

Shetland Islands Health and Social Care Partnership

 Shetland NHS Board	 Shetland Islands Council
Enquiries to Leisel Malcolmson, Committee Officer Direct Line: 01595 744599 E-mail: leisel.malcolmson@shetland.gov.uk	
8 July 2020	

Dear Member

IJB Audit Committee

Thursday 16 July 2020 at 2 p.m.

Remote Link

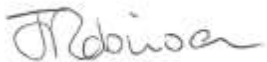
Please note that because of the current COVID-19 (Coronavirus) pandemic, and as permitted by legislation, this meeting will not be open to members of the public.

This meeting will take place by remote means, by video and teleconference, for Voting and Non-Voting Members and advising officers only. Joining details will be sent separately to those attending.

Public reports are available on the Council's website. The actions and decisions taken at the meeting will be published on the Council's website as soon as possible thereafter.

Apologies for absence should be notified to SIC Committee Services on 01595 744599.

Yours sincerely



Josephine Robinson
Interim Chief Officer

Chair: S Manson

Vice-Chair: R McGregor

AGENDA

ITEM	
A	Welcome and Apologies
B	Motion to Suspend Standing Order 5.8 in relation to Public Attendance at Meetings.
C	Declaration of interests - Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
D	Confirm the minutes of the meeting held on 6 February 2020, enclosed.
1	Unaudited Accounts 2019/20 <i>F-030</i>



MINUTES – PUBLIC

Meeting	Integration Joint Board Audit Committee
Date, Time and Place	Thursday 6 February 2020 at 2pm Bressay Room, NHS Shetland HQ, Burgh Road, Lerwick
Present [Members]	<u>Voting Members</u> Jane Haswell Shona Manson Robbie McGregor <u>Non-Voting Members</u> Simon Bokor-Ingram, IJB Chief Officer Karl Williamson, IJB Chief Financial Officer
In attendance [Observers/Advisers]	Charlotte Jones, Solicitor, SIC Caroline Laing, Trainee Solicitor, SIC Jan Riise, Executive Manager – Governance and Law, SIC Gary Robinson, Chair of the NHS Board Leisel Malcolmson, Committee Officer, SIC <i>[note taker]</i>
Apologies	Emma Macdonald, Chair Denise Morgan, Chief Social Work Officer
Also in attendance	Allison Duncan, IJB Vice-Chair Connor Healy, Deloitte LLP (by telephone - item 2) Duncan Black, Chief Internal Auditor, SIC (by telephone - item 4)
Chairperson	Shona Manson, Vice-Chair of the IJB Audit Committee, presided.
Declarations of Interest	None
Minutes of Previous Meetings	<p>The minutes of the meeting held on 13 March 2019 was confirmed on the motion of Mr McGregor, seconded by Ms Manson.</p> <p>The minutes of the meeting held on 27 June 2019 was confirmed on the motion of Mrs Haswell, seconded by Mr McGregor.</p> <p>The minutes of the meeting held on 26 September 2019 was confirmed on the motion of Mrs Haswell, seconded by Mr McGregor.</p>

01/20	Accounts Commission – Local Government in Scotland, Financial Overview 2018/19
CC-03-20-F	<p>The IJB Audit Committee considered a report by the Chief Financial Officer that presented the Accounts Commission overview of the 2018/19 financial year.</p> <p>The Chief Financial Officer introduced the report and in responding to a question on the current practice of working with a deficit position and last minute resolution, he explained the importance of looking at how the budgets are set. He said that there is a move towards zero based budgeting with less onus on contingency going forward, however that process was yet to be finalised. He agreed that relying on top up payments from the NHS at the end of the financial year was not sustainable.</p> <p>The Chief Financial Officer went on to advise that there had been discussions with the health board to improve IJB budget profiling and that these improvements would be reflected in the 2020/21 budget.</p> <p>Following some further discussion the Chief Financial Officer said that it was important to implement and track savings in a better way as we move into 2020/21.</p>
Decision	The IJB Audit Committee NOTED the content of the report.
02/20	Annual Audit Plan 2019/20
F-003-F	<p>The IJB Audit Committee considered a report by the Chief Financial Officer, which provided information on the work that external auditors will undertake to review and assess the governance and performance of the Shetland Islands Integration Joint Board (IJB) in 2019/20.</p> <p>Mr Healy, Deloitte LLP, joined the meeting by telephone link and presented the detail within the Annual Audit Plan for 2019/20.</p> <p>During questions, it was noted that the Audit fees had increased by 6%, which is beyond inflation. Mr Healy explained that the fees are set by Audit Scotland and agreed with Management. The Chief Financial Officer stated that the Chief Finance Officer Group would undertake to write to Audit Scotland regarding fees and feed back to Members on any response received.</p>
Decision	The IJB Audit Committee NOTED the contents of the Audit Plan 2019/20 for Shetland Islands Integration Joint Board (Appendix 1) from its external auditors, Deloitte LLP.
03/20	Integration Self Evaluation Development Plan – update January 2020
CC-04-20-F	The IJB Audit Committee considered a report by the Interim IJB Chief Officer that informed on progress against the Development Plan in response to the Self Evaluation on Integration, as set out in Appendix 1.

	<p>The IJB Chief Officer introduced the report and commented that there was still a lot of work to do across all areas.</p> <p>In responding to a question in regard to the timescales involved, the Chief Officer advised that the review of the Integration Scheme would be complete by June 2020. In addition, Mr Healy confirmed that in legislation there was a legal requirement for the Integration Scheme to be reviewed within 5 years. He said that the recommendations from the review would underpin any changes required.</p> <p>The Chief Officer responded to a question in regard to the integration of funds and the need for pooled budgets and agreed that this was the most effective way to achieve outcomes on objectives. He said however that the block to that, not only for the partnership, was the requirement to understand how the pound is being used. He provided the Drug and Alcohol scheme and the Intermediate Care Team as examples of where good outcomes had been achieved. He said that it was clear to see where the money had been used and outcomes were being achieved.</p> <p>The Chief Financial Officer added that Members of the IJB had the power to pool its budget and that the allocation received is applied through to the strategic commissioning plan. He said that the barrier to that was the NHS do not provide a fully funded budget and there is a £2.5m savings target to resolve.</p> <p>The Chair said that it was within the IJB's gift to effect change.</p>
Decision	The IJB Audit Committee REVIEWED progress against the Development Plan in response to the Self Evaluation on Integration, as set out in Appendix 1.
04/20	Internal Audit Review of Directions
CRP-05-19-F	<p>The IJB Audit Committee noted a report by the Chief Internal Auditor that presented an overview of the review of Directions.</p> <p>The Chief Internal Auditor attended the meeting through telephone link, and introduced the report.</p> <p>The Executive Manager – Governance and Law advised the IJB Audit Committee that a very recent announcement had been made in regard to Statutory Guidance on Integration Self Evaluation. He advised that he would prepare a full report for the next meeting of the IJB. The Executive Manager – Governance and Law assured the IJB Audit Committee that the template was in place and was being applied in most, if not all areas, but there were matters that needed to be addressed going forward and the report would provide the opportunity for good scrutiny.</p>
Decision	The IJB Audit Committee NOTED the content of the report.

05/20	IJB Audit Committee Business Programme 2020/21
CC-01-20-F	<p>The IJB Audit Committee considered and approved a report by the Interim IJB Chief Officer that sought approval of planned business to be presented over the financial year to 31 March 2021.</p> <p>The IJB Chief Officer introduced the report and advised that Action Tracker - Item 1 could be removed. It was agreed that the Committee Officer would issue diary invites for the meeting dates presented in the business programme.</p>
Decision	The IJB Audit Committee RESOLVED to consider and approve its business planned for the financial year to 31 March 2021 including any changes or additions identified.
06/20	Date of Next and Future meetings
	<p>The IJB Audit Committee next meeting date will be:</p> <p>23 April 2020</p> <p>Future meeting dates:</p> <p>25 June 2020 27 August 2020 24 September 2020 26 November 2020 18 February 2021 11 March 2021</p>
Decision	The IJB Audit Committee NOTED the meeting dates for the remainder of the financial year.

The meeting concluded at 3pm.

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CHAIR



Shetland Islands Council

Agenda Item

1

Meeting(s):	Integration Joint Board Audit Committee Integration Joint Board (IJB)	16 July 2020 16 July 2020
Report Title:	Unaudited Accounts 2019/20	
Reference Number:	F-030	
Author / Job Title:	Karl Williamson/IJB Chief Financial Officer	

1.0 Decisions / Action required:

- 1.1 That the IJB Audit Committee and Integration Joint Board:
 - a) CONSIDER the 2019/20 Unaudited Annual Accounts for the Shetland Integration Joint Board (Appendix 1) and;
 - b) CONSIDER the information at section 4.0 that highlights the key issues from the 2019/20 accounts.
- 1.2 That the IJB Audit Committee and Integration Joint Board approves the Annual Governance Statement 2019/20 that forms part of the accounts (Appendix 1).

2.0 High Level Summary:

- 2.1 The Local Authority Accounts (Scotland) Regulations 2014 require the IJB to prepare and publish a set of accounts, including an annual governance statement, by 30 June each year.
- 2.2 Due to the Coronavirus pandemic, and in line with Schedule 6, Paragraph 8(2) of the Coronavirus (Scotland) Act 2020, the IJB issued a public notice on 17 June 2020, postponing the publication of the unaudited annual accounts to 20 July 2020.
- 2.2 The Local Authority Accounts (Scotland) Regulations 2014 require the unaudited accounts to be formally considered by the IJB and IJB Audit Committee no later than 31 August 2020 each year. The Annual Governance Statement should also be formally approved at this time. The IJB would ordinarily meet to consider its unaudited accounts before the end of June, prior to submitting the unaudited accounts to the external auditor. As the publication of its unaudited accounts was deferred, today's meeting allows the IJB to meet that obligation.
- 2.3 The accounts are then subject to external audit by the IJB's appointed auditor, Deloitte LLP. The Local Authority Accounts (Scotland) Regulations 2014 require the IJB to consider the audited accounts and aim to approve those accounts for signature no later than 30 September. The audited accounts are due to be presented to the IJB Audit Committee and IJB on 24 September 2020, however due to the Coronavirus pandemic this may be delayed and is dependent on both the IJB and its external auditor adhering to the pre-agreed audit timetable. In line with guidance issued by the Scottish Government, Local Government Finance Circular 10/2020, the Scottish Ministers consider it reasonable that an IJB publishes its audited Annual Accounts no later than 30 November 2020. Members will be advised if the September deadline cannot be met should the audit process encounter any further delays.

3.0 Corporate Priorities and Joint Working:

- 3.1 The annual accounts is a key element of the IJB's overall governance and reporting arrangements and helps to assess its ability to provide best value and deliver its priorities as outlined in the Strategic Commissioning Plan.

4.0 Key Issues:

- 4.1 The unaudited accounts include the following primary financial statements:
- Comprehensive Income and Expenditure Statement – this shows the accounting cost in the year of providing services in accordance with generally accepted practices (GAAP).
 - Balance Sheet – this shows the value of all assets and liabilities recognised by the IJB. The net assets of the IJB stand at £0.978m as at 31 March 2020.
- 4.2 The Management Commentary provides an overview of the most significant matters in the Accounts. The key points are summarised for members' consideration below:
- The IJB made an accounting surplus of £0.073m in 2019/20, due to underspend in the year of Scottish Government Additionality Funding and other specific NHSS Funding which will be carried forward into 2020/21;
 - The IJB oversaw service strategic initiatives and activities, continuing to identify and implement redesign projects to shift the balance of care. The implementation of the "Caring for Bressay" Project demonstrated the value achieved through co-production with other agencies and the community itself, while a programme of Community Led Support was initiated with Scottish Government support to further the IJB objective to develop a single health and care system wrapped around the needs of communities.
 - The IJB had continued difficulty during the year with the recruitment and retention of staffing within both Health and Social Care, which led to the continued need to employ locum and agency staff to ensure the delivery of services.
 - Demographic pressures were seen in Adult Services, included the establishment of the Assertive Community Transition Service to support young adults with complex needs transitioning from children's to adult social care. Option 1 Self-directed Support packages also exceeded budgeted cost due to increased demand with no demonstrable reduction in requirement for traditional in-house services.
 - From May 2019 to January 2020, Simon Bokor-Ingram was seconded from his post of Director of Community Health and Social Care and Chief Officer of the IJB to Interim NHS Shetland Chief Executive. Jo Robinson, was appointed as Interim Director of Community Health and Social Care and Interim Chief Officer of the IJB during this period, taking on the full duties and responsibilities of these roles for this interim period. From April 2020, Simon Bokor-Ingram has been seconded for a year to the role of Interim Chief Officer of Moray Intergration Joint Board. Jo Robinson has covered the role of Chief Officer in the short-term, but the IJB has agreed from 13 July 2020 to the appointment of Brian Chittick as Interim Chief Officer for a minimum period of 10 months. He will assume the full duties and responsibilities of the role during this time. The IJB also agreed to the appointment of Jo Robinson as Interim Depute Chief Officer from 13 July 2020 to support the Chief Officer role and formally deputise at meetings if necessary.
 - The Covid-19 Pandemic response has led to rapid reorganisation of services from March 2020. Although this has had limited impact in financial terms on the Accounts for 2019/20 it is a significant risk for the IJB in future years.

5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	None
6.2 Human Resources and Organisational Development:	None
6.3 Equality, Diversity and Human Rights:	None
6.4 Legal:	<p>Section 12 of the Local Government (Scotland) Act 2003 requires the Council to observe proper accounting practice, including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by CIPFA / LASAAC. The Code is based on International Financing Reporting Standards (IFRSs).</p> <p>Schedule 6, paragraph 8(2) of the Coronavirus (Scotland) Act 2020 allows the IJB to postpone its publication of the unaudited annual accounts that are required to be published under The Local Authority Accounts (Scotland) Regulations 2014. If publication is postponed, a statement must be published to that effect on or before the date by which the report is due, or as soon as reasonably practicable after the date. The IJB published this statement on 17 June 2020.</p>
6.5 Finance:	The accounts form part of the annual performance cycle which aids members in establishing their view on whether the objectives of the Strategic Commissioning Plan have been achieved.
6.6 Assets and Property:	None
6.7 ICT and new technologies:	None
6.8 Environmental:	None
6.9 Risk Management:	<p>The annual accounts are subject to external audit by 30 September 2020 in order to mitigate risk of material misstatement. The Local Authority Accounts (Scotland) Regulations 2014 require the IJB to consider and aim to approve the audited accounts for signature no later than 30 September 2020. Due to the Coronavirus pandemic, completion of the external audit process may be delayed. The Scottish Ministers consider it reasonable that a local authority publishes its audited Annual Accounts no later than 30 November 2020.</p>

6.10 Policy and Delegated Authority:	<p>The IJB Committee are to consider the IJB Annual Accounts before submission and approval by the IJB, as set out in Section 5.2 of its Terms of Reference.</p> <p>Approval of the annual accounts of the IJB is a matter reserved to the IJB, as set out in Section 6 of its Scheme of Administration.</p>	
6.11 Previously considered by:	N/A	

Contact Details:

Karl Williamson

Chief Financial Officer

karlwilliamson@nhs.net

7 July 2020

Appendices:

*Appendix 1: Shetland Integration Joint Board Draft Annual Report and Accounts 2019/20
(Including Annual Governance Statement)*

Background Documents: *The Local Authority Accounts (Scotland) Regulations 2014*

Unaudited Annual Accounts **2019/20**



Shetland Islands
Integration Joint Board

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Introduction

The Shetland Islands Health and Social Care Partnership (Integration Joint Board) is a Body Corporate, established by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014, on 27 June 2015.

The Parties:

Shetland Islands Council (“the Council” or “SIC”), established under the Local Government etc. (Scotland) Act 1994.

Shetland Health Board (“the Health Board” or “NHS Shetland” or “NHSS”), established under section 2(1) of the National Health Service (Scotland) Act 1978 (operating as Shetland NHS Board).

The Parties agreed the Integration Scheme of Shetland Islands Health and Social Care Partnership, which sets out the delegation of functions by the Parties to the Integration Joint Board. The Integration Scheme was due to be formally reviewed prior to 31 March 2020, however this has been delayed due to the response to Covid-19 pandemic.

The Shetland Health and Social Care Partnership Members for 2019/20, and up to date of signing these accounts, were as follows:

Voting Members:

- Mr A Duncan (Vice Chairperson – SIC) – term ended 31 March 2020
- Ms N Cornick (Chairperson – NHSS) – term ended 31 March 2020
- Ms J Haswell (NHSS)
- Ms S Manson (NHSS)
- Mr R McGregor (SIC)
- Ms E Macdonald (SIC)

Non-Voting Members:

- Mr S Bokor-Ingram (Chief Officer) – In post 1 April 2019 to 12 May 2019 and 1 February 2020 to 31 March 2020
- Ms S Gens (Staff Representative)
- Mr J Guyan (Carers’ Representative)
- Mrs C Hughson (Third Sector Representative)
- Mrs M Nicolson (Chief Social Work Officer) – Resigned 17 July 2019
- Mrs D Morgan (Interim Chief Social Work Officer) – Appointed 9 October 2018
- Ms J Robinson (Interim Chief Officer) – Appointed 13 May 2019
- Mr I Sandilands (Staff Representative)
- Mrs E Watson (Lead Nurse for the Community)
- Mr K Williamson (Chief Financial Officer)
- Dr P Wilson (Senior Consultant: Local Acute Sector)
- Vacant (GP Representative)
- Vacant (Patient / Service User Representative)

Post Year End Changes to Voting Membership

- Mr A Duncan (Chairperson – SIC) – appointed 1 April 2020 and resigned 17 May 2020
- Ms N Cornick (Vice Chairperson) – appointed 1 April 2020
- Ms E MacDonald (Chairperson – SIC) – appointed 18 May 2020
- Mr S Leask (SIC) – appointed 18 May 2020

Management Commentary

The purpose of the Management Commentary is to inform all users of these Accounts and help them to understand the most significant aspects of Shetland Islands Health and Social Care Partnership's financial performance for the year to 31 March 2020 ("period", "year") and its financial position as at 31 March 2020.

The Management Commentary has been prepared in accordance with the requirements of the Local Authority Accounts (Scotland) Regulations 2014 (SSI 2014/20) and the statutory guidance in Finance Circular 5/2015 which is based on Companies Act legislation and Financial Reporting Council guidance.

Background

The Public Bodies (Joint Working) (Scotland) Act was granted royal assent on 1 April 2014. SIC and NHSS took the decision that the model of integration of health and social care services in Shetland would be the Body Corporate known as an Integrated Joint Board (IJB).

Under the Body Corporate model, NHSS and SIC delegate the responsibility for planning and resourcing service provision of adult health and social care services to the IJB.

As a separate legal entity, the IJB has full autonomy and capacity to act on its own behalf and can make decisions about the exercise of its functions and responsibilities within its allocated funding, as it sees fit.

The IJB is responsible for the strategic planning of the functions delegated to it by SIC and NHSS and for the preparation of the Strategic Commissioning Plan. The SIC delegate responsibility for all adult social care services to the IJB. NHSS delegate responsibility for all community based health services plus an element of acute services including unscheduled care. The Strategic Commissioning Plan specifies the services to be delivered by the Parties and binding Directions issued by the IJB to SIC and NHSS act as the mechanism to action the Strategic Commissioning Plan. The IJB is also responsible for ensuring the delivery of its functions through the locally agreed operational arrangements set out within its Integration Scheme, which can be found at; http://www.shetland.gov.uk/Health_Social_Care_I

[Integration/documents/SHSCPPartnershipIntegrationScheme15May2015_000.pdf](http://www.shetland.gov.uk/Health_Social_Care_Itegration/documents/SHSCPPartnershipIntegrationScheme15May2015_000.pdf)

The practical application of the Integration Scheme is managed and administered in accordance with the Financial Regulations, Standing Orders and Scheme of Administration of the Parties, as amended to meet the requirements of the Act.

Purpose and Objectives

Integration of health and social care is the Scottish Government's ambitious programme of reform to improve services for people who use health and social care services. Integration will ensure that health and social care provision across Scotland is joined-up and seamless, especially for people with long-term conditions and disabilities, many of whom are older people. The Integration Scheme is intended to achieve the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under section 5(1) of the Act; as follows:

National Health and Wellbeing Outcomes

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.
2. People, including those with disabilities or long-term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.
4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
5. Health and social care services contribute to reducing health inequalities.
6. People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.
7. People using health and social care services are safe from harm.
8. People who work in health and social care services feel engaged with the work they do

and are supported to continuously improve the information, support, care and treatment they provide.

9. Resources are used effectively and efficiently in the provision of health and social care.

The Scottish Government 2020 Vision is that, “By 2020, everybody is able to live longer, healthier lives, at home or in a homely setting”.

Shetland's Partnership Plan

The Shetland Partnership is a wide range of partners and community bodies who collectively make up the Community Planning Partnership (CPP) for Shetland. A CPP should have a clear and ambitious vision for its local area.

The Partnership and the key partners within it, including the IJB, SIC & NHSS, have a statutory duty to produce Shetland's Partnership Plan and ensure it is delivered and resourced.

Extracts from Shetland's Partnership Plan 2018-2028:

Our shared vision

“Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges”

Our shared priorities



The IJB approved Shetland's Partnership Plan 2018-2028 – the Local Outcomes Improvement Plan (LOIP) on 20 June 2018, agreeing to prioritise resources in the annual budgeting process to improve local outcomes.

The focus for the IJB with regard to delivery of the LOIP outcomes will be ‘People’ and ‘Participation’ with specific focus on:

- Tackling alcohol misuse;
- Healthy weight and physical activity;
- Low income/poverty;
- Satisfaction with public services; and
- People's ability to influence and be involved in decisions which affect them.

The IJB, SIC and NHSS have jointly developed the Performance Management Framework 2019-24 (PMF). The PMF was approved for implementation by the three bodies at meetings in June/July 2019. The intention of the PMF is to provide a consistent “Once for Shetland” approach and a clear focus on improving outcomes. This is in line with the principles of Shetland's Partnership Plan.

The implementation of the PMF will allow the IJB to monitor and report on improvement against the LOIP outcomes as part of its overall performance reporting.

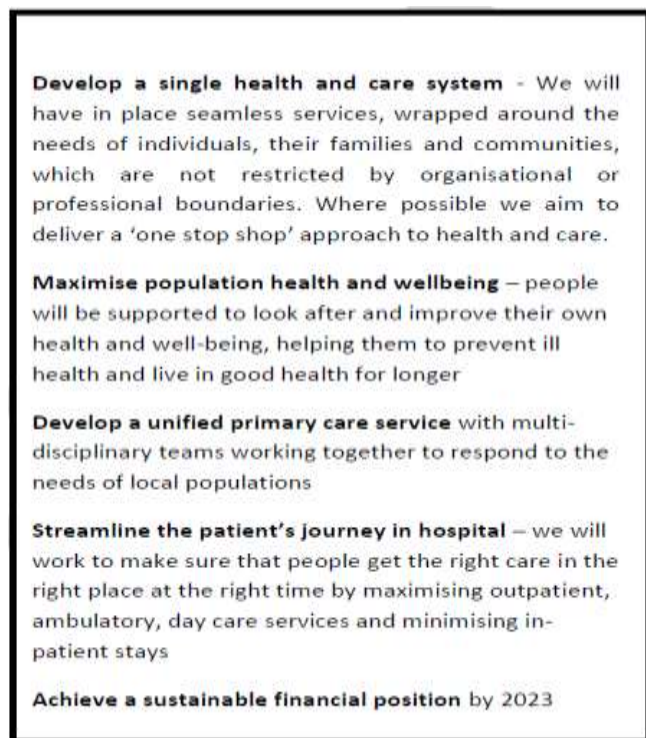
Strategic Commissioning Plan

The IJB approved its Strategic Commissioning Plan 2019-2022 on 13 March 2019 <http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=23847>).

Our Vision is that by 2020 everyone in Shetland is able to live longer healthier lives, at home or in a homely setting. We will have an integrated health and care system focused on prevention, supported self management and reducing health inequalities. We will focus on supporting people to be at home or in their community with as much specialist care provided in Shetland and as close to home as possible. Care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions.

The Strategic Commissioning Plan 2019-2022 set out an ambitious plan for health and social care services in the future, with aspirations for seamless services, wrapped around the needs of individuals, their families and communities.

The Plan sets out the IJB's priorities for the next 3 years taking into account all the national, regional and local drivers for change. The IJB intends to work to manage the various demand and issues it faces and continue to evolve its services models to:



Performance Overview

The IJB continued to monitor specific targets and objectives to make sure that health and social care service in Shetland provide the best possible outcomes for the community within available resources. The measures used align with those monitored by the Scottish Government to check the system is working as whole.

Shetland performs well against most of the national indicators. The IJB reviews its overall performance using a wide range of performance indicators on a quarterly basis. An example of this can be seen in the report presented on 5 March 2020 "Performance Overview, Quarter 3: October – December 2019 and Performance Directions".

<https://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=25075>

The IJB approved the Performance Management Framework (PMF) 2019-2024 on 27 June 2019. The PMF was jointly developed with NHSS and SIC and represents part of the commissioning cycle which seeks to provide good evidence to ensure that services are prioritised, designed and delivered to meet need. The overall purpose of recording and reporting on performance is to use that evidence to deliver good quality services, and improve how we do things. The PMF replaces the Commissioning and Procurement Framework 2016-2020.

On 6 March 2019, The Director General Health and Social Care Directorates, Scottish Government and the Chief Executive, COSLA wrote to Integration Authority Chief Officers, NHSS Board Chief Executives and Local Authority Chief Executives seeking feedback on progress towards health and care integration. The work is in response to the Audit Scotland Report "Health and Social Care Integration – Update on progress" (November 2018). On 14 May 2019 the IJB considered and agreed a self-evaluation template and indicative improvement activities, with a formal Development Plan being submitted to the Scottish Government on 23 August 2019.

The Development Plan set out six Key Features of the Self Evaluation process:

- Collaborative leadership and building relationships;
- Integrated finances and financial planning
- Effective strategic planning for improvement;
- Governance and accountability arrangements;
- Ability and willingness to share information; and
- Meaningful and sustained engagement.

It was hoped that the improvement actions could be met under three broad activities:

- The review of the Integration Scheme;
- The Refresh of the Joint Strategic (Commissioning) Plan; and
- The update to the Medium Term Financial Plan.

Section 44 of the Public Bodies (Joint Working) (Scotland) Act 2014 requires a review of the Integration Scheme within 5 years is undertaken by the Health Board and Local Authority. The

process for the review of the Integration Scheme was agreed by NHSS and SIC Policy and Resources Committee in August/September 2019 with the IJB noting the information presented and acknowledging they will be invited to participate in the review process. A wide range of stakeholders were detailed with whom engagement was required to ensure an open and collaborative process was followed and communicated broadly. Unfortunately, completion of the review has been halted by the Covid-19 pandemic response, but it is hoped that this work will be progressed as soon as possible and the outcome reported to the IJB.

The process of updating the Strategic Commissioning Plan was considered by the IJB during the year. The Strategic Planning Group had considered the required approach to the process and advised that planning and budgeting arrangements were deemed complimentary to one another and the needs assessment that underpinned the current plan had not significantly changed enough to warrant any major shift in strategic direction.

A separate engagement exercise on Community Led Support was agreed in May 2019 by the IJB and scheduled to take place over an 18 month period. The Programme is intended to provide a fundamental shift in the philosophy of how public sector services should be designed and delivered with, and for, communities. The objective being to engage with local communities to help to design the 'right services, delivered in the right place and at the right time'. Community Led Support will provide good evidence to inform and shape the Strategic Plan.

Following an inspection of Self Directed Support by the Care Inspectorate during 2018, which looked at six health and social care partnerships across Scotland, including Shetland, the 'Thematic review for self-directed support in Scotland' was published on 27 June 2019. In addition, the specific finding and recommendations of the individual partnerships were published.

The main purpose of the review was to improve understanding of the implementation of self-directed support to deliver the objectives of the Social Care (Self-directed Support) (Scotland) Act 2013. The findings were set out against seven themes:

- Key performance outcomes;

- Getting support at the right time;
- Impact on staff;
- Delivery of key processes;
- Policy development and plans to support improvement in services;
- Management and support of staff; and
- Leadership and direction that promotes partnership.

The inspection report for Shetland found that performance was 'Good' in one key theme, and 'Adequate' in six others, so was therefore positive and provides a baseline to build upon and address recommended improvements. The IJB approved its Self-directed Support Action Plan on 5 September 2019 and recommended that a strategy would help to underpin it.

The IJB agreed in November 2019 that no separate process would be undertaken to update its Strategic Commissioning Plan for 2020-23. Instead it was suggested that the evidence and knowledge gained from the review of the Integration Scheme, the Community Led Support Programme and other co-production projects be used to update and shape the Strategic Commissioning Plan for report back by spring 2020. The Joint Strategic Commission Plan 2020-23 is due to be presented to the IJB on 10 December 2020. This has been significantly delayed by Covid-19.

The IJB is obliged by the Public Bodies (Joint Working) (Scotland) Act 2014 to publish an annual performance report. The Annual Performance Report (APR) 2019-20 was due to be completed in June 2020, but work on the report has been delayed due to the Covid-19 pandemic response. In previous years, the report has been completed by the Head of Planning and Modernisation, NHS Shetland, Hazel Sutherland, who left this post during the year. The post has not been filled by NHSS but it was agreed the strategic planning function of the IJB would continue to be supported by the NHSS through Elizabeth Robinson, Public Health Principal.

In addition to providing an overview of the IJB's performance during the year, the APR also considers the view of service users and the staffing delivering services, and reflects on external feedback through audits and inspections. It can be difficult to demonstrate the impact of the Strategic Commissioning Plan purely through performance indicators. The IJB therefore needs this broad overview in

considering whether intended outcomes have been met, or are likely to be met in the future.

Operational Review

In 2019/20 the IJB set out to put in place arrangement to improve service through a range of initiatives, building on work from previous years.

Our achievements during 2019/20 include:

1. The completion of the “Caring For Bressay” Project which explored the health and care needs of residents on Bressay in order to create a sustainable, affordable and clinically appropriate service model which meets the health and care needs of islanders both now and for the future. The work recognised a number of drivers for change, and through partnership work with Bressay Community Council, other agencies and the Bressay community, developed the new service model. It is now hoped to roll out a similar approach to implementation of co-production methods with communities throughout Shetland, appropriate to the particular community context;
2. Delivery of a series for rights and risks roadshow events and also an online survey to explore rights and risks in the immensely complex landscape of adult social care;
3. Continued development and work to implement the Primary Care Improvement Plan embedding the ethos of ‘right person, right place, right time’;
4. Review and development of IJB Directions following the Statutory Guidance for IJB Directions being published in January 2020, acting on recommendations for improvement made by Internal Audit Glasgow in March 2020;
5. The Palliative and End of Life Care Strategy for Shetland 2019-2022 was developed and approved. The strategy focuses on what is important to people who are dying, their relatives and the carers/family who support them. It promotes respect, choice, dignity and safety for all regardless of age, ability and of diagnosis;
6. Work facilitated through the Self-directed Support Programme Board to take forward the recommendations of the Care Inspectorate’s Self-directed Support Thematic Review and deliver on the Self-directed Support Action Plan 2019/2020;
7. Delivery of a range of Community Led Support sessions with support from the National Development Team for Inclusion (NDTi) who have been commissioned by Health Improvement Scotland following the principles of the Community Led Support Programme;
8. Continuation of the review of Council funded Adult Services for adults with learning disability, autism and complex needs, to ensure equitable access to resource and service and sustainability of resource and service in an area of demographic increase;
9. Establishment of the Assertive Community Transitions (ACT) Service, created to support young adults with learning disabilities and complex needs. The service provides accommodation and staffing to allow intensive support to the individuals, providing better outcomes and avoiding the need to access expensive off-island placements; and
10. Development of Social Care ‘Test of Change’ Projects identified previously through a review of Sustainable Social Care Models. This includes the design and implementation of a scheduled overnight care service, to allow for the delivery of 24 hour support at home, and also planning for extended day care services at Edward Thomason House, to provide longer hours intended to improve outcomes for individuals accessing care and to support their unpaid carers.

Managing performance is part of the ‘commissioning cycle’ which seeks to provide good evidence to ensure that services are prioritised, designed and delivered to meet need. The overall purpose of recording and reporting on performance is to use that evidence to deliver good quality services, and to improve how we do things.

The Public Bodies (Joint Working) (Scotland) Act 2014 requires Integration Authorities to report against the National Health and Wellbeing

Outcomes (detailed on page 2-3), which draw on a mix of qualitative and quantitative measures. The qualitative measures come from the annual Care Experience and Staff survey administered

by the Scottish Government. In terms of system measures, Shetland has performed well against the national benchmarks, as show below.

National Outcome Indicators	Shetland Performance	Comparison to Scotland Average	Scotland Average Performance
Premature mortality rate (per 100,000)	323	better than	425
Rate of emergency admissions for adults (per 100,000)	10,350	better than	12,183
Rate of emergency bed days for adults (per 100,000)	65,137	better than	123,035
Readmissions to hospital within 28 days of discharge (per 1,000)	69	better than	102
Proportion of last 6 months of life spent at home or in a community setting	94.20%	better than	89.20%
Falls rate per 1,000 population in over 65s	18	better than	22
Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections	97%	N/A	Not Known
Number of days people (75+) spend in hospital when they are ready to be discharged (rate per 1,000)	505	better than	762
Percentage of total health and care spend on hospital stays where the patient was admitted in an emergency	14%	better than	25%

The above indicators relate to 2017/18. These statistics are made available on a biennial basis, so comparatives have not been provided.

The financial performance of the IJB is explained in detail below in the Financial Review section. During the year the Board had a Recovery Plan in place to monitor efficiency savings required.

Financial Performance Indicator	2019/20	2018/19
Percentage of Recovery Plan savings target achieved in year	61%	19%
Percentage of recurrent savings achieved against Recovery Plan savings target in year	4%	11%

Financial Statements

The Financial Statements detail the IJB's transactions for the year and its year-end position as at 31 March 2020. The Financial Statements are prepared in accordance with the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements (IASB Framework) as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom.

A description of the purpose of the primary statements has been included immediately prior to each of the financial statements: The Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Balance Sheet. These Statements are accompanied by Notes to the Accounts which set out the Accounting Policies adopted by the Partnership and provide more detailed analysis of the figures disclosed on the face of the primary financial statements.

No Cashflow Statement is required as the IJB does not operate a bank account or hold cash.

The primary financial statements and notes to the accounts, including the accounting policies, form the relevant financial statements for the purpose of the auditor's certificate and opinion. The remuneration of the Chief Officer and Interim Chief Officer of the Partnership is disclosed in the Remuneration Report.

Financial Review

At its meeting on 13 March 2019 the IJB approved its 2019/20 budget of £45.648m (indicative budget 2018/19: £44.099m). Subsequently budget revisions have been made during the year for additional funding allocations and application of contingency and cost pressure budgets with the total budget delegated from the IJB to the Parties for 2019/20 being £49.558m (2018/19: £46.226m).

The purpose of the Financial Statements is to present a public statement on the stewardship of funds for the benefit of both Members of the IJB and the public. The IJB is funded by SIC and NHSS in line with the Integration Scheme.

The Comprehensive Income and Expenditure Statement presents the full economic cost of providing the Board's service in 2019/20.

For the year-ended 31 March 2020, the IJB generated a surplus of £0.073m (2018/19: £0.541m), after adjustment has been made for additional contributions made by SIC and NHSS.

The surplus of £0.073m represents the underspend of Scottish Government Additionality Funding and other specific funding allocations during the year off-set by expenditure that the IJB agreed would be met from its Reserve. This surplus will be carried forward and the IJB can then make decisions on how best it can be utilised to further its objectives, in line with its Strategic Commissioning Plan.

The outturn position at 31 March 2020 for the IJB is an overall deficit against budget of £1.951m (2018/19: £3.116m), which represents an underspend in relation to services commissioned from SIC of £0.680m (2018/19: overspend £0.157m) and an overspend in relation to services commissioned from NHSS of £2.631m (2018/19: overspend £2.959m). The £1.951m deficit (which includes 'set aside budget') is detailed in Row 3 in the following table.

In order to achieve the final IJB surplus of the year of £0.073m, NHSS made a one-off additional contribution of £2.734m to the IJB. The SIC received a one-off additional contribution from the IJB of £0.710m.

Financial Transactions 2019/20

		2019/20			2018/19		
		SIC £000	NHSS £000	TOTAL £000	SIC £000	NHSS £000	TOTAL £000
1	Budgets delegated to the Parties from the IJB	23,698	25,860	49,558	22,396	23,830	46,226
2	Contribution from the Parties to the IJB (against delegated budgets)	(23,018)	(28,491)	(51,509)	(22,553)	(26,789)	(49,342)
3	Surplus/(Deficit)	680	(2,631)	(1,951)	(157)	(2,959)	(3,116)
4	Additional contributions from Parties to meet IJB Direct Costs	(17)	(16)	(33)	(15)	(14)	(29)
5	IJB Direct Costs (Audit fee, Insurance & Members Expenses)	17	16	33	15	14	29
6	Additional contributions (to)/from SIC and NHS to IJB	(710)	2,734	2,024	144	3,513	3,657
7	Final Surplus/(Deficit) of IJB	(30)	103	73	(13)	554	541

Significant Budget Variances

The table at page 13, provides the details of the significant budget variances for the year which led to the overall £1.951m overspend. There are a number of factors which contributed towards the year-end position.

Locum Costs

Difficulty was experienced in recruiting to specialist posts in the year, necessitating the use of locums to continue delivering services, notably in Mental Health, Primary Care and Unscheduled Care.

Mental Health

The main reason for the budget variance in Mental Health was the cost (including flights and accommodation) of a Consultant Mental Health locum (£0.453m) (2018/19: (£0.652m)). It was possible to partially offset this cost due to vacancies across NHSS mental health service, £0.185m, and an underspend in employee costs in the Community Mental Health Team, £0.126m, where 2 vacant posts were identified as no longer required following a review of the service. Further savings were achieved after removal of essential car users allowance and provision of pool cars for staff use.

Efforts continue regarding ways to reduce the requirement for expensive locums in Mental Health including the development of a 24/7 nursing model and the redesign of the consultant job description.

Primary Care

The underspend in Primary Care belies overspending on locum cover for General Practitioners during the year in Health Centres where it was not possible to fill vacant posts, with notable overspend against budgets at, Yell (£0.110m) (2018/19: (£0.127m)), Whalsay (£0.102m) (2018/19: (£0.080m)), Unst (£0.091m) (2018/19: (£0.093m)) and Brae (£0.127m) (2018/19: (£0.128m)). The introduction of GP Joy initiative has seen a reduction in overall locum costs during 2019/20.

The overspending above has been off-set by £0.377m of the £1.2m additional primary care, island harmonisation funding received from the Scottish Government in February 2020. The

remaining £0.823m was set against the 2019/20 efficiency target. This funding was also provided during 2018/19 and it is hoped this funding will be made recurrent as part of NHSS funding allocation.

Unscheduled Care

The majority of the budget variance in Unscheduled Care during the year was also due to locum costs. Locum cover and a bank consultant were required to cover two vacant medical consultant posts during the year (£0.789m) (2018/19: (£0.732m)).

Recruitment to consultant and junior doctor posts actively continues, working closely with the Deanery, Universities and NHS Education for Scotland to look at ways in which training can be developed to support remote and rural practice and encourage doctors to take up posts in Shetland. More flexible contract models for consultants in order to broaden the appeal of the generalist role will also be considered.

Agency Staffing Cost

Shetland has low unemployment and the population is ageing at a faster rate than the rest of Scotland. This has led to challenges for the IJB in recruiting local people to work in Community Health and Social Care roles.

Community Care Resources

Difficulty has been experienced in recent years in recruiting and retaining social care staff. Staff sickness, notably several cases of long-term sickness create extra pressure. In order to continue to safely deliver residential care services, it has therefore been necessary to use agency staff, leading to an overspend of (£0.773m) (2018/19: (£0.534m)) in Community Care Resources.

It was possible to offset some of the agency costs against underspend in employee cost in Community Care Resources budgets £0.403m (2018/19: (£0.069m)) due to vacant posts during the year. It has also been necessary to reduce residential bed capacity at Isleshavn to make best use of available staffing.

There was an underspend of £0.192m in employee costs at Support At Home Central, which is in part due to an identified 90 hours per

week vacant posts being repurposed as the service worked towards establishing scheduled overnight care. Further additional budget of £92k has been agreed for 2020/21 in respect of the scheduled overnight care service, which went live on 11 May 2020.

During 2019/20 negotiation has taken place with Agency staffing providers to arrange lower hourly rates and also to allow for agency staff who would like to join the workforce to be released without penalty payments.

Recruitment and retention of staff continues to be difficult, however the Modern Apprenticeship programme has encouraged people to take up social care work and the SIC also supports the vocational programme in social care run by the Anderson High School which aims to encourage school pupils to take up social care roles.

The Covid-19 pandemic led to the suspension of day care and respite services in March 2020, with staff redeployed to support people in their own homes and care homes. The full economic impact of the pandemic is unknown, but with unemployment expected to increase, the Council will actively seek to recruit care staff where local people find themselves unemployed.

Another of the Test of Change Projects within Community Care Resources was to increase the provision of day care services at ET House to better support individuals and carers. Due to Covid-19, this is currently on hold, but budget of £51k is in place for 2020/21 to deliver when it is safe to do so. It is hoped this initiative will further support the move to shift the balance of care, whilst making best use of staffing resources.

Community Nursing

Agency staffing have been required in Unst for the full year to cover a band 6 vacancy. The 24/7 nature of this role has made recruitment difficult and led to a significant overspend (£0.149m) (2018/19: (£0.172)).

Vacant Posts

Oral Health

The Dental Director post has been vacant for most of the year as he has been seconded to the Interim Medical Director role, with a further Band

7 vacancy, which has led to an underspend of £0.162m in Oral Health.

The Dental Director has been appointed as Interim Chief Officer of the IJB from 13 July 2020 for 10 months, so a recruitment process is underway to backfill the role for this period with interviews taking place in early July 2020. The role of Dental Business Manager will be reviewed to ensure it is still required prior to recruitment.

Adult Social Work

There was an underspend in employee costs, within Adult Social Work of £0.116m (2018/19: £0.071m), due to vacant posts, some of which have proved difficult to recruit to. It was possible to engage agency staffing for a short period of time and the service had been successful in appointing a full-time permanent social worker who will take up post in July 2020 and also a temporary social worker/mental health officer for a 15-month period from the end of June 2020.

As a result of vacancies, it has been possible to increase the Senior Admin Assistant role from part-time to full-time. This post was filled in April 2020 and will facilitate a review of Adult Social Work's Admin's Team and support the development of Community Led Support within the service.

Increased Demand

Adult Services

The overspend in Adult Services is mainly due to the cost of establishing the ACT Service, (£0.103m) (2018/19: Nil) as detailed in the Operational Review at page 6, for which there was no budget. The full annual cost of operating the ACT Service (£0.427m) has been incorporated in the IJB budget in 2020/21.

There was also an overspend in employee costs at Newcraiguelea (£0.055m) (2018/19: (£0.053m)) due to staffing above the budgeted level to support increased demand for respite services.

Adult Social Work

The budget for Off Island Placements was also overspent during the year (£0.107m) (2018/19: £0.044m)). These individual packages of specialist support are expensive, so changes to

the number of packages mean costs can vary significantly from year to year.

Self-Directed Support

The overspend in Adult Social Work is primarily due to overspend in the provision of Self Directed Support (SDS).

The Self Directed Support budget is utilised to deal with payments under SDS Options 1 and 2. Individuals with an assessed level of social care need can choose these options as an alternative to having their care provided directly by the local authority. Option 1 allows for direct payments to be made to individuals while Option 2 lets the individual choose a care organisation to provide their support and the local authority will arrange this for them.

Payments are predominantly under Option 1 due to limited availability of providers to deliver Option 2 in Shetland. Despite being able to utilise Scottish Government Additionality Funding to support the increased SDS payments there was an overspend in the year of, (£0.310m) (2018/19: (£0.035m)).

This was due to an increased number of packages, with a few packages now exceeding the annual cost of a permanent residential place where sleep in provision is included. The increased demand is due to demographic pressure on the system as there was no significant reduction in demand for traditional social care services.

It is hoped that the establishment of the scheduled overnight care service may provide an alternative to sleep-ins within SDS packages, with a robust review of rights and risks that support fuller independence to the individuals concerned.

Overachievement of Charging Income

There was an overachievement of Board and Accommodation income in the year, £0.901m (2018/19; £0.504m) within Community Care Resources. Charging income can vary significantly dependent on the financial circumstances of those receiving care and allowance was made in the year for the anticipated level of waived charges as a result of legislation, such as the Carers Act, expected in the year.

Scottish Government Additionality Funding

The IJB recognises an underspend in this funding of £0.080m, a small underspend in Reablement Programme in Care Homes, £0.014m, and underspend in employee costs due to vacant posts within the Intermediate Care Team during the year, £0.066m.

NHSS Specific Funding

At the year-end, NHSS identified a number of specific funding allocations it had not been possible to spend in full during the year. These amounted to £0.496m overall.

Until NHSS funding allocations are confirmed, they are held in General NHSS Contingency, so during the year were not reflected in IJB delegated budget. NHSS made an additional funding allocation to the IJB at the year-end of £2.734m (see table on page 9) which included the transfer of these specific funding allocations.

The IJB will carry-forward these sums in the IJB Reserve as an Earmarked element against the projects listed below:

- Additional Alcohol and Drugs Partnership Funding - £0.127m;
- Action 15 - £0.067m;
- Attend Anywhere - £0.025m;
- Child Healthy Weight - £0.032m;
- PCIF - £0.041m;
- Realistic Medicine - £0.003m;
- Rural Fund – Falseified Med (Dispensing) Yr1&2 - £0.049m;
- Rural Fund – Change Mgt - £0.039m;
- Rural Fund – PHEC - £0.008m;
- Rural Fund – Rediscover The Joy - £0.069m;
- Screening Inequalities Yrs 1&2 - £0.026m; and
- Trail Valued Based Healthcare - £0.010m.

Efficiency Target

An efficiency savings target of £2.331m was identified within the 2019/20 IJB Budget, necessitating a Recovery Plan to be implemented during the year. As at 31 March 2020, there was an underachievement of

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(£0.904m) (2018/19: (£1.850m)) against the Recovery Plan.

Of the £1.427m savings achieved, £0.099m represented recurring savings and £1.328m were non-recurrent.

Significant Budget Variance Table

Service Heading	2019/20			2018/19		
	Revised Budget £000	Budget Variance £000	Budget Variance %	Revised Budget £000	Budget Variance £000	Budget Variance %
Mental Health	2,413	(282)	(11.7%)	2,071	(463)	(22.4%)
Substance Misuse	588	94	16.0%	543	47	8.7%
Oral Health	3,133	162	5.2%	3,084	13	0.4%
Primary Care	5,418	(624)	(11.5%)	5,676	139	2.4%
Community Nursing	2,994	(149)	(5.0%)	2,862	(172)	(6.0%)
Adult Services	5,803	(98)	(1.7%)	5,472	65	1.2%
Adult Social Work	3,090	(310)	(10.0%)	2,530	-	0.0%
Community Care Resources	11,984	752	6.3%	11,350	(398)	(3.5%)
Health Improvement	365	55	15.1%	259	48	18.5%
Unscheduled Care	3,233	(1,006)	(31.1%)	2,964	(823)	(27.8%)
Intermediate Care Team	672	80	11.9%	662	81	12.2%
Other Services	10,769	279	2.6%	10,603	197	1.9%
Efficiency Target	(904)	(904)	100.0%	(1,850)	(1,850)	100.0%
Total	49,558	(1,951)		46,226	(3,116)	

The Balance Sheet as at 31 March 2020

The IJB carried a General Reserve of £0.905m as at 1 April 2019. This reserve was created from previous years underspending in the Scottish Government Additionality Funding £0.432m and underspend in specific NHSS Funding in 2018/19 which were carried forward as an earmarked element of the Reserve £0.474m.

During the year there has been a draw on the IJB Reserve of £0.337m, £0.307m of earmarked reserve and spend against a number of projects which the IJB have agreed to fund from its Reserve, £0.030m as detailed below.

Project	Date Agreed	Agreed IJB Reserve Funding	Cost incurred to 31 Mar 2019	2019/20 Cost	Remaining committed Reserve
Falls Prevention	Mar-18	51,000	13,225	17,774	20,001
Stress Control	May-19	25,000	0	0	25,000
Alternative to residential care accommodation	May-19	12,172	0	4,971	7,201
MSK Physiotherapy	May-19	51,000	0	0	51,000
Community Nursing Continence Service	May-19	8,750	0	0	8,750
Community Led Support Programme	May-19	13,230	0	6,937	6,293
		£161,152	£13,225	£29,682	£118,245

As at 31 March 2020 the General Reserve has a balance of £0.978m, of which £0.496m is earmarked and a further £0.118m has been committed to specific projects.

2020/21 Budget and Medium Term Financial Outlook

The IJB Board approved the proposed budget for 2020/21 of £50.736m, on 28 May 2020, subject to NHSS Board approval of their delegated budget at its meeting on 18 August 2020. The IJB noted the risks associated with Covid-19 and the impact this may have on 2020/21 budgets and costs.

For the first time since the inception of the IJB, the proposed payments to the IJB from the Parties are equal to the cost of services. This means the IJB will begin the financial year with a balanced budget position.

General Reserve is also available to support the strategic objectives of the IJB, as detailed in Note 7 to the Accounts (page 29).

Since the inception of the Shetland IJB, like other health and social care partnerships, it has faced significant financial challenges and has anticipated that it will be required to operate within tight fiscal constraints into the future, due to the continuing difficult national economic outlook and increasing demand for services.

Additional funding for Health and Social Care Partnerships has been made available from the Scottish Government. Despite this additional funding, pressure continues on public sector expenditure at a UK and Scottish level with

further reductions in government funding predicted in future years.

The Covid-19 pandemic has meant that since March 2020 a huge amount of work has been done by Health and Social Care Partnerships to respond quickly to changing legislation and guidance to manage the virus. Services across the IJB have had to adapt rapidly and the value of partnership working has never been more evident. It is expected during 2020/21 that services will start to return to normal, but social distancing measures will remain and the longer reaching economic impact of the pandemic, while difficult to quantify, will undoubtedly lead to further fiscal pressures.

The IJB approved its MTFP 2019/20 to 2023/24 on 13 March 2019. The Plan identified a likely funding shortfall over the five year period of £7.7m if no action is taken to mitigate the impact of rising costs and reducing funding. A revised MTFP is due to be presented in September 2020 following the update of SIC & NHSS MTFPs. The role of the IJB in planning and directing services will be key to addressing the financial challenges it faces into the future.

Principal Risks and Uncertainties

The IJB maintains a Risk register and reports progress on a quarterly basis as part of its performance reporting. The latest report was presented on 5 March 2020 and can be found here:

<https://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=25075>

Risks and Uncertainties	Actions to Mitigate
Continued staffing vacancies across IJB services, with difficulty in recruiting to both health and social care roles, resulting in significant expenditure on locum costs.	Explained above under "Significant Budget Variances" (page 10 & 11).
Failure to deliver recurring efficiency savings through service redesign proposals leaving a funding gap for the IJB.	For the first time since the inception of the IJB, the proposed payments to the IJB from the Parties for 2020/21 are equal to the cost of services. This means the IJB will start 2020/21 with a balance budget which fully aligns to its Strategic Commissioning Plan. There will still be a need for redesign and efficiencies within services which will be guided by the Medium Term Financial Plans of the IJB, SIC & NHSS.
In order to maintain financial balance significant changes in current practise or service models may be required. It is important that proposals are evidence based on current and emerging best practice and represent the optimum balance between cost, quality and safety.	Investments are assessed using building better business cases methodology to ensure they align to strategic planning and demonstrate best value. Clinical, Care and Professional Governance arrangements agreed by the IJB ensure sound clinical and care governance are embedded.
The age demographics of Shetland's population is changing. This is expected to put increasing demand on health and social care services.	The Strategic Commissioning Plan 2019-2022 has been developed taking into account the expected demographic changes in the future.
Limited digital connectivity due to remote location, restricting the potential for use of information technology in service delivery.	The Strategic Commissioning Plan 2019-2022 identifies as part of the overall approach of "Right Person, Right Place, Right Time" the need for Technology Enabled Care and Improved Access to Information. The Covid-19 pandemic has accelerated this need and led to some of the perceived barriers to digital connectivity being alleviated. Digital Connectivity in many areas of Shetland is however still inadequate and activity is ongoing to secure funding and prioritise digital requirements.
Impact of the COVID-19 pandemic.	Health and Social Care Services required rapid reorganisation to deal with the initial impact of the Covid 19 pandemic. Close partnership working within IJB has been crucial to the continued delivery of essential services and management of the pandemic in Shetland. As the situation evolves the IJB will continue to respond to policy changes and guidance provided by Scottish Government and look to safely and incrementally restore services in line with the Scottish Government's 'COVID-19 Framework for Decision Making: Scotland's route map through and out of the crisis'. The IJB continues to submit statistical data and detail of emerging financial cost pressures associated with Covid-19 to the Scottish Government through regular updates to its Mobilisation Plan.
Uncertainty around the impact of withdrawal of the United Kingdom from the European Union.	The IJB considers the UK's withdrawal from the European Union (EU) as a key risk. Despite several delays to the withdrawal process, there remains a continued lack of clarity on the practicalities of leaving the EU. The IJB continues to review the latest planning assumptions and assess the potential impact from a Shetland perspective as part of its risk monitoring.

Acknowledgement

We would like to acknowledge the significant effort of all the staff across the IJB who contributed to the preparation of the Annual Accounts and to the budget managers and

support staff who have ensured delivery of the outcomes of the Strategic Commissioning Plan within the adjusted financial resources available to the IJB for the year ended 31 March 2020.

.....
 Brian Chittick
 Interim Chief Officer
 16 July 2020

.....
 Emma Macdonald
 Chair
 16 July 2020

.....
 Karl Williamson
 Chief Financial Officer
 16 July 2020

Annual Governance Statement

Introduction

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

Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure Best Value.

In discharging these responsibilities, the Chief Officer has a reliance on the systems of internal control of both NHSS and SIC that support compliance with both organisations' policies and promote achievement of each organisation's aims and objectives, as well as those of the IJB.

The IJB has adopted a Local Code of Corporate Governance ("the Local Code") consistent where appropriate with the six principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "*Delivering Good Governance in Local Government*". This statement explains how the IJB has complied with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.

Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks facing the organisation. The system aims to evaluate the nature and extent of failure to achieve the organisation's policies, aims and objectives and to manage risks efficiently, effectively and economically. As such it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control has been in place at the IJB for the financial year ended 31 March 2020 and up to the date of the approval of the Annual Accounts.

The Governance Framework and Internal Control System

The Board of the IJB comprises the Chair and five Members with voting rights; three are SIC Members appointed by the Council and three are Non-Executive Directors appointed by the Scottish Government to the NHSS Board. The IJB, via a process of delegation from NHSS and SIC, has responsibility for the planning, resourcing and oversight of operational delivery of all integrated health and social care within its geographical area through its Chief Officer. The IJB also has strategic planning responsibilities for a range of acute health services for which the budget is "set aside".

The main features of the IJB's system of internal control are summarised below:

- The overarching strategic vision and objectives of the IJB are detailed in the IJB's Integration Scheme which sets out the key outcomes the IJB is committed to delivering through SIC and NHSS as set out in the IJB's Strategic Plan and Annual Accounts;
- Services are able to demonstrate how their own activities link to the IJB's vision and priorities through their Improvement Plans and Service Plans;
- Performance management, monitoring of service delivery and financial governance is provided through quarterly reports to the IJB as part of the Planning and Performance Management Framework. Quarterly reports include financial monitoring of the integrated budget and the "set aside" budget, the IJB Risk Registers, performance against national outcome measures, local outcome measures and service development projects. The IJB also receives regular reports from the joint Council, Health Board and IJB Clinical, Care and Professional Governance Committee and the IJB Audit Committee;
- The Participation and Engagement Strategy sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB is undertaken collaboratively with SIC and NHSS and through existing

community planning networks. The IJB publishes information about its performance regularly as part of its public performance reporting;

- The IJB operates within an established procedural framework. The roles and responsibilities of Board Members and officers are defined within Standing Orders, Scheme of Administration and Financial Regulations; these are subject to regular review;
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Audit Scotland, the external auditors, national inspection agencies and the appointed Internal Audit service to the IJB's Senior Management Team, to the IJB and the main Board and Audit Committee;
- The IJB follows the principles set out in COSLA's *Code of Guidance on Funding External Bodies and Following the Public Pound* for both resources delegated to the Partnership by NHSS and SIC and resources paid to its SIC and NHSS Partners;
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Financial Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the IJB;
- The IJB's approach to risk management is set out in the Integration Scheme and IJB Risk Management Strategy. Reports on risk management are considered regularly by the Health and Social Care Management Team with quarterly reporting on the IJB Risk Registers to the IJB Board and an annual report to the IJB Audit Committee;

- IJB Board Members observe and comply with the Nolan Seven Principles of Public Life. Comprehensive arrangements are in place to ensure IJB Board Members and officers are supported by appropriate training and development; and
- Staff of both NHSS and SIC are made aware of their obligations to protect client, patient and staff data. The NHS Scotland *Code of Practice on Protecting Patient Confidentiality* has been issued to all NHSS staff working in IJB directed services and all staff employed by SIC working in IJB directed services have been issued with the SSSC Codes of Practice.

Review of Adequacy and Effectiveness

The IJB has responsibility for conducting at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Service Managers within SIC and NHSS (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors, and reports from external auditors and other review agencies and inspectorates.

The review of the IJB's governance framework is supported by a process of self-assessment and assurance certification by Directors within SIC and NHSS. The IJB directs SIC and NHSS to provide services on its behalf and does not provide services directly. Therefore, the review of the effectiveness of the governance arrangements and systems of internal control within the IJB places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

Issue and Actions

There have been significant changes to the voting and non-voting membership of the IJB during the year ended 31 March 2020 and up to the date of approving the accounts. A new Vice Chair was appointed in April 2020 and a new Chair was appointed in May 2020. The Chief Officer moved to a secondment role in NHS Grampian in April 2020 and was replaced by an Interim Chief Officer. Details of these changes

were presented to the IJB on 25 May 2020 and are included below:

Voting Member Appointments and Complete Membership Update

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=25269>

Appointment of Chief Officer and Depute Chief Officer to the IJB

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=25270>

The change in membership is not considered a significant issue as thorough handovers and assurances have been received from the previous post holders. The new Chair has been a voting member of the IJB from May 2017 and the new Interim Chief Officer has worked for NHS Shetland from 2015 as Dental Director and more recently as Interim Medical Director and has extensive knowledge of the Health & Social Care system in Shetland.

There remains one significant internal control issue which continues to be highlighted by both Internal Audit and the wider scope work of External Audit. The key area of concern remains focused on the carried forward funding gap and ongoing Savings and Efficiency targets. Since the inception of the IJB in 2015 the Financial Recovery Plan has not succeeded in achieving the IJBs aspiration to “develop a Strategic Commissioning Plan which minimises, or ideally eliminates, the need for a Financial Recovery Plan”. This was again evident in 2019/20 where 93% of the £1.425m savings achieved was non-recurrent in nature.

There has, however, been significant progress as evidenced in the 2020/21 IJB Budget which, for the first time, presents a fully balanced position. NHSS has agreed to fund the IJB fully from the outset as opposed to providing one off top up payments at year end. This balanced budget is a welcome development for the IJB but does not negate the need for continued focus on service redesign.

The current Medium Term Financial Plan (MTFP) requires in the region of 3% savings to be achieved each year to establish a sustainable financial position for the IJB. The revision of the MTFP has been delayed due to the Covid-19 pandemic but will provide more details on the savings requirement when finalised in August 2020.

Roles and Responsibilities of the Audit Committee and Chief Internal Auditor

IJB Members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB's Audit Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

The Audit Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2013 (PSIAS) and reviews the performance of the IJB's Internal Audit Service. The appointed Chief Internal Auditor has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of the IJB's system of internal control.

The internal audit service undertakes an annual programme of work, approved by the Audit Committee, based on a strategic risk assessment. The appointed Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of internal control. During 2019/20 the strategic internal audit management continued to be provided by Audit Glasgow (part of Glasgow City Council's internal audit function).

The internal audit plan for 2019/20 included one specific IJB related review on the set aside budget arrangements. The fieldwork has been completed with no major issues to report. The Chief Internal Auditor has also conducted a review of all matters arising from NHSS Internal Audit reports issued in the financial year by Scott Moncrieff, and those for SIC, and confirmed there are no significant matters arising specific to the IJB.

The impact of Covid-19 in March 2020 was a significant event, impacting normal business operations and risk assessments. As a result of the changes to the working arrangements arising from the pandemic response, in March 2020 many of the expected systems and controls will have been subject to change. The opinion expressed in this report therefore applies only to the period before the emergency service delivery arrangements were put in

place.

On the basis of the audit work undertaken during the reporting period, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control is operating effectively within the organisation up to the impact of Covid-19 in March 2020.

Compliance with Best Practice

The IJB complies with the CIPFA Statement on “*The Role of the Chief Financial Officer in Local Government 2010*”. The IJB’s Chief Finance Officer has overall responsibility for the IJB’s financial arrangements and is professionally qualified and suitably experienced to lead the IJB’s finance function and to direct finance staff in both partner organisations to ensure the effective financial management of the IJB. The Chief Financial Officer has direct access to the Director of Finance for NHSS and the Executive Manager – Finance for SIC to address financial issues and is a member of the Local Partnership Finance Team.

The Partnership complies with the requirements of the CIPFA Statement on “*The Role of the Head of Internal Audit in Public Organisations 2010*”. The IJB’s appointed Chief Internal Auditor has responsibility for the IJB’s internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service operates in accordance with the CIPFA “*Public Sector Internal Audit Standards 2013*”.

.....
Brian Chittick
Interim Chief Officer
16 July 2020

Assurance

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.

.....
Emma Macdonald
Chair
16 July 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 auditors to ensure it is consistent with the financial statements.

Remuneration: IJB Chair and Vice Chair

The voting Members of the Integration Joint Board comprise three persons appointed by NHSS, and three persons appointed by the SIC. Nomination of the IJB Chair and Vice Chair post holders alternates between a SIC Councillor and a Health Board representative.

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 Chair and Vice Chair did not receive any taxable expenses paid by the IJB in 2019/20 or 2018/19.

The IJB does not have responsibilities, in either 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 has to be appointed and the employing partner has to 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.

The Chief Officer is employed by NHSS but this is a joint post with SIC, with 50% of their cost being recharged to the SIC. Performance appraisal and terms and conditions of service are in line with NHS Scotland circulars and continuity of service applies. Formal line management is provided through the Chief Executive, NHSS, but the Director of Community Health and Social Care is accountable to both the Chief Executive of NHSS and the Chief Executive of SIC.

From 13 May 2020, the Chief Officer was seconded to the post of NHSS Interim Chief Executive. An Interim Chief Officer was appointed from 13 May 2020 and although the Chief Officer returned to post on 1 February 2020, the Interim Chief Officer continued in their role working alongside the Chief Officer, initially to allow for handover, but latterly to provide additional support in dealing with the Covid-19 pandemic.

The Interim Chief Officer is employed by SIC, but as with the Chief Officer role, this is a joint post with NHSS, with 50% of their cost being recharged to NHSS. The salary of senior employees of the SIC is set by reference to national arrangements and agreements. Performance appraisal and terms and conditions of service are in line with SIC policies and procedures. Formal line management is provided through the Chief Executive, SIC, but the Interim Director of Community Health and Social Care is accountable to both the Chief Executive of NHSS and the Chief Executive of SIC.

Other Officers

No other staff are appointed by the IJB under a similar legal regime and no other non-voting board Members of the IJB meet the criteria for disclosure.

All Partnership officers are employed by either NHSS or SIC, and remuneration to senior staff is reported through the employing organisation.

The IJB approved the appointment of the Chief Financial Officer at its meeting on 20 July 2015. The role of Chief Financial Officer for the IJB is carried out by the NHSS Head of Finance &

Procurement, Karl Williamson, with NHSS meeting his full cost.

Pay band information is not separately provided as all staff pay information has been disclosed in the information that follows below.

Disclosure by Pay Bands

Remuneration

The Chief Officer and Interim Chief Officer received the following remuneration during 2019/20:

Senior Employees	Designation	2019/20	2018/19
		*Total Remuneration £	*Total Remuneration £
Simon Bokor-Ingram	Chief Officer	27,776	95,006
Jo Robinson	Interim Chief Officer	63,171	0

*consists of salary, fees and allowances, with no expenses/benefits in kind/other payments.

Total remuneration for 2019/20 has been apportioned based on the period each senior employee was in appointment.

Pension benefits

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 table below 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.

The Chief Officer participates in the National Health Service Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are

members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations.

The Interim Chief Officer participates in the Local Government Pension Scheme (LGPS) which is a funded pension scheme that receives contribution payments from both Scheme members and participating employers. From 1 April 2015, the Pension Scheme moved to a career average related earnings scheme for all scheme members.

Pension entitlement for the Chief Officer and the Interim Chief Officer for the year to 31 March 2020 is shown in the table below, together with the contribution made to this pension by the employing body.

The pension entitlement of Simon Bokor-Ingram for 2019/20 is reported jointly for the post of Director of Community Health and Social Care and Interim Chief Executive NHSS.

The pension entitlement of Jo Robinson for 2019/20 is reported jointly for the post of Interim Director of Community Health and Social Care and her substantive post, Executive Manager – Allied Health Professionals.

Shetland Islands Integration Joint Board

Name of Senior Official	Designation	In-Year Employer Pension Contributions		Accrued Pension Benefits			
		2019/20 £	2018/19 £	As at 31 March 2020		Increase from 31 March 2019	
				Pension £	Lump Sum £	Pension £	Lump Sum £
Simon Bokor-Ingram	Chief Officer	19,836	13,889	34,477	74,985	2,498	1,339
Jo Robinson	Interim Chief Officer	16,091	0	25,460	33,486	7,889	10,435

.....
 Brian Chittick
 Interim Chief Officer
 16 July 2020

.....
 Emma Macdonald
 Chair
 16 July 2020

Statement of Responsibilities for the Annual Accounts

The Integration Joint Board's Responsibility

The Integration Joint Board is required to:

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

I can confirm that these Unaudited Annual Accounts were approved for signature by the Integration Joint Board on 16 July 2020.

Signed on behalf of Shetland Islands Integration Joint Board.

.....
Emma Macdonald
Chair
16 July 2020

The Chief Financial Officer's Responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).
- kept adequate accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts give a true and fair view of the financial position of the Integration Joint Board at the reporting date and the transactions of the Integration Joint Board for the year ended 31 March 2020.

.....
Karl Williamson
Chief Financial Officer
16 July 2020

Independent auditor's report to
the Members of Shetland Islands
Integration Joint Board and the
Accounts Commission

Comprehensive Income and Expenditure Statement for year ended 31 March 2020

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2018/19 Net Expenditure £000	Notes	2019/20 Gross Expenditure £000	2019/20 Gross Income £000	2019/20 Net Expenditure £000
26,789	Health Services	28,491	-	28,491
22,553	Social Care Services	23,018	-	23,018
29	Corporate Services	33	-	33
49,371	Cost of Services	51,542	0	51,542
(49,912)	Taxation and non-specific grant income 5	-	(51,615)	(51,615)
(541)	(Surplus) / Deficit on Provision of Services	51,542	(51,615)	(73)
(541)	Total Comprehensive Income and Expenditure			(73)

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 (CIES). 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 reserves held by the IJB.

2019/20	General Fund Balance £000
Balance at 1 April 2019	(905)
Total Comprehensive Income	(73)
Increase in 2019/20	(73)
Balance at 31 March 2020	(978)

Comparative movements in 2018/19	General Fund Balance £000
Balance at 1 April 2018	(364)
Total Comprehensive Income and Expenditure	(541)
Increase in 2018/19	(541)
Balance at 31 March 2019	(905)

Balance Sheet as at 31 March 2020

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the IJB. The net assets of the IJB (asset less liabilities) are matched by the reserves held.

As at 31 March 2019 £000		Notes	As at 31 March 2020 £000
905	Other Current Assets	6	978
905	Current Assets		978
905	Net Assets		978
	Represented by:		
905	Usable Reserves	7	978
905	Total Reserves		978

The unaudited financial statements were issued on 16 July 2020.

The Annual Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2020 and its income and expenditure for the year then ended.

.....
Karl Williamson
Chief Financial Officer
16 July 2020

Notes to the Primary Financial Statements

Note 1: Accounting Standards Issued and Adopted In Year

The following accounting standards were new or amended in the 2019/20 Code:

- Amendments to IAS40 Investment Property: Transfers of Investment Property;
- Annual improvements to IFRS Standards 2014-2016 Cycle. IFRS 12 Disclosure of Interests in Other Entities: Clarification of the Scope of the Standard. IAS 28 Investments in Associates and Joint Ventures: Measuring an Associate or Joint Venture at Fair Value;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments; and
- Amendments to IFRS 9 Financial Instruments: Prepayment features with negative compensation.

The Code required implementation in the financial statements from 1 April 2019. The amendments have not had any impact on the IJB's financial statements.

Note 2: Accounting Standards Issued and not Adopted In The Year

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued, but not yet adopted. This applies to the adoption of the following new or amended standards within the 2020/21 Code:

- Amendments to IAS28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015-2017 Cycle; and
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The Code requires implementation in the accounts from 1 April 2020 and there is therefore no impact on the 2019/20 financial statements. These amendments are however expected to have no impact on the IJB's financial statements when they are implemented.

Note 3: Critical Judgements and Estimation Uncertainty

There are no material critical judgements or sources of estimation uncertainty included in the Financial Statements.

Note 4: Events After the Reporting Period

The Unaudited Annual Accounts were authorised for issue by the Chief Financial Officer on 16 July 2020. 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. Events taking place after this date are not reflected in the financial statements or notes. The Covid-19 pandemic has had a substantial impact on IJB services and financial sustainability. Further details of this impact are detailed within the Management Commentary.

Note 5: Taxation and Non-Specific Grant Income

2018/19 £000		2019/20 £000
21,277	Funding contribution from Shetland Islands Council	21,728
26,751	Funding contribution from NHS Shetland	28,033
1,884	Other Non-ringfenced grants and contributions	1,854
49,912	Total	51,615

The funding contribution from NHSS shown above includes £5.689m in respect of 'set aside' resources. These are provided by NHSS which retains responsibility for managing the costs of providing the services. The IJB has responsibility for the consumption of, and level of demand placed on these resources.

Other non-ring fenced grants and contributions represents Scottish Government funding provided for the IJB. As the IJB does not have its own bank account, this funding was paid to NHSS as part of their annual funding settlement and transferred to the IJB by NHSS, together with their funding contribution.

Note 6: Other Current Assets

As at 31 March 2019 £000		As at 31 March 2020 £000
170	Shetland Islands Council	141
735	NHS Shetland	837
905	Total	978

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.

The IJB does not have a bank account. Underspends recorded by SIC and NHSS that are carried forward are therefore held in their own bank accounts and reflected as Other Current Assets by the IJB.

Note 7: Usable Reserve: General Fund

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

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

2018/19 £000	General Fund	2019/20 £000
(364)	Balance at 1 April	(905)
(67)	Transfers in: Scottish Government Additionality Funding Underspend	(51)
(431)	Sub-total	(956)
(474)	Earmarked element of Reserve: NHSS Specific Funding Underspend	(22)
(905)	Balance at 31 March	(978)

Note 8: Related Party Transactions

The IJB has related party relationships with the SIC and NHSS. In particular, the nature of the Partnership means that the IJB may influence, and be influenced by, its Partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

The funding contributions made by the SIC and NHSS are detailed in Note 5. The debtor balances of the SIC and NHSS with the IJB as at 31 March 2020 are detailed in Note 6.

Full expenditure detailed in the CIES on Health Services and Social Care Services was provided by NHSS and SIC, respectively.

SIC and NHSS provide support services to the IJB. These costs are not recharged to the IJB.

Note 9: Post Balance Sheet Event

Simon Bokor-Ingram was seconded to Moray Integration Joint Board as their Interim Chief Officer from 18 April 2020, so it was necessary to appoint an interim Director of Community Health and Social Care to cover the expected 12 month period he will be unable to cover his permanent post, which includes his role as Chief Officer of the IJB.

Jo Robinson has continued in the role of Interim Director of Community Health and Social Care and will do so until 12 July 2020. It was agreed from 13 July 2020, that Brian Chittick will be appointed Interim Joint Director of Community

Health and Social Care for a minimum period of 10 months, which includes the role as Chief Officer of the IJB.

Jo Robinson was appointed as Interim Depute Director of Community Health and Social Care from 13 July 2020, which will include the role as Depute Chief Officer. This new role will support the Interim Chief Officer and formally deputise at meetings in his absence.

Note 10: Summary of Significant Accounting Policies

A General Principles

The Annual Accounts summarise the IJB's transactions for the 2019/20 financial year and its position as at 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 Act 1973 and as such is required to prepare its annual accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the financial statements is historical cost. The accounts have been prepared on a going concern basis, on the premise that its functions and services will continue in existence for the foreseeable future.

B Accruals of income and expenditure

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

- supplies are recorded as expenditure when they are consumed, but where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and

- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a change made to the CIES for the income that might not be collected.

C Funding

The IJB is primarily funded through funding contributions from the statutory funding Partners, SIC and NHSS. Expenditure is incurred as the IJB commissions specified health and social care services from the funding Partners for the benefit of service recipients in Shetland.

D Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March 2020 is represented as a debtor or creditor on the IJB's Balance Sheet.

E 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 arrangement are provided in the Remuneration Report. Charges from the employing partner are treated as employee costs.

F 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.

The IJB Reserve includes an earmarked element which is set aside for a specific purpose in line with the IJB's Reserves Policy.

G Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member or officer responsibilities. NHSS and SIC 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 the Clinical Negligence and Other Risks Indemnity Scheme (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 expected value of known claims, taking probability of settlement into consideration, is provided for in the IJB's Balance Sheet.

H Events after the Balance Sheet

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the annual accounts are authorised for issue.

Two types of events can be identified:

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

I VAT

The IJB is not VAT registered and does not charge VAT on income or recover VAT on payments. Any VAT incurred in the course of activities is included within service expenditure in the accounts.

Glossary

While the terminology used in the Annual Accounts 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 twelve 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 (eg cash and stock). A noncurrent asset provides benefits to the IJB and to the services it provides for a period of more than one year.

Audit of Accounts

An independent examination of the IJB's financial affairs.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CNORIS

The Clinical Negligence and Other Risks Indemnity Scheme.

COLSA

Convention of Scottish Local Authorities.

Consistency

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

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.

Post Balance Sheet Events

Post Balance Sheet events are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Annual Accounts are authorised for issue.

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.

LOIP

Local Outcomes Improvement Plan.

MTFP

Medium Term Financial Plan.

PMF

Provisions

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

PSIAS

Public Sector Internal Audit Standards.

Related Parties

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

Remuneration

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

Reserves

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

Revenue Expenditure

The day-to-day expenses of providing services.

Significant Interest

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

SOLACE

Society of Local Authority Chief Executives.

SSSC

Scottish Social Service Council

The Code

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