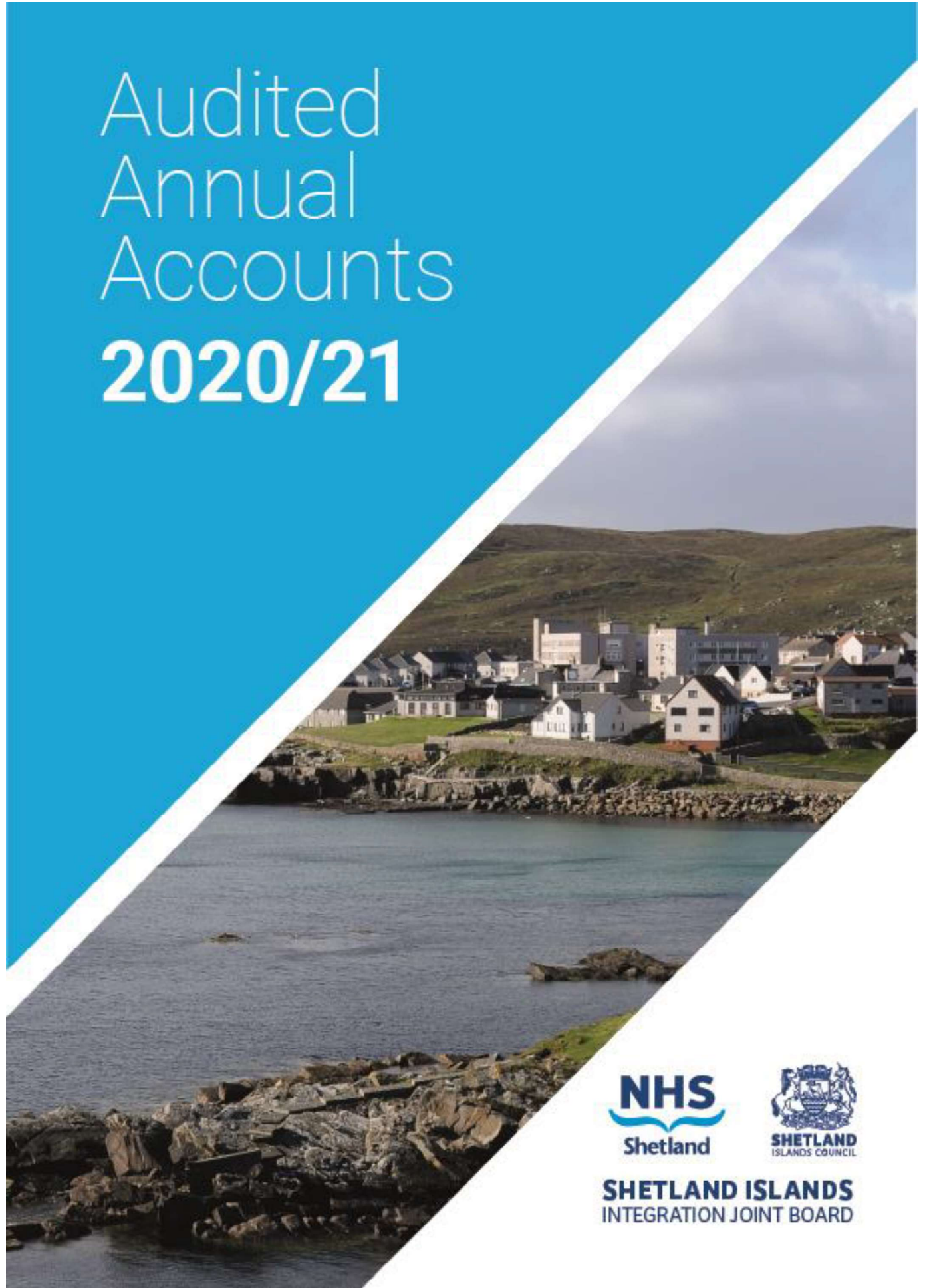


Shetland Islands Integration Joint Board

Audited Annual Accounts **2020/21**



SHETLAND ISLANDS
INTEGRATION JOINT BOARD

Shetland Islands Integration Joint Board

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Shetland Islands Integration Joint Board

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 (IJB). The Integration Scheme was due to be formally reviewed prior to 31 March 2020, however this was delayed due to the response to Covid-19 pandemic. The Integration Scheme was reviewed during 2020/21 and the IJB considered and recommended the revised Integration Scheme to be approved by NHSS & SIC for submission to Scottish Government Ministers for final endorsement. Both Parties approved the Revised Integration Scheme in April 2021.

The Shetland Health and Social Care Partnership Members for 2020/21, and up to date of signing these accounts, were as follows:

Voting Members:

- Mr A Duncan (Vice Chairperson – SIC) – Appointed 1 April 2020 and resigned 17 May 2020
- Ms E Macdonald (Chairperson - SIC) – Appointed as Chairperson 18 May 2020

- Ms N Cornick (Vice Chairperson – NHSS) – Appointed 1 April 2020
- Mr J Fraser (SIC) – Appointed 10 August 2020
- Ms J Haswell (NHSS)
- Mr S Leask (SIC) – Appointed 18 May 2020/Resigned 16 July 2020
- Ms S Manson (NHSS)
- Mr R McGregor (SIC)

Non-Voting Members:

- Mr S Bokor-Ingram (Chief Officer) – In post 1 April 2020 to 18 Apr 2020
- Mr B Chittick (Chief Officer) – Appointed 13 July 2020 in Interim role/appointed permanently from 1 August 2021.
- Dr A Einarsson (Senior Consultant: Local Acute Sector) – Appointed 10 December 2020
- Ms S Gens (Staff Representative)
- Mr J Guyan (Carers’ Representative)
- Mrs C Hughson (Third Sector Representative) – Resigned 31 December 2020
- Mrs D Morgan (Chief Social Work Officer)
- Ms J Robinson (Interim Chief Officer) – In post 1 April 2020 to 12 July 2020
- Ms J Robinson (Interim Depute Chief Officer) – Appointed 13 July 2020
- Mr I Sandilands (Staff Representative)
- Mrs L Tulloch (Third Sector Representative) – Appointed 1 March 2021
- Mrs E Watson (Lead Nurse for the Community)
- Mr K Williamson (Chief Financial Officer)
- Dr P Wilson (Senior Consultant: Local Acute Sector) – Resigned 10 December 2020
- Vacant (GP Representative)
- Vacant (Patient / Service User Representative)

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Post Year End Changes to Voting Membership

- Ms S Manson (NHSS) – Resigned 27 April 2021
- Mr L Carroll (NHSS) – Appointed 28 April 2021

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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 2021 and its financial position as at 31 March 2021.

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.

The Integration Scheme can be found via the link below;
<https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=26379>

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.

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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.

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

	Participation People participate and influence decisions on services and use of resources
	People Individuals and families thrive and reach their full potential
	Place Shetland is an attractive place to live, work, study and invest
	Money All households can afford to have a good standard of living

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. <https://www.shetland.gov.uk/downloads/file/1085/shetland-partnership-plan>

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 jointly developed the Performance Management Framework 2019-24 (PMF). The PMF was approved for implementation by the three bodies 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.

Our Vision is that by 2025, everyone in Shetland is able to live longer healthier lives and we will have reduced health inequalities.

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 IJB intends to work to manage the various demand and issues it faces and continue to evolve its services models to:

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Develop a single health and care system - We will have in place seamless services, wrapped around the needs of individuals, their families and communities, which are not restricted by organisational or professional boundaries. Where possible we aim to deliver a 'one stop shop' approach to health and care.

Maximise population health and wellbeing – people will be supported to look after and improve their own health and well-being, helping them to prevent ill health and live in good health for longer

Develop a unified primary care service with multi-disciplinary teams working together to respond to the needs of local populations

Streamline the patient's journey in hospital – we will work to make sure that people get the right care in the right place at the right time by maximising outpatient, ambulatory, day care services and minimising in-patient stays

Achieve a sustainable financial position by 2023

Consultation on refreshing the Strategic Commissioning Plan 2019-2022 took place in 2020/21. The IJB agreed that there was no need to rewrite the Plan at this stage.

Performance Overview

IJB performance in 2020/21 has been dominated by the response to the Covid-19 Pandemic, which continues in 2021/22 and beyond. Responding to the emergency pandemic has undoubtedly delayed progress on some aspects of our development and improvement programme, but in some ways has also accelerated change.

The strength of partnership working, both within the IJB itself, and in conjunction with the wider Shetland Partnership, has been crucial to the continued delivery of health and care services to the Shetland public. Health and Social Care staff have stepped up to the challenge, continuing to work on the front line throughout, adapting to meet ever-changing guidance and legislation.

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.

Given the additional pressures faced by the IJB due to the emergency situation, while the IJB usually reviews its overall performance using a wide range of performance indicators on a quarterly basis, this been difficult.

In March 2021, the IJB presented a report to provide an update on planning and performance. IJB Members approved the timetable for aligning strategic planning, service planning, change programmes, the budgeting process and risk management. Since its inception the IJB has found aligning all these aspects challenging. It is hoped setting this annual cycle will ensure best use of all the resources at the IJB's disposal to meet its objectives. The report also included a review of performance indicators for the 9 months to December 2020. The report can be view in full at; <https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=26375>

The IJB was provided with regular updates in relation to the Covid-19 Pandemic emergency response during 2020/21, with approval sought as required on Mobilisation and Remobilisation Plans from IJB Members.

In March 2021 the IJB Approved the timetable for aligning strategic planning, service planning, change programmes, the budgeting process and risk management.

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. A wide range of stakeholders were consulted for their views during 2020/21 to ensure an open and collaborative process was followed and communicated broadly. The Revised Integration Scheme was considered by the IJB in March 2021 and recommended to be approved by NHSS and SIC for submission to Scottish Government Ministers for final endorsement. Both Parties approved the Revised Integration Scheme in April 2021.

The process of updating the Strategic Commissioning Plan was considered by the IJB on 10 December 2020. It was recognised that that the Strategic Plan needed to be aligned to the budgeting process. Restrictions around the Covid-19 Pandemic and associated increase in demand and changes to workstream, meant that

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the consultation exercise took place entirely online. Some key themes were identified through the consultation for which an action plan was approved in principle to be developed by the Strategic Planning Group to address. However the IJB agreed that there was no need to rewrite the Strategic Plan at this stage.

The key themes identified will be addressed through the action plan during 2021/22. Full details of these themes can be found at; <https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=26042>

The IJB is obliged by the Public Bodies (Joint Working) (Scotland) Act 2014 to publish an Annual Performance Report. The Annual Performance Report (APR) 2020-21 was presented on 24 June 2021.

The purpose of the APR is to provide an open account of the IJB's performance in relation to planning and delivering delegated health and social care services. The APR acknowledges the various challenges the IJB has faced this year, notably the emergency response to Covid-19, reflecting on what has been learned.

Operational Review

The Covid-19 Pandemic has been the main focus for the IJB during 2020/21. The overarching achievement for the IJB in the year has been successfully coping with the pandemic.

It is essential to recognise the extent of our staff and community's efforts in responding to the changes in service delivery that were required, adapting and finding creative solutions to ensure that support continued to be provided, despite the necessary restrictions imposed on everybody as a result of Covid-19. The impact of the pandemic, has not all been negative. In some areas it has driven positive change and there are aspects of this which is important to recognise and retain as we move forward.

In March 2020, the IJB entered into pandemic response phase after the confirmation of a number of positive cases of Covid-19 in Shetland. In late April 2020, a Covid Recovery Group was formed to plan the recovery and remobilisation of services across health and care. The high level plan fed into the

remobilisation planning process overseen by the Scottish Government.

During 2020/21, Shetland, like the rest of Scotland was placed under tight restrictions to limit the transmission of the virus and prevent the NHS from being overwhelmed. In a local sense, many health and care services were suspended and services had to respond to rapidly changing guidance and regulation in respect of social distancing and infection control.

People still required care however and services adapted and found ways to support individuals and their carers in their own homes. Demand increased for Self Directed Support Option 1 packages to employ personal assistants and purchases of resources and equipment to provide the mental and physical stimulus in the absence of day care services. There has also been increased demand for care at home services for those unable to access day care and respite services.

Staff working in suspended services were redeployed where possible and alternative ways were found to provide care. Prior to the Pandemic, recruitment and retention of the health and social care workforce has been challenging. The IJB is indebted to the staff who have worked throughout the year, but it is clear that staff are now fatigued and we saw increased sickness levels and resignations as the year ended and continuing into 2021/22. This has led to a need to increase locum and agency staffing to continue to deliver services safely and ensure that health and social care staff can take annual leave and get a much needed break.

Work to develop and improve services in some cases had to take a back seat. While the IJB continues to look towards prevention and early intervention, Covid-19 restrictions have placed limitation on some of this work. The ramifications of Covid-19 restrictions will be seen for many years to come. People with minor conditions have delayed getting assistance due to lockdown and shielding, meaning early intervention was not possible. Mental health issues and substance misuse have increased nationally due to the pressures social and economic pressures Covid-19. Our IJB, is not insulated from this and have struggled to recruit specialist mental health staff prior to the Pandemic. Work is on-going to find ways to address waiting times for

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Psychological Therapies and sustain and embed alcohol brief interventions.

Wherever possible services have adapted to be deliver remotely. This has had the positive impact of accelerating technological change, such as:

- Use of telephone and remote consultations;
- Introduction of virtual equipment assessments;
- Scanning of clinical files in readiness for electronic notes;
- Use of Microsoft Teams for meetings, locally and nationally; and

Despite the Covid-19 Pandemic, the delivery of the IJB's Strategic Priorities has continued. The Strategic Commissioning Plan identified the following priorities;

1. Develop a single health and care system
2. Maximise population health and wellbeing
3. Develop a unified primary care service
4. Streamline the patient's journey in hospital

- Online training and development.

When service managers were asked what key changes they would seek to retain, other changes they noted were:

- Flexible use of staff;
- Pooled approaches;
- The ability to find work arounds and creative solutions;
- Continued triaging and new practice such as equipment clinics; and
- Flexibility for both patients and staff in terms of methods of communication and location of consultations/work place.

5. Achieve a sustainable financial position by 2023

Performance is monitored and reported to the IJB on a regular basis. Below provides an extract of some of the performance data presented in both our APR and our quarterly monitoring report.

Performance Indicator	2020/21		2019/20		Notes
	Target	Actual	Target	Actual	
Percentage of outcomes for individuals met	90%	95%	80%	95%	Measure stabilised around 95%
Number of those aged 65 and over receiving Personal Care at Home	200	235	200	232	Personal care is offered to those who need it. Assessments are thorough and the Council's policy of reablement, which includes a six week period of free support, has helped us achieve good performance over a number of years.
Number of Anticipatory Care Plans in Place	700	6407	700	1157	Increase reflective of ACPS for shielding patients and any other particularly vulnerable individuals during Covid-19 Pandemic.
Adult Mental Health - Psychological Therapies - percentage of completed waits of less than 18 weeks)	90%	19%	90%	29%	A Psychological Therapies Recovery Plan has been submitted and approved by NHSS Board that sets out different ways to working and will enable the long waits to be addressed over the coming 6 months. Additional resources are currently being sought via the mobilisation plan.
Sustain and embed Alcohol Brief Interventions in 3 priority setting (primary care, A&E, antenatal) and broaden delivery in wider settings	261	20	261	80	The ABI Improvement Plan was interrupted due to Covid-19, but is now being implemented. A rapid literature review is also being undertaken to understand effectiveness of ABIs and inform a targeted approach.
Percentage of people 65 and over receiving intensive care package (over 10 hours per week) in their own home	40%	55%	40%	53%	Enabling people to be as independent and safe as possible remains one of our primary aims. We continue to provide appropriate support in people's own home to assist in achieving this.
Occupancy of care homes	90%	81.90%	90%	89.38%	Increased use of permanent beds for re-ablement and respite care means occupancy levels decrease. Effectiveness of care provided at home results in less demand for residential beds. Respite use has dropped in 2020/21 due to Covid-19 Pandemic restrictions.

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The APR provides several case studies which demonstrate the breadth of work and improvement activity which has occurred in 2020/21.

Case study	Meet Strategic Plan Priority	Details
First point of contact physiotherapy for musculoskeletal pathways at Lerwick Health Centre	3,5	Provision of this 'on the day' triage at Lerwick Health Centre means the patient is often seen when they need the help most and can be directed to self-management or referred at an early stage for investigation or to other specialities. The project has realised recurring savings.
Community Care Resources	1,5	Introduction of an overnight scheduled care service, increasing delivery of service in people's own homes and reducing permanent admission to care homes. Alongside, the provision for fleet cars to social care staff delivering care at home services, overnight care ensures best use of our workforce and financial resources.
Diabetes Pathway	2	An integrated healthy weight and diabetes education service, delivered by multi-disciplinary teams, working in partnership with the public to support better outcomes for the people across Shetland.
Podiatry Musculoskeletal (MSK) Pathways	4	As NHS Shetland does not have an orthopaedic service, all orthopaedic referrals from primary care in NHSS are now triaged by MSK specialist Podiatrists, who can then facilitate video conferencing with consultant orthopaedic surgeons in Glasgow to allow multi-disciplinary team discussion on treatment options.
Substance Misuse Recovery Service	1	Introduction of Substance Misuse Recovery Service to support people struggling with addiction, providing consistent point of contact/support.
Pharmacy in Primary Care	3	Improving prescribing practices across Shetland, providing key tools to support timely provision of essential end of life care medicines, providing clinical care in primary care for those with long-term conditions and supporting review of medications within Primary Care.

Full details of these case studies can be found at:

<https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=26694>

The IJB continues its work to shift the balance care. As we emerge from the pandemic, with the support of the SIC Change Programme and the Performance Management Office in NHSS it is hoped through projects such as Community Led Support and the Primary Care Change Programme to find innovative ways to provide early intervention and prevention and ensure community support for change. However, it should be noted that with the current strategic and operating climate due to Covid, sustaining services and our financial position will be a significant challenge moving forward.

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Financial Statements

The Financial Statements detail the IJB's transactions for the year and its year-end position as at 31 March 2021. 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, Interim Chief Officer and Interim Depute Chief Officer of the Partnership is disclosed in the Remuneration Report.

Financial Review

At its meeting on 28 May 2020 the IJB approved its 2020/21 budget of £50.736m (2019/20: £45.648m). 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 2020/21 being £56.381m (2019/20: £49.558m).

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 2020/21

For the year-ended 31 March 2021, the IJB generated a surplus of £1.220m (2019/20: £0.073m), after adjustment has been made for additional contributions made by SIC and NHSS.

The surplus of £1.220m 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. Some of the specific funding allocations were agreed late in the year, giving no opportunity to spend in 2021/22. The 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 2021 for the IJB is an overall deficit against budget of (£0.230m) (2019/20: (£1.951m)), which represents an underspend in relation to services commissioned from SIC of £1.110m (2019/20: £0.680m) and an overspend in relation to services commissioned from NHSS of (£1.340m) (2019/20: (£2.631m)). The £0.230m 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 £1.220m (2019/20: £0.073m), NHSS made a one-off additional contribution of £2.531m to the IJB. The additional contribution from NHSS is non-recurrent in nature and does not require to be paid back in future years. The SIC received a one-off additional contribution from the IJB of £1.081m.

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Financial Transactions 2020/21

		2020/21			2019/20		
		SIC £000	NHSS £000	TOTAL £000	SIC £000	NHSS £000	TOTAL £000
1	Budgets delegated to the Parties from the IJB	26,550	29,831	56,381	23,698	25,860	49,558
2	Contribution from the Parties to the IJB (against delegated budgets)	(25,440)	(31,171)	(56,611)	(23,018)	(28,491)	(51,509)
3	Surplus/(Deficit)	1,110	(1,340)	(230)	680	(2,631)	(1,951)
4	Additional contributions from Parties to meet IJB Direct Costs	(15)	(15)	(30)	(17)	(16)	(33)
5	IJB Direct Costs (Audit fee, Insurance & Members Expenses)	15	15	30	17	16	33
6	Additional contributions (to)/from SIC and NHS to IJB	(1,081)	2,531	1,450	(710)	2,734	2,024
7	Final Surplus/(Deficit) of IJB	29	1,191	1,220	(30)	103	73

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Significant Budget Variances

The table below provides the details of the significant budget variances for the year. This has been analysed under the themes which make up the overall £0.230m overspend.

Themes	2020/21 Budget Variance £000	2019/20 Budget Variance £000	£000
Locum Costs	(1,553)	(1,899)	346
Agency Staffing	(531)	(922)	391
Vacancies & Other Staffing underspends	529	1,184	(655)
Primary Care additional allocation	0	377	(377)
Increased service demand	(302)	(575)	273
External Service Provider	215	0	215
Overachievement of Income	526	901	(375)
Pharmacy & Prescribing Savings	121	31	90
Mileage savings	174	118	56
Funding allocation unspent	130	80	50
Underspend Maintenance	294	118	176
Efficiency Target unachieved	0	(904)	904
Other	167	(460)	627
Total	(230)	(1,951)	1,721

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.

Due to difficulty in recruiting to specialist posts it has been necessary to continue to contract Consultant Mental Health locums in 2020/21, at a cost (including flights and accommodation) of (£0.427m) (2019/20: (£0.453m)).

Efforts continue regarding ways to reduce the requirement for expensive locums in Mental

Health including the redesign of urgent care pathways and the potential for regional models for consultant out of hours cover.

Locum cover was also required in Primary Care for General Practitioners (£0.535m) (2019/20: (£0.657m)) where it was not possible to fill vacant posts, with notable overspend against budgets at the locations as per table below:

Location	2020/21	2019/20
Yell	(£0.085m)	(£0.110m)
Whalsay	(£0.026m)	(£0.102m)
Unst	(£0.075m)	(£0.091m)
Brae	(£0.210m)	(£0.127m)
Bixter	(£0.022m)	(£0.068m)
Scalloway	(£0.078m)	(£0.037m)
Lerwick	Nil	(£0.063m)
Walls	Nil	(£0.059m)
Out Of Hours Test of Change	(£0.039m)	Nil

The introduction of GP Joy initiative has seen a reduction in overall locum costs during 2020/21.

Locum cover and a bank consultant were required within Unscheduled Care to cover two vacant medical consultant posts during the year (£0.591m) (2019/20: (£0.789m)).

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. In order to continue to safely deliver residential care services, it has therefore been necessary to use agency staff, leading to an overspend of

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(£0.416m) (2019/20: (£0.773m)) in Community Care Resources. The reduction in costs in 2020/21 is due to the redeployment of staff during Covid-19 Pandemic while day care & respite services were suspended. The need for agency staff cover has however increased nearer the year-end.

There was a need to contract agency staffing in Adult Services in 2020/21 (£0.061m) (2019/20: Nil). Last year saw the establishment of the Assertive Transition Service and a need to recruit additional employees to operate this service. Unfortunately, this led to movement of staff from other Adult Services settings, leaving vacant posts elsewhere.

Recruitment and retention of staff was difficult pre-pandemic, and continues to be so, 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.

Specialist posts are often difficult to recruit to and Adult Social Work has struggled to find a Mental Health Social Worker. This has led to the use of agency staffing to cover this role in the year (£0.054m) (2019/20: Nil).

Vacancies and Staffing Underspend

It was possible to partially offset the cost of using high cost locums in Mental Health due to an underspend in employee costs in Dementia Services £0.050m, as staff were employed on lower grades than budgeted. There was also underspend in the Community Mental Health team due to reduced demand for services and vacant posts, £0.101m.

Community Care Resources underspent employee costs budgets by £0.222m (2019/20: £0.403m) and there was further underspend of £0.083m (2019/20: overspend (£0.143m)) in Adult Services. It should be noted that staff have been utilised across different locations and redeployed to provide care at home and outreach as a result of the pandemic response which has made tracking staffing costs a challenge. As we look to shift the balance of care, residential care bed use is changing, with beds being used for an increasing amount of respite

and reablement, to allow people to stay in their own homes as long as possible. Bed capacity at Isleshavn (10-bedded unit) reduced in previous years to make best use of available staffing and has continued at a reduced level of 6-7 beds during 2020/21.

Additional budget of £0.092m was approved for 2020/21 in respect of the scheduled overnight care service, which went live on 11 May 2020. This has proved successful and added extra resilience to the service through the pandemic response.

A Test of Change Project within Community Care Resources to increase the provision of day care services at ET House to better support individuals and carers was approved in 2020/21 with budget of £0.051m. Due to suspension of day care services staff recruitment was delayed until November/December 2020. The staff recruited will be utilised to provide residential care until day care services resume. It is hoped that increased day care, including longer hours will provide support of unpaid carers and also support people to stay in their own homes longer.

There was underspend in employee costs budget in Community Nursing in the year of £0.073m. This was due to several vacancies across the service.

The IJB has realised a significant amount of risk regarding sustaining its workforce during the pandemic. There was difficulty engaging locum and rotational staff due to restrictions on movement during lockdown. However, this has allowed refocus on how we attract people to come and work in Shetland. There has been positive engagement with Promote Shetland to review our messaging about Shetland as a place to live and work.

Increased Demand

The budget for Off Island Placements was overspent during the year (£0.201m) (2019/20: £0.107m)). These individual packages of specialist support are expensive, so changes to the number of packages mean costs can vary significantly from year to year. The Covid-19 Pandemic has also meant that repatriation of those in Off-Island Placements has been challenging.

Shetland Islands Integration Joint Board

The overall cost of Self-Directed Support (SDS) provided through Option 1 and 2 has overspent by (£0.101m) 2019/20: (£0.310m). Payments are predominantly under Option 1 due to limited availability of providers to deliver Option 2 in Shetland.

Scottish Government Additionality Funding has been used for a number of years to support increased SDS payments. It was hoped that savings would be seen in areas of traditional service delivery, which would eventually free up this funding for other use. This has not been possible as the majority of the increase relates to demographic pressure, relating predominantly to individuals (and their carers) who would fall within the Adult Services remit. Some of the services in this area are operating at capacity and unable to meet the needs of individuals with increasingly complex condition. It is also the case that younger people are looking for flexible/creative solutions to achieve their outcomes, which SDS can provide.

The Community Living Change Fund was announced by the Scottish Government in March 2021, granting £20m funding to IJBs with an allocation for Shetland of £0.078m, to:

- Reduce the delayed discharge of people with complex needs;
- Repatriate those people inappropriately placed outside Scotland; and
- Redesign the way services are provided for people with complex needs.

This funding is to be used of a 3 year period from 2021-24 and aligns with the core values and purpose of the Assertive Community Transition Service.

External Service Provider

There was an underspend in the contract between the Council and Crossreach for 2020/21 of £0.215m (2019/20: Nil) as a result day care provision at Walter and Joan Gray Home having ceased in January 2020 and no day care service resuming in 2020/21 as a result of the Covid-19 Pandemic response.

Preparations for the re-opening of daycare services are ongoing as we recover services post Covid.

Overachievement of Charging Income

There was an overachievement of Board and Accommodation income in the year, £0.526m (2019/20; £0.901m) 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.

Pharmacy & Prescribing Savings

There was an underspend of £0.150m on Hepatitis C drugs due to no patients requiring this in 2020/21. There was a further £0.106m underspend in Community Pharmacy due to increased discounts, reduced vaccine costs and dispensing income. This was offset by (£0.135m) in Home Care costs due to an increase in patients and medicine costs.

Mileage Savings

There was an underspend in mileage/vehicle costs in 2020/21 of £0.174m (2019/20: £0.118m).

A Council funded Spend to Save Project in 2018/19 facilitated the purchase of 30 vehicles for Social Care. The mileage savings (off-set by fuel and other vehicles running costs) have exceeded expectation. During 2020/21, further vehicles have been provided by the Council's fleet management for this purpose.

Mileage required for the delivery of care at home services can vary depending on the location and level of needs of the individuals receiving care. However, based on the savings achieved it has been possible to reduce mileage/vehicles costs budget by £0.085m between 2018/19 to 2020/21, with this money being reinvested into the provision of overnight scheduled care.

Maintenance Underspend

Covid-19 restrictions have led to maintenance projects being delayed. The pandemic has also caused issues in acquiring the necessary materials to do repairs. There was an overall underspend in Maintenance budgets within SIC delegated services of £0.294m (2019/20:

Shetland Islands Integration Joint Board

£0.118m). The Maintenance Programme has been revised for 2021/22 to take this slippage into account.

Scottish Government Additionality Funding

The IJB recognises an underspend in this funding of £0.092m, a small underspend in Reablement Programme in Care Homes, £0.012m, and underspend in employee costs due to vacant posts within the Intermediate Care Team during the year, £0.080m (2019/20: £0.080m).

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 £0.847m 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 £2.212m (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 reserve.

Covid-19

The total cost of Covid-19 to the IJB was £2.826m, which is set out in the table to the right.

Covid-19 Cost Heading	NHSS	SIC	TOTAL HSCP
		£	£
Mental Health Services	586	-	586
Additional temporary staff spend - All Other	375	98	473
Delayed Discharge Reduction- Additional Care at Home Packages	-	277	277
Additional staff Overtime and Enhancements	92	111	203
Expected underachievement of savings (HSCP)	213		213
Additional payments to FHS contractors	129		129
Loss of income	34	112	146
COVID-19 screening and testing for virus	113		113
Equipment & Sundries	41	99	140
Additional temporary staff spend - Student Nurses & AHP	98	-	98
Digital, IT & Telephony Costs	79	15	94
Personal protective equipment	-	77	77
Social Care Provider Sustainability Payments	-	116	116
Estates & Facilities cost including impact of physical distancing measures	1	67	68
Other costs < £50k	105	56	161
Offsetting cost reductions - HSCP	(2)	(66)	(68)
TOTAL COVID-19 COSTS	1,864	962	2,826

IJBs were asked to provide details of emerging Covid-19 costs and projections throughout 2020/21 in line with their plans for remobilisation of services. The financial detail was collated together with NHSS Acute Services costs and submitted to the Scottish Government.

The Scottish Government have provided funding to cover the full cost impact of Covid-19 to the IJB in 2020/21, basing this on the January 2021 Mobilisation submission. They have also

Shetland Islands Integration Joint Board

provided additional allocations late in 2020/21, which they have asked be carried forward in IJB Reserve, to be utilised in 2021/22 to meet the continuing cost impacts of Covid-19.

Funding was as follows:

Covid-19 Funding	NHSS	SIC £	TOTAL HSCP £
Mobilisation/Remobilisation Funding	1,864	1,000	2,864
Further Integrated Authority Support			362
Winter Plan			220
			3,446

The IJB will carry-forward £0.620m funding within the IJB Reserve as Earmarked Reserves. This being, a £0.038m underspend by SIC in relation to Mobilisation/Remobilisation funding and £0.582m specific funding (detailed above) paid to the IJB via NHSS. NHSS made an additional funding allocation to the IJB at the year-end of £2.212m (see table on page 9) which included the transfer of these specific funding allocations.

The Balance Sheet as at 31 March 2021

The IJB carried a General Reserve of £0.978m as at 1 April 2020. This reserve was created from previous years underspending in the Scottish Government Additionality Funding £0.482m and underspend in specific NHSS Funding which were carried forward as an earmarked element of the Reserve £0.496m.

During the year there has been a draw on the IJB Reserve of £0.301m, £0.292m of earmarked reserve and further spend against a number of projects which the IJB have agreed to fund from its Reserve, £0.009m.

Underspend in Scottish Additionality Funding and specific NHSS Funding in 2020/21 of £0.092m and £1.430m, respectively have been added to the Reserve.

As at 31 March 2021, the General Reserve has a balance of £2.198m, of which £1.634m is earmarked and a further £0.049m has been committed to specific projects, leaving £0.515m

uncommitted Reserve available to be spent in line with the IJB Strategic objectives.

2021/22 Budget and Medium Term Financial Outlook

The IJB Board approved the proposed budget for 2021/22 of £53.035m, on 25 March 2021, subject to NHSS Board approval of their delegated budget which was given at its meeting on 27 April 2021. The IJB noted the risks associated with Covid-19 and the impact this may have on 2021/22 budgets and costs.

General Reserve is also available to support the strategic objectives of the IJB, as detailed in Note 6 to the Accounts (page 31). 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 2021/22 that services will start to return, resume and adapt to a "new normal" but it is recognised that the longer reaching economic impact of the pandemic, while difficult to quantify, will undoubtedly lead to further fiscal pressures.

The IJB has continued to submit details of projected cost of Covid-19 Recovery. Remobilisation Plan 3 (R3), was submitted on 31 March 2021, estimated the financial impact to the IJB of Covid-19 for the year to 31 March 2022 at £2.9m (£1.1m Social Care services/£1.8m Health services). The Scottish Government provided late funding allocations to the IJB for 2020/21 of

Shetland Islands Integration Joint Board

£0.582m (detailed above) in respect of Covid-19 which have been carried forward in the IJB Reserve as specified to be used against continued Covid-19 costs. It is hoped that the Scottish Government will continue to meet the additional cost pressures places on IJBs due to Covid-19 but this had not been guaranteed. The IJB approved its Medium-Term Financial Plan (MTFP) 2021/22 to 2025/26 on 25 March

2021. The Plan sets out three scenarios with regard to the likely funding shortfall over the five-year period, with the most favourable scenario resulting in a cumulative budgetary deficit will be £15.169m by 2025/26, if no action is taken to mitigate the impact of rising costs and reducing funding. 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 10 December 2020 and can be found here:

<https://coins.shetland.gov.uk/submissiondocuments.asp?submissionid=26038>

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.	The IJB Medium Term Financial Plan 2021/22 to 2025/26 sets out three scenarios, with the most favourable one resulting in a cumulative budgetary deficit of £15.169m by 2025/26 if no action is taken. This sets the scene, but recognised that pace of redesign needs to increase. A Transformational Change Board has been established in NHSS and Service Redesign Programme established within SIC to support delivery of the IJB's Strategic Programmes.
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.
Climate Change Agenda	The Climate Change (Scotland) Act 2009 set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. In 2015 an Order was introduced, requiring all designated major player (of which the IJB is one), to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act. The IJB's climate change reports are available at; https://sustainablesotlandnetwork.org/reports/shetland-ijb .
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. The IJB continues to submit statistical data and detail of emerging financial cost pressures associated with Covid-19 to the Scottish Government through its Remobilisation 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.

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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 2021.

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Brian Chittick
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Brian Chittick
Chief Officer
30 September 2021

DocuSigned by:
Emma MacDonald
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Emma Macdonald
Chair
30 September 2021

DocuSigned by:
Karl Williamson
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Karl Williamson
Chief Financial Officer
30 September 2021

Shetland Islands Integration Joint Board

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

2021 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. Discussions and outcomes from the joint Council, Health Board and IJB Clinical, Care and Professional Governance Committee and the IJB Audit Committee inform reports presented to the IJB;

Shetland Islands Integration Joint Board

- 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 auditor, 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 auditor, and reports from external auditor 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.

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Covid-19 Impact

All IJB and IJB Audit Committee meetings were cancelled from 23 March 2020 (the date when the Covid-19 lockdown and requirements were brought into effect).

IJB and IJB Audit Committee meetings resumed from 28 May 2020 by remote link and continue to be held in this manner up to the date of the approval of the Annual Accounts.

At the [IJB meeting on 28 May 2020](#) authority was delegated to the Chief Officer, in consultation with the Executive Manager – Governance and Law (SIC), the Chief Executives of the partner organisations of the SIC and NHSS, and the chair and vice chair of the Integration Joint Board, to approve the cancellation of any scheduled meetings or to call any special meetings as required during the period of response to the Covid-19 outbreak.

These temporary arrangements remain under review, taking cognisance of national guidance and direction, and may, by reporting to the IJB be extended or revoked at the appropriate time.

Despite meetings being cancelled during the early stages of the pandemic there was no significant impact on the governance arrangements of the IJB. All actions across the partnership were still governed by the internal control systems of the partner organisations. It was agreed that in order to maintain an adequate overview and scrutiny by members of the IJB, where actions have been taken by either SIC or NHSS this shall come in due course via a report to a future IJB meeting so that a formal recorded decision of any such actions can be noted by the board.

The approval of the [IJB Annual Performance Report 2019/20](#) was delayed due to Covid-19. Legislation requires approval by the end of July but the report was only presented to the IJB for approval on 23 November 2020. This delay had no impact on the overall governance arrangements of the IJB.

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 2020/21 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 2020/21 included two specific IJB related reviews - Financial Planning arrangements and governance of the Board and Committees. The audit fieldwork for 2020/21 has been completed. The findings of all audits are reported to the Audit Committee. Internal Audit will undertake follow up work during 2021/22 to confirm implementation of the agreed recommendations and the results of the follow up audit work will be formally reported back to the Committee during 2021/22. The Chief Internal Auditor also reviews matters arising from NHSS Internal Audit reports issued in the financial year by Azets, and those issued for SIC that may have an impact upon the IJB. The Chief Internal Auditor has confirmed there are no significant matters arising within SIC specific to the IJB and no significant matters, of relevance to the IJB, arising at NHSS have been notified to the Chief Internal Auditor.

On the basis of the audit work undertaken during the reporting period, the Chief Internal Auditor is

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able to conclude that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2020/21.

Compliance and Best Practice

The IJB complies with the CIPFA Statement on “*The Role of the Chief Financial Officer in Local Government 2016*”. 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*”.

Introduction of Financial Management Code (FM Code)

Local authorities, including IJBs, are required to apply the requirements of the FM Code with effect from 1 April 2020 and must ensure that their governance and financial management style are fit for this purpose. CIPFA considers that the implementation date of April 2020 should indicate the commencement of a shadow year and that by 31 March 2021, local authorities should be able to demonstrate that they are working towards full implementation of the code. The first full year of compliance with the FM Code will therefore be 2021/22.

A high level assessment of the IJB’s compliance with the 17 standards set out in the FM code has been completed by management.

It has been determined that the IJB is broadly compliant with all standards through existing governance arrangements. Further work will be completed during 2021/22 to fully evidence this conclusion.

Issue and Actions

The current [Medium Term Financial Plan \(MTFP\)](#) requires £15m (25%) savings (most favourable scenario) to be achieved by 2025/26 in order to reach a sustainable financial position. Actions to address this situation include the introduction of a Programme Management Office (PMO) in NHSS and a Change Programme in SIC. A [Planning and Performance Update](#) report was presented to the IJB on 25 March 2021 which aims to align the strategic planning, service planning, change programmes, the budgeting process and risk management. Progress against this objective will continue to be reported quarterly to the IJB.

The review of the Integration Scheme was due to be completed by 30 June 2020 in line with all three partners obligation under section 44 of the Public Bodies (Joint Working) (Scotland) Act 2014 to review it before its fifth anniversary. Although this review was not completed by 31 March 2021 all three partners have now approved the revised Integration Scheme for submission to the Scottish Ministers for final endorsement. The IJB approved the Scheme on 25 March 2021, SIC on 14 April 2021 and NHSS on 27 April 2021.

As in the prior year there have been significant changes to the voting and non-voting membership of the IJB during the year ended 31 March 2021. 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. This Interim Chief Officer then moved to the role of Deputy Interim Chief Officer in July when a new Interim Chief Officer was appointed. There were also four new SIC Board members appointed during the year and three departures. There were also changes to the senior consultant and third sector representatives during the year.

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 current

Shetland Islands Integration Joint Board

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 are no significant issues in regards to the internal control environment operating during the year but in line with our culture of continuous improvement the below Action Plan will be addressed during 2021/22.

Action	Responsible Officer	Target date for completion
Review the supplementary documents to the Integration Scheme – See Appendix 3 ‘Approval of Review of Shetland Islands Health and Social Care Partnership Integration Scheme’ which was presented to the IJB on 25 March 2021.	Various	Various
As part of the IJB’s current efforts to address unsustainable funding in the longer term management will consider developing a documented strategy to ensure that the process is managed effectively. This will be addressed through the annual Planning & Performance cycle as approved by the IJB in March 2021.	Chief Officer	December 2021
Progress the actions identified in the IJB Audit Action Plan as presented to the IJB Audit Committee on 11 March 2021.	Various	Various

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.

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Brian Chittick
 Chief Officer
 30 September 2021

Assurance

Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the

Shetland Islands Integration Joint Board

Remuneration Report

Introduction

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

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

Remuneration: IJB Chair and Vice Chair

The voting Members of the 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 2020/21 or 2019/20.

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, was 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 20 April 2020, the Chief Officer, Simon Bokor Ingram, was seconded to NHS Grampian. He resigned from his post with NHSS on 21 March 2021.

Jo Robinson was Interim Chief Officer during the period from 1 April 2020 to 12 July 2020, which allowed continuity given the Chief Officer's secondment, but was also crucial in responding to the Covid-19 Pandemic. The Interim Chief Officer remained in post until 12 July, when approval was given for an Interim Depute Chief Officer role to be created to provide additional capacity and management support to deal with the pandemic response. The Interim Depute Chief Officer was in post from 13 July to 31 March 2021.

The Interim Chief Officer/Depute Interim Chief Officer is employed by SIC. The Interim Chief Officer, as with the Chief Officer role, is a joint post, with 50% of their cost being recharged to NHSS. The cost of the Interim Depute Chief Officer was paid by SIC and reclaimed via the IJB Mobilisation Plan from the Scottish Government. 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/Interim Depute Director of Community Health and Social Care is accountable to both the Chief Executive of NHSS and the Chief Executive of SIC.

Shetland Islands Integration Joint Board

Brian Chittick was appointed as Interim Chief Officer on 13 July 2020 and has remained in post to 31 March 2021. The Interim 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.

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.

Disclosure by Pay Bands

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

Remuneration

The Chief Officer and Interim Chief Officer received the following remuneration during 2020/21:

Senior Employees	Designation	2020/21	2019/20
		*Total Remuneration £	*Total Remuneration £
Simon Bokor-Ingram	Chief Officer	5,023	27,194
Brian Chittick	Interim Chief Officer	76,756	0
Jo Robinson	Interim Chief Officer/Interim Depute Chief Officer	78,541	71,396

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

Total remuneration for 2020/21 has been apportioned based on the period each senior employee was in appointment.

The full time equivalent value of total remuneration for the Chief Officer and Interim Depute Chief Officer is £106,931 and £70,380 respectively.

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

Shetland Islands Integration Joint Board

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/Interim Chief Officer participate 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 Depute 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 entitlements for the Chief Officer, Interim Chief Officer and the Interim Depute Chief Officer

for the year to 31 March 2021 are 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 2020/21 is reported jointly for the post of Director of Community Health and Social Care and Interim Chief Executive NHSS.

The pension entitlement of Brian Chittick for 2020/21 is reported jointly for the post of Interim Director of Community Health and Social Care and Interim Medical Director NHSS.

The pension entitlement of Jo Robinson for 2020/21 is reported jointly for the post of Interim Director of Community Health and Social Care and Depute Director of Community Health and Social Care.


It is not possible to separate out the pension attributable to individual posts held by the officers during 2020/21, so their respective full entitlements are disclosed in the following table.

Name of Senior Official	Designation	In-Year Employer Pension Contributions		Accrued Pension Benefits			
		2020/21 £	2019/20 £	As at 31 March 2021		Increase from 31 March 2020	
				Pension £	Lump Sum £	Pension £	Lump Sum £
Simon Bokor-Ingram	Chief Officer	20,580	19,836	38,194	79,988	3,717	5,003
Brian Chittick	Interim Chief Officer	21,894	0	11,509	0	2,165	0
Jo Robinson	Interim Chief Officer/Interim Depute Chief Officer	16,337	16,091	26,812	32,996	1,352	-490

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Brian Chittick
 Chief Officer
 30 September 2021

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Emma Macdonald
 Chair
 30 September 2021

Shetland Islands Integration Joint Board

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 Annual Accounts were approved for signature by the Integration Joint Board on 30 September 2021.

Signed on behalf of Shetland Integration Joint Board.

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 Emma Macdonald
 Chair
 30 September 2021

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 2021

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 Karl Williamson
 Chief Financial Officer
 30 September 2021

Shetland Islands Integration Joint Board

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

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Shetland Islands Integration Joint Board for the year ended 31 March 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the body as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted

appointment is 5 years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

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

Responsibilities of the Chief Financial Officer and Shetland Islands Integration Joint Board for the financial statements

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

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going

Shetland Islands Integration Joint Board

concern and using the going concern basis of accounting unless deemed inappropriate.

The Shetland Islands Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

Procedures include:

- considering the nature of the board's control environment and reviewing the board's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities;
- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;

- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the Public Bodes (Joint Working) Scotland Act 2014.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of the performing the above, we identified the greatest potential for fraud was in relation to the completeness and accuracy of the contributions received from the Health Board and the Council. The risk is that the partner bodies do not pass on any additional funding due. In response to this risk, we tested the income recognised to ensure that the correct contributions have been received in accordance with that agreed as part of the budget process.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Shetland Islands Integration Joint Board

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

Reporting on other requirements

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

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

Statutory other information

The Chief Financial Officer is responsible for the statutory other information in the annual accounts. The statutory other information

comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

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

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

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

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

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

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

Shetland Islands Integration Joint Board

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective - delete if not applicable.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

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Pat Kenny, CPFA (for and on behalf of Deloitte LLP)

110 Queen Street

Glasgow

G1 3BX

United Kingdom

30 September 2021

Shetland Islands Integration Joint Board

Comprehensive Income and Expenditure Statement for year ended 31 March 2021

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

2019/20 Net Expenditure £000	Notes	2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000
28,491	Health Services	31,171	-	31,171
23,018	Social Care Services	25,440	-	25,440
33	Corporate Services	30	-	30
51,542	Cost of Services	56,641	0	56,641
(51,615)	Taxation and Non-Specific Grant income	4	-	(57,861)
(73)	Surplus on Provision of Services	56,641	(57,861)	(1,220)
(73)	Total Comprehensive Income and Expenditure			(1,220)

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.

Shetland Islands Integration Joint Board

Movement in Reserves Statement

This statement shows the movement in the year on the reserves held by the IJB.

2020/21	General Fund Balance £000
Balance at 1 April 2020	(978)
Total Comprehensive Income and Expenditure	(1,220)
Increase in 2020/21	(1,220)
Balance at 31 March 2021	(2,198)

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

Shetland Islands Integration Joint Board

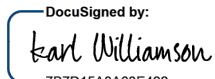
Balance Sheet as at 31 March 2021

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 2020		Notes	As at 31 March 2021
£000			£000
978	Other Current Assets	5	2,198
978	Current Assets		2,198
978	Net Assets		2,198
	Represented by:		
978	Usable Reserves: General Fund	6	2,198
978	Total Reserves		2,198

The Unaudited Financial Statements were issued on 24 June 2021 and the Audited Financial Statements were authorised for issue by Karl Williamson on 30 September 2021.

The Annual Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2021 and its income and expenditure for the year then ended.

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Karl Williamson
 Chief Financial Officer
 30 September 2021

Shetland Islands Integration Joint Board

Notes to the Primary Financial Statements

Note 1: Critical Judgements and Estimation Uncertainty

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

Note 2: Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Financial Officer on 30 September 2021. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. 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. The impact on the IJB will continue to be monitored during 2021/22 with projected costs reported to the Scottish Government quarterly. At this stage it is anticipated that all additional Covid-19 costs incurred in 2021/22 will be fully funded by specific reserves held locally plus additional allocation from the Scottish Government.

Note 3: External Audit Costs

The authority has incurred the following costs in relation to the audit of the statement of accounts:

2019/20 £000		2020/21 £000
26,560	Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year.	27,330
26,560		27,330

Note 4: Taxation and Non-Specific Grant Income

2019/20 £000		2020/21 £000
21,728	Funding contribution from Shetland Islands Council	23,205
28,033	Funding contribution from NHS Shetland	29,938
1,854	Other Non-ringfenced grants and contributions	4,718
51,615	Total	57,861

The funding contribution from NHSS shown above includes £6.415m (2019/20: £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 5: Other Current Assets

As at 31 March 2020 £000		As at 31 March 2021 £000
141	Shetland Islands Council	169
837	NHS Shetland	2,029
978	Total	2,198

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

Shetland Islands Integration Joint Board

bank accounts and reflected as Other Current Assets by the IJB.

Note 6: 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; and
- to provide a contingency fund to cushion the impact of unexpected events or emergencies.

2019/20 £000	General Fund	2020/21 £000
(905)	Balance at 1 April	(978)
(51)	Transfers in: Scottish Government Additionality Funding Underspend	(83)
(956)	Sub-total	(1,061)
(22)	Earmarked element of Reserve: NHSS Specific Funding Underspend	(1,137)
(978)	Balance at 31 March	(2,198)

Note 7: 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 4. The debtor balances of the SIC and NHSS with the IJB as at 31 March 2020 are detailed in Note 5.

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 8: Accounting Standards Issued and Adopted in Year

Adoption of new and revised standards.

- a) Standards, amendments and interpretations effective in the current year

In the current year, the Board has applied a number of amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these Financial Statements:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendment to IFRS 9: Applying IFRS9 with IFRS4;
- Amendment to IFRS 3: Definition of a Business;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform (Phase 1); and
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

- b) Standards, amendments and interpretations early adopted this year.

There are no new standards, amendments or interpretations early adopted this year.

Note 9: Accounting Standards Issued but not yet Adopted

Standards, amendments and interpretations issued but not adopted this year.

At the date of authorisation of these Financial Statements, the Board has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 16: Leases. HM Treasury have agreed to defer implementation until 1 April 2022;

Shetland Islands Integration Joint Board

- IFRS 17: Insurance Contracts. Applicable for periods beginning on or after 1 January 2023;
- Amendment to IAS 1: Classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 January 2023;
- Amendment to IAS 1: Disclosure of Accounting Policies. Applicable for periods beginning on or after 1 January 2023;
- Amendment to IAS 8: Definition of Accounting Estimates. Applicable for periods beginning on or after 1 January 2023;
- Amendments to IAS 16: Property, Plant and Equipment proceeds before intended use. Applicable for periods beginning on or after 1 January 2022;
- Amendments to IAS 37: Onerous Contracts, cost of fulfilling a contract. Applicable for periods beginning on or after 1 January 2022;
- Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform (Phase 2). Applicable for periods beginning on or after 1 January 2021; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle. Applicable for periods beginning on or after 1 January 2022.

The Board does not expect that the adoption of the Standards listed above will have a material impact on the Financial Statements in future periods

Note 10: Summary of Significant Accounting Policies

A General Principles

The Annual Accounts summarise the IJB's transactions for the 2020/21 financial year and its position as at 31 March 2021.

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

The Chief Financial Officer undertook an assessment of going concern in February 2021 seeking assurance from Shetland Islands Council and NHS Shetland with regard to future financial contributions. It was concluded that there is no material uncertainty regarding going concern and continued service presumption.

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

Shetland Islands Integration Joint Board

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 2021 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.

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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 overpaid.

Asset

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

Audit of Accounts

An independent examination of the IJB's financial affairs.

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.

Shetland Islands Integration Joint Board

MTFP

Medium Term Financial Plan.

PMF

Performance Management Framework.

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.

Certificate Of Completion

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Document Pages: 41 Signatures: 10 Envelope Originator: Grant Baird
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IP Address: 152.37.118.108

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Karl Williamson
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Pat Kenny
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Security Level: Email, Account Authentication (None)

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Signature Adoption: Drawn on Device
Using IP Address: 86.4.210.5

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Signed: 9/30/2021 6:35:07 PM

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In Person Signer Events

Signature

Timestamp

Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	9/30/2021 3:53:51 PM
Certified Delivered	Security Checked	9/30/2021 6:34:22 PM
Signing Complete	Security Checked	9/30/2021 6:35:07 PM
Completed	Security Checked	9/30/2021 6:35:07 PM
Payment Events	Status	Timestamps