

Annual Accounts **2017/18**



Shetland Islands
Integration Joint Board

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Introduction

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

The Parties:

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

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

The Parties agreed the Integration Scheme of Shetland Islands Health and Social Care Partnership, which sets out the delegation of functions by the Parties to the Integration Joint Board.

The Shetland Health and Social Care Partnership Members for 2017/18 were as follows:

Voting Members:

- Mr C Smith (Chairperson - SIC) – Resigned 4 May 2017
- Mr A Duncan (Vice Chairperson – SIC)
- Ms E MacDonald (SIC) – Appointed 18 May 2017
- Ms Shona Manson (NHSS) – Appointed 6 September 2017
- Ms Natasha Cornick (NHSS) – Appointed 6 September 2017
- Mrs M Williamson (Chairperson - NHSS)
- Mr R McGregor (SIC) – Appointed 17 January 2018

- Mrs E Watson (NHSS) – Temporary voting membership ended 6 September 2017
- Mr M Burgess (SIC) – Resigned 9 January 2018
- Mr T Morton (NHSS) – Resigned July 2017

Non-Voting Members:

- Mr S Bokor-Ingram (Chief Officer)
- Mrs M Nicolson (Chief Social Work Officer)
- Mr K Williamson (Chief Financial Officer)
- Mr J Guyan (Carers’ Representative) – appointed 22 February 2018
- Dr S Bowie (GP Representative)
- Mrs E Watson (Lead Nurse for the Community)
- Ms S Gens (Staff Representative)
- Mrs C Hughson (Third Sector Representative)
- Ms M Gemmill (Patient / Service User Representative) – Appointed 22 February 2018
- Mr I Sandilands (Staff Representative)
- Mr J Unsworth (Senior Consultant: Local Acute Sector) - Resigned 9 August 2017 (currently vacant)
- Ms K Carolan (Lead Nurse for the Community) – Resigned 6 September 2017

Post Year End Changes to Voting Membership

Since 1 April 2018 there have been no further changes to membership.

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 2018 ("period", "year") and its financial position as at 31 March 2018.

Background

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 Public Bodies (Joint Working) (Scotland) Act was granted royal assent on 1 April 2014. SIC and the Board of 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 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 Plan. The Strategic Plan specifies the services to be delivered by the Parties. The IJB is also responsible for ensuring the delivery of its functions through the locally agreed operational arrangements set out within its Integration Scheme, which can be found at: http://www.shetland.gov.uk/Health_Social_Care_Integration/documents/SHSCPPartnershipIntegrationScheme15May2015_000.pdf

The practical application of the Integration Scheme is managed and administered in accordance with the Financial Regulations, Standing Orders and Scheme of Administration of

the Parties, as amended to meet the requirements of the Act.

The IJB approved its Strategic Commissioning Plan 2017 -2020 on 10 March 2017.

Purpose and Objectives

The main purpose of integration is to improve the wellbeing of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time. The Integration Scheme is intended to achieve the National Health and Wellbeing Outcomes prescribed by the Scottish Ministers in Regulations under section 5(1) of the Act; as follows:

National Health and Wellbeing Outcomes

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

In its Strategic Commissioning Plan 2017-2020 the IJB set out its vision for health and care services in Shetland.

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

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

The Shetland Partnership is the Community Planning Partnership (CPP) for Shetland and is made up of a wide range of partners and community bodies. The IJB has a statutory duty to be involved in community planning.

The shared priorities of the LOIP are:

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

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
 People’s ability to influence and be involved in decisions which affect them.

Key Performance Indicators

The Scottish Government has asked all partnerships, to pay particular attention to the following indicators:

Unplanned admissions
 Occupied bed days for unscheduled care
 A&E performance
 Delayed discharges
 End of life care; and
 The balance of spend across institutional and community services

The table below provides detail of our performance against these key performance indicators.

Performance Indicator	Shetland Actual 2017/18*	Shetland Actual 2016/17	Scotland Actual 2016/17
Rate of emergency admissions for adults (per 100,000 population)	N/A	10,011	12,294
Rate of emergency bed days for adults (per 100,000 of population)	N/A	72,509	125,634
Readmission to hospital within 28 days of discharge (per 1,000 population)	N/A	69	100
Proportion of last 6 months of life spent at home or in community setting	96%	94%	87%
A&E Performance (seen within 4 hrs)	96.5%	96%	89%
Delayed discharge bed days (per 1,000 of population)	N/A	528	842
Percentage of adults with intensive needs receiving care at home	N/A	74%	61%

*data not yet available is denoted N/A.

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

Financial Performance Indicator	2017/18	2016/17
Percentage of Recovery Plan savings target achieved in year	37%	50%
Percentage of recurrent savings achieved against Recovery Plan savings target in year	30%	13%

Operational Review

In 2017/18 the IJB set out to put in place arrangements to improve services through a range of initiatives and activities, building on work from previous years.

The IJB oversaw several strategic initiatives which will further develop and improve services in the areas of:

- The extension of the work of the Intermediate Care Team to deliver good outcomes for people moving from a period in hospital back to their home, or a community setting;
- Autism Spectrum Disorder, through the approval of a new Strategy from 2016-2021; and
- Falls Prevention, through approval to utilise IJB Reserve over the next three years to extend the reach of the pilot project into all areas of Shetland.

The IJB also continued to improve the documents which guides the way in which it works and takes good decisions. During the year, the IJB:

- Formalised its approach to 'Directions', which is the term used for the mechanism by which the IJB passes operational delivery instruction to its service delivery partners, NHSS and SIC, in order to action its Strategic Commissioning Plan;
- Agreed the Market Facilitation Strategy, which sets out how the IJB will interact and support the work of the third sector, and others, in helping to deliver good health and care outcomes; and
- Agreed a Protocol to support joint working between the NHSS and SIC to help staff work in a more integrated way and help our services users to receive a seamless service.

Some key service changes that have happened, or continued in the year, include:

- The work to review and redesign our mental health service. The overall project aims to ensure people who required services achieve better outcomes, making best use of overall resources;
- The Criminal Justice Service has continued to support the development of the local Community Justice Partnership;

- Implementing Government direction to move dental services towards independent NHS providers with the objective to increase registration figures;
- A review of services for adults with learning disabilities and autism started last year with an audit of the service by a Scottish university. The review will continue during 2018/19 to redesign services to ensure that the people who need these services obtain better outcomes and that we achieve fair and equal access to services and resources; and
- Investment in community pharmacists has enabled reviews to be done with patients who have complex or multiple prescriptions to make sure their medicines are well managed.

Shetland continues to perform well against peer group comparators and the Scottish average. For example:

- We achieved the highest proportion in Scotland – at 95.6% - of people spending the last six months of their life at home, or in a community setting.

Some areas worth highlighting are:

- The number of people using Self-Directed Support Options 1 and 2 to meet their support needs has doubled going from 2% (of those using all social care) in 2014/15 to 4% in 2017/18;
- During 2017/18, 34% of Adults with a Learning Disability were in some form of employment – the highest in Scotland – and 22% of people with learning disabilities have undertaken some form of further education;
- The percentage of the adult population who are registered with Shetland dentists for NHS dental care gradually increased from 80% in 2015/16 to 85% in 2016/17 and 88% in 2017/18; and
- We enabled 59 people to continue to live safely in their own home through intensive care at home provision each week, a small reduction on the previous year.

The operational management team had a continued challenge in the year to find further efficiencies within the IJB budgets due to the known efficiency savings required in the NHSS delegated budget. Further details in respect of these efficiency savings and their continued impact are contained in the Significant Budget Variances section at page 7.

Further detail on operational performance can be found in the IJB Annual Performance Report 2017/18 at:

[\(link to be updated once approved by Board\)](#)

Primary Financial Statements

The Financial Statements detail Shetland Health and Social Care Partnership's transactions for the year and its year-end position as at 31 March 2018. 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 of the Partnership is disclosed in the Remuneration Report.

Financial Review

The Joint Strategic (Commissioning) Plan 2017-2020, agreed by IJB members on 10 March 2017, sets out the functions that have been delegated

by the Parties and the associated indicative budgets for 2017/18.

At its meeting on 10 March 2017 the IJB noted its 2017/18 budget. These budget figures were later used in the IJB Directions issued to the Parties following their approval on 19 December 2017. Subsequently, budget revisions have been made during the year for additional funding allocations and application of contingency and cost pressure budgets with a total budget delegated from the IJB to the Parties of £44.222m (£43.450m 2016/17).

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.

The Comprehensive Income and Expenditure Statement presents the full economic cost of providing the Board's services in 2017/18.

For the year-ended 31 March 2018, the IJB generated a surplus of £0.239m (£0.125m 2016/17), after adjustment has been made for fortuitous underspend repaid to SIC and additional contribution made by NHSS.

The Integration Scheme states that where there is a planned, forecast underspend on an element of the operational budget due to agreed changes in line with the Strategic Plan, this will be retained by the IJB to either fund other service areas in-year in line with the Strategic Plan or be carried forward to fund services in subsequent years of the Strategic Plan. However, any windfall under spend will be returned to SIC and/or NHSS in line with the budget allocation for the year.

The surplus of £0.239m represents the underspend in the year of Scottish Government Additionality Funding allocations agreed by the IJB to each of the Parties. This funding 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 Plan.

The outturn position at 31 March 2018 is an overall deficit against budget of £2.392m (2016/17: £0.939m), which represents an underspend in relation to services commissioned from SIC of £0.446m (underspend £0.414m 2016/17) and an overspend in relation to services

commissioned from NHSS of £2.838m (overspend £1.353m 2016/17). The £2.392m deficit (which includes 'set aside budget") is detailed in Row 3 in the following table.

Financial Transactions 2017/18

		SIC £000	NHSS £000	Total £000
1	Budgets delegated to the Parties from the IJB	22,154	22,068	44,222
2	Contribution from the Parties to the IJB (against delegated budgets)	(21,708)	(24,906)	(46,614)
2	Surplus/(Deficit)	446	(2,838)	(2,392)
3	Additional contributions from Parties to meet IJB Direct Costs	(14)	(14)	(28)
3	IJB Direct Costs (Audit fee, Insurance & Members Expenses)	14	14	28
4	Fortuitous underspend repaid to SIC	(310)	0	(310)
4	Additional contribution from NHS to IJB to meet overspend	0	2,941	2,941
5	Final Surplus/(Deficit) of IJB	136	103	239

Significant Budget Variances

Mental Health: overspend of £173k

The overspend relates mainly to the cost plus flights and accommodation for a Consultant Mental Health locum in the year (£312k). A Consultant Psychiatrist has now been appointed but it is likely locum costs will continue until June 2018 to cover another staffing issue in the service. This is partially off-set by an underspend due to vacant community psychiatric nurse posts in the year.

Primary Care: overspend of £821k

The overspend relates mainly to the use of locum General Practitioners during the year in Health Centres where it was not possible to fill vacant posts, with notable overspend against budgets at, Bixter (£101k), Whalsay (£92k), Yell (£145k), Unst (£103k), Brae (£44k) and Walls (£55k). There was also a further overspend as a result of in-year cost pressure following the TUPE transfer of staff at the Scalloway Practice (£190k).

Recruitment to vacant posts is an ongoing challenge but there has been successful recruitment to several posts following the year-end. All GP vacancies at Lerwick Health Centre will be filled from 1 September 2018 and the vacancy at Bixter will be filled from early January 2019. There are also ongoing discussions with several GPs regarding other vacancies in Shetland which will hopefully bear fruit and

further assist in reducing locum costs. In addition, the GP Training scheme based in Lerwick Health Centre is continuing to bring GP trainees to Shetland, two of whom have accepted substantive positions in Shetland.

The shared priorities of the LOIP include the objective to attract people to live, work and invest in Shetland.

Directorate: underspend of £422k

The underspend relates mainly to:

- Inability to spend the 2016/17 SIC Carry-Forward Funding (available as one-off additional budget allocation in 2017/18 as per the SIC Budget Carry Forward Scheme) due to delays in getting projects and recruitment underway, £129k;
- The SIC Training budget for Community Health and Social Care has been held centrally within the Directorate, but costs were applied across the service areas. This means the Directorate shows an underspend of £128k in this regard, however this has been fully spent under service headings; and
- The reversal in 2017/18 of a GP on-call accrual from the prior year to account for the overestimation of this liability in 2016/17, £104k.

Adult Social Work: underspend of £123k

The underspend in Adult Social Work is mainly due to the impact of maternity leave not back-filled, a vacant post within the Admin Team and the impact of staff who are new to posts starting on a lower grade than budgeted, creating a combined employee cost underspend of £96k.

Community Care Resources: overspend of £305k

The overspend relates mainly to:

- Employee costs budgets in many of the care homes have been overspent this year (£187k), notably Edward Thomason House (£92k) and Wastview (£93k) due to long-term staff sickness. This has been off-set by smaller projected underspending in employee costs at Overtonlea, Isleshavn and Nordalea, totalling £66k, as a result of less demand for care at home services at times allowing these staff to be used to back-fill residential shift, avoiding the use of relief staff. Difficulty in recruiting staff has led to temporary bed closures during the year at both Wastview and Isleshavn, which has also impacted on staffing costs;
- There was an underspend in employee costs at Care at Home Central of £151k, due to vacant posts which have proved difficult to recruit to. Demand for care at home services have been less than budgeted during the year, but the vacancies have led to some unmet need, particularly in home help services;
- As a result of recruitment difficulties and the significant sickness levels in areas of Community Care Resources during the year it has been necessary to engage agency staff at the additional cost of £198k; and
- There was an underachievement of Board and Accommodation income in the year (£69k). Charging income can vary significantly dependent on the financial circumstances of those receiving care but new Carers legislation also requires that charges are waived where the care is for the benefit of the carer, rather than the person receiving care. Charges are also waived for periods of re-ablement and palliative care.

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

The biggest challenge is recruiting and retaining in more remote communities. The shared priorities of the LOIP include attracting people to live and work in Shetland, recognising that the population of Shetland is ageing at a faster rate than the rest of Scotland. Through locality planning the unique challenges of remote areas will also be addressed.

The use of Agency staff has continued into 2018/19, to ensure the safe delivery of care services.

Unscheduled Care: overspend of £558k

The overspend in Unscheduled Care relates mainly to;

- The cost of medical consultant locums (£314k) and junior doctor locums (£80k) being required to maintain the 1 in 4 rota.
- An overspend in employee costs in Ward 3, due to a lack of vacant posts into which the staff redeployed following the closure of Ronas Ward could be transferred (£92k).

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.

The challenge of filling junior doctor vacancies and ensuring rotas are compliant with current guidance and legislation is affecting Scotland as a whole, not only Shetland. Alternative models for delivering out of hours care are being considered as a means of providing more sustainability.

The IJB is focused on preventative work that can be done to reduce the need for unscheduled care. The local target to develop anticipatory care plans has been exceeded (2017/18 target

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700 – Actual 1,119), allowing for better planning of the care required for those with long-term conditions or in need of palliative care. The IJB has also agreed continued investment to roll out its Falls Prevention Programme throughout Shetland.

The IJB has utilised additional funding provided by the Scottish Government since it was established to develop the Intermediate Care Team. The team comprises a combination of nursing staff, occupational therapists and rehabilitation workers who work closely with colleagues across health and social care services to support individuals to:

- Remain at home, avoiding unnecessary admission to hospital or care centre;
- Return to home from a hospital admission; or
- Return home from a care home interim placement.

Work will continue in 2018/19 to promote the role of the Intermediate Care Team more widely and expand provision across the Shetland.

Scottish Government Additionality Funding: underspend of £239k

The Scottish Government allocated £250m of funding nationally in 2016/17 to the health and social care partnerships to support the delivery of improved outcomes in social care, help drive the shift toward prevention and further strengthen its approach to tackling inequalities. Shetland Health and Social Care Partnership was allocated £1.024m of this funding.

In 2017/18, the Scottish Government agreed the 2016/17 funding allocation would be continuing and made a further national allocation of funding for Social Care of £110m. Shetland Health and Social Care Partnership was allocated £450k.

As per Scottish Government guidance, £852k of the funding was provided to help meet a range of existing costs faced by local authorities in the delivery of effective and high quality health and social care services in the context of reducing budgets. The remaining £622k was available to support integration projects and the IJB agreed it would be used as follows:

- Support for increased demand for Self-Directed Support packages - £348k;

- Recruitment of 2 therapist posts for the Re-ablement Programme in Care Homes - £86k; and
- Funding for Hospital Discharge Liaison Staff - £78k;
- Support the costs associated with providing an enhanced Intermediate Care Team - £80k; and
- Implementation of Carers Legislation - £30k.

The IJB recognises an underspend in this funding of £239k, due to less demand for Self-Directed Support packages than anticipated in year, £136k, delays in recruitment of staffing in relation to the Re-ablement Programme in Care Homes, £46k, and underspend in employee costs due to vacant posts within the Intermediate Care Team during the year, £57k.

Integrated Care Funding: Underspend £47k

The Integrated Care Fund (ICF) was provided by the Scottish Government in 2016/17 to help Health and Social Care Partnerships to support investment in integrated services. In March 2015, the Cabinet Secretary for Health, Wellbeing and Sport announced that an additional £100m would be made available to Health and Social Care Partnerships through the ICF in each of the financial years 2016/17 and 2017/18.

The Shetland IJB funding allocation for 2017/18 was £410k. The plan for use of this funding was developed alongside the work on the Joint Strategic (Commissioning) Plan 2017– 2020. It was hoped to continue building the capabilities to shift the balance of care further to community settings, with support to people to maintain and enhance independence seen as key to enhancing people's lives, whilst maintaining service provision for those that most need it in the face of diminishing resources.

There is an underspend in this funding of £47k, as a result of vacant posts within the Intermediate Care Team during the year. This underspend has been retained by NHSS as part of its core funding allocation.

Efficiency Target: Overspend £1.605m

A Recovery Plan of £2.529m was put in place by the IJB to address the efficiency savings required within the NHS budgets for directly managed and set-aside services. As at 31 March 2018, there was an underachievement of £1.605m against the Recovery Plan.

Of the £924k savings achieved, £745k represented recurring savings and £179k were non-recurrent.

NHSS have rolled forward their unachieved savings from 2017/18 and combined this with their 2018/19 savings target. In March 2018, the IJB Board noted that that gap between the current service models and available NHSS funding for 2018/19 is £2.077m in respect of functions delegated to the IJB and agreed to work urgently with NHSS to develop plans to deliver financial balance and develop long term sustainable and affordable health services.

NHSS began a Scenario Planning exercise in January 2018 to look at alternative models for the delivery of health and social care service in Shetland. The exercise recognises that identifying and implementing savings and efficiency targets is increasingly challenging and aims to take a whole system approach to establish a best value, safe and sustainable model which can inform the development of the Strategic Plan for 2019-2022 and beyond.

The Balance Sheet as at 31 March 2018

The IJB carried a General Reserve of £125k as at 1 April 2017. This reserve was created from an underspend in the Scottish Government Additionality Funding in 2016/17. Further underspending in the Scottish Additionality Funding in 2017/18 of £239k has been added to this Reserve, leaving a closing General Reserve balance as at 31 March 2018 of £364k.

2018/19 Budget and Medium Term Financial Outlook

The IJB Board noted the funding allocations by SIC and NHSS for 2018/19 in respect of the functions delegated to them on 22 February 2018, with revisions on 8 March 2018. The allocations were £21.807m and £23.342m respectively (Total £44.149).

General Reserve of £0.364m, generated from underspend in Scottish Additionality Funding in previous years is also available to support the strategic objectives of the IJB

The IJB recognises that there is an overall funding gap of £2.277m (£0.2m – SIC and £2.077m - NHSS) against the 2018-19 delegated budgets.

SIC have a timetable established to look at the review and redesign of its mental health support services, provided from Annsbrae. It is hoped that this review can generate savings of £200k with implementation estimated to start in February 2019.

NHSS continue to look at the redesign of services to find efficiency savings in their budget. Scenario planning is being used to enable them to think about future service delivery in a structured way. Recurring savings will be sought wherever possible, but realistically non-recurring savings will also be required in-year to meet the funding gap of £2.077m in 2018/19.

A Financial Recovery Plan will continue to be required in 2018/19 to address the efficiency savings required by both NHSS and SIC and regular updates on the Recovery Plan will be presented as part of the quarterly financial monitoring reports prepared by the Chief Financial Officer for the Board.

The Shetland IJB, like many others, faces significant financial challenges and is required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook and increasing demand for services. Additional funding for Health and Social Care Partnerships, as detailed above, was 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 2019/20.

Medium term financial planning for the IJB is difficult as Scottish Government funding settlements for both Partners have been made on one-year basis in recent years.

Principle Risks and Uncertainties

The key risks for the IJB in 2018/19 are: Continued staffing vacancies across IJB services, with difficulty in recruiting to both health and care roles, resulting in significant expenditure on locum costs.

Failure to deliver recurring efficiency savings through service redesign proposals leaving a funding gap for the IJB.

The continued need to make efficiency savings hindering the future development of services. The IJB will need to manage immediate cost pressures and any planned investment in services within available budgets.

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.

Limited digital connectivity due to remote location, restricting the potential for use of information technology in service delivery.

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 Plan within the financial resources available to the IJB for the year ended 31 March 2018.



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Simon Bokor-Ingram
Chief Officer
21 September 2018



.....
Marjorie Williamson
Chair
21 September 2018



.....
Karl Williamson
Chief Financial Officer
21 September 2018

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

2018 and up to the date of the approval of the Annual Accounts.

The Governance Framework and Internal Control System

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

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

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

- about its performance regularly as part of its public performance reporting.
- The IJB operates within an established procedural framework. The roles and responsibilities of Board Members and officers are defined within Standing Orders, Scheme of Administration and Financial Regulations; these are subject to regular review.
 - Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Audit Scotland, the external auditors, national inspection agencies and the appointed Internal Audit service to the IJB's Senior Management Team, to the IJB and the main Board and Audit Committee.
 - The IJB follows the principles set out in COSLA's *Code of Guidance on Funding External Bodies and Following the Public Pound* for both resources delegated to the Partnership by NHSS and SIC and resources paid to its SIC and NHSS Partners.
 - Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Financial Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the IJB.
 - The IJB's approach to risk management is set out in the Integration Scheme and IJB Risk Management Strategy. Reports on risk management are considered regularly by the Health and Social Care Management Team with quarterly reporting on the IJB Risk Registers to the IJB Board and an annual report to the IJB Audit Committee.
 - IJB Board Members observe and comply with the Nolan Seven Principles of Public Life. Comprehensive arrangements are in place to ensure IJB Board Members and officers are supported by appropriate training and development.
 - Staff of both NHSS and SIC are made aware of their obligations to protect client, patient and staff data. The NHS Scotland *Code of Practice on Protecting Patient Confidentiality* has been issued to all NHSS staff working in

IJB directed services and all staff employed by SIC working in IJB directed services have been issued with the SSSC Codes of Practice.

Review of Adequacy and Effectiveness

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

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

There were four changes to the voting membership of the IJB Board during the year, which is a high turnover, however this was mainly due changes in the NHSS Board and SIC elections. While this is not ideal, the resignation of Members is not considered a significant issue. Induction and training has been provided to the new voting Members to ensure they undertake and understand their roles and responsibilities in respect of the governance of the IJB.

There was one significant internal control issue identified by the 2017/18 Internal Audit Report. The key area of concern remains focused on the carried forward funding gap and ongoing Savings and Efficiency targets. The 2017/18 Financial Recovery Plan did not succeed in achieving the IJBs aspiration to "develop a Strategic Commissioning Plan which minimises, or ideally eliminates, the need for a Financial Recovery Plan in 2017/18. The shortfall in achieving the 2017/18 Recovery Plan was £1.605m which was met by NHSS from non-recurrent savings.

Given that the Recovery Plan has not been successful in both 2016/17 and 2017/18 it is vital that lessons are learned and that progress is made during 2018/19.

It is important that innovation and redesign of services is a whole system approach. The Scenario planning exercise being led by NHS Shetland is an attempt to make longer-term sustainable change. The IJB has a key role in ensuring that services remain effective and safe, and of a high quality, as redesign is enacted. There will be regular updates on progress from Scenario Planning and the translation to implementation, along with regular reporting on the financial consequences and how the IJB is moving to a longer-term sustainable position.

In addition to the significant internal control issue above there have been a high number of resignations from the IJB over the last two years which initially raised concern regarding continuity of leadership. We are satisfied that the high level of turnover does not indicate any underlying issues and that membership is now expected to remain relatively constant. Resignations were primarily due to changes in Council members following local elections and natural rotation in NHS Shetland's non-executive directors.

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.

The work undertaken for 2017/18 focused on the Financial Recovery Plan, the Strategic Priority Projects and the IJB's Performance Reporting requirements. The Chief Internal Auditor has also conducted a review of all relevant NHSS Internal Audit reports issued in the financial year by Scott Moncrieff.

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

Compliance with Best Practice

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

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

Internal Control Issues and Planned Actions

The IJB continues to recognise the need to exercise strong management arrangements to manage the pressures common to all public bodies. Regular reviews of the IJB's

Shetland Islands Integration Joint Board

arrangements are undertaken by the appointed internal auditors and overall the IJB's arrangements are sound. The key area of concern is currently in relation to the 2017/18 Financial Recovery Plan. The Chief Officer has agreed action to address this governance issue and has provided assurance that the audit recommendations will be implemented.

Assurance

Subject to the above, and on the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and action plans are in place to identify areas for improvement.



.....
Simon Bokor-Ingram
Chief officer
21 September 2018



.....
Marjorie Williamson
Chair
21 September 2018

Remuneration Report

Introduction

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

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

Remuneration: IJB Chair and Vice Chair

The voting members of the Integration Joint Board shall 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 2017/18 or 2016/17.

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.

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 Chief Officer is employed by NHSS but this is a joint post with SIC, with 50% of his 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.

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

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000 (where bands are missing, values were nil for 2016/17 and 2017/18).

Remuneration Band	Number of Employees	
	2017/18	2016/17
£90,000 - £94,999	1	1
Total	1	1

Remuneration

The Chief Officer received the following remuneration during 2017/18:

Senior Employees	Designation	2017/18			2016/17
		Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £	Total Remuneration £
Simon Bokor-Ingram	Chief Officer	93,698	0	93,698	92,432

Pension benefits

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

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

employment positions and from each officer's own contributions.

The Chief Officer participates in the National Health Service Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations.

Pension entitlement for the Chief Officer for the year to 31 March 2018 is shown in the table below, together with the contribution made to this pension by the employing body.

Name of Senior Official	Designation	In-Year Employer		Accrued Pension Benefits			
		2017/18 £	2016/17 £	As at 31 March 2018		Increase from 31	
				Pension £	Lump Sum £	Pension £	Lump Sum £
Simon Bokor-Ingram	Chief Officer	13,677	13,516	29,598	72,520	2,326	852



Simon Bokor-Ingram
Chief Officer

21 September 2018



Marjorie Williamson
Chair

21 September 2018

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 21 September 2018.

Signed on behalf of Shetland Islands Integration Joint Board.



.....
Marjorie Williamson
Chair
21 September 2018

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).
- The Chief Financial Officer has also:
- kept adequate accounting records which were up to date; and
 - taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the 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 2018.



.....
Karl Williamson
Chief Financial Officer
21 September 2018

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

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Shetland Islands Integration Joint Board for the year ended 31 March 2018 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 2017/18 (the 2017/18 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the Shetland Islands Integration Joint Board as at 31 March 2018 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 2017/18 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)). 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 are independent of the Shetland Islands Integration Joint Board 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

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 Shetland Islands Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The 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 achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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.

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

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



.....
Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street,
Glasgow,
G1 3BX,
United Kingdom

21 September 2018

Comprehensive Income and Expenditure Statement for year ended 31 March 2018

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

2016/17 Net Expenditure £000		Notes	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000
24,838	Health Services	3	25,354		25,354
20,430	Social Care Services	3	21,708		21,708
25	Corporate Services	3	28		28
45,293	Cost of Services		47,090	0	47,090
(45,418)	Taxation and non-specific grant income	4		(47,329)	(47,329)
(125)	(Surplus) / Deficit on Provision of Services		47,090	(47,329)	(239)
(125)	Total Comprehensive Income and Expenditure				(239)

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

Movement in Reserves Statement

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

2017/18	General Fund Balance £000	Total Reserves £000
Balance at 1 April 2017	(125)	(125)
Total Comprehensive Income	(239)	(239)
(Increase) / Decrease in 2017/18	(239)	(239)
Balance at 31 March 2018	(364)	(364)

Comparative movements in 2016/17	General Fund Balance £000	Total Reserves £000
Balance at 1 April 2016	0	0
Total Comprehensive Income and Expenditure	(125)	(125)
(Increase) / Decrease in 2016/17	(125)	(125)
Balance at 31 March 2017	(125)	(125)

Balance Sheet as at 31 March 2018

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 2017 (restated)* £000		Notes	As at 31 March 2018 £000
125	Other Current Assets	4	364
125	Current Assets		364
125	Net Assets		364
	Represented by:		
125	Usable Reserves		364
125	Total Reserves		364

*Details of the restatement due to change in accounting policy are disclosed in note 7.

The Annual Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2018 and its income and expenditure for the year then ended.



.....
Karl Williamson
Chief Financial Officer
21 September 2018

Notes to the Primary Financial Statements

Note 1: Accounting Standards issued Not Adopted

The Code requires the disclosure of information about accounting changes that will be required by new accounting standards that are not yet due to be adopted. There are none which are relevant to the IJB accounts.

Note 2: Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Financial Officer on 21 September 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respect to reflect the impact of this information.

Note 3: Taxation and Non-Specific Grant Income

2016/17 £000		2017/18 £000
19,552	Funding contribution from Shetland Islands Council	20,550
24,432	Funding contribution from NHS Shetland	24,895
1,434	Other Non-ringfenced grants and contributions	1,884
45,418	Total	47,329

The funding contribution from the NHS Board shown above includes £4.533m in respect of 'set aside' resources. These are provided by the NHS 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, which is paid to the IJB via NHSS.

Note 4: Other Current Assets

As at 31 March 2017 (restated)* £000		As at 31 March 2018 £000
47	Shetland Islands Council	183
78	NHS Shetland	181
125	Total	364

*Details of the restatement due to change of accounting policy are disclosed in note 7.

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.

Note 5: Usable Reserve: General Fund

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

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

2016/17 £000	General Fund	2017/18 £000
0	Balance at 1 April	(125)
	Transfers in:	
(125)	Scottish Government Additionality Funding Reserve	(239)
(125)	Balance at 31 March	(364)

Note 6: 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 balance included in the IJB's accounts are presented to provide additional information on the relationships.

Transactions with Shetland Islands Council

2016/17 £000		2017/18 £000
(19,552)	Funding contributions due from Shetland Islands Council	(20,550)
20,430	Expenditure on services provided by Shetland Islands Council	21,708
878	Total	1,158

Balances with Shetland Islands Council

As at 31 March 2017 (restated)* £000		2017/18 £000
47	Amounts due from Shetland Islands Council	183
47	Total	183

*Details of the prior year adjustment are disclosed in note 7.

Transactions with NHS Shetland

2016/17 £000		2017/18 £000
(25,866)	Funding contributions due from NHS Shetland	(26,779)
24,838	Expenditure on services provided by NHS Shetland	25,354
(1,028)	Total	(1,425)

Balance Sheet	Short-term Debtors £000	Other Current Assets £000	Short-term Creditors £000	Net Assets £000
As At 31 March 2017	45,418	0	(45,293)	125
Impact of change of Accounting Policy	(45,418)	125	45,293	0
As Restated At 31 March 2017	0	125	0	125

Balances with NHS Shetland

As at 31 March 2017 (restated)* £000		2017/18 £000
78	Amounts due from NHS Shetland	181
78	Total	181

*Details of the restatement due to change of accounting policy are disclosed in note 7.

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

The Scottish Government have the power to exert significant influence over the IJB through changes to legislation and funding.

Note 7: Change of Accounting Policy

During the Year, the IJB changed its accounting policy with respect to the treatment of debtors and creditors. The IJB previously recorded all income and expenditure from the funding partners as a debtor and a creditor at the year end. The accounting policy has been amended to record any underspend carried forward as an "other current asset", with any overspend being recorded as an "other current liability".

The IJB believes the new policy is a more accurate reflection of the status of the funds carried forward as these amounts are not owing to/from the IJB, rather funding can be used by them.

The impact of this voluntary change in accounting policy on the financial statements is primarily to reduce debtors and associated creditors, with the net impact on the Balance Sheet being £nil as detailed in the table below.

Note 8: Summary of Significant Accounting Policies

A General Principles

The Annual Accounts summarise the IJB's transactions for the 2017/18 financial year and its position as at 31 March 2018.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government Act 1973 and as such is required to prepare its annual accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

B Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are made only when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the IJB's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending

opening balances and comparative amounts for the prior period.

C Accruals of income and expenditure

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

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

D 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.

E Cash and Cash Equivalents

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

F 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.

G Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probably; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

H Reserves

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

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

I Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member or officer responsibilities. The NHSS Board and the 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.

J 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.

K 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.