to the risk register can be found at:

<https://committees.aberdeenshire.gov.uk/committees.aspx?commid=490&meetid=19659>

The table below outlines corporate risks, mitigating actions in place and the responsible officer for the risk:

Risk	Situation	Mitigating Action	Responsible Officer
Brexit	Risk to continuity of services arising from uncertainty over EU withdrawal arrangements.	Ongoing updates to Management Team and initial assessments of potential impacts.	Chief Officer
Business continuity arrangements	Plans are integrated, tested and harmonised across the Partnership.	Resilience, Health & Safety and Clinical Governance Groups meet regularly to review plans.	Chief Officer
Child, Adult and Public Protection	Potential harm if legislative arrangements are not provided for.	Aberdeenshire Adult Protection Network Co-ordinates all activity.	Head of Business & Strategy
Health & social care policy alignment	Some national and local policies not well aligned leading to contradictory strategic direction.	Officers contribute to national consultations and undertake horizon scanning of new policies.	Chief Officer
Failure to deliver standards of care in the right place at the right time	Risk of failure to provide safe, effective and sustainable services.	Performance management arrangements in place with Clinical Quality Indicators.	Chief Officer
Involvement and engagement of patients / clients, the public, staff and partners	Risk of failing to fully inform patients and public in a way relevant to their needs.	Engagement Programme Board co-ordinates activity in this area.	Head of Business & Strategy
Service and business transformation	Risk of failing to deliver transformational change.	All transformational work streams led by a Partnership Manager and provide regular reports to the IJB.	Chief Officer

**Management Commentary (continued)**

Risk	Situation	Mitigating Action	Responsible Officer
Sufficiency and affordability of resource	Resources available not sufficient to deliver services.	Robust financial planning and monitoring via Medium Term Financial Strategy.	Chief Officer
Workforce capacity	Insufficient workforce in numbers and skills to deliver all services.	Workforce Plan updated annually with regular meetings of Workforce & Training Group.	Chief Officer
Working effectively with Partner organisations	Risk of not working effectively with parent organisations and other stakeholders.	Stakeholders are actively involved in the governance structure and decision making of the IJB.	Chief Officer

**Progress on Action Plan from 2018/19**

A key part of the external audit of the IJB’s annual accounts is the identification of any issues or risks that have come to the attention of Audit Scotland during the audit. The external audit annual report contains an Action Plan setting out the specific recommendations, responsible officers and dates for implementation for the recommendations.

During 2018/19, three risks were identified. They highlighted the need to progress with the Medium Term Financial Strategy, the need for improved targets and milestones with which to assess performance, and the need for a longer term workforce plan to be developed.

Progress has been made in dealing with all three risks in 2019/20. A refreshed MTFS has been completed, building on the updated Strategic Plan 2020 - 2025. An updated Strategic Plan covering the period 2020 – 2025 was approved by the IJB in December 2019. The Strategic Plan has direct links to the Medium Term Financial Strategy and the Workforce Plan. It will be supported by a Strategic Delivery Plan which will contain relevant targets and milestones. A Workforce Plan 2020/21 has been completed, building on the updated Strategic Plan 2020 - 2025.

**Outlook for Future Years**

The Strategic Plan outlines the vision of the Partnership and the key priorities for the next five years up to 2025. We recognise that demand for health and social care continues to change with people living longer, and needs becoming more complex. This coupled with growing financial pressures allows an opportunity to be innovative in the way we support people in local communities to stay healthy and continue to provide an effective and sustainable health and social care service.

In the short term and possibly also in the medium to longer term, adapting our services to operate with the consequences of Covid 19 will be a major area of work for the Partnership. We have already established a Recovery Group led by a Partnership Manager with particular emphasis on the outcome of the ‘early lessons learnt’ virtual workshops which all staff have contributed to. Our overriding aim is to deliver services in a way which keeps service users and staff safe from the Covid 19 virus.

**Management Commentary (continued)**

The vision of the Partnership remains to deliver the highest quality of person centred care to the population of Aberdeenshire. We will continue to strive to provide high quality services and transform them where required with the aim of achieving this vision. We will use all the resources that are made available to us to enable residents to enjoy long, healthy and independent lives.



*Councillor Anne Stirling*

*Angie Wood*

*Alan Sharp*

Councillor Anne Stirling  
Chair

Angie Wood  
Interim Chief Officer

Alan Sharp  
Chief Finance Officer

30 September 2020

## Statement of Responsibilities

### The Integration Joint Board's Responsibilities

#### The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Joint Board, that officer is the Chief Finance 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; and
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Aberdeenshire Integration Joint Board Audit Committee at its meeting on 30 September 2020.

Signed on behalf of Aberdeenshire Integration Joint Board

*Councillor Anne Stirling*

Councillor Anne Stirling  
Chair

30 September 2020

## Statement of Responsibilities

### The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with the proper practices 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 Finance 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 Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- kept adequate 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 Aberdeenshire Integration Joint Board as at 31 March 2020 and the transactions for the year then ended.

*Alan Sharp*

Alan Sharp, MA (Hons), CPFA  
Chief Finance Officer

30 September 2020

### Introduction

Aberdeenshire Integration Joint Board (IJB) is responsible for adult health and social care services across the Aberdeenshire area. The IJB oversees the Health & Social Care Partnership whose key strategic aim is to achieve sustainable, positive health and social care outcomes for people living in Aberdeenshire through working in partnership with communities.

The IJB's Annual Governance Statement describes the current governance arrangements and reports on the effectiveness of the system of internal control.

### Scope of Responsibility

Aberdeenshire Integration Joint Board has a responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used appropriately. The IJB also strives to make arrangements to secure continuous improvement in the way in which its resources are managed, having regard to a combination of economy, efficiency and effectiveness.

To meet this responsibility the Chief Officer has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of policies, aims and objectives. The internal control system 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.

Through the close working relationship with Aberdeenshire Council and NHS Grampian reliance is also placed upon their systems of internal control. These systems support compliance with both organisations' policies and in turn promotes the achievement of each organisation's aims and objectives, to the extent that these are complementary to those of the IJB.

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

### The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated from Aberdeenshire Council and NHS Grampian, representatives from adult health and social care services, carers groups, trade unions and the third sector as well as non-voting members including a Chief Officer appointed by the Board.

The framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) entitled 'Delivering Good Governance in Local Government' was updated in 2016 and provides a structured approach to defining the principles that should underpin governance arrangements. Whilst the framework is written specifically for local government, the principles are applicable to integration authorities, and include:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes

## Annual Governance Statement (continued)

- Developing the IJB's capacity, including the capability of its leadership and the individuals within it
- Managing risk and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

The IJB's governance arrangements are consistent with these principles and also reflect the requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016).

The system of corporate governance and internal financial control continues to be based on a framework with appropriate delegation and accountability. This includes the Board's Integration Scheme, Standing Orders, management information, performance and risk management, comprehensive financial management systems, regular and annual financial reports and a periodic review of all financial procedures. Financial Regulations are approved and in place.

The Integration Joint Board has two Committees: an Audit Committee and the Clinical and Adult Social Work Governance Committee.

The governance framework is enhanced by:

- Feedback from the IJB and the Audit Committee carrying out its scrutiny role;
- Interaction and dialogue from Workshop sessions with the IJB and Management Team;
- Internal Audit and External Audit of Aberdeenshire Council, NHS Grampian and the Board;
- Work undertaken by external review bodies including the Care Inspectorate, Health Improvement Scotland and Audit Scotland;
- Input and comment from managers within Aberdeenshire Council, NHS Grampian and the Board; and
- Customer and stakeholder feedback.

### Review of Effectiveness

The review of the effectiveness of the governance framework, including the system of internal control, is carried out throughout the year by various means including:

- The Integration Joint Board  
Feedback from the Board, the Audit Committee and the Clinical and Social Work Governance Committee carrying out their scrutiny roles;
- Senior Management Team  
Assurances from the Senior Management Team (SMT) which includes the Chief Officer, four Partnership Managers, Clinical Lead Officers and the Chief Finance Officer;
- The Chief Officer  
Who provides a senior point of overall strategic and operational advice to the IJB. She is also a member of the senior management teams of NHS Grampian and Aberdeenshire Council. This enables the Chief Officer to work with senior management of both organisations to carry out the functions of the IJB in accordance with the Strategic Plan. She is line managed jointly by the Chief Executives of the Council and the Health Board and is accountable to both;

## Annual Governance Statement (continued)

- The Chief Finance Officer  
Who has the statutory responsibility for the Board's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973. His responsibilities are set out in the Statement of Responsibilities;
- The Chief Social Work Officer  
Who provides professional advice to Board members and officers in the provision of Social Work Services. He also has a responsibility for overall performance improvement and the identification and management of corporate risk in so far as these relate to Social Work Services.
- The Standards Officer  
Who is responsible for keeping a register of Interests and providing advice in relation to Code of Conduct issues at a local level. The Council's Legal Services Manager has been appointed to this role;
- Internal Audit  
In both the Council and NHS Grampian are responsible for the independent audit of all financial and non-financial systems in their respective organisations. Aberdeenshire Council's Chief Internal Auditor provides an Internal Audit service to the IJB; and
- External organisations  
That carry out independent audits or inspections of the Board, the Council and NHS Grampian. These include external audit by auditors appointed by the Accounts Commission, inspection of care services by the Care Inspectorate and inspection of health facilities by Health Improvement Scotland.

The IJB has placed reliance on the systems and procedures of its principal Partners, NHS Grampian and Aberdeenshire Council. The Partners have maintained governance arrangements applicable to their respective organisations which are summarised annually and published in their Annual Governance Statements which form part of the annual accounts of each organisation. Extracts from the respective governance statements have been included as part of this statement.

### **Covid 19 Arrangements**

The Covid 19 pandemic impacted on the arrangements of the IJB for the final month of the 2019/20 financial year. During this time the Partnership reduced service delivery in a number of areas and prioritised services to allow it to deal with the implications of Covid 19 and allow it to support measures to slow the spread of the virus by undertaking social distancing and reducing contact with service users. In terms of Governance arrangements, a control room was established and the Partnership has reported through the business continuity arrangements of both NHS Grampian and Aberdeenshire Council. Amended Governance arrangements have also been established within the Partnership where a daily meeting took place to assess the status of service delivery across all services. Where required, issues were escalated to NHS Grampian or Aberdeenshire Council. The daily meetings were documented and supported by the Control Centre.

The impact of Covid 19 has also meant that formal IJB meetings have been held virtually in 2020/21, with recordings of the meetings made available for the public to access. There has also been a shift to many services being provided on a virtual basis, such as GP and Social Work consultations being held virtually and virtual visiting arrangements for patients in hospital.

The Aberdeenshire IJB has considered the effectiveness of its governance arrangements against the principles set out in the CIPFA/SOLACE Corporate Governance Framework.

## Annual Governance Statement (continued)

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

The seven governance principles recommended in the CIPFA / SOLACE Framework are identified below, along with narrative evidencing compliance with the principle.

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

The IJB is supported by two committees – the Audit Committee and Clinical and Adult Social Work Governance Committee to promote high standards of member conduct. The Audit Committee reported to the IJB during the 2019/20 year to summarise the business considered during the year.

The vision and commitments of the IJB are clearly set out in the newly approved Strategic Plan 2020 – 2025.

The IJB has adopted a Code of Conduct which has been formally approved by Scottish Government.

The board has a Standards Officer whose duties include advising and guiding Members of the Board on issues of conduct. The Standards Officer ensures the Board keeps Registers of Interest and records of Gifts and Hospitality.

In 2018 the IJB approved a number of changes to the Integration Scheme to bring clarity and accuracy to the arrangements since the IJB was established. The changes also reflected current legislation. In 2019/20 a further review has been conducted of the Integration Scheme in line with Scottish Government guidance with draft amendments being proposed. Due to the Covid 19 pandemic, work on approval of these amendments has currently been paused.

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

The IJB is a public board where members of the public and press can attend. Agenda papers and minutes for all board and committee minutes are publicly available through Aberdeenshire Council's website. Therefore, Aberdeenshire residents can assess whether they believe that decisions are being taken in the public interest. The Audit Committee is also a public meeting.

Both the voting and non-voting membership arrangements of the IJB are set out in the Integration Scheme and are in line with the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. The non-voting membership comprises six professional members and six stakeholder members representing the following groups: staff, third sector bodies carrying out activities in relation to health and social care, service users and carers. The broad membership of the IJB ensures valued input and engagement from a wide range of stakeholders.

Regulations require that the IJB consults with communities and partners in respect of strategic planning requirements. The Community Empowerment (Scotland) Act 2015 places further statutory duties on IJB's and Community Planning Partners to engage with communities on the planning and delivery of services and securing local outcomes.

Locality planning groups have been established within each of the six local authority areas. The groups are made up of a range of stakeholders, including health and social care staff, third sector representatives, staff from housing services, community planning, patients and carers. The core purpose of the groups was to ensure wide representation and involvement in the process of developing Aberdeenshire HSCP's first set of locality plans for 2018-21.

## Annual Governance Statement (continued)

The new Strategic Plan 2020 – 2025 was approved in December 2019 and involved numerous workshops and development sessions being held and facilitated to ensure appropriate stakeholder engagement during the development of the plan.

There is also an established Joint Staff Forum for the IJB which includes representation from trade union and staff partnership representatives. The forum reviews workforce issues impacting on social care and health staff.

During 2019/20 the Partnership has also been engaging closely with care providers on new procurement frameworks for Care at Home and Supported Living which will involve a more outcomes based focus.

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

In March 2020 the IJB considered a report on the revenue budget for 2020/21. The financial outlook for the new financial year addressed the challenges of increasing demand for services within a climate of constrained financial resources. The financial outlook supports the preparation of the Strategic Plan which is underpinned by a Medium Term Financial Strategy and Workforce Plan.

The IJB has issued a new Strategic Plan 2020 – 2025 which identifies outcomes and the direction of travel over the next five years. The majority of outcomes are closely linked to how health and social care services will be delivered and improved over the life of the Strategic Plan.

The Climate Change (Scotland) Act 2009 places duties on public bodies relating to climate change, requiring them to contribute to the delivery of the Act's emissions reduction targets, contribute to climate change adaptation and act sustainably. During 2019/20 the submission from the IJB was made to Scottish Government within the designated timescale.

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

The IJB's decision making process ensures that the members of the Board receive objective and robust analysis of a variety of options indicating how the intended outcomes will be achieved, providing information on the associated risks and opportunities. Public involvement and engagement is undertaken to ensure that feedback from citizens and service users are fully considered when making recommendations regarding service improvements / changes.

During the year there has been increased scrutiny over project based work through evaluation reports being submitted to the IJB. This process has supported the IJB to make decisions around future planning and investment and support decision making based on the priorities identified in the Strategic Plan.

Service transformation work in the IJB is overseen by the four Programme Boards - Enabling Health & Wellbeing; Reshaping Care; Engagement; Safe, Effective & Sustainable. Each Programme Board has provided an update to the IJB during 2019/20.

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

During the year the IJB developed a Workforce Plan 2020/21 which for the first time provided an integrated view of the workforce for health and social care services. The IJB’s Workforce Plan sets development of the workforce within the context of the Health and Social Care Partnership Strategic Plan. Its purpose is to ensure that the correct size and right skill mix of workforce needed to support the redesign of services across Aberdeenshire can be delivered and sustained within the available budget.

IJB capacity is further developed and enhanced by having external stakeholders represented on the IJB and many of its working groups.

Training and development for members is provided mainly in the form of briefings and development sessions. Development sessions have been held on a bi-monthly basis and have included briefings on issues such as national reports, local service reviews and service based strategies.

The Chief Officer represents the IJB on the Scottish Chief Officer group which is called Health and Social Care Scotland (HSCS) and attends specialist groups on behalf of the Chief Officer Group.

During the year the iMatter staff survey was carried out for Partnership staff. The outputs from the survey were discussed by the IJB Senior Management Team and any necessary improvement actions implemented.

**Principle 6 – Managing risk and performance through robust internal control and strong public financial management**

The IJB has a Strategic Risk Register which is updated on a regular basis. Development sessions during 2019/20 discussed risk with the board to better understand its appetite for risk. The Strategic Risk Register was reviewed by the Audit Committee during 2019/20. There are also a number of operational risk registers held at Departmental level.

A performance management framework has been developed for the IJB. Performance is reported quarterly to the IJB against national and local indicators. Performance is also monitored at quarterly sector performance review meetings, where the Chief Executives and senior finance officers from NHS Grampian and Aberdeenshire Council discuss performance and finance matters in a structured meeting with the Chief Officer and Chief Finance Officer. Performance management information is also provided at a national NHS level and also contained within the statutory performance indicators reported by the Council. An annual Performance Report is also required as defined in the legislation (Public Bodies (Joint Working) (Scotland) Act 2014) which underpinned the creation of the IJB.

The internal control system links closely with those of the Partners, given their operational remit for delivery of services under direction of the IJB. The Audit Committee through its consideration of reports monitors the effectiveness of internal control procedures. The IJB Chief Internal Auditor undertakes an annual review of the adequacy of internal controls and the opinion is included within this statement.

The IJB has in post a S95 Officer who is a member of the IJB, providing advice on all financial matters and ensure timely production and reporting of budget estimates, budget monitoring reports and annual accounts.

The IJB has received quarterly reports on the financial position throughout 2019/20. All finance reports contain a section advising the IJB on the budget implications of agreeing to the recommendations of the report.

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

IJB business is conducted through an approved cycle of Board meetings which are held in public, and the agendas, reports and minutes are available for the public to inspect. There is a standard reporting format in place to ensure consistency of approach and consideration by Members to provide transparency in decision making.

The IJB publishes both Annual Accounts and an Annual Performance Report following Board approval. The 2018/19 Annual Accounts received an unqualified audit opinion.

The Audit Committee approved an Internal Audit Plan presented to it by the Chief Internal Auditor. Thereafter, the Chief Internal Auditor reports to the Audit Committee on the delivery of the plan and provides an annual audit report, including the internal audit opinion on the internal controls used by the IJB.

The Audit Committee provides assurance to the Board that appropriate systems of internal control are in place to ensure that: business is conducted in accordance with the law and proper standards; public money is safeguarded and properly accounted for; Financial Statements are prepared timeously, and give a true and fair view of the financial position of the Board for the period in question; and that reasonable steps are being taken to prevent and detect fraud and other irregularities. It has also established a Clinical and Social Work Governance Committee to oversee the assurance around delivery of safe, high quality services.

**Chief Internal Auditor Opinion**

The Chief Internal Auditor has the responsibility to independently review on an annual basis the adequacy and effectiveness of the IJB's framework of governance, risk management and control.

In his annual report he states that "it is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Board's framework of governance, risk management and control in the year to 31 March 2020.

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

There were two recommendations from Internal Audit reports in the 2019/20 year that were graded as "major". They both related to a review of Business Continuity Planning and covered:

- The Service should ensure procedures and a timetable are documented for creation, content, review, testing and updating of Business Continuity Plans and Business Impact Analyses
- The Service should ensure it can demonstrate that current impact analyses and continuity plans are in place in respect of all areas under Aberdeenshire H&SCP management.

Work to address both recommendations is progressing with a target date for completion of November 2020.

## **Basis of Opinion**

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

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

## **Partner bodies' governance arrangements**

The Board also places reliance on the governance arrangements that are in place in Aberdeenshire Council and NHS Grampian.

### **Aberdeenshire Council**

Aberdeenshire Council has adopted a Code of Corporate Governance which ensures the accountability and probity of officers of the Council. The Governance Code is consistent with the principles and reflects the requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) as set out in *Delivering Good Governance in Local Government: Framework (2016)*, and the Council's financial management arrangements conform to the governance requirements set out therein. The Council's Code of Corporate Governance and the related systems of internal financial control provide reasonable assurance that responsibilities will be met.

On the basis of the Chief Internal Auditor's report and his review of the Council's corporate governance arrangements, the Chief Executive of the Council is satisfied that the arrangements provide assurance, are adequate and are operating effectively.

### **NHS Grampian**

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.

## Annual Governance Statement (continued)

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;
- The Board implemented new risk management arrangements in April 2019 which continue to evolve. The period of transition is expected to run for another 12 months.
- Dedicated full time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas.
- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance, engagement and participation, staff governance, clinical governance, audit committee and from the Chair of the Endowment Trustees concerning any significant matters on governance, risk and internal controls;
- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters.
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;
- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;

## Annual Governance Statement (continued)

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

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

## **Action Plan**

Following consideration of the review of adequacy and effectiveness, the following action plan has been established to ensure continual improvement of the IJB's governance arrangements and progress against the implementation of these issues will be assessed as part of the next annual review. This will involve:

- Formal approval by the IJB of the draft Medium Term Financial Strategy and draft Workforce Plan for 2020/21.
- Refreshed arrangements for the Clinical & Social Care Governance Committee.
- A formal review of the IJB's Scheme of Governance before December 2020;
- The establishment of a Code of Corporate Governance;
- A greater level of IJB involvement and clarification of responsibilities for Primary Care payments to independent practitioners.
- Consider the effectiveness of governance arrangements when compared to the principles set out in the CIPFA/SOLACE Corporate Governance Framework;
- Implementing the recommendations from internal and external audit and other audits and inspections;
- Support members to carry out their scrutiny function through continuous professional development, awareness and workshop sessions;
- Continued development of the role of the IJB Audit Committee.
- A more co-ordinated approach to internal audit reviews across the Grampian area.
- Progress against recommendations relating to the Scottish Government's Ministerial Steering Group on Health & Social Care Integration.
- Review of the current framework for monitoring and reporting of performance.

## **Conclusion and Opinion on Assurance**

In our respective roles as Chair and Chief Officer of the IJB, we are committed to good governance and recognise the contribution it makes to securing delivery of service outcomes in an effective and efficient manner. This annual governance statement summarises the IJB's current governance arrangements and affirms our commitment to ensuring they are regularly reviewed and remain fit for purpose.

Subject to the above, and on the basis of the assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting on 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 progress areas for improvement. Whilst recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeenshire IJB's governance environment.

*Councillor Anne Stirling*

Councillor Anne Stirling  
Chair

30 September 2020

*Angie Wood*

Angie Wood  
Interim Chief Officer

### Introduction

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified Board 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 of the Chair and Vice-Chair

The voting members of the Board are appointed through nomination by NHS Grampian and Aberdeenshire Council. Nomination of the Board Chair and Vice Chair post holders alternates between a Councillor and a Health Board Representative.

Rhona Atkinson was formally appointed as Chair of the Board on 14 January 2019 until 1 November 2019 when she became Vice Chair. She receives remuneration from NHS Grampian in her capacity as a non-executive member of NHS Grampian Board and no additional allowance is paid by the IJB. The remuneration of NHS Grampian Board members is disclosed in the Remuneration Report included within NHS Grampian's published Annual Report and Accounts.

Councillor Anne Stirling was appointed as the Vice Chair of the Integration Joint Board on 1 April 2018 until 1 November 2019 when she became Chair. She receives remuneration from Aberdeenshire Council in her capacity as senior councillor with no additional allowances paid by the IJB. The remuneration of senior Aberdeenshire Councillors is disclosed in the Remuneration Report included within Aberdeenshire Council's Annual Accounts.

### Remuneration: Other Voting Members

The IJB does not pay allowances or remuneration to voting members, but the voting members are remunerated by their relevant IJB partner organisation, which are included in these partners' annual accounts.

### Remuneration: Officers of the Board

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

The Chief Officer is regarded as a Board employee and treated as a relevant person under the accounts regulations, although he/she is employed by NHS Grampian and is subject to the NHS pay and conditions. The annual remuneration of all employees of the Board is set by reference to national arrangements agreed by the Scottish Government under Ministerial Direction and in accordance with relevant NHS Pay and Conditions of Service Circulars.

Officers receive business mileage and subsistence allowances in accordance with amounts agreed nationally and adopted by the Board. Officers are eligible to join the National Health Service Superannuation Scheme for Scotland.

### Remuneration

The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Employer. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure below.

## Remuneration Report (continued)

### Remuneration of Senior Employees

Total Remuneration 2018/19 £		Salaries, Fees and Allowances 2019/20 £	Total Remuneration 2019/20 £
119,529	Adam Coldwells, Chief Officer (until 28 October 2019)	71,065 (FYE £124,016)	71,065
-	Angie Wood, Interim Chief Officer (from 28 October 2019)	39,419 (FYE £93,037)	39,419
<b>119,529</b>	<b>Totals</b>	<b>110,484</b>	<b>110,484</b>

FYE = Full Year Effect

Both the previous Chief Officer and the current Interim Chief Officer are paid on the same NHS Executive Manager salary scale.

The Chief Finance Officer is appointed by the IJB and NHS Grampian's Deputy Director of Finance was appointed on 1 November 2018 and has thus been in this role throughout 2019/20. He is employed by NHS Grampian who meet the cost of his substantive role with them.

The Chief Social Work Officer is appointed by Aberdeenshire Council and the current postholder was appointed on 18 July 2018 and has thus been in this role throughout 2019/20. He is employed by NHS Grampian, who meet the costs of his substantive role as a Partnership Manager in Aberdeenshire's Health and Social Care Partnership with Aberdeenshire Council meeting the additional salary paid for this post in recognition of the role it has on advising the local authority on its full range of statutory duties and influence in decision making.

#### Note

For 2018/19 and 2019/20 there were no payments for bonuses, taxable expenses, compensation for loss of employment, and non-cash benefits. These columns have been removed from the above table.

#### Exit Packages

There were no exit packages during the financial year.

#### Senior Employee

The term senior employee means:

- Any employee who has responsibility for the management of the Board to the extent that the person has the power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
- who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
- Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or above.

## Remuneration Report (continued)

### Remuneration of Employees receiving more than £50,000

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 2018/19	Remuneration Band	Number of Employees in Band 2019/2020
-	£70,000 - £74,999	1
1	£115,000 - £119,999	-

### Pension Benefits

The term pension benefits covers in-year pension contributions for the employee by the Board and the named person's accrued pension benefits at the reporting date.

### Pension Benefits of Senior Employees

The Board has no directly employed employees. The Chief Officer is regarded as a Board employee, but as he is employed by NHS Grampian he is a member of the National Health Service Superannuation Scheme for Scotland.

In accordance with regulations, the IJB is responsible for funding in-year employer contributions in respect of the Chief Officer. The table shows the IJB's funding during the year to support pension benefits. It also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from the officer's own contributions.

In respect of the officers' pension benefits the statutory liability for any future contributions rests with NHS Grampian. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer.

Senior Employee	In-Year Pension Contributions		Accrued Annual Pension Benefits		
	For Year to 31/03/19 £	For Year to 31/03/20 £		Difference from 31/03/19 £	As at 31/03/20 £
Adam Coldwells, Chief Officer	17,810	14,589	Pension	3,845	48,130
			Lump Sum	3,570	108,935
Angie Wood Chief Officer	-	8,102	Pension	-	38,494
			Lump Sum	-	97,937
<b>Totals</b>	<b>17,810</b>	<b>22,691</b>	<b>Pension</b>	<b>3,845</b>	<b>86,624</b>
			<b>Lump Sum</b>	<b>3,570</b>	<b>206,872</b>

*Councillor Anne Stirling*

Councillor Anne Stirling  
Chair

30 September 2020

*Angie Wood*

Angie Wood  
Interim Chief Officer

### Independent auditor's report to the members of Aberdeenshire Integration Joint Board and the Accounts Commission

#### Report on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Aberdeenshire Integration Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Independent Auditor's Report (continued)

### Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

### Responsibilities of the Chief Finance Officer and Audit Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit Committee is responsible for overseeing the financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### Other information in the annual accounts

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on other requirements

### Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Gillian Woolman*

Gillian Woolman MA FCA CPFA  
Audit Director  
Audit Scotland  
4th Floor  
102 West Port  
Edinburgh  
EH3 9DN

30 September 2020

## Comprehensive Income and Expenditure Statement (CIES)

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

Gross Expenditure 2018/19 £'000	Income 2018/19 £'000	Net Expenditure 2018/19 £'000		Gross Expenditure 2019/20 £'000	Income 2019/20 £'000	Net Expenditure 2019/20 £'000
17,941	(60)	17,881	Community Hospitals	18,764	(191)	18,573
32,698	(2,199)	30,499	Other Community Health Services	36,085	(2,026)	34,059
38,595	-	38,595	Primary Care	41,376	-	41,376
43,987	-	43,987	Primary Care Prescribing	44,623	-	44,623
8,004	(185)	7,819	Community Mental Health	9,089	(315)	8,774
14,021	-	14,021	Aberdeenshire Share of Hosted Services (health)	15,638	-	15,638
28,524	-	28,524	Set Aside Services	30,385	-	30,385
5,787	(230)	5,557	Management & Business Services	6,060	(191)	5,869
57,152	(5,294)	51,858	Adult Services	62,196	(5,563)	56,633
86,788	(8,684)	78,104	Older People, Physical & Sensory Disabilities	91,752	(8,924)	82,828
<b>333,497</b>	<b>(16,652)</b>	<b>316,845</b>	<b>Cost of Services</b>	<b>355,968</b>	<b>(17,210)</b>	<b>338,758</b>
	(318,250)	<b>(318,250)</b>	Taxation and Non-Specific Grant Income		(337,470)	<b>(337,470)</b>
		<b>(1,405)</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>1,288</b>
		<b>(1,405)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>1,288</b>

See Notes 1-5, 9

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 CIES. Consequently an Expenditure and Funding Analysis is not provided in these annual accounts as it would be a replication of the CIES.

## 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 on accounting practices.

<b>General Fund Balance 2018/19 £'000</b>	<b>Movements in Reserves During 2019/20</b>	<b>General Fund Balance 2019/20 £'000</b>
-	Opening Balance at 31 March 2019	(1,405)
(1,405)	Total Comprehensive Income and Expenditure	1,288
-	Adjustments between accounting basis and funding basis under regulations	-
<b>(1,405)</b>	<b>(Increase) or Decrease in 2019/20</b>	<b>1,288</b>
<b>(1,405)</b>	<b>Closing Balance as at 31 March 2020</b>	<b>(117)</b>

## Balance Sheet

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

2018/19 £'000		2019/20 £'000	Notes Ref
1,405	Short Term Debtors	117	6
-	<b>Current Assets</b>	<b>117</b>	
-	Short Term Creditors	-	
	<b>Current Liabilities</b>		
		-	
<b>1,405</b>	<b>Net Assets</b>	<b>117</b>	
1,405	Usable Reserves	117	7
<b>1,405</b>	<b>Total Reserves</b>	<b>117</b>	
	Other Notes		10-11

The unaudited accounts were issued on 17 June 2020, and the audited accounts were authorised for issue on 30<sup>th</sup> September 2020.

*Alan Sharp*

Alan Sharp MA (Hons), CPFA

Chief Finance Officer

30 September 2020

### Note 1 – Significant Accounting Policies

#### 1.1 General Principles

The Annual Accounts summarises the Board's transactions for the 2019/20 financial year and its position at the year ended 31 March 2020.

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

The Annual Accounts are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), 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.

#### 1.2 Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. 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.

#### 1.3 Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, Aberdeenshire 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 Aberdeenshire.

#### 1.4 Cash and Cash Equivalentents

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.

## Note 1 – Significant Accounting Policies (continued)

### 1.5 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.

### 1.6 Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events, if deemed material; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

### 1.7 Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Grampian and Aberdeenshire 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.

### 1.8 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 CIES and will be a charge to the General Fund.

## Note 1 – Significant Accounting Policies (continued)

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.

### 1.9 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 reserve as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

### 1.10 VAT

The Board is a non-taxable person and does not charge or recover VAT on its functions.

### 1.11 Support Services

Corporate support services (finance, human resources, legal, facilities & information and communications technology) are provided by Aberdeenshire 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 included an element of overheads and support services costs, these will be included within the appropriate line within the Income and Expenditure statement.

## Note 2 – Accounting Standards that have been Issued but have not yet been Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted and could have a material impact on the accounts. This applies to new or amended standards within the 2019/20 Code.

There are no new or amended Accounting Standards issued but not yet adopted that will have a material impact on the 2019/20 Annual Accounts.

## Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1, the Board has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement made in the Annual Accounts is that there is a degree of uncertainty about future levels of funding for local government and the NHS, which may have an impact on the Board. However, the Board has determined that this uncertainty alone is not sufficient to provide a material change to the level of service provision. The level of future uncertainty and associated risk is considered as part of the Board's medium term financial planning.

## Note 4 – Expenditure and Income Analysis by Nature

31 March 2019 £'000		31 March 2020 £'000
149,328	Services Commissioned from Aberdeenshire Council	159,666
183,699	Services Commissioned from NHS Grampian	195,859
154	Employee Benefit Expenditure	146
250	Insurance & Related Expenditure	271
25	Fees payable to Audit Scotland for services undertaken in the Code of Audit Practice	26
(10,893)	Service Income: Fees, Charges & Other Service Income	(11,105)
(170)	Service Income: Internal Allocations (not Trading Accounts)	(280)
(3,105)	Service Income: Aberdeenshire Council	(3,293)
(2,443)	Service Income: NHS Grampian	(2,532)
(318,250)	Partners Funding Contributions and Non- Specific Grant Income	(337,470)
<b>(1,405)</b>	<b>Total Comprehensive (Income) / Expenditure</b>	<b>1,288</b>

### Note 5 – Taxation and Non-Specific Grant Income

31 March 2019 £'000		31 March 2020 £'000
106,524	Funding Contribution from Aberdeenshire Council	114,859
210,489	Funding Contribution from NHS Grampian	220,850
1,237	Partnership Funds	1,761
<b>318,250</b>	<b>Taxation and Non-Specific Grant Income</b>	<b>337,470</b>

The funding from NHS Grampian shown above includes £30,385,000 in respect of “set aside” resources primarily in respect of acute hospital services. NHS Grampian continue to manage these costs whilst the IJB has a strategic role over the level of demand placed on them.

Partnership Funds of £1,761,000 are primarily in respect of the Integrated Care Fund.

### Note 6 – Short Term Debtors

31 March 2019 £'000		31 March 2020 £'000
1,405	NHS Grampian	117
-	Aberdeenshire Council	-
<b>1,405</b>	<b>Total Short Term Debtors</b>	<b>117</b>

### Note 7 – Usable Reserve: General Fund

31 March 2019 £'000		Transfers Out £'000	31 March 2020 £'000
1,405	Earmarked: Primary Care Improvement Fund / Mental Health Action 15	1,288	117
<b>1,405</b>	<b>General Fund</b>	<b>1,288</b>	<b>117</b>

### Note 8 – Agency Income and Expenditure

On behalf of all IJBs' within the NHS Grampian Health Board, the IJB acts as the lead IJB in managing the Chronic Oedema Services, Diabetes and Retinal Screening, Marie Curie Nursing, Heart Failure Service, Continence Service, HMP Grampian and Police Custody / Forensic Medicine Contracts. 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.

## Note 8 – Agency Income and Expenditure (continued)

The amount of expenditure and income relating to the agency arrangement is shown below:

31 March 2019 £'000		31 March 2020 £'000
3,738	Expenditure on Agency Services	4,339
(3,738)	Reimbursement for Agency Services	(4,339)
-	<b>Net Agency Expenditure excluded from the CIES</b>	-

## Note 9 – Related Party Transactions

The IJB has related party relationships with NHS Grampian and Aberdeenshire Council. In particular, the nature of the partnership means that the IJB may influence, and be influenced by, its partners.

In the year, the following financial transactions were made with NHS Grampian and Aberdeenshire Council in relation to integrated health and social care functions:

### Income – Receipts for Integrated Functions

31 March 2019 £'000		31 March 2020 £'000
(185,907)	NHS Grampian	(197,854)
(148,954)	Aberdeenshire Council	(156,823)
<b>(334,861)</b>	<b>Total</b>	<b>(354,677)</b>

### Expenditure – Payments for the Delivery of Integrated Functions

31 March 2019 £'000		31 March 2020 £'000
183,859	NHS Grampian	196,032
149,597	Aberdeenshire Council	159,933
<b>333,456</b>	<b>Total</b>	<b>355,965</b>

### Key Management Personnel

The only non-voting Board member employed by NHS Grampian and recharged to the IJB is the Chief Officer. The details are provided in the Remuneration Report.

The Chief Social Work Officer and Chief Finance Officer are non-voting members of the IJB and the costs of these posts are borne by Aberdeenshire Council and NHS Grampian. The details are provided in the Remuneration Report.

## **Note 10 – Assumptions made about the Future and other Major Sources of Estimation Uncertainty**

The Annual Accounts contains estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the IJB's 2019/2020 accounts for which there is a risk of material adjustment in the forthcoming financial year are as follows:

- The value of the Hospital Acute Services “set aside” expenditure reported within the total Integration Joint Board expenditure of £30.385m is based on the most recently available activity levels for hospital inpatient and day case activity as provided by Public Health Scotland and direct cost information provided by NHS Grampian. These figures are based on 2018/19 activity levels and cost information. The value will be updated in 2020/21 for 2019/20 activity levels and cost information once this becomes available.
- On behalf of all IJBs' within the Grampian area, the IJB acts as the lead partner for the Chronic Oedema Service, Diabetes and Retinal Screening, Marie Curie Nursing, Heart Failure Service, Continence Service, HMP Grampian and Police Custody / Forensic Medicine Contracts. It commissions services on behalf of the three Grampian IJBs' and reclaims the costs involved. This arrangement is treated as an agency arrangement. Conversely Aberdeen City IJB host Sexual Health Services and Intermediate Care whilst Moray IJB host the GP Out of Hours Services. The approved Integration Scheme needs developed in respect of a lead partnership overspending, which will require the agreement of the three Grampian Integration Joint Boards. Failure to reach agreement will continue to require interim additional funding contributions in proportion to service usage, pending final agreement of any recovery plans.

## **Note 11 – Events After the Balance Sheet Date**

The unaudited accounts were issued on 17 June 2020 by Alan Sharp MA (Hons), CPFA, Chief Finance Officer, who is the proper officer of the Board in accordance with Section 95 of the Local Government (Scotland) Act 1973. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information, if appropriate.

There have been no material events since the date of the Balance Sheet which necessitate the revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.

## 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 noncurrent 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.

### **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.

## Glossary of Terms (continued)

### **Health and Social Care Scotland (HSCS)**

This is a collaboration of health and social care leaders and managers from across health and social care partnerships.

### **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 Party**

A body or individual that has 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 in cash.

### **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.