



Aberdeenshire
Health & Social Care
Partnership

Aberdeenshire Integration Joint Board Annual Accounts 2020/21



Aberdeenshire
COUNCIL



NHS
Grampian

ANNUAL ACCOUNTS 2020/21 – CONTENTS

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Management Commentary

Welcome to Aberdeenshire Integration Joint Board's (IJB) Annual Accounts for 2020/21. 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 2020/21 (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 £370 million per year across local communities in Aberdeenshire. This is equivalent to just over £1.0 million each day being spent on health and social care services, or about £3.80 a day for each Aberdeenshire resident.

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
- Impact of Covid-19 Pandemic
- 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>

Management Commentary (continued)

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.

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

Management Commentary (continued)

Members of the Board for the period 1 April 2020 to 31 March 2021 were as follows:

Voting Members

Name	Organisation
Cllr Anne Stirling (Chair)	Aberdeenshire Council
Rhona Atkinson (Vice Chair)	NHS Grampian
Cllr Anne Allan (until 28 May 2020)	Aberdeenshire Council
Amy Anderson	NHS Grampian
Joyce Duncan	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	NHS Grampian

Non-Voting Members

Name	Position
Angie Wood	Interim Chief Officer
Alan Sharp	Chief Finance Officer
Iain Ramsay	Chief Social Work Officer
Dr Chris Allan (until 22 March 2021)*	General Medical Practitioner
June Brown	Nurse practitioner representative
Dr Malcolm Metcalfe	Medical Practitioner - Secondary Care Adviser

*General Medical Practitioner Role is now being covered on an interim basis by Deputy Clinical whilst arrangements are made for a permanent appointment.

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
Angie Mutch	Service User Representative
Fiona Culbert	Carer representative
George Mitchell	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.

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.

The Aberdeenshire Strategic Plan 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 [Aberdeenshire HSCP Strategic Plan 2020-25](#) outlines the vision of the HSCP and its key priorities for health and social care services over this five-year period. It describes how the HSCP will work with its partners to improve the health of local people and provide care and support when needed, focusing on the five strategic priorities of:

- Prevention and Early Intervention
- Reshaping Care

Impact of Covid-19 Pandemic

During the period of 1st April 2020 to 31st March 2021 community health and social care services faced unprecedented and exceptional challenges as a result of the Covid-19 pandemic. Most services in Aberdeenshire largely continued to operate albeit in very different ways, and the ongoing impact of living and working with Covid-19 continues to present uncertainties and change for health and social care delivery.

It is in these very unique and unforeseen circumstances, therefore, that this year's Management Commentary has been written.

The impact of Covid-19 has been enduring and exceptional steps have been required to protect the public and meet surges in activity, whilst maintaining access to critical and protected services.

The Partnership has worked in conjunction with many other organisations to meet the challenges faced by Covid-19 and we are extremely grateful for their support. These include NHS Grampian, Aberdeenshire Council, neighbouring Integrated Joint Boards, our care homes, Third Sector organisations and other local resilience partnership members. The changes that partner bodies have helped us make to services have been essential in managing the impact of Covid-19, redesigning how the public access health and social care and implementing a range of public protection measures.

Following the publication on 3 March 2020 of a coronavirus action plan by the governments of the UK and the subsequent declaration of a global pandemic, the Partnership was required to implement a response to ensure that there was effective co-ordination of arrangements for the efficient, safe clinical management of Covid-19 cases (and suspected cases) and delivery of critical and protected services. The Partnership also had a key role in supporting the public health response and the measures which were implemented during the year – Test and Protect (including the provision of testing of staff, patients, service users and service providers), a Covid-19 vaccination programme and support and advice to care homes, workplaces and the general public being examples of these measures.

At the meeting of 25th March 2020 the Integration Joint Board agreed to delegate to the Chief Officer powers in relation to urgent matters allowing the Chief Officer to exercise their professional judgement on any matter which would normally be required to be determined by the Integration Joint Board but by reason of special urgency it was impractical to convene a meeting. Any decisions taken in this manner required to be reported to subsequent meetings of the Board.

The Board and its sub-committees continued to meet throughout the 2020/21 year on a virtual basis, with regular updates being provided on the Partnership's response to the pandemic.

During 2020/21, with the whole health and social care system operating under emergency provisions some of the core services provided within Aberdeenshire were paused or operating at reduced capacity in order to focus efforts on the response and to ensure services were operating according to public health and Scottish Government guidelines.

Management Commentary (continued)

The challenges of managing the impact of the pandemic did however encourage developments in digital innovations, shifting the balance of care and preventing admissions, and the community engagement agenda across Aberdeenshire. The maturing whole system partnership arrangements will be key to embedding the learning and transformational changes and initiatives arising from the recovery and remobilisation plans, in to core service provision moving forward.

The impact of Covid-19 has required the Partnership to review all of our services across health and social care. We will wish to reflect on the changes made and to build on the experience of the last 12 months. The increased use of technology to support clinical care and non-clinical work and the prominence of the public health response are examples on which the foundations for further changes can be made.

Continuing to respond to Covid-19 will be a factor for the foreseeable future and we are redesigning our services to ensure that we can continue to meet the health and social care needs of our population and provide a safe environment for our staff and most vulnerable patients and service users.

Many of these changes will allow us to provide a greater level of care in our communities and build on the excellent foundations already established through the integration of health and social care.

Performance

Following publication of the HSCP's new Strategic Plan the Aberdeenshire IJB requested that the HSCP undertake a review of its performance framework. The key aims for the HSCP's performance framework moving forward are:

- To better demonstrate the impact in terms of outcomes and end experiences for people who use HSCP services, in particular the difference that integration has made
- To ensure the usefulness and relevance of the data that is reported at both strategic and operational levels, recognising that different 'tiers' of performance data, interdependent and of equal importance, are required to ensure different parts of the organisation have the information they require for effective service planning, delivery and decision-making.

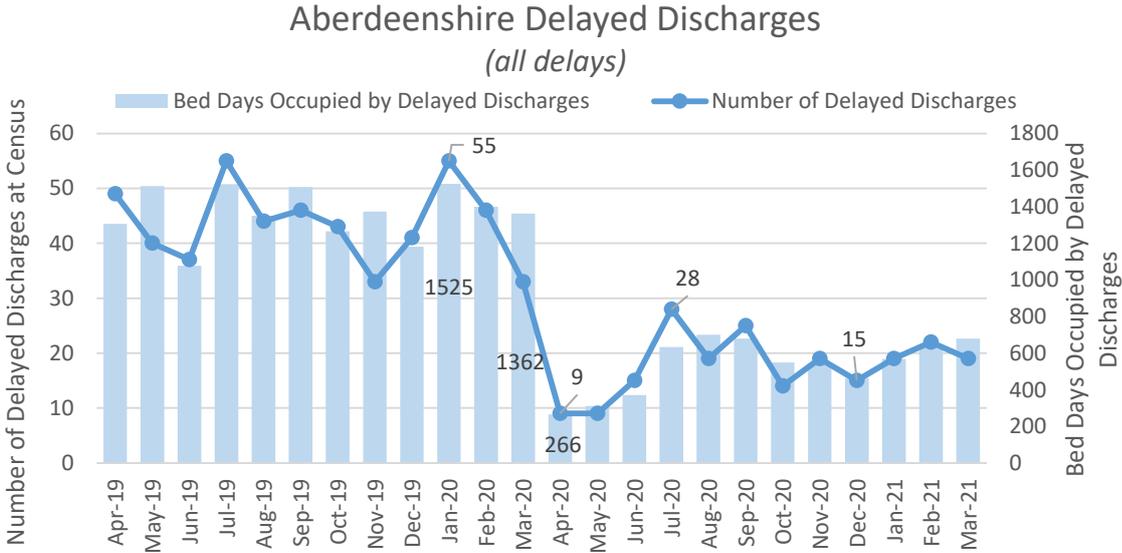
It has since been agreed that future reports to the IJB will be focused on the key transformational initiatives to be taken forward under the HSCP's new strategic delivery plan developed in response to Covid-19. Work is underway to develop the detail of the performance measures through which progress will be monitored, the aim being that this will provide greater assurance as to delivery of the Strategic Plan and providing evidence of the outcomes that the HSCP has agreed to work towards. It is intended that this will provide the suite of local performance measures for 2021/22 onwards.

Management Commentary (continued)

Underpinning this, work has been undertaken with NHS Grampian Health Intelligence and Council information teams on the development of operational performance dashboards through which the HSCP aims to improve the accessibility of health and social care datasets and support operational management oversight of performance. This has been particularly focused on identifying and understanding demands on the health and social care system throughout the Covid-19 pandemic.

As illustrated below, at key points during the pandemic there have been significant shifts in trends in performance data routinely monitored by the HSCP, coinciding with national lockdowns. Such significant shifts mean that it is not possible to monitor the HSCP's performance against previous years as normal and there remain a number of unknowns as to what the longer-term impact on performance will be.

One such example is delayed discharges. Delayed discharge describes the situation where a hospital inpatient has been assessed as being clinically ready to be discharged from hospital but cannot be discharged. This may be due to a variety of reasons. This is important due to the potential negative impact on a person's health and wellbeing, particularly in older people where for example there can be an increased risk of losing functional ability and loss of independence.

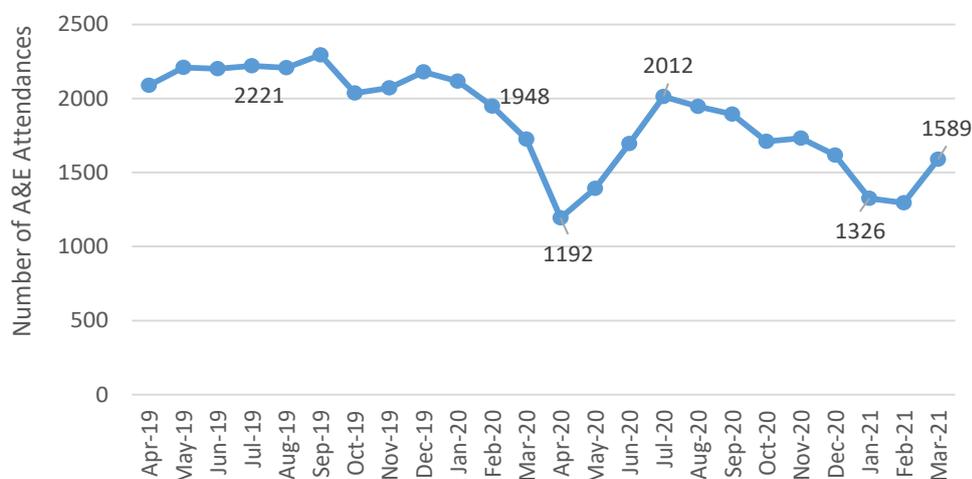


As illustrated in the graph above, there was an 84% reduction in the number of Aberdeenshire delayed discharges and an 83% reduction in bed days occupied by delayed discharge from January 2020 to April 2020 around the time of national lockdown measures being imposed.

The number of delayed discharges increased slightly as lockdown measures began to ease, but still remained around 60% lower in early 2021 compared to pre pandemic figures from April 2019.

Management Commentary (continued)

A&E Attendances by Aberdeenshire Residents



Accident and Emergency (A&E) hospital attendances have also been used as an indicative measure of the wider impacts of Covid-19 across the NHS, as well as being a standard measure by which the HSCP has over several years and, as part of a wider unscheduled care network, sought to minimise avoidable attendances where the care of these patients could be better managed in the community.

As illustrated in the graph above, there was a 63% reduction in A&E attendances by Aberdeenshire residents from February 2020 to April 2020. This increased by 69% again as lockdown measures were eased with a peak in July 2020. A&E attendances reduced again with the second national lockdown around December 2020.

As a result of the Covid-19 pandemic, some nationally produced indicators of HSCP performance have not been refreshed this year and are still based on data from previous financial years. A link to the HSCP Annual Performance Report can be found here:

[Aberdeenshire Health and Social Care Partnership Annual Performance Report 2020 - 2021](#)

The way the HSCP’s performance is analysed and measured will in many ways be substantially different in 2020/21 and longer-term impacts on performance may continue to be seen in the years to come.

Over the last year, regular 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:

Workforce Resilience and Adaptability

The hard work, commitment and resilience of the whole HSCP workforce has been critical to the safe and effective delivery of health and social care services within exceptionally challenging circumstances. This saw many staff being redeployed to critical service areas to ensure continuity of safe care, and to support key functions within the whole system response to Covid-19, including the Aberdeenshire Humanitarian Assistance Hub, Staff Testing Centre, Care Homes and Very Sheltered Housing. Some Aberdeenshire Allied Health Professionals have also been deployed into Aberdeen Royal Infirmary to help manage patient flow and discharges.

At the same time, colleagues from the Council's Live Life Aberdeenshire (LLA) service were redeployed to support many critical HSCP services and were particularly key to the HSCP's response in ensuring the safe and effective availability of Personal Protective Equipment (PPE) and to continuity of service within our care homes.

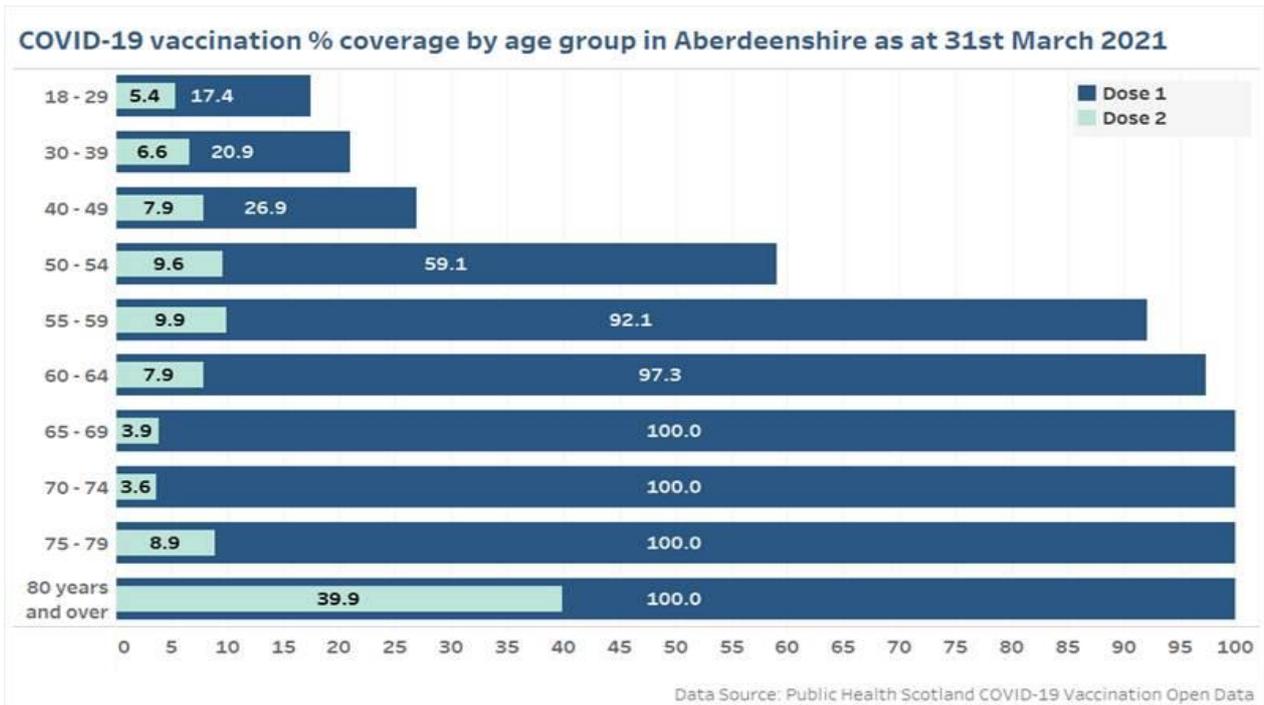
Many HSCP staff have, since the outbreak of the Covid-19 pandemic, had to adjust to working from home on a full-time basis as all non-essential buildings-based activities have ceased. This has been made possible by the rapid expansion of new meeting technologies described further below.

Covid-19 Vaccination Programme

The delivery of a mass vaccination programme against Covid-19 has been a major and critical undertaking for the Aberdeenshire HSCP in the last year. An additional workforce had to be recruited to in order to meet the needs of vaccinating all of Aberdeenshire. Recruitment of clinic coordinators, health care support workers and vaccinators took place during winter 2020 and spring 2021 resulting in over 388 members of staff being recruited. This was supported by the additional recruitment of volunteers.

Due to the efforts of all involved the HSCP has made excellent progress in its vaccination programme and continues to focus capacity and resources to ensure sustained progress towards completion of the programme in line with Scottish Government and Joint Committee on Vaccination & Immunisation (JCVI) direction. The graph below illustrates the progress made to end of March 2021 in delivery of first and second doses across all age cohorts in Aberdeenshire.

Management Commentary (continued)



Support to Care Homes and Supported Accommodation during Covid-19

Across all care homes operated and managed by the HSCP, and those within the private sector, the increased demand on staff has been considerable. The HSCP’s own care homes have risen to the challenge admirably and have been exceptional in the care and support they have offered residents in what have been at times very difficult circumstances. In April 2020 the HSCP put in place a new Clinical and Professional Care Home Oversight Group to ensure that all residential care homes and very sheltered housing establishments are receiving all available support. This includes care homes for older people, adults with learning disabilities and mental health care homes. The group is made up of professionals from both social care and health care as well as members of NHS Grampian’s health protection team. The group continues to meet daily to look at a data set provided by every home in our area and together they are the HSCP’s assurance mechanism that no home goes unsupported and that each and every resident in a home is well cared for and receiving the care they require in a safe environment.

Staff wellbeing and engagement

The HSCP has employed various means to engage with and understand the ongoing experience of staff during the pandemic, to capture and build on lessons learned from our response, and to support staff’s health and wellbeing. This has included virtual ‘Town House’ events with representatives of staff groups and use of surveys to gauge how supported staff have felt at different points during the pandemic and what additional support staff require. The vast majority of staff responded that they had felt supported and were aware of how to access support if needed however areas for improvement were identified and responded to. This work has also been aided by the establishment of a HSCP Staff Wellbeing Group to co-ordinate Aberdeenshire-wide activity and support for staff maximising use of available resources both locally and nationally, including resources provided by Aberdeenshire Council and NHS Grampian.

Rapid expansion in use and accessibility of digital technology

The HSCP has in conjunction with its partners embraced all available technology to maintain necessary contact with those who use health and social care services as well as to allow the continued functioning of all teams. Technology has also been utilised to ensure those service users who may be shielding or have restrictions in their visiting have been able to stay in touch with family and friends.

During the pandemic, in excess of 1,650 devices (tablets, mobile phones, chromebooks) and/or mobile connectivity were provided to a range of digitally excluded individuals, households and residential facilities in Aberdeenshire.

Another significant achievement has been the speed and scale at which health and social care services have been able to adopt and offer Near Me video enabled appointments to patients and clients. Not all appointments are suitable for a video call, however at a time where services have had to adhere to infection control guidelines and been less able to offer face to face appointments at volume in many of our service settings, this has meant that those that do need to be seen face to face can be prioritised for such appointments while others can be seen via Near Me. For 2020/21 as a whole a total of **26,754 Near Me video appointments** were recorded across services delivered by Aberdeenshire HSCP. This is separate and additional to the secondary care and outpatient appointments delivered using Near Me to Aberdeenshire residents.

The HSCP has also worked closely with Aberdeenshire Council and NHS Grampian to facilitate access to Microsoft Teams technology and IT equipment for all staff early on in the pandemic, enabling the HSCP to quickly adopt a culture of digital and remote professional-to-professional meetings and collaboration as an almost seamless transition from what was previously a system very reliant on face-to-face meetings.

Personal Protective Equipment (PPE) Service

Ensuring the effective and ongoing supply of PPE throughout the pandemic has been a critical task for the HSCP in keeping staff, patients and clients safe and preventing the transmission of infection. Within Aberdeenshire the PPE service has operated from 3 small industrial units in Inverurie over the last year, funded and staffed through Covid-19 related monies. The service provides emergency PPE and Lateral Flow Devices to a range of staff groups and has also supported the provision of equipment and sundries to Vaccination Clinics. In addition the service facilitated the local distribution of the 'We Care' Staff Treat bags to over 5500 staff.

At its peak, the PPE service was distributing over 500,000 items to health, social care, care providers, personal assistants and carers a week. The service has recently supported these groups in setting up their own provision of PPE reducing demand considerably. The service has been supported by colleagues redeployed from Council services including Live Life Aberdeenshire and parking attendant staff.

Whole System Working

From the outset of the pandemic Aberdeenshire HSCP worked extremely closely with colleagues from NHS Grampian, Aberdeen City HSCP and Moray HSCP to ensure a whole system approach to mobilising both the hospital capacity required to meet anticipated demand for acute inpatient care for Covid-19 patients whilst maintaining essential community health and social care services and protecting our residents from any preventable harm. This has resulted in the implementation of the whole system Operation Home First initiative involving all 3 HSCPs (Aberdeenshire, Aberdeen City and Moray) and NHS Grampian to drive forward with areas of change and improvement brought about by the first phase of the Covid-19 pandemic. The aims of Operation Home First (as they apply to the Grampian area) are as follows:

- To maintain people safely at home (“home” being where a person normally lives or would choose to live, including care homes)
- To avoid unnecessary hospital attendance or admission.
- To support early discharge back home after essential specialist care.

An Aberdeenshire Frailty Pathway Delivery Group was established to consider this redesign resulting in the proposal to develop a Hospital at Home model. This internationally recognised model delivers a range of ordinarily hospital-based interventions, including diagnostics, within people’s own homes with additional support provided leading to admission avoidance and improved outcomes for patients. The HSCP is developing a phased implementation of the model with an initial focus on creating an ‘Early Supported Discharge (Hospital at Home) Pathway’. This will create capacity within the system whilst also allowing for ongoing learning and evaluation to determine what a full Hospital at Home service could look like for Aberdeenshire.

Community Response and Resilience

During the Covid-19 response across Aberdeenshire there was a fantastic response and resilience demonstrated across local communities. The HSCP participated in numerous initiatives with local Community Planning partners which included utilising volunteers to assist in the planning and delivery of a range of practical support to those who were clinically at risk or vulnerable or socially isolated (such as the provision of essential food items, medications etc.). This has been further extended with the recruitment of volunteers to support the Covid-19 vaccination programme.

Finances

2020/21 Financial Year

At the beginning of the financial year the IJB set a balanced budget for 2020/21 of £334.6 million after recording an overspend position for the 2019/20 financial year of £5.6 million against the revenue budget. The overspend in 2019/20 was then adjusted by additional funding contributions by Partners to balance the position to break even and the use of funding from earmarked reserves during the year of £1.288 million. The £1.288 million is reflected as a deficit on the Comprehensive Income & Expenditure Statement for 2019/20.

Management Commentary (continued)

The financial position for 2020/21 changed from earlier years. In 2018/19 and 2019/20 the HSCP had recorded overspends against budget. This position was reversed in 2020/21. In overall terms the HSCP recorded an underspend of £4.6 million against the operating budget (1.2% of total budget).

The underspend was due to a number of factors which emerged since the beginning of April 2020 as a result of changing services to deal with the impact of the Covid-19 pandemic. These included underspends on some social care services due to them being paused or operating at reduced capacity, continued savings on community hospital costs due to reduced capacity and savings on travel, transport and training related expenditure.

The Scottish Government also provided additional funding to meet the extra costs of the HSCP response to the Covid-19 pandemic. In total extra costs of £13.6 million were incurred during the year, with details shown in the table below:-

Additional Costs of Dealing with Covid-19 2020/21

Item	Amount (£m)
Support Payments to Social Care Providers	4.1
Funding to cover Unmet HSCP Savings	3.1
PPE	1.4
Additional Staffing Costs	1.3
Support Payments to General Practice	0.9
Out of Area Referrals	0.9
Funding to cover Loss of Income	0.6
Additional costs of GP Prescribing (Drugs)	0.5
Other Miscellaneous Costs	0.8
Total	13.6

The Scottish Government issued significant amounts of funding to IJBs across Scotland in January 2021. This funding, together with other Covid-19 support funding received earlier in the year, is shown in the table below:

Funding Allocation	Amount (£m)
1.Social Care Sustainability Funding	4.7
2.General Covid-19 Allocation	10.6
3.Additional GP Payments for Covid-19 Expenses	0.9
4.Adult Social Care Winter Plan	4.4
5.Complex Care Change Funding	0.8
6.Primary Care Improvement Fund Balance	3.1
7.Action 15 Funding Balance	1.0
Total	25.5

Management Commentary (continued)

The total funding received for additional Covid-19 expenditure in the year (items 1-4 in the table above) amounted to £20.6 million. This funding has been aligned with the additional expenditure incurred by the IJB for Covid-19. Initial estimates of Covid-19 expenditure were prepared in March 2020 and were updated throughout the year as the response to the pandemic has developed. The total of additional Covid-19 expenditure was £10.5 million (excluding unmet efficiency savings of £3.1 million) giving an underspend against funding of £7.0 million. This underspend against Covid-19 funding is reflected in the earmarked Covid-19 Reserve shown in the table below.

Very little of the funding allocated to the IJB in January was anticipated earlier in the year. This therefore creates an underspend in the IJB accounts. Scottish Government guidance requires underspends against this funding to be earmarked in Reserves in order that the funding can be used for the originally intended purpose.

The Annual Accounts show a surplus position for 2020/21 of £20.449 million. The overall position is shown in the table below:-

2020/21 Outturn	£m
Underspend against Revenue Budget	4.597
Underspend against Scottish Govt additional funding	15.452
Funding Transfer from NHS Grampian for Dental Project	0.400
Total Underspend	20.449
Represented by Reserves:	
General Fund	4.597
Earmarked – Covid-19	7.038
Earmarked - Risk Fund	3.050
Earmarked – Primary Care Improvement Fund	3.456
Earmarked - Action 15 Mental Health	1.093
Earmarked – Community Living Change Fund	0.815
Earmarked – Stonehaven Dental	0.400
Total Reserves	20.449

Analysis of the Financial Statements

Most operational areas recorded underspends against budget during the year due to services being paused or operating at a reduced level. There were also savings due to the redesign of services in some areas, especially on items such as travel and training costs.

Management Commentary (continued)

The areas which recorded the largest underspends for the year are shown below:

Community Hospitals	£1,222,000	Lower bed capacity resulting from distancing regulations.
Hosted Services	£1,010,000	Underspends in Care of Elderly wards hosted by Aberdeen City HSCP
Adult Services - Day Care	£747,000	Services operating at reduced capacity
Integrated Care Fund	£663,000	Some planned commitments did not proceed due to Covid-19.
Adult Services - Mental Health	£626,000	Some services operating at reduced capacity.

Some areas of financial pressure were still experienced. The areas which recorded the largest overspends for the year are shown below:

Community Mental Health	£926,000	Use of locum medical staff
Out of Area Referrals (Health)	£882,000	Specialist care not available in Grampian.
GP Prescribing	£684,000	Some drugs on short supply leading to increased prices.
Older People – Home Care	£343,000	Increased demand for Home Care during pandemic
Older People – Residential Care	£304,000	Increased staffing during the pandemic

A link to the IJB's 2020/21 detailed outturn budget report can be found at:

[Finance Outturn 2020/2021](#)

2021/22 Revenue Budget

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 2021/22 totals £345.7 million and was agreed on 31st March 2021. The overall budget included planned savings of £4.1 million.

The IJB Revenue Budget for 2021/22 is a one year budget, reflecting the funding settlement of our partner organisations (NHS Grampian and Aberdeenshire Council). The IJB had prepared a draft Medium Term Financial Strategy covering five financial years which had been due to be signed off in March 2020. Formal sign off was deferred due to the impact of the Covid-19 pandemic. The Strategy will now be updated to reflect updated financial assumptions in light of Covid-19 with the plan to sign off the Strategy during the second half of 2021. It is recognised that a strategic and medium term view of resources is essential if the IJB is to deliver on its priorities.

Management Commentary (continued)

The breakdown of the funding included in the 2021/22 budget can be seen in more detail below:

IJB 2021/22 Budget – Funding Sources	£m
NHS Grampian	192.1
Aberdeenshire Council	122.3
Use of Reserves	1.0
Sub total	315.4
Set aside	30.3
Total	345.7

The Covid-19 pandemic will continue to have a financial impact during the 2021/22 financial year with additional costs continuing to be incurred for items such as Personal Protective Equipment (PPE), sustainability payments to Social Care Providers and additional capacity for Care at Home. The Scottish Government have again given provisional agreement to provide additional funding for IJBs to meet these costs with the initial source of funding being the earmarked reserve of £7.0 million held by the Partnership.

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 nine high level risks. The risk register was reviewed by the Audit Committee on 31st March 2021. A link to the risk register can be found at:

[Aberdeenshire Council - Committees and Meetings](#)

Management Commentary (continued)

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

Risk	Situation	Mitigating Action	Responsible Officer
Sufficiency and affordability of resource	Resources available not sufficient to deliver services.	Robust financial planning, monitoring via Medium Term Financial Strategy and regular reports to Board.	Chief Officer
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
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
Business continuity arrangements	Plans are not integrated, tested and harmonised across the Partnership.	Resilience, Health & Safety and Clinical Governance Groups meet regularly to review plans.	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 alignment with current and future needs	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
Child, Adult and Public Protection	Potential harm if legislative arrangements are not provided for.	Aberdeenshire Adult Protection Network Co-ordinates all activity.	Chief Social Work 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

Management Commentary (continued)

Risk	Situation	Mitigating Action	Responsible Officer
Covid-19 Associated Risks	Range of potential staff and service risks relating to Covid-19 and the reopening of services.	Weekly meetings of Bronze Tactical Team to monitor issues arising and escalate if appropriate.	Chief Officer

Leadership Changes Since March 2021

There have been a number of changes in the senior leadership positions of the Partnership since March 2021:-

- In April 2021 Rhona Atkinson took over as Chair of the IJB from Councillor Anne Stirling as part of the normal arrangements for the rotation of the Chair between voting members of Aberdeenshire Council and NHS Grampian.
- In May 2021 Pamela Milliken was appointed Chief Officer replacing Angie Wood who was Interim Chief Officer.
- In September 2021 Chris Smith was appointed as Chief Finance & Business Officer replacing Alan Sharp who was Chief Finance Officer.
- In June 2021 Leigh Jolly was appointed as Chief Social Work Officer replacing Iain Ramsay.

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. At the time of writing we are remobilising our services to increase health and social care capacity whilst at the same time beginning to plan for the potential impact of a third wave of Covid-19 following recent sharp increases in case numbers across Aberdeenshire. Our overriding aim is to deliver services in a way which keeps service users and staff safe from the Covid-19 virus.

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.

Management Commentary (continued)



Rhona Atkinson
Chair



Pamela Milliken
Chief Officer



Chris Smith
Chief Finance &
Business Officer

3 November 2021

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 3 November 2021.

Signed on behalf of Aberdeenshire Integration Joint Board

Rhona Atkinson
Chair
3 November 2021

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 2021 and the transactions for the year then ended.

Chris Smith
Chief Finance & Business Officer
3 November 2021

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.

Annual Governance Statement (continued)

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
- 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;
- 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

In response to the Covid-19 pandemic, starting from the end of March 2020 and continuing throughout the 2020/21 financial year the Partnership redesigned service delivery in some areas and prioritised critical services to allow it to deal with the implications of Covid-19 and to minimise opportunities for the spread of the virus through social distancing, use of appropriate PPE and minimising contact with service users.

In terms of governance arrangements during the pandemic, the Partnership has reported through the business continuity arrangements that were established by NHS Grampian and Aberdeenshire Council. Governance arrangements were also established in the Partnership where a “bronze” level control room was established with bronze meetings held throughout the year to assess the status of service delivery and risk across all Partnership services. Bronze meetings involved all key service managers and were held on a daily basis at the height of the pandemic. The meetings agreed any issues that needed to be escalated for a wider system response and issues that could be agreed using the delegated authority of the Chief Officer. The meetings were documented and were crucial in aiding the flow of information in response to rapidly developing issues.

These arrangements continued throughout the financial year but were particularly important during the first and second waves of the pandemic when levels of Covid-19 infection were experienced in a number of services. The formal IJB meetings have continued to take place throughout the pandemic. They have been held on Skype instead of taking place physically. Agendas have been lighter than usual with more of a focus on Covid-19 related issues and less of a focus on routine items of business. The IJB Sub Committees (Audit Committee and the Clinical and Social Work Governance Committee) have also continued to meet throughout the year.

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

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. Both Committees regularly reported to the IJB during the 2020/21 year to summarise the business they had considered during the year. The terms of reference of both Committees have been reviewed during the year.

Annual Governance Statement (continued)

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

The IJB has adopted a Code of Conduct which has been formally approved by Scottish Government. The IJB responded to the national consultation exercise to update the Code of Conduct during 2020/21.

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. At the start of each IJB meeting the Chair asks members to disclose any Declarations of Interest.

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 in advance of meetings through Aberdeenshire Council's website. During the Covid-19 pandemic formal IJB meetings have been held virtually using Skype. The meetings are recorded and recordings are made available to the public shortly after the meeting. 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 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.

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

In March 2021 the IJB considered a report on the revenue budget for 2021/22. The financial outlook for the new financial year addressed the continuing impact of Covid-19 on services, remobilisation of services paused or reduced during the pandemic and the impact of national decisions on items such as pay uplifts. The financial outlook supports the preparation of the Strategic Plan which is underpinned by a Medium Term Financial Strategy and Workforce Plan. The 2021/22 Workforce Plan was submitted in April 2021. The Medium Term Financial Strategy will be refreshed during 2021/22 to reflect the impact of Covid-19 on public sector finances.

The IJB has a 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 2020/21 there has been a significant reduction in emissions from IJB services as more consultations have been carried out virtually and many staff have been working from home. Both of these factors have seen a significant reduction in mileage travelled.

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 a reduced focus on transformation activity as efforts have been directed to responding to the pandemic. Some of the changes that have taken place can be viewed as transformational, such as the move to delivering more services virtually and the development of a redesigned care pathway for Frail & Elderly patients.

The transformation programme is now being refreshed to focus on agreed priorities which can be delivered in the short to medium term. This will make sure that the transformation programme fully aligns with the Strategic Plan 2020-25 and seeks to mainstream “business as usual” projects. Performance indicators are being developed to measure impact and demonstrate meaningful progress. A revised governance framework is also being put in place to oversee transformational work.

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

During the year the IJB has worked on implementing the actions from the Workforce Plan 2020/21. Most actions are now in place with the exception of the roll out of the “six steps” planning methodology which was put on hold in some areas due to the impact of Covid-19. The 2021/22 Workforce Plan was submitted to the Scottish Government in April 2021 and we await feedback on it. 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 during 2020/21 and have included briefings on issues such as national reports, local service reviews, health inequalities, risk management 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 many improvement and training activities were postponed as a result of Covid-19, although the challenging circumstances faced by many staff teams meant that they continued to learn, adapt and improve in order to deal with the serious impact of Covid-19 on services.

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 2020/21 discussed risk with the Board to better understand its appetite for risk. The Strategic Risk Register was reviewed by the Audit Committee during 2020/21. There are also a number of operational risk registers held at Departmental level.

Annual Governance Statement (continued)

Performance is 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. During the year there was an increased need for comprehensive and timely performance information in order to respond to Covid-19. A daily dashboard of key performance indicators has been developed which now enables managers to access the most up to date information when planning services. Key indicators such as the level of delayed discharges, hospital occupancy, care home status and social work referral trends can now all be accessed on a daily basis.

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 regular reports on the financial position throughout 2020/21. 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. In 2020/21 meetings have been held virtually with recordings of the meetings being made available to the public shortly after the meeting date.

The IJB publishes both Annual Accounts and an Annual Performance Report following Board approval. The 2019/20 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.

Annual Governance Statement (continued)

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 2021.

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."

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 2021 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
- NHS Grampian's Internal Audit annual report.
- Aberdeenshire Council'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.

The governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled and through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. Key elements of good corporate governance include honesty; trust and integrity; openness; performance focus; responsibility and accountability; management of risk; mutual respect and commitment to the organisation.

The following section sets out the Principles of the Local Code and some of the ways in which the Council complies with them.

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

- The Scheme of Governance including the Financial Regulations
- Councillors Code of Conduct
- One Aberdeenshire Principles
- Corporate Integrity Group
- Financial and Legal Monitoring Officers • Counter Fraud Strategy
- Integrated Impact Assessments
- Fairer Scotland Duty

Principle 2: Ensuring openness and comprehensive stakeholder engagements

- Council Plan
- Local Outcome Improvement Plan
- Directorate and Area Plans
- Engagement & Participation Policy
- Participation Requests
- Participatory Budgeting
- Live Webcasting
- Minimising exempt reports
- Budget Engagement
- Partnership Reviews and Reporting
- Engage Aberdeenshire
- Community Impact Assessment

Principle 3: defining outcomes in terms of sustainable economic, social and environmental benefits

- Council Plan and Strategic Priorities
- Performance Reporting
- Community Benefits in Procurement
- Carbon Budget
- Climate Change Commitment
- Aberdeenshire's Digital Strategy
- Procurement Strategy

Principle 4: determining the interventions necessary to optimise the achievements of the intended outcomes

- Legal and Financial Monitoring
- Integrated Impact Assessments
- Budget Setting Process
- Medium Term Financial Strategy
- Performance Reporting
- Financial Performance Reports
- Capital Plan Monitoring
- Carbon Budget
- Risk Registers
- Policy Review

Principle 5: Developing the entity's capacity including the capability of its leadership and the individual within it

- Councillors Roles and Responsibilities
- Multi Member Ward Guidance
- Training and CPD for Councillors
- Committee Workshops
- Leadership Forum
- Learning and Development programme
- ALDO (Aberdeenshire Learning & Development Online) training
- Workforce Strategy
- HR Policies and Procedures

Principle 6: Managing risks and performance through robust internal control and strong public financial management

- Corporate Risk Group
- Corporate, Directorate & Operational Risk Registers
- Committee Reports
- Financial Performance Reporting
- Audit Committee
- Internal Audit
- Financial Regulations
- Capital Plan
- Strategic Leadership Team
- Contracts Register

Principle 7: implementing good practices in transparency, reporting and audit to deliver effective accountability

- Budget engagement
- Web Casting of Committee Meetings
- Annual Review Reports
- Corporate Improvement Plan
- Scrutiny Reports
- Performance Reports
- Internal Audit Charter
- Notices of Motion
- Audit Committee
- External Audit Reports to Committee

Four recommendations graded as “major” were made in three reports concluded in the year (compared with five in 2019/20, and seven in 2018/19). These related to: completion of data protection impact assessments (SEEMIS), exceeding delegated authority (LLA and Consultancy), and compliance with Financial Regulations (Consultancy). With the exception of the data protection action, all of these have been confirmed as addressed by the relevant Services, providing assurance over these areas. Data protection continues to present a risk to the Council, and has been scheduled for further Internal Audit review in 2021/22. Ten further “major” actions from previous years were outstanding at the end of the year, including: various actions relating to Services’ application of the Council’s charging policy framework, and procurement compliance. Concerns regarding the implementation of previously agreed recommendations have been reported to the Audit Committee throughout the year. These continue to present financial and compliance risks to the organisation. Review of charging has been delayed by the pandemic and remains under review. Improvements in procurement will be supported through Internal Audit work during 2021/22.

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;
- Mature and organisation wide risk management arrangements built on localised risk registers and processes which ensure, as appropriate, escalation of significant instances of non-compliance with applicable laws and regulations;
- Dedicated full time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas;
- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance, 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. In addition, senior leadership arrangements were strengthened during the year to provide additional capacity and support to the Chief Executive;
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;

Annual Governance Statement (continued)

- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;
- An active joint management and staff partnership forum with staff side representation embedded in all key management teams and a dedicated full time Employee Director who is a member of the Board;
- Regular review of priorities for infrastructure investment and progress against the agreed Asset Management Plan by an Asset Management Group chaired by a Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;
- Clear allocation of responsibilities to ensure review of development of 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 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.
- A recent review by the internal auditors, at the request of the Medical Director, has considered the arrangements that exist within external agencies to provide assurance of the effectiveness of for pre-employment checks on staffing put forward to fulfil temporary engagements with the Board. The review was delayed due to the COVID19 pandemic but is now available in draft and management are considering the appropriate actions to address the recommendations.

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

Progress on External Audit Action Plan from 2019/20

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 2019/20, three risks were identified. They highlighted:

- a) The need to strengthen monitoring of payments to independent family health service practitioners.
- b) The need to progress with the Medium Term Financial Strategy (MTFS).
- c) The need to finalise the Strategic Delivery Plan.

Two of the three issues have been dealt with in 2020/21. Improved monitoring arrangements have been established for payments to independent family health services, including the production of a monthly report which is reviewed by the Chief Finance Officer. The HSCP has developed and agreed the Strategic Delivery Plan, providing the detail and focus for the HSCP over the next 12-24 months in terms of both the transformational and improvement work required to provide services that are safe, agile and sustainable for the future.

Progress has been paused on the refresh of the Medium Term Financial Strategy in light of the turbulence caused by the Covid-19 pandemic to the public sector financial position. It will be refreshed during 2021/22 and will be informed by the Scottish Government Health MTFS refresh which is due to take place over the summer period.

2020/21 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 during 2021/22.
- A formal review of the IJB's Scheme of Governance before March 2022;
- The establishment of a Code of Corporate Governance;
- Approval of the updated Integration Scheme.
- 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.
- 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.

Rhona Atkinson
Chair

Pamela Milliken
Chief Officer

3 November 2021

Remuneration Report

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.

Councillor Anne Stirling was formally appointed as the Chair of the Integration Joint Board on 1 November 2019. 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.

Rhona Atkinson was formally appointed as Vice Chair of the Board on 1 November 2019. 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.

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 Report (continued)

Since the end of the 2020/21 financial year there have been a number of changes of Leadership positions for the Partnership. These are described below:

- In April 2021 Rhona Atkinson took over as Chair of the IJB from Councillor Anne Stirling as part of the normal arrangements for the rotation of the Chair between voting members of Aberdeenshire Council and NHS Grampian.
- In May 2021 Pamela Milliken was appointed Chief Officer replacing Angie Wood who was Interim Chief Officer during the 2020/21 financial year.
- In September 2021 Chris Smith was appointed as Chief Finance & Business Officer replacing Alan Sharp who was Chief Finance Officer during the 2020/21 financial year.
- In June 2021 Leigh Jolly was appointed as Chief Social Work Officer replacing Iain Ramsay who was Chief Social Work Officer for the 2020/21 financial year.

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 2019/20 £		Salaries, Fees and Allowances 2020/21 £	Total Remuneration 2020/21 £
39,419 (FYE £93,037)	Angie Wood, Interim Chief Officer (from 28 October 2019)	96,203	96,203
93,037	Totals	96,203	96,203

FYE = Full Year Effect

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

The Chief Finance Officer is appointed by the IJB. He is NHS Grampian's Deputy Director of Finance who was appointed on 1 November 2018 and has thus been in this role throughout 2020/21. He is employed by NHS Grampian who meet the cost of his substantive role with them. There has been a change in the Chief Finance Officer role since the end of the 2020/21 financial year with a new appointment being made in September 2021.

Remuneration Report (continued)

The Chief Social Work Officer is appointed by Aberdeenshire Council and the postholder was appointed on 18 July 2018 and has thus been in this role throughout 2020/21. 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. There has been a change in the Chief Social Work Officer role since the end of the 2020/21 financial year with a new appointment being made in July 2021.

Note

For 2019/20 and 2020/21 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:

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 2019/20	Remuneration Band	Number of Employees in Band 2020/21
-	£70,000 - £74,999	-
-	£95,000 - £99,999	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 she is employed by NHS Grampian she 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 31/03/20 £	For Year to 31/03/21 £		Difference from 31/03/20 £	As at 31/03/21 £
Angie Wood Interim Chief Officer (from 28 th October 2019)	8,102	20,002	Pension Lump Sum	- - 5,750 11,607	- - 44,244 109,544
Totals	8,102	20,002	Pension Lump Sum	5,750 11,607	44,244 109,544

Rhona Atkinson
Chair
3 November 2021

Pamela Milliken
Chief Officer

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

Reporting 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 2021 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 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the board as at 31 March 2021 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 2020/21 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 five 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the board's ability to continue to adopt the going concern basis of accounting for a

period of at least twelve months from when the financial statements are authorised for issue.

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 judgements 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result 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.

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. This description forms part of my auditor's report.

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

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

Statutory other information

The Chief Finance Officer is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement

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 MA FCA CPFA

Audit Director

AuditScotland

4thFloor

102WestPort

Edinburgh

EH3 9DN

3 November 2021

Comprehensive Income and Expenditure Statement (CIES)

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

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.

Gross Expenditure 2019/20 £'000	Income 2019/20 £'000	Net Expenditure 2019/20 £'000		Gross Expenditure 2020/21 £'000	Income 2020/21 £'000	Net Expenditure 2020/21 £'000
18,764	(191)	18,573	Community Hospitals	17,420	(130)	17,290
36,085	(2,026)	34,059	Other Community Health Services	39,879	(1,799)	38,080
41,376	-	41,376	Primary Care	42,758	-	42,758
44,623	-	44,623	Primary Care Prescribing	44,224	-	44,224
9,089	(315)	8,774	Community Mental Health	10,157	(146)	10,011
15,638	-	15,638	Aberdeenshire Share of Hosted Services (health)	14,869	(50)	14,819
	-				-	
30,385		30,385	Set Aside Services	31,297		31,297
6,060	(191)	5,869	Management & Business Services	13,426	(102)	13,324
62,196	(5,563)	56,633	Adult Services	62,208	(4,974)	57,234
91,752	(8,924)	82,828	Older People, Physical & Sensory Disabilities	93,915	(8,804)	85,111
355,968	(17,210)	338,758	Cost of Services	370,153	(16,005)	354,148
	(337,470)	(337,470)	Taxation and Non- Specific Grant Income		(374,597)	(374,597)
		1,288	(Surplus) / Deficit on Provision of Services			(20,449)
		1,288	Total Comprehensive Income and Expenditure			(20,449)
See Notes 1-5, 9						

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.

General Fund Balance 2019/20 £'000	Movements in Reserves During 2020/21	General Fund Balance 2020/21 £'000
(1,405)	Opening Balance at 31 March 2020	(117)
1,288	Total Comprehensive Income and Expenditure	(20,449)
-	Adjustments between accounting basis and funding basis under regulations	-
1,288	(Increase) or Decrease in 2020/21	(20,449)
(117)	Closing Balance as at 31 March 2021	(20,566)

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.

2019/20 £'000		2020/21 £'000	Notes Ref
117	Short Term Debtors	20,566	6
117	Current Assets	20,566	
-	Short Term Creditors	-	
	Current Liabilities		
-		-	
117	Net Assets	20,566	
117	Usable Reserves	(20,566)	7
117	Total Reserves	(20,566)	
	Other Notes		10-11

The unaudited accounts were issued on 16 June 2021, and the audited accounts were authorised for issue on 3rd November 2021.

Chris Smith
 Chief Finance & Business Officer
 3 November 2021

Note 1 – Significant Accounting Policies

1.1 General Principles

The Annual Accounts summarises the Board's transactions for the 2020/21 financial year and its position at the year ended 31 March 2021.

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 2020/21 (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.

Note 1 – Significant Accounting Policies (continued)

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.

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.

Note 1 – Significant Accounting Policies (continued)

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.

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.

Note 1 – Significant Accounting Policies (continued)

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 2020/21 Code.

There are no new or amended Accounting Standards issued but not yet adopted that will have a material impact on the 2020/21 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 2020 £'000		31 March 2021 £'000
159,666	Services Commissioned from Aberdeenshire Council	169,299
195,859	Services Commissioned from NHS Grampian	200,431
146	Employee Benefit Expenditure	126
271	Insurance & Related Expenditure	270
26	Fees payable to Audit Scotland for services undertaken in the Code of Audit Practice	27
(11,105)	Service Income: Fees, Charges & Other Service Income	(10,429)
(280)	Service Income: Internal Allocations (not Trading Accounts)	(212)
(3,293)	Service Income: Aberdeenshire Council	(3,239)
(2,532)	Service Income: NHS Grampian	(2,125)
(337,470)	Partners Funding Contributions and Non- Specific Grant Income	(374,597)
1,288	Total Comprehensive (Income) / Expenditure	(20,449)

Note 5 – Taxation and Non-Specific Grant Income

31 March 2020 £'000		31 March 2021 £'000
114,859	Funding Contribution from Aberdeenshire Council	120,230
220,850	Funding Contribution from NHS Grampian	239,849
1,761	Partnership Funds	14,518
337,470	Taxation and Non-Specific Grant Income	374,597

The funding from NHS Grampian shown above includes £31,297,000 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 £14,518,000 are funds which are not directly attributable to the Aberdeenshire Council or NHS Grampian funding contributions. In 2020/21 they primarily in respect of earmarked Reserves allocated to the IJB by the Scottish Government.

Note 6 – Short Term Debtors

31 March 2020 £'000		31 March 2021 £'000
117	NHS Grampian	14,580
-	Aberdeenshire Council	5,986
117	Total Short Term Debtors	20,566

Note 7 – Usable Reserve: General Fund

31 March 2020 £'000		Transfers Out £'000	31 March 2021 £'000
	General Fund		4,597
	Earmarked:		
117	Primary Care Improvement Fund / Mental Health Action 15		4,666
	Covid-19		7,038
	Stonehaven Dental Practice		400
	Community Living Change Fund		815
	Risk Fund		3,050
117	General Fund		20,566

Usable Reserves are held for the following purposes:-

General Fund – represents the underspend against the Partnership’s revenue budget and can be used for purposes.

Primary Care Improvement Fund / Mental Health Action 15 – specific funding streams earmarked to support the roll out of the national General Medical Services contract for GPs and the provision of Mental Health workers in the Community.

Covid-19 – earmarked to meet the additional costs of dealing with the Covid-19 pandemic in 2021/22.

Stonehaven Dental Practice – earmarked for a project to relocate a dental practice in Stonehaven.

Community Living Change Fund – specific funding stream earmarked to support the repatriation of out of area placements back into Aberdeenshire.

Risk Fund – represents an earmarked fund to assist with the implementation of the Medium Term Financial Plan.

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.

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

31 March 2020 £'000		31 March 2021 £'000
4,339	Expenditure on Agency Services	4,057
(4,339)	Reimbursement for Agency Services	(4,057)
-	Net Agency Expenditure excluded from the CIES	-

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 2020 £'000		31 March 2021 £'000
(197,854)	NHS Grampian	(215,066)
(156,823)	Aberdeenshire Council	(175,533)
(354,677)	Total	(390,599)

Expenditure – Payments for the Delivery of Integrated Functions

31 March 2020 £'000		31 March 2021 £'000
196,032	NHS Grampian	200,605
159,933	Aberdeenshire Council	169,549
355,965	Total	370,154

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 2020/21 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 £31.297m is based on the uplifting the 2019/20 totals by an inflationary uplift of 3.0%. Activity analysis for the 2019/20 year on which the figures would normally be based has not been produced by Public Health Scotland due to the Covid-19 pandemic. The value will be updated in 2021/22 once more up to date cost and activity information becomes available at a national level.

Note 11 – Events After the Balance Sheet Date

The unaudited accounts were issued on 16 June 2021 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 2021, 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.