



ABERDEENSHIRE INTEGRATION JOINT BOARD

ANNUAL ACCOUNTS

2016/17

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Purpose of the Management Commentary

The Management Commentary is intended to inform all users of the annual accounts and help them assess how the Aberdeenshire Integration Joint Board has performed in fulfilling its duties.

The Role and Remit of the Board

The Aberdeenshire Integration Joint Board (the Board) was established on 6 February 2016 under The Public Bodies (Joint Working) (Scotland) Act 2014. The Board 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. Its purpose 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 of this can be found in the Integration Scheme at:

<http://www.aberdeenshire.gov.uk/media/15520/aberdeenshire-intergration-scheme-final.pdf>

Members of the Board for the period 1 April 2016 to 31 March 2017 were as follows:

Voting Members

Name	Organisation
Raymond Bisset (Chair until 30/09/16)	NHS Grampian
Cllr Anne Allan (Vice Chair until 30/09/16) (Chair from 01/10/16)*	Aberdeenshire Council
Dr Lynda Lynch (Vice Chair from 01/10/16)	NHS Grampian
Cllr Raymond Christie	Aberdeenshire Council
Sharon Duncan	NHS Grampian
Cllr Alison Grant	Aberdeenshire Council
Alan Gray	NHS Grampian
Cllr Bill Howatson	Aberdeenshire Council
Terry Mackie (until June 2016)	NHS Grampian
Eric Sinclair	NHS Grampian
Cllr Anne Stirling (previously Anne Robertson)	Aberdeenshire Council

*After Local Elections in May 2017, Cllr Anne Stirling was elected to Chair of IJB, replacing Cllr Anne Allan, and will be signing off the 2016/17 Annual Accounts.

Non-Voting Members

Name	Position
Adam Coldwells	Chief Officer
Alan Wood	Chief Finance Officer
Robert Driscoll	Chief Social Work Officer
Dr Bob Liddell (until 01/02/16) / Dr Chris Allan	General Medical Practitioner
Eunice Chisholm	Nurse Practitioner Representative
Paul Bachoo	General Medical Practitioner

Stakeholder Representatives Non-Voting Members

Name	Position
Inez Kirk	Trade Union Representative
Martin McKay	Trade Union Representative
David Hekelaar	Third Sector Representative
Sue Kinsey	Third Sector Representative
Dawn Ranson (from 11/05/16 – 01/03/17)	Carer Representative

Strategy and Business Model

The Partnership's key 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 of how we will work:

- 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.

This vision is supported by the 3 year Strategic Plan which set out the intention for the following 3 years of how the Partnership will deliver on 9 National Health and Wellbeing Outcomes. A copy of the Strategic Plan can be found at:

<http://www.aberdeenshire.gov.uk/media/16182/health-and-social-care-strategic-plan-march-2016-final.pdf>

Management Commentary (Continued)

The Plan identifies a series of strategic priorities to deliver local health and care improvement. These are set out under 4 themes: involving and engaging with communities, partners in health and social care, the best of health and care for everyone and effective care and treatment.

Local priorities have been developed from the national outcomes as a result of an Aberdeenshire Strategic Needs Assessment. The Strategic Plan is consistent with the Aberdeenshire Council LOIP (Local Outcome Improvement Programme) and NHS Grampian's Clinical Services Strategy (2016), both of which were written concurrently.

In order to deliver the Strategic Plan, an Implementation and Change Plan was agreed showing each strategic priority with its actions being mapped to funding, an Action Lead and timescale for delivery.

Care is delivered on the basis of localities. The Partnership has divided Aberdeenshire into six localities, shown on the map below, which are organised so that health and social care teams and the people in the area they serve can have a clear influence on the resources that are available and the development of new services and support. Twenty multi-disciplinary locality teams are being set up to work closely with services from all sectors to offer care and treatment that best meets those particular needs.



Operations during 2016/17

2016/17 has been the first full year of service delivery and financial responsibility and as such has brought some challenges as expected for an organisation of this scale. However, a partnership approach between officers, the Board and funding partners has ensured that clear communication and sharing of information has resulted in a consistent and positive financial position. Building on this, work is well underway to achieve the IJB priorities and begin to complete milestones towards the realisation of the 9 national outcomes.

Management Commentary (Continued)

The foundations have been established to enable health and social care services to work together by empowering staff to make decisions at a local level and build a long lasting relationship with their communities. Colleagues have been involved from an early stage, using their knowledge and insight to identify communities around which services can be organised.

Key achievements in the year have been:

- Overall, maintaining a high standard of services for adults and older people with many services being rated as good or excellent by the Care Inspectorate. This has risen by 1% from last year's figure of 88% to 89%.
- Development of local accessible services which were previously provided as an out-patient service e.g. diabetes, minor surgery, cardiac, orthopaedics and ultrasound. This allows local access in the rural area to improve quality and timely services.
- The development of a virtual community ward which enables multi-disciplinary short daily meetings to take place for patients requiring intensive intervention. 70% of people who entered the virtual community ward were able to stay at home compared to 15% who were either admitted to hospital or moved into a care home.
- The Making Aberdeenshire More Active (MAMA) programme is a cross service programme to deliver a key objective to increase physical exercise in the area. This is an important step towards ensuring better physical and mental health for longer.
- The introduction of intermediate care beds has allowed individuals to go home after a period of rehabilitation and enablement.
- Priority Discharge Strategic Team meetings have seen a reduction in bed days from 3,325 in November 2014 to 1,520 in December 2016.
- Redesigning pathways of care by pulling together several workstreams to effect change to ensure better outcomes and more sustainability in the long term.
- Community engagement and local decision making via positive and well engaged participatory budgeting events.
- Infrastructure improvement programme in order to deliver integrated services.

Performance and Improvement

- Aberdeenshire's Health and Social Care Partnership's (HSCP) Performance Framework (April 2016) is the underpinning document of the Partnership's Strategic Plan (2016-2019) which supports the delivery of both national outcomes and local priorities.
- Performance monitoring gives assurance about areas the partnership is performing well on and areas for improvement. Performance reports are published on a quarterly basis. In addition the HSCP is required to publish an Annual report which looks back over the previous year's successes and challenges against both national and local priorities. Reporting arrangements and schedules are detailed in the Aberdeenshire HSCP 'Performance and Outcome Framework, April 2016.
- Over the last year, bi-monthly meetings took place with the Chief Executives from NHS Grampian and Aberdeenshire council, the HSCP Chief Finance Officer and Chief Officer to enable scrutiny and whole system improvements. This is also seen as a crucial enabler in building partner relationships.
- Within the report is a section on financial performance which continues to develop and support the other key performance information.

Management Commentary (continued)

Success

Performance can be used to highlight both areas of success as well as areas requiring improvement of services and delivery. Nationally, the HSCP continue to have excellent performance across the majority of the national measures where we are in the top quartile for 65% of indicators. This in itself is a major achievement of our integrated services and partnership working.

Local Measurement & Areas for Improvement

- Whilst there is a high standard of performance against the national indicators, the local indicators have challenging targets to meet in terms of delivery against the Change and Implementation Programme (2017-18). In particular there is a large increase in the over 65's population with an increase of 20% in the over 65's and 15% increase for the over 75's. Recognising this, the Partnership has treated patients in Community Hospitals equivalent to 30 fewer emergency occupied beds being utilised at Aberdeen Royal Infirmary. As this is the first year as a HSCP the performance and outcomes will continue to be reviewed.

Position at 31 March 2017

In overall terms, the IJB has maintained its forecast position reported to the Board during the year, by being within budget by £9,000. To achieve this, all available resources including new funds and balances carried forward from last year have been utilised. Core budgets across Health and Social Care services continue to experience cost and demographic pressures. These points have been consistently reported to the IJB during the financial year.

The 2017/18 IJB budget, totalling £276,223,000 was agreed on 22 March 2017 and included £3,550,000 savings. The full breakdown of the funding of the budget can be seen in more detail below:

IJB 2017/18 Budget – Funding Sources	£'000
NHS Grampian	155,131
NHS Resource Transfer	12,825
Scottish Government Funding	4,150
Aberdeenshire Council	105,410
Community Justice Grants	(2,676)
Expected Funding	1,383
Total	276,223

The financial resources available to both partners has resulted in a number of positive discussions where information and knowledge has been shared with all partners which proved essential when considering the increasing demands on services from the demographic challenges of a growing population. The strategy for the budget took account of the current financial position, recognised the need to re-balance some base budgets, acknowledged future demographic challenges whilst reflecting the IJB's priorities all against the financial background and funding package available for 2017/18 to the IJB.

A number of risks were identified during the preparation of the revenue budget. The potential implications and possible mitigations associated with the risks were also discussed in detail before figures were included in the revenue budget.

In order to continue this strategy over future years, it is proposed to establish a Medium Term Financial Strategy. This will look across years 1-5 and consider all of the financial resources available to the IJB.

A development session was held for IJB members during the summer recess to refresh the themes and strategic priorities for the 3 year Strategic Plan and 1 year Commissioning Plan. The revised themes and priorities will be reported to a future IJB meeting for their agreement. Following that the Strategic Planning group will prepare the Commissioning Plan for 2017-19 for IJB approval in October 2017. The Commissioning Plan will set out how the budget will be linked to these priorities.

Key Risks and Uncertainties

The Board recognises that the management of risk is one of its key responsibilities. The risk register has been updated and identifies ten high level risks. The risks are:

1. Sufficiency and affordability of resource;
2. Workforce capacity, recruitment, development & staff empowerment;
3. Risk of failure to deliver the standard of care expected by the people of Aberdeenshire in the right place at the right time;
4. Risk of not adequately involving & engaging with our patients/clients, the public, staff & partners;
5. Risk of not achieving targets in improving health, wellbeing & reducing inequalities;
6. Child, adult & Public Protection;
7. Working effectively with Partner organisations
8. Business Continuity arrangements are fully integrated & harmonise with other control measures;
9. Winter Planning;
10. Health & Social Care Policy Alignment;

The risk register includes details of the control measures and gaps in those controls. Assurance measures, provided by the working groups, compile a detailed action plan for each risk, which is the responsibility of the chair of each group to monitor. The HSCP senior management team receive a monthly update on all of the risks

Each report presented to the IJB is linked to the relevant risk(s) to ensure continued management of risks. The full risk register, which includes the plans that are in place to manage the risk, can be viewed at:

<http://committees.aberdeenshire.gov.uk/Committees.aspx?commid=486&meetid=18422>

Analysis of the Financial Statements

The accounts show an outturn position within budget by £9,000 compared to a total budget of £301,946,000. This included the use of balances carried forward from previous years and the use of funds from the Scottish Government.

The main areas of overspend occurred within Community Hospitals, Prescribing, Adult Services and Older People. These were offset with resources from other budgeted areas. A series of actions are in place to review any areas of overspend that may occur in 2017/18 with particular focus being placed on eligibility criteria for social care packages and a review of prescribing.



Anne Stirling
Chair



Adam Coldwells
Chief Officer



Alan Wood
Chief Finance Officer

30 August 2017

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.

Raymond Bisset was formally appointed as Chair of the Board with effect from 6 February 2016 until 30 September 2016. He received remuneration from NHS Grampian in his capacity as a member of the NHS Grampian Board and no additional allowance is paid by the Board. 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 Allan was formally appointed as Vice Chair of the Board with effect from 6 February 2016 until 30 September 2016. Following this, Councillor Allan assumed the role of Chair. Subsequently, in May 2017, as a result of Aberdeenshire Council Local Elections, a new Council Administration was formed and this has seen Cllr Anne Stirling being appointed as Chair of the IJB. Both Councillors receive remuneration from Aberdeenshire Council in their capacity as senior councillors with no additional allowance paid by the Board. The remuneration of senior Aberdeenshire Councillors is disclosed in the remuneration report included within Aberdeenshire Council's Annual Accounts.

Dr Lynda Lynch assumed the role of Vice Chair of the Board from 1 October 2016. 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 Board. The remuneration of NHS Grampian Board members is disclosed in the remuneration report included within NHS Grampian's published Annual Report and 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 is employed by NHS Grampian and is subject to the NHS pay and conditions. The annual remuneration of all employees of the Board are 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.

Remuneration Report (continued)

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 of Senior Employees

Total Remuneration *2015/16 £		Salaries, Fees and Allowances 2016/17 £	Total Remuneration 2016/17 £
15,897 (FYE £107,747)	Adam Coldwells, Chief Officer	111,369	111,369
15,897	Totals	111,369	111,369

*6 February 2016 – 31 March 2016.

FYE – Full year Equivalent.

The Chief Finance Officer is appointed by the IJB and is employed by Aberdeenshire Council as their Head of Finance and Section 95 Officer. Aberdeenshire Council meets the full costs of this remuneration.

Note

For 2015/16 and 2016/17 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 is a requirement to disclose details of all staff Exit Packages agreed in the year. An Exit Package is the value of all termination benefits which include redundancy costs, pension contributions in respect of added years and any ex gratia and other departure costs. The Board has not agreed any Exit Packages in 2015/16 or 2016/17.

Remuneration Report (continued)

Notes

The term senior employee means:

1. 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;
2. 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
3. Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or above.

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 2015/16	Remuneration Band	Number of Employees in Band 2016/17
0	£110,000 - £114,999	1

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.

NHS Grampian however remains responsible for future employer pension liabilities and consequently, no pension liability is reflected in the IJB's Balance Sheet at 31 March 2017.

Remuneration Report (Continued)

Senior Employee	In-Year Pension Contributions		Accrued Annual Pension Benefits		
	For Year to 31/03/16 £	For Year to 31/03/17 £		Difference from 31/03/16 £	As at 31/03/17 £
Adam Coldwells, Chief Officer	2,179	16,594	Pension	3,144	36,856
			Lump Sum	3,035	98,173
Totals	2,179	16,594	Pension	3,144	36,856
			Lump Sum	3,035	98,173

Anne Stirling
Chair

Adam Coldwells
Chief Officer

30 August 2017

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 August 2017.

Signed on behalf of Aberdeenshire Integration Joint Board

Anne Stirling

Chair

30 August 2017

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 Local Authority 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 2017 and the transactions for the year then ended.

Alan Wood, MA (Hons), CPFA
Chief Finance Officer
30 August 2017

Introduction

The Annual Governance Statement explains the Integration Joint Board's governance arrangements and reports on the effectiveness of the Integration Joint Board's 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 and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the Aberdeenshire Council and NHS Grampian systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The Board

- The Board of the IJB comprises 10 voting members, nominated by either Aberdeenshire Council or NHS Grampian as well as 10 non-voting members including a Chief Officer appointed by the Board.
- The Board adheres to the principles of openness, integrity and accountability. All reasonable steps are taken to ensure assets are safeguarded, transactions are authorised, procedures are practical and adhered to and that errors are either prevented or detected within a timely period, corrective action taken and lessons learned.
- During the year, the board established an audit committee and a clinical and social work governance sub-committee to support its work. The audit committee provides assurance to the Board that appropriate systems of internal control are in place.

Strategic Planning Group

- There were regular meetings of a Strategic Planning Group throughout the year. The Strategic Plan is the main document determining the direction of the IJB for period 2016-2019. Work to review this is now underway

Management Team

- The Chief Officer himself gather assurances through regular meetings of the IJB, the Clinical and Adult Social Work Governance Committee as well as the Audit Committee. Formal reports to the HSCP Management Team also aid this, as well as routine observations, discussions and meetings.
- The Chief Finance Officer, who has statutory responsibility for the Board's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973, provides strategic financial advice and liaises with colleagues in both partner organisations. His responsibilities are set out in the Statement of Responsibilities;
- The Head of Children's Services at the Council who is Chief Social Work Officer and 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;

Annual Governance Statement (continued)

- 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 (Advice and Representation) has been appointed as Interim Standards Officer;
- The other senior officers who are also members of the Management Team bring extensive experience in specific disciplines and contribute to the strategic discussions and decisions.

Audit and Inspection

- The IJB Audit Committee appointed Aberdeenshire Council's Chief Internal Auditor to undertake the Internal Audit function of the IJB. During the year, the IJB audit committee received the Chief Internal Auditor's risk based audit plan, update reports on the delivery of the plan, recommendations and the his annual audit report, including his opinion on the internal controls used by the IJB.
- Assurance is also drawn from the work of internal audit in both the Council and NHS Grampian. Arrangements were agreed for sharing relevant audit reports between the IJB and partner body audit committees.
- To supplement this, a North East audit and assurance "network" has been established, which includes representatives from internal audit, senior finance officers and other senior managers involved in the management of audit and financial governance arrangements for NHS Grampian, the three Councils and the three Integration Joint Boards of Aberdeenshire, Aberdeen City and Moray. The function of the audit network is to act as a source of advice and guidance supporting the development of audit and assurance arrangements for the North East Boards and to ensure efficient co-ordination of audit and counter fraud activity on an ongoing basis between the partner organisations and the Boards. Two meetings have taken place, with a further one scheduled for later in the year. The group has agreed a joint working approach which will be further developed over the coming year.
- 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 system of corporate governance and internal financial control is based on a framework with appropriate delegation and accountability.

The system includes:

- The Board's Standing Orders.
- The Integration Scheme itself which aims to achieve a unified and seamless health and social care service where all individuals will work together to achieve the same outcomes and follow the same Vision, Philosophy and Principles.
- Adoption of a Code of Conduct for IJB members.
- Management information including the board's Performance Framework (April 2016). This is the underpinning document of the Partnership's Strategic Plan (2016-2019) which supports the delivery of both national outcomes and locally derived priorities. It is also a mechanism to assist the Partnership to improve services as well as supporting audit, self-evaluation and external scrutiny.
- A risk policy was approved and a risk register developed. All board reports are linked with relevant risks in the register.
- Comprehensive financial management arrangements are in place. Financial Regulations have been developed and approved, the Board agrees an annual budget and receives quarterly financial monitoring reports.
- Formal reports to the HSCP senior management team.
- Customer and stakeholder feedback.

Review of Adequacy and Effectiveness

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review is carried out throughout the year by various means involving:

- Assurances from the Chief Officer and his Management Team based on regular meetings during the year;
- Specific assurances from the statutory and professional advisors on the Management Team;
- Feedback from the Board and the Audit Committee carrying out its scrutiny role;
- The Internal Auditor of the IJB - in their 2016/17 annual report to the IJB, the Chief Internal Auditor stated that, in his opinion reasonable assurance can be placed upon the adequacy and effectiveness of the Board's internal control system in the year to 31 March 2017. Some concerns were reported in respect of relevant work in Aberdeenshire Council relating to CareFirst and Social Work Client Transport. The outcome of these audits were reported to Aberdeenshire Council's Audit Committee and thereafter to the IJB Audit Committee. Recommendations have been agreed with management and implementation will be monitored by internal audit during 2017/18.

In addition, the Chief Internal Auditor confirmed his team's compliance with Public Sector Internal Audit Standards and that the results of an independent peer review would be reported when complete.

- Internal audit of Aberdeenshire Council and NHS Grampian.
In respect of 2016/17, the respective Chief Internal Auditors' opinions, based on evaluation of the control environment, stated that reasonable assurance could be placed upon the adequacy and effectiveness of the internal control system in the year to 31 March 2017.
- Reports from the External auditors of the IJB, who are commissioned by and provide assurance to the IJB were considered by the IJB audit committee during the year. The IJB external auditor is also the external auditors of Aberdeenshire Council and NHS Grampian and would therefore be aware of any significant risks in partner bodies likely to impact on the IJB.

Reliance on partners' arrangements

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

With regard to the Council, it has adopted a Code of Corporate Governance which ensures the accountability and probity of officers of the Council. The 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 (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework, 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.

The Council's Chief Internal Auditor has the responsibility to review independently, and report to the Audit Committee annually on the adequacy and effectiveness of the Council's internal control environment. He reports that, in his opinion, based on his evaluation of the control environment, reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2017.

Annual Governance Statement (continued)

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.

With regard to NHS Grampian, it is required to operate within the aspects of the Scottish Public Finance Manual (SPFM) which are set out within the guidance issued to Chief Executives and more generally to all Board members by the Scottish Government Health Directorates as being applicable to NHS Boards. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety. As Accountable Officer, the Chief Officer is responsible for maintaining an adequate and effective system of internal control that identifies, prioritises and manages the principal risks facing the organisation, promotes achievement of the organisation's aims and objectives and supports compliance with the organisation's policies and safeguarding public funds. The Board continually monitors and reviews the effectiveness of the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of national and local targets and demonstrating best value and the efficient use of resources. Key elements of the system of internal control include:

- Executive and senior managers who are required to develop, implement and maintain adequate internal controls across their areas of responsibility;
- The work of the internal auditor, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, internal control and governance processes;
- Management letters and other reports issued by external audit;
- Financial plans, service plans and related organisational performance and risk management reports presented to the Board and relevant governance committees;
- Reports relating to the recent reviews carried out by Health Improvement Scotland, the Care Inspectorate and other inspection agencies; and
- Transparent assumptions regarding the timing of investment to deliver a significant reduction in high risk backlog maintenance in clinical areas agreed by the Scottish Government Health and Social Care Directorates as part of the Board's Asset Management Plan.
- Annual statements of assurance from each of the core governance committees of the Board;
- Written confirmation from executive and senior managers that controls within their individual areas of responsibility are adequate and have been operating effectively throughout the year;
- During the year, minutes of the meetings of the core governance committees were provided to all Board members; and
- Consideration of the governance statement and its disclosures by Internal Audit, the Audit Committee and Board members.

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

Action Plan

A Management Action Plan is being developed which includes a number of key actions that have been developed during the year. These actions are at varying stages of progress. However, it is important to highlight these in the Annual Accounts report even if incomplete, to demonstrate further areas of progress and development being considered by the Management Team. Each action is considered and reported through the Management Team and where necessary, specific Workshops will be arranged with the IJB to gain their input ahead of reports to the IJB.

Actions include:

- Long Term Financial Planning through the development of a Medium Term Financial Strategy
- Reviewing Care at Home
- Locality planning / integrated workforce planning
- Self-Evaluation exercise: review against 2016 Delivering Good Governance Code
- Code of Governance review and reporting back to the IJB Audit Committee
- Implement recommendations from Internal audit reports
- Review and deliver actions from the Annual Performance Report
- Consider Best Value in the context of Health & Social Care

Conclusion and Opinion on Assurance

As detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to regularly review and improve the internal control environment.

Anne Stirling, Chair

Adam Coldwells, Chief Officer

30 August 2017

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

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 approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

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 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, and 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 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the board as at 31 March 2017 and of its surplus on the provision of services 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 2016/17 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Finance Officer 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

My objectives are to achieve 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&I) 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.

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 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 in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable 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 auditable 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; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Gillian Woolman MA FCA CPFA
Assistant Director
Audit Scotland
4th Floor, 102 West Port
Edinburgh
EH3 9DN
31 August 2017

Comprehensive Income and Expenditure Statement (CIES)

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

Gross Expenditure 2015/16 £'000	Restated Income 2015/16 £'000	Restated Net Expenditure 2015/16 £'000		Gross Expenditure 2016/17 £'000	Income 2016/17 £'000	Net Expenditure 2016/17 £'000
-	-	-	Community Hospitals	18,607	(151)	18,456
-	-	-	Other Community Health Services	27,909	(2,613)	25,296
-	-	-	Primary Care	36,693	-	36,693
-	-	-	Primary Care Prescribing	43,765	-	43,765
-	-	-	Community Mental Health	7,572	(143)	7,429
-	-	-	Aberdeenshire Share of Hosted Services (health)	12,374	-	12,374
-	-	-	Out of Area Treatments	1,792	-	1,792
-	-	-	Set Aside Services	26,665	-	26,665
-	-	-	IJB Costs	98	-	98
25	-	25	Management & Business Services	5,547	(410)	5,137
-	-	-	Adult Services	53,499	(5,006)	48,493
-	-	-	Older People, Physical & Sensory Disabilities	81,196	(9,627)	71,569
-	-	-	Funds	4,170	-	4,170
25	-	25	Cost of Services	319,887	(17,950)	301,937
-	*(25)	(25)	Taxation and Non-Specific Grant Income	-	(301,946)	(301,946)
		-	Surplus on Provision of Services			(9)
		-	Total Comprehensive Income and Expenditure			(9)

See Notes 1-4

* The Board was established on 6 February 2016. Full delegation of the services from the partners did not take place until 1 April 2016. Consequently the 2016/17 financial year is the first fully operational financial year for the Board and the figures above reflect this. Partner funding contributions have been restated for 2015/16. These were previously included within Cost of Services but have now been moved to Taxation and Non-Specific Grant Income line.

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.

Movements in Reserves During 2016/17	General Fund Balance £'000
Opening Balance at 31 March 2016	-
Total Comprehensive Income and Expenditure	(9)
Adjustments between accounting basis and funding basis under regulations	-
Increase or Decrease in 2016/17	(9)
Closing Balance as at 31 March 2017	(9)

A balance totalling £2,356,000 in relation to the Integrated Care Fund and Delayed Discharge Fund existed and was included in NHS Grampian's Balance Sheet at 31 March 2016 but transferred to the IJB on 1 April 2016 when the board became operational.

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.

2015/16 £'000		2016/17 £'000	Notes Ref
5	Short Term Debtors	9	6
5	Current Assets	9	
(5)	Short Term Creditors	-	7
(5)	Current Liabilities	-	
-	Net Assets	9	
-	Usable Reserves	(9)	
-	Total Reserves	(9)	
	Other Notes		11-12

The unaudited accounts were issued on 20 June 2017, and the audited accounts were authorised for issue on 30 August 2017.

Alan Wood MA (Hons), CPFA
 Chief Finance Officer
 30 August 2017

Note 1 – Significant Accounting Policies

1.1 General Principles

The Annual Accounts summarises the Board's transactions for the 2016/17 financial year and its position at the year ended 31 March 2017.

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

The Annual Accounts are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (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 Equivalents

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

1.5 Employee Benefits

(i) Short-Term Employee Benefits

Salaries, wages and employment related payments are recognised in the year in which the service is received from employees.

(ii) Pension Costs

The Chief Officer is regarded as a Board employee and treated as a relevant person under the accounts regulations, although he is employed by NHS Grampian and is subject to NHS pay and conditions. The statutory responsibility for employer pension liabilities lies with NHS Grampian. NHS Grampian participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. NHS Grampian is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 "Employee Benefits". As a result, the amount charged to the CIES represents NHS Grampian's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary who determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the CIES at the time NHS Grampian commits itself to the retirement, regardless of the method of payment.

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; 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.

Note 1 – Significant Accounting Policies (continued)

1.7 Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

The Board provides clinical services to patients under the statutory responsibility of NHS Grampian. In connection with this, it is responsible for any claims for medical negligence arising from the services it commissions, up to a specific threshold per claim. For claims in excess of this threshold NHS Grampian and the Board IJB are members of CNORIS. This is a risk transfer and financing scheme which was established in 1999 for NHS organisations in Scotland, the primary objective of which is to provide a cost effective risk pooling and claims management arrangement for those organisations which it covers.

The Regulations governing the CNORIS Scheme were amended on 3 April 2015 so that Integration Joint Boards and Local Authorities could apply to the Scottish Ministers to become members of the Scheme.

CNORIS provides indemnity to member organisations in relation to Employer's Liability, Public/Product Liability and Professional Indemnity type risks (inter alia) no less wider than that generally available within the commercial insurance market.

NHS Grampian and Aberdeenshire Council have relevant insurance cover in place to cover the employees who are employed by and the services that are delivered by those organisations. The Board has joined CNORIS to provide cover for Board members. The partners are equally funding this at a total cost of £3,000.

The Board is required to make provision for any claims notified by the NHS Central Legal Office according to the value and probability of settlement. Where a claim is not provided for in full, the balance would be included as a contingent liability. The corresponding recovery from CNORIS in respect of amounts provided for would be recorded as a debtor and that in respect of amounts disclosed as contingent liabilities would be disclosed as contingent assets.

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.

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.

Note 1 – Significant Accounting Policies (continued)

1.9 Reserves

The Board has power to maintain a General Fund reserve, and can set aside an amount to increase the reserve. When expenditure is to be financed from the reserve, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance to fund the expenditure. Usable reserves may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable Reserves includes reserves relating to statutory adjustments as shown in the Movement in Reserves Statement.

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.

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. This applies to new or amended standards within the 2017/18 Code.

It is not expected that any new or amended standards will have a material impact on the 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:

- 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 2016 £'000		31 March 2017 £'000
-	Services Commissioned from Aberdeenshire Council	139,473
-	Services Commissioned from NHS Grampian	177,891
20	Employee Benefit Expenditure	143
-	Other IJB Operating Expenditure	-
-	Insurance & Related Expenditure	233
5	Fees payable to Audit Scotland for services undertaken in the Code of Audit Practice	18
-	Fees payable to Audit Scotland for Other Work	-
-	Service Income: Aberdeenshire Council	(12,463)
-	Service Income: NHS Grampian	(3,358)
-	Partners Funding Contributions and Non- Specific Grant Income	(301,946)
25	Total Corporate (Income) / Expenditure	(9)

Note 5 – Taxation and Non-Specific Grant Income

31 March 2016 £'000		31 March 2017 £'000
12	Funding Contribution from Aberdeenshire Council	102,395
13	Funding Contribution from NHS Grampian	191,186
-	Partnership Funds	8,365
25	Taxation and Non-Specific Grant Income	301,946

The funding from NHS Grampian shown above includes £26.665m 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 comprise of £2.356m transferred from NHS Grampian on 1 April 2016 in respect of the Integrated Care Fund and Delayed Discharge Fund and a further £4,914,000 in respect of the same for the year to 31 March 2017 with the balance of £1.095m comprising of various non-recurring funds around health related initiatives.

Note 6 – Short Term Debtors

31 March 2016 £'000		31 March 2017 £'000
2	NHS Grampian	5
3	Aberdeenshire Council	4
5	Total Short Term Debtors	9

Note 7 – Short Term Creditors

31 March 2016 £'000		31 March 2017 £'000
(2)	NHS Grampian	-
(3)	Aberdeenshire Council	-
(5)	Total Short Term Creditors	-

Note 8 – Usable Reserve: General Fund

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

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

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

31 March 2016 £'000		Transfers In £'000	Transfers Out £'000	31 March 2017 £'000
-	Earmarked: Integration & Change	-	(9)	(9)
-	General Fund	-	(9)	(9)

Note 9 – Agency Income and Expenditure

On behalf of all IJB's within the NHS Grampian Health Board, the IJB acts as the lead manager for Chronic Oedema, Diabetes and Retina Screening, Marie Curie, Heart Failure Service, Continence, HMP Grampian and Police Scotland 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.

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

31 March 2016 £'000		31 March 2017 £'000
-	Expenditure on Agency Services	3,542
-	Reimbursement for Agency Services	(3,542)
-	Net Agency Expenditure excluded from the CIES	-

Note 10 – 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 2016 £'000		31 March 2017 £'000
(13)	NHS Grampian	(178,144)
(12)	Aberdeenshire Council	(139,623)
(25)	Total	(317,767)

Expenditure – Payments for the Delivery of Integrated Functions

31 March 2016 £'000		31 March 2017 £'000
13	NHS Grampian	177,595
12	Aberdeenshire Council	140,163
25	Total	317,758

Note 10 – Related Party Transactions (continued)

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. The details are provided in the remuneration report.

Note 11 – Events After the Balance Sheet Date

The unaudited accounts were issued on 20 June 2017 by Alan Wood MA (Hons), CPFA, Chief Finance Officer, who is the proper officer of the Council 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 2017, 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.

Note 12 – Defined Benefit Pension Scheme

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.

NHS Pension Scheme

NHS Grampian participates in the National Health Service Superannuation Scheme for Scotland which is an unfunded notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. The pension cost is assessed every five years by the Government Actuary. Details of the most recent actuarial valuation can be found in the separate statement of the Scottish Public Pensions Agency (SPPA).

The most recent actuarial valuation at 31 March 2016 discloses a liability of £44.8 billion (March 2015: £44.1 billion). The employer's rate of contribution during 2016/17 was 14.9%.

Changes to the scheme were implemented from 1 April 2008 and again from 1 April 2015.

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54th of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2015/16 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment. All members, unless covered by agreed protection arrangements, automatically joined the NHS 2015 scheme on 1 April 2015. Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk

The previous NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire.

The 1995 Section

Benefits are calculated on a 'final salary' basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions on a tiered basis, dependent on earnings, of between 5.2% and 14.7% of pensionable earnings. Pensions are increased in line with the Consumer Price Index.

The 2008 Section

Benefits are calculated on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings.