



Aberdeen City Health & Social Care Partnership
A caring partnership



Aberdeen City Integration Joint Board

Audited Annual Accounts 2019/20



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Management Commentary

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

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

Hosted Services

Intermediate care of the elderly and specialist rehabilitation

Sexual health

Acute mental health and learning disability

Hospital-Based Services

Accident and emergency services provided in a hospital

Inpatient hospital services relating to the following branches of medicine:

- (a) general medicine
- (b) geriatric medicine
- (c) rehabilitation medicine
- (d) respiratory medicine
- (e) palliative care
- (f) mental health
- (g) psychiatry of learning disability

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

The IJB sets the direction of ACHSCP via the preparation and implementation of the Strategic Plan and seeks assurance on the management and delivery of the

integrated services through appropriate scrutiny and performance monitoring, whilst ensuring the effective use of resources.

The IJB's Operations for the Year

Aberdeen is the third largest city in Scotland and provides Scotland with 15% of its Gross Added Value. Much of this value has come from the oil and gas industry. The oil price reduction in 2014 significantly affected the local economy and although there had been signs of recovery in recent years the coronavirus pandemic has again brought uncertainty to the economic future of the area.

Aberdeen has an estimated population (2018) of 227,560. This population is expected to rise to 229,783 (1.1 % increase) in ten years and 232,863 (2.3% increase) in twenty-five years. There is a mixture of affluent and deprived areas in the city with 29 of its 283 data zones recognised as being in the 20% of most deprived areas in the country (national share 2.08%). In terms of health and social care, the demand for services continues to rise each year. It is estimated that the over-65s accounted for 15.6% of the total population in Aberdeen in 2018 and this is forecast to increase to 17.8% (40,926) of the total population in ten years and to 19.3% (44,981) of the total population in twenty-five years.

Alongside this increase in demand there are rising costs and reduced funding available. We need to pick up the pace of transformation and start to do things differently in order to be able to continue to deliver services and positive outcomes for the people who use them.

During the financial year 2019/20 the IJB committed to:

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

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

In terms of the Strategic Plan, twelve specific year one commitments were made. Eight of these have been fully delivered with two others significantly progressed. For example, our Alcohol and Drugs, Mental Health, and Dental, Commissioning Plans have all been approved and work on our Living Well with Dementia and Transitions Plans is well progressed along with the development of local approaches to healthy diet and weight.

In addition, we are progressing the delivery of our Primary Care Improvement Plan and our work to support unpaid carers in Aberdeen. The Community Links Worker model has been fully rolled out and is delivering benefits in terms of linking people to appropriate service provision and enabling GPs to focus on patients with the highest needs. Our Delayed Discharge figures continue to fall, and we have created a multi-agency Disabled Adaptations Group to ensure the use of adapted housing stock across all tenures is maximised, reducing wait times for those most in need and minimising the need for expensive fit outs and refits where suitable property already exists within the City.

Progress has also been made on some of our Enablers, including developing and supporting our workforce, expanding our digital transformation (new and improved website and intranet, introduction of Office 365, and digitisation of health visiting), and making headway on some of our primary care infrastructure projects most notably the interim solution for the major Countesswells development to the south of the City

The revised partnership Strategic Plan 2019 – 22 identified the new three locality model which aims to ensure closer alignment with community planning structures and activities, better partner collaborations, more public clarity and a better focus on areas where people experience poorer outcomes.

A phased approach is being adopted, utilising a community engagement and empowerment approach to ensure that our citizens, people and partners work together through our localities to deliver our strategic plan. These phases are:

1. Supporting the establishment and development of three locality empowerment groups;
2. Redesign of staffing teams, aligned with our localities;
3. Upskilling and development of both locality empowerment groups and operational teams;
4. Integrated Locality Working.

These phases are not linear and during 2019/20 strong foundations have been put in place for phases 1, 2 & 3.

Towards the end of 2019/20 saw the start of the Covid-19 pandemic. As well as presenting a tremendous challenge to our citizens, staff and partners, the crisis also creates an opportunity to build on existing and newly forming community connections. Early plans are developing, working with the people in our communities to explore what opportunities for community resilience can be developed during the crisis to ensure strong, sustainable, supportive communities into the future.

In September 2019, the IJB approved a revised programme of transformation which aligns to support the delivery of our revised strategic plan. The programme covers the breadth of our partnership and is embedded into our revised leadership team structure, ensuring that it is aligned with mainstream service delivery.

The five programmes are:

- Demand Management,
- Prevention,
- Digital & Data,
- Conditions for Change,
- Accessible and Responsive Infrastructure.

The Medium-Term Financial Framework (MTFF) approved by the IJB on 10 March 2020 includes a forecast of the financial position for the next five financial years and will be reviewed annually. Contained in the MTFF were proposals to balance the 2020/21 budget which were fully aligned to the programme of transformation. The IJB continues to work to deliver on the ambitions of this MTFF and ensure financial balance.

During the financial year significant work was undertaken on our approach to strategic commissioning. This approach was approved by the IJB in September 2019. It guides the future commissioning activity within all aspects of the Partnership, and links to the demand management approach which allows us to focus our attention on value demand, ensuring the most appropriate and efficient means of meeting the needs of the population in the future.

Finally, the leadership team have been through a restructuring process. The new structure has been developed to aid delivery of the new IJB Strategic Plan, support better working between the sectors delegated to the IJB and ensure more cross system working.

The IJB's Position at 31 March 2020

The accounts for the year ended 31 March 2020 show a usable reserves position of £2,601,896 (£5,578,337 2018/19). A significant element of the 2018/19 funds has been committed and used in 2019/20. All the recurring funding has now been allocated and the IJB had agreed, through its Medium-Term Financial Framework, to use these funds. The IJB has a reserves strategy and during the 2017/18 budget process, they agreed to hold back £2.5 million earmarked reserves as a risk fund. As a result of additional financial pressures in 2019/20 this risk fund was used and now £1.3 million remains. It was agreed at the budget meeting on the 10 March 2020 not to replenish the risk fund due to the level of budget savings requiring to be achieved.

The majority of public sector organisations are facing challenges balancing their budgets in a context of increasing demand and costs, while the funding available is reducing in real terms. The 2020/21 budget was agreed on 10 March 2020 and included £5.7 million of budget reductions.

The major risk in terms of funding to the Integration Joint Board is the level of funding delegated from Aberdeen City Council and NHS Grampian and whether this is sufficient to sustain future service delivery. There is also a risk of additional funding being ring-fenced for specific priorities and policies, which means introducing

new projects and initiatives at a time when financial pressure is being faced on mainstream budgets.

The IJB has made arrangements with adult social care providers to allow the Scottish Living Wage to be paid in 2019/20. Local negotiations will be undertaken with social care providers to provide funding to pay the Scottish Living Wage of £9.30 per hour from 1 April 2020. This was possible due to additional funding being made available from the Scottish Government to implement this policy commitment.

Demand is expected to continue to rise given the increase in the number of over-65s forecast. At the same time the complexity of the care required is increasing due to improvements in medicine and the increased average life expectancy evidenced over the last few decades. This is evidenced by our increasing social care spend on clients with learning disabilities. Also, there are greater expectations being placed on our services by clients, and this, along with expectations from our other stakeholders, continues to drive performance on targets such as waiting times.

At the time of preparing the final accounts for 2019/20 and producing the 2020/21 Medium Term Financial Framework the impact of the coronavirus on the finances of the IJB were uncertain. Some of these financial consequences of the coronavirus will receive additional funding from the Scottish Government, however, at this time the position about where the additional costs will be incurred, and the level of any additional funding, requires further work. A report is being presented to the Integration Joint Board on 9 June which will explain the context and provide scenarios on potential funding levels. Discussions continue with Aberdeen City Council and NHS Grampian about their level of financial exposure and the IJB risk register is in the process of being updated to reflect the additional risk.

The IJB's Strategy and Business Model

Following approval of the refreshed Strategic Plan by the IJB in March 2019, work has been progressing on its implementation as detailed above.

When setting the Medium-Term Financial Framework and identifying the solutions to balance the 2020/21 budget the IJB agreed key objectives aligned to the programme of transformation that it will seek to deliver: -

Managing Demand

Review of pricing/charging – A workstream has been developed to review the charges included in the IJB budget. Whilst the budget for fees & charges was delegated to the IJB, the charging policy remains with the Council. Therefore, approval will be required from the Council to increase the fees & charges. The workstream will continue to review charges throughout the year with the intention of delivering an additional £300,000 per annum. The purpose of fees & charges for social care is to provide equity based on a financial assessment and to allow services to continue to be delivered to support the population.

Commissioned Services – Aberdeen City commissions the vast majority of its social care from third sector and independent care providers. Commissioning is the largest part of our available budget, accounting for over £100 million. A Strategic Commissioning Board has been established to review our contracts and the services which we commission. The focus of this Board will not only be to deliver services of a better or equivalent quality than currently commissioned, but also to do so at less cost. Commissioning decisions will continue to be made at the Integration Joint Board throughout the financial year.

Conditions for Change

Locums and Agency Staff – A review of the use of locum and agency staff within the Partnership to reduce the level of spend primarily in Woodend Hospital, Mental Health Community Services and the directly run medical practices. A cross-system group has been established to look at ways to fill these vacancies and, where this is not possible, consider redesigning services. The cross-system group has both management and clinical representation from the services identified above. Having clinical representation allows a balance to be maintained between reducing costs and clinical safety. In addition, we will place a strong focus on understanding and improving unplanned staff absences to reduce the reliance on supplementary staff. This will be aligned with service redesign to ensure we have workforce requirements which reflect available resource and future sustainable models of service delivery.

Localities – Work has commenced at a management level to engage with and support service managers as we move to a locality model which aims to maintain a sense of city wide, cross-system working. We will use a three-stage model to support the move to localities. Understanding what new models can and will look like will be an underpinning feature. This process will allow us to review and align our headcount as new models of care are developed. We have placed a conservative target on current figures of turnover and vacancies to identify the commitment and requirement to reduce the headcount to match available resources. It will reduce by 60 FTE as a result of this work and these reductions will come naturally.

Accessible and responsive infrastructure:

Medical Practices – Currently the Partnership manages six 2c (directly run) medical practices within the city. The remaining practices are run by GPs as independent contractors. The Partnership and will seek to develop new models for the 2c practices which encourage better collaboration and more cross-system working. This review will be data led and take consideration of the patient profile and the implications any changes may have on the wider health and social care system.

Data and Digital/Prevention:

Sustainable Services – This objective has a number of themes, such as seeking to reduce:

- the number of GP callouts,
- care home residents admitted to hospital, and
- the cost and volume of medicines being prescribed.

These themes will lead to improvements across both primary and secondary care sectors. The majority of the savings will come from seeking alternatives to medicines (social prescribing), ensuring our prescribing processes and management of patients using medicines is as efficient as it can be and also stopping the prescription of drugs where there is evidence of little clinical value. A cross-Grampian prescribing group provides recommendations to the Partnership on all prescribing matters. In addition, a key driver will be the use of technology to develop more efficient systems across community care which will impact on the key drivers.

Key Risks and Uncertainties

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

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

The IJB held a workshop in April 2018 on the Strategic Risk Register and the Board's Risk Appetite. As a result of the workshop, the revisions to both the Register and the Appetite Statement were submitted to the Audit & Performance Systems Committee for approval.

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

At its meeting on 12 February 2019, the committee monitored strategic risks 1-3 and provided comments which the Risk Owners have considered as part of the ongoing monitoring of the risks. At its meeting on 21 January 2020, the IJB resolved to approve the revised Risk Appetite Statement and the Strategic Risk Register. The risks that are classed as **High or Very High** risk on the Strategic Risk Register are detailed below.

1. There is a risk that there is insufficient capacity in the market (or appropriate infrastructure in-house) to fulfil the IJB's duties as outlined in the integration scheme. Commissioned services in this context include third and independent providers of care and supported living and independent providers of general medical services. Additional pressures from other parts of the system also add to market instability. For example, recruitment of care staff within a competing

market, reduction of available beds and the requirement to care for more complex people at home.

Mitigating Actions -

- The IJB's commissioning model has an influence on creating capacity and capability to manage and facilitate the market
 - Development of provider forum and peer mentorship to support relationship and market management. This includes a workshop on business continuity.
 - Risk fund set aside with transformation funding
 - Approved Reimaging Primary Care Vision and currently implementing the Primary Care Improvement Plan
 - Implementation of the new GMS Contract.
 - Provider Forum business continuity plan workshop
 - The development of risk predictor tools in association with the care inspectorate, and individual team escalation plans
2. There is a risk of IJB financial failure and projecting an overspend, due to demand outstripping available budget, which would impact on the IJB's ability to deliver on its strategic plan (including statutory work).

Mitigating Actions-

- Financial information is reported regularly to the Risk, Audit & Performance Committee, the Integration Joint Board and the Leadership Team.
 - Approved reserves strategy, including risk fund.
 - Robust financial monitoring and budget setting procedures including regular budget monitoring and budget meeting with budget holders.
 - Medium-Term Financial Framework was reviewed and approved at the IJB on 10th March 2020.
 - Risk, Audit & Performance Committee receives regular updates on transformation programme and spend.
 - The Leadership Team are committed to driving out efficiencies, encouraging self-management and moving forward the prevention agenda to help manage future demand for services. Lean Six Sigma methodology is being applied to carry out process improvements
3. There is a risk that hosted services do not deliver the expected outcomes, fail to deliver transformation of services, or face service failure and that the IJB fails to identify such non-performance through its own systems and pan-Grampian governance arrangements. This risk relates to services that Aberdeen IJB hosts on behalf of Moray and Aberdeenshire, and those hosted by those IJBs and delivered on behalf of Aberdeen City.

Mitigating Actions-

- This is discussed regularly by the three North East Chief Officers
- Regular discussion regarding budget with relevant finance colleagues.
- Chief Officers are beginning to consider the disaggregation of hosted services.

4. Failure of the transformation to delivery sustainable systems change, which helps the IJB deliver its strategic priorities, in the face of demographic & financial pressures

Mitigating Actions-

- Programme management approach being taken across whole of the transformation programme
 - Transformation team in place and all trained in Managing Successful Programmes methodology
 - Regular reporting to Executive Programme Board and Portfolio Programme Boards
 - Regular reporting to Risk, Audit and Performance Committee and Integration Joint Board
 - Six Sigma methodology being used to support delivery of the Strategic Plan, Medium Term Financial Framework and to ensure sustainability. An evaluation process is in place to track the delivery of change and efficiencies. A prioritisation process is in place to prioritise allocation of transformation resource.
 - A number of plans and frameworks have been developed to underpin our transformation activity across our wider system including: Reimagining Primary and Community Care Vision, Transformation Plan, Primary Care Improvement Plan, and Action 15 Plan.
 - Transformation team amalgamated with public health and wellbeing to give greater focus to localities.
5. There is a risk that the IJB does not maximise the opportunities offered by locality working.

Mitigating Actions-

- Continued broad engagement on locality working and requested development of comprehensive communication plan
 - Position Statement issued in August 2019
6. There is a risk that if the System does not redesign services from traditional models in line with the current workforce marketplace in the City this will have an impact on the delivery of the IJB Strategic Plan.

Mitigating Actions:

- ACHSCP Workforce Plan
- Active engagement with schools to raise ACHSCP profile (e.g. Developing the Young Workforce, Career Ready)
- Active work with training providers and employers to encourage careers in Health and Social Care (e.g. Foundation Apprenticeships/Modern Apprenticeships through NESCOL, working with Department for Work and Pensions)
- Greater use of commissioning model to encourage training of staff

- Increased emphasis on health/wellbeing of staff
 - Increased emphasis on communication with staff
 - Greater promotion of flexible working
 - Increased collaboration and integration between professional disciplines, third sector, independent sector and communities through Localities.
 - Increased monitoring of staff statistics (sickness, turnover, CPD, complaints etc) through Performance Dashboard, identifying trends.
 - Developing greater digitisation opportunities, e.g. using Text Messaging to shift emphasis from GPs to increased use of texts for pharmacology
7. There is a risk that ACHSCP is not sufficiently prepared to deal with the impacts of Brexit on areas of our business, including affecting the available workforce and supply chain.

Whilst the impact on health and social care services of leaving the EU is impossible to forecast, it is clear that a number of issues will need to be resolved. Key areas for health and social care organisations to consider include staffing; medical supplies; accessing treatment; regulation (such as working time directive and procurement/competition law, for example); and cross border issues.

Mitigating Actions-

- Mitigating actions have been developed on a national and local level through Scottish Government guidance and the ACC and NHSG EU exit steering groups respectively. These actions are linked to the Scottish Planning Assumptions (based on the reasonable worst-case scenario-no deal).
- The assumptions are:
 - Travel, Freight and Borders
 - Disruption of Services
 - Information and Data Sharing
 - Demonstrations and Disorder
 - Remote and Rural Scotland
 - Scottish Workforce
- As the Partnership does not directly employ staff, the Chief Officer will work closely with partners to ensure that as implications become clear the Partnership are able to best represent and meet the needs of all staff.
- The Partnership's Business Continuity Planning process is established which will identify key services to prioritise in any contingency event.
- Review Arm's Length External Organisations (ALEO) contingency plans. Request evidence of risk assessment and mitigation from ALEOS for assurance of ability to deliver against contract. This is being considered and scrutinised through the ALEO Hub governance arrangements.
- Survey of providers asking key questions on preparedness.
- A joint City and Shire Care Home providers workshop was held in May 2019 to discuss with providers their preparedness for any EU exit.
- Partnership took part in Exercise Pisces run by NHSG on the 19th of March 2020. This exercise tested the preparedness and reporting processes ahead of any EU exit situation.

8. There is a risk that the Coronavirus (Covid-19) outbreak leads to high numbers of incidences within the city, impacting public health and the delivery of essential health and care services through significantly increased demand and reduced workforce capacity. This reduced capacity arising as a result of frontline workforce absence and self-isolation requirements.

Mitigating Actions

- The Delay phase aims to:
 1. Slow the spread (and protect staff)
 2. Lower peak impact
 3. Push away from the winter season

- The Mitigate phase aims to:
 1. Deliver best care for those that are ill
 2. Support hospitals to deliver essential services
 3. Encourage people in the community who are ill to reduce the risk to others

- The Research Phase aims to:
 - Be flexible and responsive to current advice

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

The risk register is currently being updated on a weekly basis and passed through to the IJB so they can see the movements.

Analysis of the Financial Statements

The accounts show usable reserves of £2,601,896 at 31 March 2020 (£5,578,337 at 31 March 2019). This is largely due to unspent integration and change funds provided by the Scottish Government to the IJB via NHS Grampian. This level of reserve held is slightly improved from the level anticipated throughout the year in the budget monitoring reports.

Prescribing continues to be a major financial risk for the IJB. In 2019/20 this budget has overspent by £852,000 there was an increase in demand and price throughout the year, with the demand being influenced by the Brexit deadlines. Towards the end of 2019/20 the level of overspend started to stabilise, however, the by the middle of March 2020, costs started to increase due to the coronavirus pandemic. Additional funding was provided by the Scottish Government to cover any additional prescribing costs for this. This funding may require to be repaid from reductions in 2020/21 prescribing spend.

Hosted services continue to experience financial pressure (£1,341,000) with budget savings identified from temporarily closing a ward at Woodend Hospital not being achieved as a result of supplementary staffing to cover for sicknesses. A workstream has been developed which is seeking to reduce sickness levels and supplementary staffing across the IJB budgets in 2020/21.

Budgets for large hospitals are managed by NHS Grampian. The IJB has a notional budget representing the consumption of these services by residents. Under the Integration Scheme, the IJB is responsible for the strategic planning for these services.

The services covered include:

- accident and emergency services at Aberdeen Royal Infirmary and Dr Gray's - inpatient & outpatient;
- inpatient hospital services relating to general medicine, geriatric medicine, rehabilitation medicine, respiratory medicine, learning disabilities, old age psychiatry, general psychiatry;
- palliative care services provided at Roxburghe House, Aberdeen, and The Oaks, Elgin.

One of the key priorities of the IJB and reasons why the IJBs were established is to improve pathways and reduce the use of these services. During the financial year NHS Grampian advised that the Aberdeen City IJB's use of these services had increased slightly as highlighted below.

Set Aside	2016/17	2017/18	2018/19	2019/20
Budget	£46,732,000	£41,344,000	£46,416,000	£46,410,000
Days used	152,498	142,349	143,055	137,732

Aberdeen City IJB used 5,323 days less of the hospital services than in 2018/19. The reduced number of days have largely been negated by increases in the cost per bed days for the services. The IJB Senior Leadership Team are in the process of reviewing this data to see what actions can be taken to reduce hospital usage.

Sarah Duncan

Cllr Sarah Duncan
IJB Chair

11 August 2020



Sandra Macleod

Sandra Macleod
Chief Officer

11 August 2020



Alex Stephen

Alex Stephen
Chief Finance Officer

11 August 2020



**Independent auditor's report to the members of Aberdeen City Integration
Joint Board and the Accounts Commission**

Report on the audit of the financial statements

Opinion on financial statements

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

In our opinion the accompanying financial statements:

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

Basis for opinion

We conducted our 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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is 5 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

Risk of material misstatement

We have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risk of material misstatement that we identified and our conclusion thereon.

Responsibilities of the Chief Finance Officer and the Integration Joint Board 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 body'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 Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

In our 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 we are required to report by exception

We are required by the Accounts Commission to report to you if, in our 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
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our 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, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Michael Wilkie

for and on behalf of KPMG LLP

Chartered Accountants

319 St Vincent Street

Glasgow

G2 5AS

11 August 2020

Statement of Responsibilities

Responsibilities of the Integration Joint Board

The Integration Joint Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the Proper Officer of the Board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973); in this authority, that officer is the Chief 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).
- approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature.

Signed on behalf of the Aberdeen City Integration Joint Board

Sarah Duncan

Sarah Duncan
IJB Chair

11 August 2020

Responsibilities of the Chief Finance Officer

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

In preparing the Annual Accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Aberdeen City Integration Joint Board as at 31 March 2020 and the transactions for the year then ended.

Alex Stephen

Alex Stephen
Chief Finance Officer

11 August 2020

Remuneration Report

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditor to ensure it is consistent with the financial statements.

Remuneration: IJB Chair and Vice-Chair

The voting members of the IJB are appointed through nomination by Aberdeen City Council and NHS Grampian. The positions of IJB Chair and Vice-Chair alternate between a Councillor and a Health Board representative every two years.

The IJB does not provide any additional remuneration to the Chair, Vice-Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair and Vice-Chair appointments and any taxable expenses paid by the IJB are shown below.

Taxable Expenses 2018/19 £	Name	Post(s) Held	Nominated by	Taxable Expenses 2019/20 £
Nil	Jonathan Passmore	Chair 01/04/17 to 31/12/18 Vice Chair 01/01/19 to 26/3/19	NHS Grampian	Nil
Nil	Cllr Sarah Duncan	Chair 01/01/19 to 31/03/20 Vice Chair 18/05/17 to 31/12/18	Aberdeen City Council	Nil
Nil	Luan Grugeon	Vice-Chair 27/03/19 to 31/03/20	NHS Grampian	Nil
Nil	Total			Nil

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore, no pension rights disclosures are provided for the Chair or Vice-Chair.

Remuneration: Officers of the IJB

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

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB must be appointed and the employing partner must formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

Total 2018/19 £	Senior Employees	Salary, Fees & Allowances £	Taxable Expenses £	Total 2019/20 £
9,365	Judith Proctor Chief Officer 01/02/16 to 27/04/18 (FYE £112,383)	-	-	-
41,359	Sally Shaw Chief Officer 01/04/18 to 31/08/18	-	-	-
61,115	Sandra Macleod Chief Officer 3/09/18 to 31/03/20 (FYE £106,768)	106,768	-	106,768
71,214	Alex Stephen Chief Finance Officer 04/07/16 to 31/03/20	85,597	-	85,597
183,053	Total	192,365	-	192,365

FYE = Full Year Equivalent

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

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

Officer Name	Responsibility	Pension as at 31/3/2020 £000	Pension Difference from 31/3/2019 £000	Lump Sum as at 31/3/2020 £000	Lump Sum Difference from 31/3/2019 £000	Pension Contribution 2019/2020 £	Pension Contribution 2018/2019 £
Judith Proctor	Chief Officer 01/02/2016 – 27/04/2018	-	-	-	-	-	1,395
Sally Shaw	Chief Officer 01/04/18 - 31/08/18	-	-	-	-	-	7,982
Sandra Macleod	Chief Officer 3/09/18 to 31/03/20	3	2	-	-	22,941	9,106
Alex Stephen	Chief Finance Officer 01/07/2016 – 31/03/2020	24	2	33	1	16,520	13,744
						39,461	32,227

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

Disclosure by Pay Bands

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

Number of Employees in Band -2018/19	Remuneration Band	Number of Employees in Band – 2019/20
1	£60,000 - £64,999	0
1	£70,000 - £74,999	0
0	£85,000 - £89,999	1
0	£105,000 - £109,999	1

Exit Packages

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

Sandra Macleod

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Sandra Macleod

Chief Officer

11 August 2020

Sarah Duncan

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Sarah Duncan

Chair

11 August 2020

Annual Governance Statement

Scope of Responsibility

The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, safeguarding public funds and assets and making arrangements to secure best value in their use.

In discharging this responsibility, the Chief Officer has put in place arrangements for governance which include the system of internal control. This is designed to manage risk to a reasonable level but cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute assurance of effectiveness.

The IJB has a reliance on the Aberdeen City Council and NHS Grampian systems of internal control, which support compliance with both organisations' policies and promote achievement of each organisation's aims and objectives, as well as those of the IJB.

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

The Governance Framework

In this complex environment of circular assurances, it is important that the IJB has its own local code of corporate governance and regularly reviews performance against the governance principles included within this code. The IJB has developed an Assurance Framework in conjunction with the Good Governance Institute which provides readers with an understanding of the governance framework and the assurances that can be obtained from it.

The IJB agreed on 11 April 2017 at the Audit & Performance Systems Committee to adopt a local code of corporate governance which was built around the principles identified in the CIPFA\SOLACE¹ Delivering Good Governance in Local Government Framework (2016 Edition). The local code of governance is normally reviewed annually and reported to the same audit committee where the annual governance statement is approved. This code provides a list of documents\activities from an IJB, NHS Grampian and Aberdeen City Council perspective which provide assurance on the governance framework. However, this financial year it has not been reviewed due to the impact of the coronavirus on staffing levels. Therefore, the IJB will need to take assurance that the control environment and governance of the organisation has remained largely unchanged since the assurance received in 2018/19.

¹ CIPFA - The Chartered Institute of Public Finance and Accountancy

SOLACE – The Society of Local Authority Chief Executives

At the same meeting a review is normally undertaken by the Chief Finance Officer evaluating the IJB's governance environment against the governance principles detailed in the CIPFA document titled the 'The role of the chief financial officer in local government'. Again, this review has not been undertaken due to the impact of the coronavirus on staffing levels and assurance will need to be taken from the 2018/19 review.

A reliance has been placed on the previous versions of these documents where these arrangements remain unchanged, given the movements in control and governance environments has been minimal and these documents have been considered when preparing the Annual Governance Statement. This Annual Governance Statement was reviewed by the IJB on 12 May 2020.

Whilst both these documents were specifically written for local government the governance principles can be used by other public sector organisations. Also, the IJB is defined as a local government organisation per the Local Government (Scotland) Act 1973 and Aberdeen City Council has also adopted the governance principles from the delivering good governance document in its own local code of corporate governance.

Coronavirus Arrangements

In relation to the coronavirus pandemic the Partnership reduced its service delivery and prioritised services to allow it to deal with the implications of the coronavirus and support a reduction in the spread of the virus by undertaking social distancing and reducing contact with service users. In terms of the pandemic governance arrangements, the Partnership has reported through the business continuity arrangements of both the Council and the NHS. Governance arrangements have also been established in the Partnership where there are a number of meetings in the morning to assess the status of service delivery and this is reported to a daily meeting of the leadership team, staff side/unions and Bon Accord Care. At this meeting it is agreed what needs to be escalated and what can be agreed using the delegated authority of either the Chief Officer or Chief Finance Officer. These meetings are documented and supported by our Control Room which was established to aid the flow of information. The IJB has met twice since the start of the pandemic, the Clinical Care & Governance Committee has met once and the Risk, Audit and Performance Committee is due to start up again late August/early September.

Seven Governance Principles of local governance framework.

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

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

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

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

- caring
- person-centred
- enabling

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

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

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

Improvement activities undertaken during the year: The Standing Orders of the IJB have been reviewed and updated and were approved on 19 November 2019. The Terms of Reference for the two sub committees were reviewed and update at the same IJB meeting. A new Standards Officer was agreed by the IJB on 3 September 2019.
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Principle 2 – Ensuring openness and comprehensive stakeholder engagement,

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

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

Improvement activities undertaken during the year: The IJB approved a new Strategic Plan covering the next three financial years on 26 March 2019. This plan and a decision to alter the number of localities were widely consulted on with our partners, the third sector and residents. A significant engagement process was undertaken on the new care at home recommissioning exercise and the final specification was agreed on the 11th February 2020. An engagement and consultation protocol with the trade unions was agreed at the IJB on 21 January 2020.

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

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

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

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

Improvement activities undertaken during the year: The partnership has adopted the lean six sigma quality improvement methodology, has trained relevant staff and has undertaken and implemented several improvement projects using this methodology. The outcomes of some of these projects are directly informing, wider transformational activity across the partnership including the redesign of staffing teams aligned to localities and are part of our conditions for change programme. A strategic planning framework has been agreed and implemented for the large hospital services. A governance structure has been implemented to support this work including a cross system transformation board which include senior officers from the Council, NHSG and the IJBs.

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

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

Improvement activities undertaken during the year: The transformation programme fully aligns to the new Strategic Plan and seeks to mainstream existing projects, focusing on strategic performance indicators to measure impact and demonstrate meaningful change. The new plan requires greater focus on prevention, early intervention and addressing health inequalities which will have an impact on improving outcomes. A new governance structure has been implemented to support the programme.

Future Developments: Develop a programme to support the delivery of the leadership team objectives which will help deliver the savings identified in the Medium-Term Financial Framework.

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

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

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

Individuals: An induction programme has been established for the IJB which complements the induction programmes of NHS Grampian and Aberdeen City Council. Monthly newsletters are sent to all staff and an awards ceremony was held to celebrate achievements during the year. Staff surveys have been undertaken for Council staff and the 'iMatter' survey is undertaken annually. The outputs from these surveys are discussed by the IJB Leadership Team and any necessary improvement actions implemented.

Improvement activities undertaken during the year: The career ready programme and modern apprenticeships have been established within services. The Chief Officer is undertaking quarterly staff forums. Regular meetings have been held with the direct reports of the leadership team to promote the localities model and the leadership team objectives. A new leadership team structure has been implemented to allow Strategic Plan outcomes to be achieved.

Future Developments: Establish a leadership programme which helps instil the principles of cross system leadership throughout the partnership.

Principle 6 - Managing risk and performance through robust internal control and strong public financial management,

Risk: Two risk registers have been developed. The first is an IJB Strategic Risk Register and this documents the risk that the IJB may face in delivery of the Strategic Plan. The second register covers operational risks and is a summary of the departmental operational risk registers. The Strategic Risk Register is updated frequently and reported to the Risk, Audit and Performance Committee and the IJB.

Performance: A performance management framework has been developed for the IJB and is reported frequently to the Risk, Audit and Performance Committee and the IJB. Performance is also monitored by bi-monthly city sector performance review meetings, where the Chief Executives and senior finance officers from NHS Grampian and Aberdeen City Council discuss performance and finance in a structured meeting with the Chief Officer and Chief Finance Officer. Performance management information is provided at a national NHS level and also contained within the statutory performance indicators reported by the Council. An annual performance report is required as defined in the legislation (Public Bodies (Joint Working) (Scotland) Act 2014) underpinning the creation of the IJB.

Internal Controls: The internal control environment is largely delivered by the partner organisations given their operational remit. However, internal controls are evidenced in the IJB Integration Scheme and Financial Regulations. A review of the IJB internal controls is undertaken annually by the Chief Internal Auditor and his opinion on the adequacy of the internal control environment is highlighted below.

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

Improvement activities undertaken during the year: The Strategic Risk Register and Risk Appetite Statement were reviewed by the IJB in a workshop and subsequently formally approved. A performance dashboard has been implemented using an NHS software system called Tableau. The dashboard is the basis of all reporting from operational to strategic level.

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

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

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

Audit: The 2018/19 accounts received an unqualified audit opinion. The Risk, Audit and Performance Committee has received an internal audit plan from the Chief Internal Auditor and internal audit reports over the last financial year.

Improvement activities undertaken during the year: Work has been undertaken to review the clinical care governance arrangements in the partnership and the role of the Clinical Care Governance Committee in this process. A review has been undertaken of the role of the North East Partnership which has strengthened governance arrangements for hosted and large hospital services.

Future Developments: Continue to review and refine the clinical care governance framework and arrangements.

Review of Effectiveness

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

The Chief Internal Auditor has reviewed the IJB’s internal control framework and in his opinion reasonable assurance can be placed upon the adequacy and effectiveness of the Board’s framework of governance, risk management and control in the year to 31 March 2020.

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

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

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

The work undertaken against the improvement actions highlighted in the 2019/20 annual governance statement is detailed in the improvement activities undertaken during the year sections detailed above.

It is recognised that the IJB’s governance framework is evolving as it matures, and that future development work is required to provide further assurance against the governance principles. A summarised list of the 2020/21 improvement actions is shown directly below:

	Area for Improvement and Outcome to Be Achieved	Improvement Action Agreed	Responsible Party	Completion Date
1.	Transformation Programme	Create Programme Management Structure	Transformation Lead	31 March 2021
2.	Clinical Care Governance	Review arrangements	Clinical Lead	31 March 2021
3.	Leadership Development	Implement new programme to support cross system leadership	SOARS Lead	31 March 2021

In addition, the review of the effectiveness of the governance arrangements and systems of internal control within Aberdeen City Council and NHS Grampian places reliance upon the individual bodies’ management assurances in relation to the soundness of their systems of internal control.

Accordingly, the following notes support the reliance that is placed upon those systems:

i) Aberdeen City Council’s governance framework

Aberdeen City Council’s governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its outcomes given the crucial role

of governance, performance management and risk management in improving stewardship and how we do business. Reviewing our governance activity enables us to consider whether those objectives have led to the delivery of appropriate, cost effective services to the citizens of Aberdeen.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, or comply with controls, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to: -

- identify and prioritise the risks to the achievement of the Council's outcomes;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage those risks efficiently, effectively and economically.

The Audit, Risk & Scrutiny Committee has a key role in this, and an annual report of its activities and effectiveness will be considered by the committee and referred to Council for its consideration. This demonstrates improved transparency, understanding and challenge of the activity and outcomes from the Audit, Risk & Scrutiny Committee. The Council has an approved Local Code of Corporate Governance which sets out their commitment to the seven principles recommended in the CIPFA / SOLACE Framework 2016, by citing the primary sources of assurance which demonstrate the effectiveness of the systems of internal control.

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

Principle B: Ensuring openness and comprehensive stakeholder engagement

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

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

Principle F: Managing risk and performance through robust internal control and strong public financial management

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

The Code, approved by Council on 15 March 2017, can be viewed on the Council's website.

In summary the Council has undertaken a self-evaluation of its Local Code of Corporate Governance as at 31 March 2020. This demonstrates that reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council and its systems of governance. As the interim transitional structure continues to embed and as working practices are improved through digital design and delivery, levels of assurance are expected to increase.

The Chief Executive and Co-Leaders of the Council have certified that this review demonstrates sufficient evidence that the Code of Corporate Governance operates effectively and provides a clear pathway for the enhancement of the governance arrangements over the coming year. They are satisfied that the programme of improvement actions will help to raise the standard of governance and provide assurance to their internal and external auditors, and other bodies with a role to play in evaluating their structures. They are also satisfied that their implementation and operation will be monitored closely as part of the next annual review.

ii) NHS Grampian governance framework

NHS Grampian is required to operate within the aspects of the Scottish Public Finance Manual (SPFM) which are set out within the guidance issued to Chief Executives and more generally to all Board members by the Scottish Government Health and Social Care Directorates as being applicable to NHS Boards. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

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

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

- A Board which meets regularly to discharge its governance responsibilities, set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive Directors and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available;
- The Board receives regular reports on Healthcare Associated Infection and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities;

- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board are subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements;
- Mature and organisation wide risk management arrangements built on localised risk registers and processes which ensure, as appropriate, escalation of significant instances of non-compliance with applicable laws and regulations;
- Dedicated full time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas.
- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance, engagement and participation, staff governance, clinical governance, audit committee and from the Chair of the Endowment Trustees concerning any significant matters on governance, risk and internal controls;
- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters.
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;
- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;
- An active joint management and staff partnership forum with staff side representation embedded in all key management teams and a dedicated full time Employee Director who is a member of the Board;
- Regular review of priorities for infrastructure investment and progress against the agreed Asset Management Plan by an Asset Management Group chaired by a Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;
- Clear allocation of responsibilities to ensure we review and develop our organisational arrangements and services in line with national standards and guidance including consultation with all stakeholders on service change proposals to inform decision making;
- Promotion of effective cross sector governance arrangements through participation by the IJB Board members and the Chief executives of each of the partner organisations in the North East Partnership forum, regular meetings between the Chief Executives of all Public Sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery;
- A patient feedback service to record and investigate complaints and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches; and
- Separate governance arrangements for the NHS Grampian Endowment Funds including a separate and distinct Chair of the Trustees, elected from within the

body of the Trustees, an annual general meeting of all Trustees to agree all policy matters and an Endowment Sub Committee of Trustees with delegated authority to manage the day to day operational matters of the charity.

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

Certification: Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and action plans are in place to identify areas for improvement. It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeen City Integration Joint Board's systems of governance.

Sandra Macleod

Sarah Duncan

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Sandra Macleod

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Sarah Duncan

Chief Officer

Chair

11 August 2020

11 August 2020

Comprehensive Income and Expenditure Statement

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

2018/19			2019/20			
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	
£	£	£	£	£	£	
31,594,608	0	31,594,608	Community Health Services	34,797,252	0	34,797,252
22,330,324	0	22,330,324	Aberdeen City share of Hosted Services (health)	24,234,025	0	24,234,025
34,621,408	0	34,621,408	Learning Disabilities	35,146,542	0	35,146,542
19,992,884	0	19,992,884	Mental Health & Addictions	20,240,395	0	20,240,395
74,255,297	0	74,255,297	Older People & Physical and Sensory Disabilities	78,465,627	0	78,465,627
171,352	0	171,352	Head office/Admin	1,783,412	0	1,783,412
5,110,341	(5,011,925)	98,416	Criminal Justice	4,734,327	(4,642,640)	91,687
1,860,555	0	1,860,555	Housing	1,477,205	0	1,477,205
40,316,656	0	40,316,656	Primary Care Prescribing	40,842,789	0	40,842,789
38,885,208	0	38,885,208	Primary Care	41,140,761	0	41,140,761
1,689,920	0	1,689,920	Out of Area Treatments	2,000,719	0	2,000,719
46,416,000	0	46,416,000	Set Aside Services	46,410,000	0	46,410,000
5,652,733	0	5,652,733	Transformation	3,778,609	(96,814)	3,681,795
322,897,286	(5,011,925)	317,885,361	Cost of Services	335,051,663	(4,739,454)	330,312,209
0	(315,156,733)	(315,156,733)	Taxation and Non-Specific Grant Income (Note 5)	0	(327,335,768)	(327,335,768)
322,897,286	(320,168,658)	2,728,628	Surplus or Deficit on Provision of Services	335,051,663	(332,075,222)	2,976,441
		2,728,628	Total Comprehensive Income and Expenditure			2,976,441

There are no statutory or presentation adjustments which affect the IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these annual accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movements in Reserves During 2019/20	General Fund Balance	Total Reserves
	£	£
Opening Balance at 31 March 2019	(5,578,337)	(5,578,337)
Total Comprehensive Income and Expenditure	2,976,441	2,976,441
Adjustments between accounting basis and funding basis under regulation	-	-
(Increase) or Decrease in 2019/20	2,976,441	2,976,441
Closing Balance at 31 March 2020	(2,601,896)	(2,601,896)

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

Balance Sheet

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

31 Mar 2019		Notes	31 Mar 2020
£			£
8,147,834	Short term Debtors	(6)	2,626,540
8,147,834	Current Assets		2,626,540
(2,569,497)	Short term Creditors	(7)	(24,644)
(2,569,497)	Current Liabilities		(24,644)
5,578,337	Net Assets		2,601,896
(5,578,337)	Usable Reserve: General Fund	(8)	(2,601,896)
-	Unusable Reserve:		-
(5,578,337)	Total Reserves		(2,601,896)

The audited accounts were issued on 9 June 2020

Alex Stephen

Alex Stephen
Chief Finance Officer

11 August 2020

Usable reserves may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable Reserves includes reserves relating to statutory adjustments as shown in the Movement in Reserves Statement.

Notes to the Financial Statements

1. Significant Accounting Policies

General Principles

The Financial Statements summarises the authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020.

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

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The Chief Finance Officer is responsible for making an annual assessment of whether it is appropriate to prepare the accounts on a going concern basis. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, an entity's financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the Integration Joint Board will continue in operational existence for the foreseeable future if it can only be discontinued under statutory prescription.

The Integration Joint Board has a track record of preparing a balanced budget which incorporates required savings. In late 2019-20 and throughout 2020-21 Covid-19 will have a significant impact on the finance and operations of the Integration Joint Board. Council. Work has commenced to assess the impact as outlined on page 7 and mitigating actions to return to a balanced budget were presented to a meeting of the Board on 9 June 2020.

The Integration Joint Board relies on funding from its partners which, are required under the Integration Scheme, to contribute to the Board to the extent requested. In addition, the Integration Scheme establishes the mechanism in which any overspend or underspend incurred by the Board will be shared or met by the partner bodies. The partner bodies are also considered to be going concern. Taken together, the Chief Finance Officer has determined that it remains appropriate to prepare the financial statements on a going concern basis.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received, and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down

Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, Aberdeen City Council and NHS Grampian. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Aberdeen City.

Cash and Cash Equivalents

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

Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March is accrued, for example in relation to annual leave earned but not yet taken. In the case of Aberdeen City IJB any annual leave earned but not yet taken is not considered to be material.

Reserves

The IJB is permitted to set aside specific amounts as reserves for future policy purposes. Reserves are generally held to do three things:

- create a working balance to help cushion the impact of uneven cash flows – this forms part of general reserves;
- create a risk fund to cushion the impact of unexpected events or emergencies; and

- create a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

The balance of the reserves normally comprises:

- funds that are earmarked or set aside for specific purposes; and
- funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies.

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged against the appropriate line in the Income and Expenditure Statement in that year to score against the Surplus/Deficit on the Provision of Services. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Grampian and Aberdeen City Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

Support Services

Corporate support services (finance, legal and strategy) are provided by Aberdeen City Council and NHS Grampian at no cost to the IJB and it is not possible to separately identify these costs. To the extent that delegated services include an element of overheads and support services costs, these will be included within the appropriate line within the Income and Expenditure statement.

2. Critical Judgements and Estimation Uncertainty

The Financial Statements include some estimated figures. Estimates are made taking into account the best available information, however actual results could be materially different from the assumptions and estimates used. The key items in this respect are listed below.

Provisions

No financial provision for any future events has been made by the IJB in this accounting period.

3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the IJB's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The Audited Annual Accounts were authorised for issue by the Chief Finance Officer on 9 June 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

4. Expenditure and Income Analysis by Nature

2018/19		2019/20
£		£
128,849,426	Services commissioned from Aberdeen City Council	131,329,124
194,018,459	Services commissioned from NHS Grampian	203,693,139
-	Employee Benefits Expenditure	-
-	Insurance and Related Expenditure	-
29,400	Auditor Fee: External Audit	29,400
-	Auditor Fee: Other	-
(5,011,925)	Service Income: Aberdeen City Council	(4,739,454)
-	Service Income: NHS Grampian	-
(315,156,732)	Partners Funding Contributions and Non-Specific Grant Income	(327,335,768)
2,728,628	(Surplus) or Deficit on the Provision of Services	2,976,441

5. Taxation and Non-Specific Grant Income

2018/19		2019/20
£		£
(86,855,919)	Funding Contribution from Aberdeen City Council	(90,909,671)
(228,300,813)	Funding Contribution from NHS Grampian	(236,426,097)
(315,156,732)	Taxation and Non-specific Grant Income	(327,335,768)

The funding contribution from the NHS Board shown above includes £46,410,000 in respect of 'set-aside' resources relating to acute hospital and other resources. These are provided by the NHS, which retains responsibility for managing the costs of providing the services. The IJB, however, has responsibility for the consumption of, and level of demand placed on, these resources.

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

6. Debtors

31 Mar 19		31 Mar 20
£		£
8,147,834	NHS Grampian	2,626,540
8,147,834	Debtors	2,626,540

Amounts owed by the funding partners are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

7. Creditors

31 Mar 19		31 Mar 20
£		£
(2,569,497)	Aberdeen City Council	(24,644)
(2,569,497)	Creditors	(24,644)

Amounts owed to the funding partners are stated on a net basis. Debtor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

8. Usable Reserve: General Fund

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

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

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

2018/19				2019/20			
Balance at 1 April 2018	Transfers In	Transfers Out	Balance at 31 March 2019		Transfers In	Transfers Out	Balance at 31 March 2020
£	£	£	£		£	£	£
(500,000)	-	500,000	-	Equipment	-	-	-
				Earmarked External Funding	(682,198)	-	(682,198)
(2,639,806)	-	1,059,945	(1,579,861)	Primary Care	-	1,579,861	-
-	(281,152)	-	(281,152)	PCIP*	-	208,388	(72,764)
-	(666,404)	-	(666,404)	ADP*	-	90,404	(576,000)
(3,417,159)	(399,806)	3,266,045	(550,920)	Integration +Change	-	550,920	-
(6,556,965)	(1,347,362)	4,825,990	(3,078,337)	Total Earmarked	(682,198)	2,429,573	(1,330,962)
(1,750,000)	(750,000)	-	(2,500,000)	Risk Fund	-	1,229,066	(1,270,934)
(8,306,965)	(2,097,362)	4,825,990	(5,578,337)	General Fund	(682,198)	3,658,639	(2,601,896)

* PCIP – Primary Care Improvement Funds

* ADP – Alcohol & Drugs Partnership Funding

9. Agency Income and Expenditure

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

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

2018/19		2019/20
£		£
1,269,269	Expenditure on Agency Services	1,299,409
(1,269,269)	Reimbursement for Agency Services	(1,299,409)
-	Net Agency Expenditure excluded from the CIES	-

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

2018/19 £		2019/20 £
6,374,360	Expenditure on Agency Services	6,953,611
(6,374,360)	Reimbursement for Agency Services	(6,953,611)
-	Net Agency Expenditure excluded from the CIES	-

10. Related Party Transactions

The IJB has related party relationships with the NHS Grampian, Aberdeen City Council and Bon Accord Care/Bon Accord Support Services. The nature of these relationships means that the IJB may influence, and be influenced by, these parties. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

NHS Grampian

2018/19 £		2019/20 £
(228,300,813)	Funding Contributions received from the NHS Board*	(236,426,097)
-	Service Income received from the NHS Board	-
193,901,170	Expenditure on Services Provided by the NHS Board	203,499,055
117,289	Key Management Personnel: Non-Voting Board Members	194,084
(34,282,354)	Net Transactions with the NHS Grampian	(32,732,958)

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include the Chief Officer and the Clinical Director. Details of the remuneration for some specific post-holders is provided in the Remuneration Report

*Includes resource transfer income of £34,126,140.

Balances with NHS Grampian

31-Mar-19		31-Mar-20
£		£
8,147,834	Debtor balances: Amounts due from the NHS Board	2,626,540
-	Creditor balances: Amounts due to the NHS Board	-
8,147,834	Net Balance with the NHS Grampian	2,626,540

Transactions with Aberdeen City Council

2018/19		2019/20
£		£
(86,855,919)	Funding Contributions received from the Council	(90,909,671)
(5,011,925)	Service Income received from the Council	(4,739,454)
128,730,637	Expenditure on Services Provided by the Council	131,245,785
148,189	Key Management Personnel: Non-Voting Board Members	112,739
37,010,982	Net Transactions with Aberdeen City Council	35,709,399

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

31-Mar-19		31-Mar-20
£		£
-	Debtor balances: Amounts due from the Council	-
(2,569,497)	Creditor balances: Amounts due to the Council	(24,644)
(2,569,497)	Net Balance with the Aberdeen City Council	(24,644)

Transactions with Bon Accord Care (BAC) and Bon Accord Support Services (BASS)

Bon Accord Care Limited and Bon Accord Support Services Limited are private companies limited by shares which are 100% owned by Aberdeen City Council. Bon Accord Care provides regulated (by the Care Inspectorate) care services to Bon Accord Support Services which in turn delivers both regulated and unregulated adult social care services to the Council.

31-Mar-19		31-Mar-20
£		£
(980,261)	Service Income received from the Council	(1,080,280)
29,010,581	Expenditure on Services Provided by the Council	30,434,398
28,030,320	Net Transactions with BAC/BASS	29,354,118

11. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Glossary of Terms

While the terminology used in this report is intended to be self-explanatory, it may be useful to provide additional definition and interpretation of the terms used.

Accounting Period

The period of time covered by the Accounts, normally a period of 12 months commencing on 1 April each year. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.

Asset

An item having value to the IJB in monetary terms. Assets are categorised as either current or non-current. A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock). A non-current asset provides benefits to the IJB and to the services it provides for a period of more than one year.

Audit of Accounts

An independent examination of the IJB's financial affairs.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Consistency

The concept that the accounting treatment of like terms within an accounting period and from one period to the next is the same.

Contingent Asset/Liability

A Contingent Asset/Liability is either:

- A possible benefit/obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the IJB's control; or
- A present benefit/obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

Creditor

Amounts owed by the IJB for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

Debtor

Amount owed to the IJB for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

Entity

A body corporate, partnership, trust, unincorporated association or statutory body that is delivering a service or carrying on a trade or business with or without a view to profit. It should have a separate legal personality and is legally required to prepare its own single entity accounts.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the IJB and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

Government Grants

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the IJB. These grants may be specific to a particular scheme or may support the revenue spend of the IJB in general.

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IRAG

Integration Resources Advisory Group.

LASAAC

Local Authority (Scotland) Accounts Advisory Committee.

Liability

A liability is where the IJB owes payment to an individual or another organisation. A current liability is an amount which will become payable or could be called in within the next accounting period e.g. creditors or cash overdrawn. A non-current liability is an amount which by arrangement is payable beyond the next year at some point in the future or will be paid off by an annual sum over a period of time.

Provisions

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PSIAS

Public Sector Internal Audit Standards.

Related Parties

Bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. For the IJB's purposes, related parties are deemed to include voting members, the Chief Officer, the Chief Finance Officer and their close family and household members.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the monetary value of any other benefits received other than incash.

Reserves

The accumulation of surpluses, deficits and appropriation over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB.

Revenue Expenditure

The day-to-day expenses of providing services.

Significant Interest

The reporting authority is actively involved and is influential in the direction of an entity through its participation in policy decisions.

SOLACE

Society of Local Authority Chief Executives.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom.