

# Unaudited Annual Accounts **2023/24**



**SHETLAND ISLANDS**  
INTEGRATION JOINT BOARD

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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 2024 and its financial position as at 31 March 2024.

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.

## 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 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 IJB Members for 2023/24 were as follows:

## Voting Members:

- Mr J Fraser (SIC - Chairperson April 1 2023 to 30 April 2023, appointed Vice Chairperson 1 May 2023)
- Ms N Cornick (NHSS - Vice Chairperson April 1 2023 to 30 April 2023, appointed Chairperson 1 May 2023)
- Mr L Carroll (NHSS)
- Ms L Peterson (SIC)
- Mrs K Hubbard (NHSS)
- Mr R McGregor (SIC)

## Non-Voting Members:

- Mr B Chittick (Chief Officer – Resigned 30 June 2023)
- Ms J Robinson (Interim Depute Chief Officer to 30 June 2023, Interim Chief Officer from 01 July 2023 )
- Mr K Williamson (Chief Financial Officer)
- Ms D Morgan (Chief Social Work Officer)
- Dr K Brightwell (Senior Clinician – GP from 20 June 2023)
- Ms K Anderson (Senior Clinician – Senior Nurse)
- Mr B McCulloch (Staff Representative)
- Ms S Gens (Staff Representative)
- Mrs L Tulloch (Third Sector Representative)
- Ms J Adamson (Patient/Service User Representative)
- Mr J Guyan (Carers' Representative)
- Ms E Campbell (Allied Health Professionals Representative)
- Mr A McDavitt (Pharmacy Representative)
- Dr S Laidlaw (Public Health Representative)

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

## Purpose and Objectives

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

## National Health and Wellbeing Outcomes

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

The difference these make are helpfully summarised by the Coalition of Care and Support Providers in Scotland as:

- Improved or sustained health
- Increased or sustained independence
- Improved quality of life

(Commissioning for Outcomes, 2023)

## 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

	<b>Participation</b> People participate and influence decisions on services and use of resources
	<b>People</b> Individuals and families thrive and reach their full potential
	<b>Place</b> Shetland is an attractive place to live, work, study and invest
	<b>Money</b> 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.

The current [Delivery Plan](#) for the Shetland Partnership, from April 2023 has the following priority for the next 5 years:

“Increase our Working Age Population across our Islands and Reduce Inequalities”

This will be delivered by 5 improvement programs and projects:

- Inclusive Growth
- Compassionate Communities – reducing stigma
- Person-centred delivery
- Climate Change Strategy
- Place-based Program of Change

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 and allows the IJB to monitor and report on improvement against the LOIP outcomes as part of its overall performance reporting. The HSCP is an important partner in all of these programmes, and will lead on Person-centred delivery, through the Shifting the Balance of Care Programme.

### Shetland HSCP Strategic Priorities:

1. To prevent poor health and wellbeing and intervene at an early stage to prevent worsening outcomes.
2. To prevent and reduce the avoidable and unfair differences in health and wellbeing across social groups and between different population groups.
3. To demonstrate best value in the services that we commission and the ways in which we work.
4. To shift the balance of care towards people being supported within and by their communities
5. To meaningfully involve communities in how we design and develop services and to be accountable to their feedback.

## Strategic Commissioning Plan

The IJB approved its [Strategic Commissioning Plan 2022-2025](#) (Strategic Plan) on 24 March 2022. The Strategic Plan, developed by the Strategic Planning Group, drawing on stakeholder engagement, sets out changes needed locally for Shetland to meet the National Health and Wellbeing Outcomes. The Strategic Planning Group meet monthly and the Strategic Plan has been designed to be capable of responding to changes in the strategic environment, for example during the formation of the new National Care Service by the Scottish Government.

In approving its Strategic Plan the IJB recognised the need for further steps to be taken to ensure its intended outcomes are achieved. These included review of the Housing Contribution Statement; building on the Local Housing Strategy (LHS); development of a Joint Workforce Plan; completion of a Joint Strategic Needs Assessment (JSNA); and implementation of the Participation and Engagement Strategy.

These have been progressed through 2023-24:

- LHS was published September 2022, an updated Housing Contribution Statement is in development jointly between the Strategic Planning Group and the Executive Manager for Housing;
- The Joint Workforce Plan for Health and Social Care in Shetland for 2022-25 was submitted to Scottish Government in October 2022, an update has not been required by Scottish Government in 2023-24 but this will be reviewed in 2024-25;
- A Joint Strategic Needs Assessment has been developed in late 2023-24 and is in the final stages of completion, it will be shared with the IJB in June 2024.
- The Participation and Engagement Strategy was approved in June 2022. The principles of this have been taken forward in community conversations in developing changes of service models.

The success of the Strategic Plan will be measured against a range of key performance indicators which align with the National Health and Wellbeing Outcomes

## Performance Overview

The Health and Social Care Partnership (HSCP) has remained under considerable operational pressure over the course of 2023-24 – this had been anticipated given changing demographics with an increasing ageing population, people with more complex health and care needs, and a drive towards supporting people closer to home. Shetland has experienced these changes sooner than they have been seen elsewhere in Scotland, and it is increasingly clear current service delivery and workforce models are not sustainable.

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 a whole. The data for these “Core Suite of Integration Indicators” is not available until into the summer, making inclusion in the Annual Performance Report challenging – where possible and appropriate management data have been included in the absence of these national comparators.

The IJB is provided with Planning and Performance updates on a quarterly basis to provide assurance that this system is working effectively and support improvement.

The IJB is obliged by the Public Bodies (Joint Working) (Scotland) Act 2014 to publish an Annual Performance Report by July each year. The Annual Performance Report (APR) 2023-24 will be presented to the IJB on 27 June 2024 in keeping with this deadline.

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, including significant workforce

challenges, aligning resource to need, appropriately prioritising those in greatest need while also trying to shift towards a model of preventing ill health and crisis.

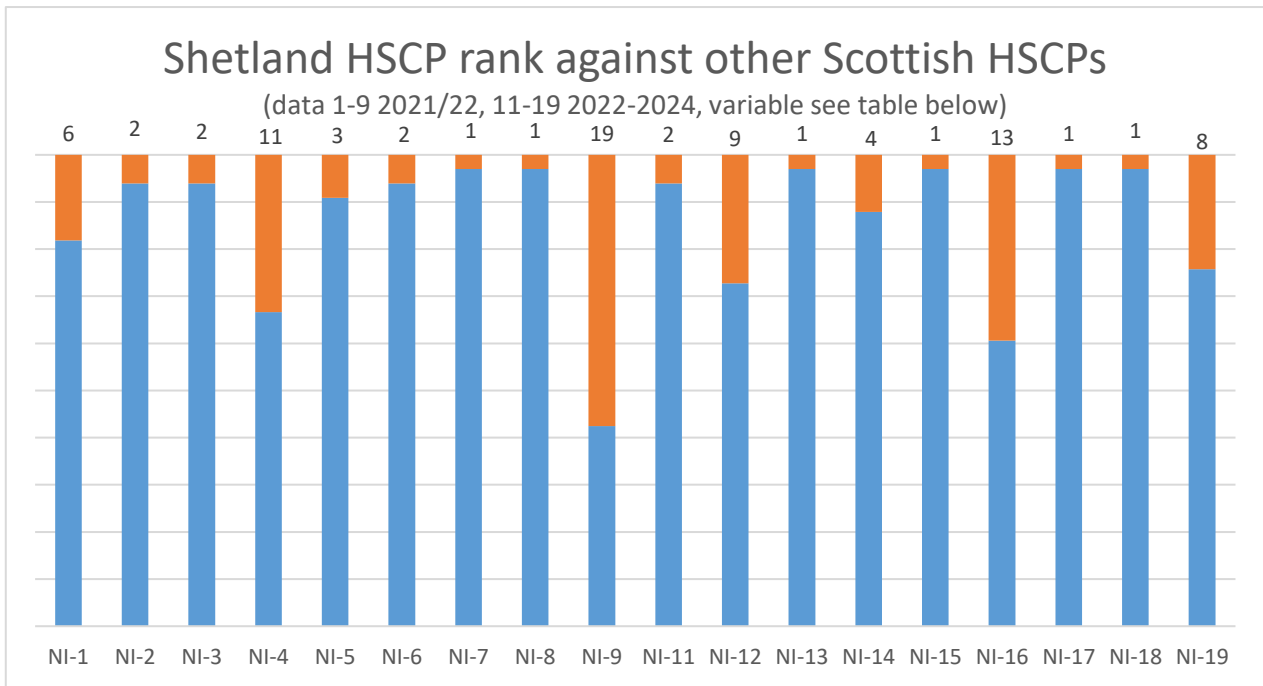
## Operational Review

The Year-Ended 31 March 2024 saw the Health and Social Care Partnership continue to develop the Shifting the Balance of Care Programme – the main vehicle for delivery of the Joint Strategic Commissioning Plan 2022-25 – with the key areas for action outlined in [2023-24 Community Health and Social Care Directorate Plan](#).

This plan aligns with areas the IJB feels need to improve to support Shetland towards the National Health and Wellbeing (NHWB) outcomes. The Core Suite of Integration Indicators, designed to approximate HSCPs contribution to the NHWB outcomes, shows Shetland performing comparatively well against other HSCPs in Scotland, and compared to the national average.

	Indicator	Title	Partnership rate	Scotland rate	Year of latest data
Outcome indicators	NI - 1	Percentage of adults able to look after their health very well or quite well	93.0%	90.9%	2021/22
	NI - 2	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	89.8%	78.8%	
	NI - 3	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	77.9%	70.6%	
	NI - 4	Percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated	69.8%	66.4%	
	NI - 5	Percentage of adults receiving any care or support who rate it as excellent or good	83.4%	75.3%	
	NI - 6	Percentage of people with positive experience of care at their GP practice	84.2%	66.5%	
	NI - 7	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	93.6%	78.1%	
	NI - 8	Percentage of carers who feel supported to continue in their caring role	44.6%	29.7%	
	NI - 9	Percentage of adults supported at home who agreed they felt safe	78.3%	79.7%	
	NI - 10	Percentage of staff who say they would recommend their workplace as a good place to work	NA	NA	
Data indicators	NI - 11	Premature mortality rate per 100,000 persons	282	442	2022
	NI - 12	Emergency admission rate (per 100,000 population)	9,746	11,273	2022/23
	NI - 13	Emergency bed day rate (per 100,000 population)	72,909	119,806	2022/23
	NI - 14	Emergency readmissions to hospital within 28 days of discharge (rate per 1,000 discharges)	68	102	2022/23
	NI - 15	Proportion of last 6 months of life spent at home or in a community setting	93.4%	88.9%	2022/23
	NI - 16	Falls rate per 1,000 population aged 65+	24.4	22.5	2022/23
	NI - 17	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	89.2%	75.8%	2021/22
	NI - 18	Percentage of adults with intensive care needs receiving care at home	77.7%	64.8%	2023
	NI - 19	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population)	452	902	2023/24
	NI - 20	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency	13.2%	24.0%	2019/20
	NI - 21	Percentage of people admitted to hospital from home during the year, who are discharged to a care home	NA	NA	NA
	NI - 22	Percentage of people who are discharged from hospital within 72 hours of being ready	NA	NA	NA
	NI - 23	Expenditure on end of life care, cost in last 6 months per death	NA	NA	NA





Locally performance is reported quarterly to the IJB using a suite of indicators focussing on performance of services, and on case studies of particular interest to add context and understanding. Operationally performance is reviewed fortnightly at a Clinical and Professional Oversight Group.

### Challenges

While Shetland HSCP continues to perform well compared to Scotland there are a number of areas of performance that have remained challenging over the year. These are largely linked to staffing shortages, where overspends on supplementary staffing have been a feature.

The Accident and Emergency access target has been challenging again this year, with an average of 86% of patients seen within 4 hrs, compared to 91% last year, against a target of 95%, while this remains significantly above the Scottish average it represents a prolonged dip in performance for Shetland.

When considering patient journey through the health and social care system Delayed Discharges are a common indicator of the effectiveness of integration of health and social care. Again Shetland performs comparatively well in a Scottish context, however in a small system any delays can quickly become challenging – delays have most often been due to

Social Care capacity and availability. Shetland has seen an improvement in bed days occupied by those ready to be discharged from 1,803 in 2022-23 to 1,272 in 2023-24.

Within Psychological therapies there is an improving picture with increased stability in team, however further vacancies illustrate the fragility in the team and have stalled progress particularly for more complex patients accessing support. The percentage of people seen who have waited less than 18 weeks was 77% compared to 60% last year, while the team has seen more new patients than prior years – 231 compared to 197 last year, this is the highest number of new patients seen in a year since 2015-16.

Timeliness of access to assessment has been consistently challenging across the year for Occupational Therapy (average 25% completed on time against a target of 70%) and Intermediate Care team (average 62% completed on time, against a target of 70%) these delays have primarily been due to staffing difficulties, and also impacted by increasing complexity and demand. Teams work to see the most critical cases first, and will provide support while the full assessment is completed so waiting times are not indicative of service-users not having access to required support.

Delivery of Alcohol Brief Interventions (ABIs) has improved compared to last year following implementation of locally devised training, however Shetland continues to fall short of the target – a 2023-24 total of 166 represents 64% of the national target, compared to 50% in the previous year.

## Achievements

Shetland HSCP continues to perform well in a number of areas, despite workforce and financial challenges – this is testament to the teams of frontline staff and management who work to use resource to best effect for best outcomes for service users. Some areas of sustained success include:

- Justice Social Work access times and national targets
- Alcohol and Drug treatment times continuing to meet national targets
- Access to Podiatry, Orthotics and Community Physiotherapy
- Pharmacy and Prescribing, national therapeutic indicators remain positive on appropriate Scottish comparison
- Continued short average length of stay in hospital, and low emergency readmission rates indicates positive and appropriate discharge management

There continue to be challenges in the collection of reliable, comparable data from Primary Care and community health services – the HSCP have recognised this as a priority and looked to progress the Shetland Health Intelligence Platform project (SHIP) to improve understanding of local performance, to drive improvement and decrease inequalities of access to appropriate and effective treatment.

While results from the Health and Care Experience Survey (2021-22) are included among the Integration Indicators and are generally positive for Shetland, it is recognised locally that this data is not current, and if possible the most recent survey (due for publication May 2024) will be included within the Annual Performance Report.

## Improvement Work

Key pieces of work are summarised below, grouped under the IJB's five key strategic priorities, note many of these pieces of work contribute to more than one priority as they are closely linked. There has been considerable work in the latter part of this year to improve reporting of project work to IJB to improve assurance, and further development of the Direction setting process to support decision making and improvement.

## Prevention and Early Intervention

The Health Improvement team continue to focus on training and collaborative work to help upskill other teams, for example in the development of Alcohol Brief Intervention Training which has seen an improvement in delivery of these against national targets. The team are also working closely with Primary Care to continue to develop Diabetes reversal work locally through Public Health Dietitian expertise – this work can have a huge impact on individual health outcomes, stopping progression to more complex health conditions.

Our local Learning Disability Nurse Consultant has also been working to improve the skills and knowledge of the wider workforce in Shetland to support improved outcomes for Adults with Learning Disabilities (LD), by conducting bespoke training with Police and other colleagues he has helped to improve their confidence in responding to adults with LD. Service user and carer feedback has been incredibly positive about experiences with the police following training, in situations which previously would have been very stressful and potentially caused harm.

A piece of innovative work, developed by Pharmacy and NHS Information colleagues in Primary Care, was granted IJB Reserves funding in 2023, following successful trial of the "Shetland Health Intelligence Platform" (SHIP) in Brae Health Centre. This approach to managing and analysing Primary Care patient data enables targeting of support to those most likely to benefit and will help teams to intervene early to minimise complications and worsening of health problems related to long term conditions. This piece

of work will also support best use of resources and sustainable approaches in Primary Care, ensuring people get the right care, at the right time, from the right person.

Residential Care teams have been working with Dietetics colleagues around provision and monitoring of appropriate hydration and nutrition for older people. This is a key risk factor in escalation of frailty and can be implicated in many falls – by building a key contact model and offering training Residential Care have felt more supported and confident, the teams continue to look at how to measure and monitor improvement.

Adult Social Work and Adult Services continue to work to provide services that are supportive of unpaid carers, both through direct delivery of respite and day opportunities and through ways of working to support working patterns and other responsibilities. There continues to be significant pressure on these services, and work is underway to review how we can deliver these sustainably, in a way that works for service users and their networks, into the future. Adult Social Work also commissions SCAS (Shetland Care Attendant Scheme) who are able to offer respite time to carers.

## Tackling Inequalities

We know that people experience unfair differences in health outcomes depending on their circumstances and who they are. Many of these differences are exacerbated by the current setup of health and care services which can make it difficult for some people to access what they need.

A significant part of tackling inequalities is better understanding our communities and what they need, and supporting them to access that. The Health Improvement and Planning Teams in Public Health have been working on a Joint Strategic Needs Assessment for Shetland which will be completed in early 2024-25 and will support appropriate targeting of resource, understanding of current inequalities and the need for change. This is closely linked to work the Chief Officer and Public Health and Planning Teams have been involved in with Community Planning and

Development colleagues to develop locality profiles, and progress the Shetland Partnership Plan. Fundamental to making any change is how we share and understand this information and use it to make better decisions. Leadership teams have been actively involved engaging in seminars about “Exploring Impact” and understanding the “Building Blocks of Health” to support this.

Our Adult Services, Primary Care, Community Nursing and Social Work Management Teams have also been working closely together to understand specific populations. As part of the national “Coming Home Report” implementation, the team have been working around the complexities of sharing data and understanding the local needs of our local population with complex needs. While nationally this has been focussed primarily on people living within institutions and away from home, the team locally have taken the opportunity to improve understanding of support needs and build better systems of appropriate information and intelligence sharing across services which will support improved experience of transitions, and better understanding of need to inform service redesign over the coming year.

The Community Nursing team have been working with the Recovery Hub to run an Advanced Nurse Practitioner (ANP) clinic and outreach service, to support improved health outcomes for people who use alcohol and other drugs. The ANP has also been supporting people she works with back into mainstream services to try and achieve change within the system as well as for individuals. The trial has been very positive and has secured a further period of funding from the Alcohol and Drug Partnership to continue.

## Best Value

With ongoing financial and workforce challenges, paired with increasing demand and complexity from an ageing population, Shetland HSCP continues to work hard to review ways of working and models of delivery to ensure best use of resources and build sustainable approaches to service delivery.

The Adult Social Work and Adult Services teams engaged support from In Control Scotland via IJB Reserves funding, to plan a comprehensive review of Self Directed Support in Shetland. The funding and external expertise supported the planning and groundwork for the review, engaging service-users, families and unpaid carers as well as services in a meaningful review process which took place into 2024-25.

The Community Nursing Team undertook a series of tests of change trialling Advanced Nurse Practitioner (ANP) cover of the Out of Hours (OOHs) period which is ordinarily covered by a GP. Challenges in finding appropriate medical staffing means this OOHs period has often been covered with an expensive locum staffing model, so the advancement of ANP cover which has proved successful represents significant cost-avoidance in the short term and longer term recurrent savings if the model proves sustainable.

Work by Finance, HR and management teams has facilitated improved consistency and oversight of supplementary staffing in social care which has been used alongside service demand and capacity data to better understand system pressures.

In response to recruitment difficulties and challenges managing demand the Dietetics team have looked to change the skill mix in the department to improve caseload management, this has included a test of change with a Dietetic Assistant, Healthcare Support Worker role, which has supported an increase in preventative work particularly supporting Residential and Care at Home staff, releasing time for Dietitians to manage more complex presentations.

### Shifting the Balance of Care

Health and Social Care colleagues continue to work together to minimise delays and optimise outcomes for people requiring urgent, unscheduled care. Progress in 2023-24 included development of a Shetland Hospital at Home model, looking at early supported discharge as a collaboration between acute services, local Consultant Geriatrician and Community Nursing teams. This small test of change has supported a small number of patients to return home

early, with short term resource from Scottish Government to increase ANP time available.

The local Learning Disability Nurse developed the Embrace project with a young service user and Shetland Arts. This project shifted focus away from service provision into meaningful work for the young person and an outlet for their creative talents. The project developed a film, and has increased social connections and supported work to raise awareness of Neurodivergence.

The Mental Health Team, with support from IJB Reserves funding, supported the local third sector to develop a Distress Brief Intervention service for the community, which was launched in the second half of the year.

A further initiative funded through IJB Reserves was the engagement of Good Conversations training locally. Funding secured at the end of 2022-23 was used to run training locally and to develop local trainers to make the “Good Conversations” approach sustainable locally. This is one approach to asset based, relationship focussed practice, supported by the Adult Social Work team, which will support the shift in power and focus to be person-centred rather than service-led. This is also supportive of a Value Based Health and Care approach.

### Meaningful Involvement

Working towards sustainable delivery means exploring changes and working with communities. To do this effectively and understand the best approach in each instance requires meaningful discussion with communities. Planning and Public Health teams have been working with Community Planning and Development colleagues to develop locality profiles to better understand the differences between areas and to support discussion with communities about their needs.

Our islands with small populations have had particularly pressing challenges driven by difficulties in recruiting Community Nurses for single-handed posts, this has led to the development of a Healthcare Support Worker model in a number of areas, however the needs and assets of each island are unique and a change in provision such as this is always preceded by

discussion with the community to explore options and develop solutions. These new models are supported by their close Health Centre colleagues and have proved valuable to some of our smaller island communities.

The IJB commissioned work, via Reserves funding, to help understanding Shetland's population health needs through the [Good Mental Health for All](#) engagement work, completed by the Health Improvement Team which will support the development of a population mental health and wellbeing strategy in the coming year.

Work has continued in Primary Care to move towards a Network Enabled Care model, making best use of resource across Primary Care sites to give people better access to the right care, from the right person, when they need it. The Community Health and Social Care teams have worked with Community Councils to share the purpose of this work, and the plan to add stability by strengthening multi-disciplinary teams, and the work is progressing well in the first phase of networked practices.

## Workforce

Continue to have challenges, with overspend driven by the need for supplementary staffing across essential services in both health and social care. Considerable work has gone into improving the tracking and visualisation of data around agency and locum staffing, to improve controls around engagement and use by services, and to offer insights into improvement work. At the same time there has been a renewed focus on effective recruitment throughout the year, and support of employability opportunities within local education and community to showcase careers available in health and care.

There has been some success, with increased interest in both health and social care roles in the latter part of the year.

A review of a posts in Social Care was completed during 2023-24, which resulted in pay uplifts for a number of posts. The increased interest in social care

roles noted above suggests that this is having a positive impact.

An increase in substantive GPs through use of flexible contracts and ways of working is supporting a decrease in locum GP costs, while the ANP out-of-hours project work described in "Best Value" has also contributed to a decrease in locum GP costs.

The Primary Care, Community Nursing and Pharmacy teams were one of three successful sites in Scotland to secure funding for an 18-month project with Scottish Government and Healthcare Improvement Scotland. The work will look at what is required to deliver full Community Treatment and Care (CTAC) and Pharmacotherapy in Primary Care - these services are a really important part of how we manage long term conditions, and move towards preventing worsening of existing conditions to help people live in good health for longer. The project will run throughout 2024-25 and into 2025-26.

## Financial Statements

The Financial Statements detail the IJB's transactions for the year and its year-end position as at 31 March 2024. The Financial Statements are prepared in accordance with the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements (IASB Framework) as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom.

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

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

The Primary Financial Statements and notes to the accounts, including the accounting policies, form the

relevant Financial Statements for the purpose of the auditor's certificate and opinion. The remuneration of the Chief Officer and Interim Depute Chief Officers of the Partnership is disclosed in the Remuneration Report.

## Financial Review

At its meeting on 27 April 2023 the IJB approved its 2023/24 budget of £60.289m (2022/23: £58.180m). 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 2023/24 being £66.812m (2022/23: £67.582m).

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 2023/24.

For the year-ended 31 March 2024, the IJB generated a deficit of (£0.556m) (2022/23: £2.812m), after adjustment has been made for additional contributions made by SIC and NHSS. This deficit (which includes 'set aside budget) is detailed in Row 7 in the following table.

The deficit of (£0.556m) represents expenditure incurred during the year that the IJB agreed would be met from its Reserve off-set by underspend of Scottish Government Additionality Funding and other specific funding allocations.

The outturn position at 31 March 2024 for IJB delegated services is an overall deficit against budget

of (£7.432m) (2022/23: (£1.432m)), which represents an overspend in relation to services commissioned from SIC of (£4.995m) (2022/23: (£3.353m)) and an overspend in relation to services commissioned from NHSS of (£2.437m) (2022/23: an underspend of £0.003m).

It should be noted that the final overspend figure for 2023/24 includes variances arising from the inclusion of recharges to Social Care Services from that weren't originally budgeted for (£2.013m), and a reporting error of the revised IJB budget presented in the Q4 Financial Monitoring Report primarily due to Savings Targets being double counted in error (£1.427m).

In order to achieve the final IJB deficit of the year of (£0.556) (2022/23 deficit of £2.812m), SIC made a one-off additional contribution of £4.995m to the IJB. The additional contribution from SIC is non-recurrent in nature and does not require to be paid back in future years. NHSS made a one-off additional contribution of £2.437 to the IJB. The additional contribution from NHSS is non-recurrent in nature and does not require to be paid back in future years.

## Financial Transactions 2023/24

	2023/24			2022/23		
	SIC £000	NHSS £000	TOTAL £000	SIC £000	NHSS £000	TOTAL £000
IJB Budget	32,570	34,242	66,812	29,976	37,606	67,582
Cost of Services of the IJB (Contribution from the Parties)	(37,565)	(36,679)	(74,244)	(33,329)	(37,603)	(70,932)
Budget Variance	(4,995)	(2,437)	(7,432)	(3,353)	3	(3,350)
IJB Direct Costs (Audit fee, Insurance & Members Expenses)	19	18	37	17	16	33
Contributions from Parties to meet IJB Direct Costs	(19)	(18)	(37)	(17)	(16)	(33)
Additional contributions (to)/from the Parties to/(from) IJB	3,718	3,158	6,876	1,675	(1,137)	538
<b>Final Surplus/(Deficit) of IJB</b>	<b>(1,277)</b>	<b>721</b>	<b>(556)</b>	<b>(1,678)</b>	<b>(1,134)</b>	<b>(2,812)</b>

	2023/24			2022/23		
	SIC £000	NHSS £000	TOTAL £000	SIC £000	NHSS £000	TOTAL £000
Additional contributions (to)/from the Parties to/(from) IJB to meet budget variance	4,995	2,437	7,432	3,353	(3)	3,350
Transfer of Scottish Government Additionality funding between the Parties	(1,277)	1,277	0	(1,277)	1,277	0
Draw from Reserves	0	(584)	(584)	(401)	(2,606)	(3,007)
Pass back to Reserves	0	28	28	0	195	195
<b>Additional contributions (to)/from the Parties to/(from) IJB</b>	<b>3,718</b>	<b>3,158</b>	<b>6,876</b>	<b>1,675</b>	<b>(1,137)</b>	<b>538</b>

## 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 £7.432m overspend.

Themes	2023/24 Budget Variance £000	2022/23 Budget Variance £000	Variance £000
Locum Costs	(4,173)	(2,584)	(1,589)
Agency Staffing	(3,894)	(2,778)	(1,116)
Vacancies & Other Staffing Underspends	5,201	1,785	3,416
Increased Service Demand	(532)	(395)	(137)
External Service Provider	112	182	(70)
Pharmacy & Prescribing	(403)	(325)	(78)
Maintenance and Inspection Works	(299)	417	(716)
Vehicles/Mileage savings	58	64	(6)
Pay award impact	0	(709)	709
Overachievement of Income	622	239	(383)
Additional funding	1,552	2,998	(1,446)
Unmet Savings Targets	(1,487)	0	(1,487)
Move to Board Run Practice (Levenwick)	(186)	0	(186)
Recharges to Social Care Services	(2,013)	(1,918)	(95)
Other	(563)	(326)	(237)
Budget Adjustments	(1,427)	0	(1,427)
<b>Total</b>	<b>(7,432)</b>	<b>(3,350)</b>	<b>(4,083)</b>

## Locum Costs

The IJB continues to experience difficulty in recruiting to specialist posts, necessitating the use of locums to continue delivering services, notably in Mental Health, Primary Care and Unscheduled Care.

In prior years Locum costs were calculated net of savings from related staffing vacancies. In this year's Accounts savings from staffing vacancies have been included in the Vacancies and Other Staffing Underspends amount.

Due to difficulty in recruiting to specialist posts it has been necessary to continue to contract Consultant Mental Health locums in 2023/24, at a cost pressure (including flights and accommodation) of (£1.233m) (2022/23: (£0.427m)).

Efforts continue regarding ways to reduce the requirement for expensive locums in Mental Health including the redesign of urgent care pathways, a move to better use of skill mix in the out of hours period and scoping the potential for remote models for consultant out of hours cover.

Locum cover, including travel and accommodation, was also required in Primary Care for General Practitioners (£1.405m) (2022/23: (£1.058m)) where it was not possible to fill vacant posts.

Within Unscheduled Care, Locum use has been required to cover junior doctors and consultants (£1.535m) (2022/23: (£1.021m)).

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. There has been success in the use of a proleptic (anticipatory) appointment and flexible contract models for consultants in order to broaden the appeal of the generalist role.



## Agency Staffing Cost

Shetland has low unemployment, but rising demand for health and social care services. Over recent years, this has led to challenges for the IJB in recruiting local people to work in Community Health and Social Care roles and the need to employ agency staffing to ensure service delivery.

In order to continue to safely deliver services and meet the level of demand, it has therefore been necessary to use agency staff during the year, leading to a total overall spend of (£3.894m) (2022/23: (£2.778m)), to cover various service areas;

Service	2023/24 £000	2022/23 £000
Community Care Resources	(2,035)	(1,676)
Adult Services	(1,557)	(767)
Ward 3 Agency Nurses	(202)	0
Adult Social Work	(100)	(206)
Community Nursing	0	(106)
Occupational Therapy	0	(23)
<b>Total</b>	<b>(3,894)</b>	<b>(2,778)</b>

During 2023/24 a review of a number of Social Care posts was completed, which resulted in pay uplifts across the service. Efforts have also been made to encourage applications by attending local career fairs and promoting opportunities for modern apprenticeships. Recent recruitment exercises have seen an increase in the number of positive outcomes, which suggests the actions taken in year have had a positive impact.

## Vacancies and Staffing Underspend

Community Care Resources underspent employee costs budgets by £0.834m (2022/23: £0.890m) due to difficulty in recruiting and retaining staffing during the year. Shifting the balance of care and workforce availability have also led to reduced bed capacity in some units, with staff redeployed where possible to

deliver care at home. This underspend is off-set by use of agency staffing (described above).

There were underspends in Adult Services and Adult Social Work of £0.520m and £0.088m respectively in year (2022/23: £0.453m and £0.163m) due to difficulties in recruiting to social care worker roles. This underspend is off-set by use of agency staffing (described above).

There were underspends in Mental Health services, Primary Care and Unscheduled Care of £0.847m, £0.788m and £0.429m respectively in year (2022/23: £0.170m, £0.680m and £1.248m) due to difficulties in recruiting to posts throughout the Health Service. This underspend is off-set by use of agency staffing (described above).

Work continues to find ways to attract people to take up jobs within Health and Social Care and retain them, including offering relocation packages in Social Care. Success has been found via Modern Apprenticeships and efforts to “grow our own”. It is also hoped that the recent pay uplift for a number of Social Care Worker posts will help to increase the attractiveness of working in this area.

## Increased Demand

The overall budget for Self-Directed Support (SDS) provided through Option 1 and 2 packages was overspent by (£0.115m) (2022/23: (£0.397m)) due to increased demand for packages. During 2023/24 the SIC, with input from In-Control Scotland, began work on a project to review SDS, with the aim of improving the service provided. A revised SDS Policy is due to be presented to the IJB in autumn 2024.

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 conditions. It is also the case that younger people are looking for flexible/ creative solutions to achieve their outcomes, which SDS can provide.

During the year there has also been an increased in the required use of Off-Island services in Social Care and Mental Health services (£0.417m). In 2022/23 overspend of (£0.133m) relating to this was included in the 'Other' total.

### External Service Provider

There was an underspend in the contract between the Council and Crossreach for 2023/24 of £0.112m (2022/23: £0.227m). This underspend is the result of lower than anticipated costs to the Council for residential care due to higher number of self funding clients and closure of day care provision at Walter and Joan Gray Home during the year.

### Pharmacy & Prescribing Savings

There was an overspend of (£0.403m) (2022/23 (£0.325m)) due to demographic changes with a greater number of elderly patients requiring medicines. Inflationary pressures on medicines and shortages in supply have resulted in higher costs in year.

### Overachievement of Income

There was an overachievement of Board and Accommodation income in the year, £0.622m (2022/23; £0.239m) 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.

### Maintenance and Inspection Works

There was an overspend of (£0.299m) (2022/23 an underspend of £0.417m) due to more work being completed in year, and cost pressures arising from increases to staffing and material costs.

### Additional Funding

NHS Shetland received additional non-recurrent funding from the Scottish Government to support their yearend financial position. This funding was in recognition of the unique financial pressures faced by island Boards such as difficulties in recruitment and retention and the premium paid for temporary workers. Many of these additional costs were in IJB delegated services (Mental Health, Primary Care and Unscheduled Care) so a portion of this funding was used to increase the IJB budget accordingly. It is important to note that this additional funding is non-recurrent and isn't likely to be available in 2024-25. The IJB redesign agenda must therefore be accelerated to reduce expenditure on temporary staffing and to address the savings target for 2024-25.

### Recharges to Social Care Services

During the preparation of the annual accounts it was identified that a number of recharges to Social Care Services had not been included in the revised IJB budgets for either 2023/24 or 2022/23.

This has resulted in overspends of (£2.013m) and (£1.918m) respectively as no budget provision was made for this. See note 1: Prior Year Error on page 32 for further information. An additional contribution will be made to the IJB in 2024/25 to account for this and will be incorporated into the 2025/26 budget.

### Unmet Savings Targets

In 2023/24 a number of savings targets were established by both of the Parties. At the end of the year unmet savings targets resulted in an overspend of (£1.487m) (2022/23 nil).

## Move to Board Run Practice (Levenwick)

During the year the health practice in Levenwick moved to being Board run. This created a cost pressure of (£0.186m) (2022/23: nil) in year as a result of the funding model for the independent practice being lower cost.

## Budget Adjustments

During the preparation of the annual accounts it was identified that there had been a reporting error in the Financial Monitoring Report presented to IJB on 22 May 2024, and that the reported revised budget figure was incorrect. Correcting for this has resulted in an additional budget variance in year of (£1.427m).

This error was primarily due to Savings Target budgets being double counted in the Revised Budget total for 2023/24.

## The Balance Sheet as at 31 March 2024

The IJB carried a General Reserve of £1.504m as at 1 April 2023. This Reserve was created from previous years underspending in the Scottish Government Additionality Funding £0.565m and underspend in specific NHSS Funding which were carried forward as an earmarked element of the Reserve £0.939m.

During the year there has been a draw on the IJB Reserve of £0.584m, £0.531m of earmarked reserve and further spend against a number of projects which the IJB have agreed to fund from its Reserve, £0.053m.

Underspend in Scottish Additionality Funding in 2023/24 of £0.028m, has been added to the Reserve.

As at 31 March 2024, the General Reserve has a balance of £0.948m, of which £0.408m is earmarked, leaving £0.540m uncommitted Reserve available to be spent in line with the IJB Strategic objectives.

## 2024/25 Budget and Medium Term Financial Outlook

The IJB Board approved its [budget for 2024/25](#) of £68.032m, on 23 April 2024.

The 2024-25 budget contains a savings target of £0.610m (0.9%) and anticipates additional significant cost pressures related to temporary workers. The budget contains outline savings and cost reduction schemes on how this challenge will be addressed. Progress on these schemes, along with the ongoing development of further schemes, will be regularly reported in the IJB's quarterly Financial Monitoring Reports.

General Reserve is also available to support the strategic objectives of the IJB, as detailed in Note 7 to the Accounts (page 34). 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.

The IJB approved its current [Medium-Term Financial Plan 2024-2029](#) (MTFP) on 22 May 2024. This plan presents an extremely challenging financial outlook for the IJB over the next five years. If services remain in the current model, the IJB will face a cumulative financial deficit of £9.196m (13%) by 2028-29. Addressing this deficit will require strategic financial planning and decisive action to ensure the long-term financial sustainability of IJB delegated services.

Savings and cost reduction schemes will continue to be progressed and developed during future years with continued IJB scrutiny in this area.

## Principal Risks and Uncertainties

The Integration Scheme requires a Risk Management Strategy is developed and that a Risk Register is maintained by the Chief Officer. An updated [IJB Risk Management Strategy](#) was approved by the IJB on 9 November 2021. The Risk Register was updated and considered by the IJB Audit Committee on 22 May 2024. For full details on the current risks and associated mitigating actions, the latest Risk Register and associated report can be found [here](#).

The main risks continue to be around the sustainability of IJB commissioned services in regards

to both finance and workforce. The significant financial challenge is amplified by difficulty in recruitment and retention across services. The extra cost of temporary workers is even higher in remote locations such as Shetland due to the associated travel and accommodation implications.

A Finance and Sustainability Group has recently been established to oversee a wide range of remedial actions. This group will continue to support service managers to lead sustainable change initiatives that will maintain safe, effective health and social care services in Shetland.

## 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 2024.

.....  
Jo Robinson  
Chief Officer  
27 June 2024

.....  
Natasha Cornick  
Chair  
27 June 2024

.....  
Karl Williamson  
Chief Financial Officer  
27 June 2024

# 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.

## 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 2024 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 position of Chair and Vice-Chair to the Board are based on an appointment made by the SIC and NHSS respectively and the positions revolve on the basis of a three year term. The position of Chair is held by the NHSS appointee until 31 March 2026.

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 Joint Strategic Commissioning Plan and Annual Accounts;
- The outcomes and deliverables are achieved by the IJB issuing Directions specifying the necessary services and granting associated budgets to the SIC or NHSS or to both.
- 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 NHSS Clinical Governance Committee and the IJB Audit Committee inform reports presented to the IJB;

- 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;
- The IJB relies on NHSS and SIC counter fraud and anti-corruption arrangements as it is these Bodies who deliver IJB delegated services and manage all associated staff and financial transactions. The arrangement in place, across NHSS and SIC, are in accordance with Code of Practice on Managing the Risk of Fraud and Corruption;
- IJB Board Members observe and comply with the Nolan Seven Principles of Public Life. These are articulated through the latest version of the Board's Code of Conduct as a devolved public body. The Code was approved on 24 March 2022. Comprehensive arrangements are in place to ensure IJB Board Members and officers are supported by appropriate training and development including compliance with their Code of Conduct; 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.

## Governance – IJB Meetings

The Board continues to permit the practice of remote attendance at its meetings, by voting and non-voting members and by officers of SIC and NHSS.

As part of its commitment to Openness and Transparency the Board agreed, on 17 November 2022, to the commencement of live broadcasting and archive recordings of its public meetings, using the shared meeting equipment in the SIC Council Chamber. The first live broadcast commenced on 9 March 2023. At that meeting, the Board also agreed to commence the live broadcasting and archive recordings of its IJB Audit Committee, and this commenced on 23 March 2023. This enables greater levels of oversight and enhances the capacity of the public of Shetland to observe the business of the IJB and IJB Audit Committee being transacted.

## 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 the main 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 2017 (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 Internal Audit plan for 2023/24 included one specific IJB related review – Shifting the Balance of Care. Elements of the fieldwork in relation to this review are still ongoing but based on the work undertaken to date there are no unsatisfactory audit opinions. 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 on the IJB. The review of overtime at SIC identified a number of areas for improvement in current arrangements. The review of IT asset management at NHSS identified a number of issues relating to the current arrangements.

On the basis of the audit work undertaken during the reporting period, the Chief Internal Auditor is able to conclude that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2023/24.

## 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 2019”*. 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 2017”*.

## Financial Management Code (FM Code)

A high level assessment of the IJB’s compliance with the 17 standards set out in the FM code has been completed by management and It has been determined that the IJB is compliant with all standards through existing governance arrangements.

## Issues and Actions

### Update on Significant Governance Issues previously reported

The following table details the actions taken to address the significant governance issues that have been previously reported in a prior year’s Annual Governance Statement.

An additional issue has been added in 2023/24 in regards to the IJB funding and its financial sustainability. The IJB budget for 2024/25 includes challenging savings and cost reduction targets that carry a degree of risk. In addition to this there are no assurances from SIC and NHSS that additional funding will be available at year end, as in previous years, to balance the IJB outturn position.



<b>Significant Governance Issue</b>	<b>Responsible Officer</b>	<b>Action Taken</b>	<b>Current status and further action required</b>
Waiting Times Performance in Psychological Therapies	Head of Mental Health Services NHSS	There remains staffing challenges, however opportunities for team and staffing support is being looked into, in particular the possibility of sharing of expertise between NHS Shetland and Orkney.	<b>Ongoing</b>  Progress will be monitored by NHSS Internal Audit with further updates to be provided to the NHSS Audit Committee.
Compliance with Financial Regulations	Chief Officer	An action plan was developed to address the serious control deficiencies identified in the internal audit review.	<b>Complete</b>
Business Continuity (BC) Arrangements in NHSS	Resilience and Business Continuity Officer	Development of a new BC template, which has been circulated to managers. A suite of BC exercises has been created and will be shared with managers to help test their plans.	<b>Ongoing</b>  Progress will be monitored by NHSS Internal Audit with further updates to be provided to the NHSS Audit Committee.
Statutory and Mandatory Training Arrangements in NHSS	Learning & Development Manager NHSS	Work undertaken to review internal processes in place for staff development, a statutory and mandatory training review group has been formed to complete review and establish training requirements.	<b>Complete</b>
Financial Sustainability	Chief Financial Officer	Savings and cost reduction schemes continue to be developed and implemented.	<b>Ongoing</b>  IJB will scrutinise progress by means of regular reporting to the IJB Audit Committee and IJB. Significant gaps remain in the IJB Medium Term Financial Plan – further savings and cost reduction schemes must be accelerated.  If funding partners cannot provide additional payments to balance IJB outturn position, the IJB may find itself in an unprecedented position where it carries debt on its balance sheet. Further negotiation between partners may be required.

## Significant Governance Issues

During the year the Audit Committee received a range of reports produced by Internal Audit that enabled scrutiny and questioning of officers, such that the Committee gained assurance about any weaknesses identified as well as the actions being taken to address them.

Other than the minor issues reported in the 'Roles and Responsibilities of the Audit Committee and Chief Internal Auditor' above, there were no significant governance issues during 2023/24.

## 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.

.....  
Jo Robinson  
Chief Officer  
27 June 2024

.....  
Natasha Cornick  
Chair  
27 June 2024

# 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 2023/24 or 2022/23.

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

## Remuneration: Officers of the IJB

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

## Chief Officer

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

The Chief Officer, is employed by SIC but this is a joint post with NHSS, with 50% of their cost being recharged to NHSS. The salary of senior employees of the SIC is set by reference to national arrangements and agreements. Performance appraisal and terms and conditions of service are in line with SIC policies and procedures.

Until 30 June 2023 Brian Chittick, NHSS, was Chief Officer. Jo Robinson, SIC, became Interim Chief Officer on 1 July 2023 and was formally appointed Chief Officer at an IJB meeting on 23 April 2024.

## Depute Chief Officer

The Depute Chief Officer position is currently split between the SIC and NHSS, with a Senior Manager from each organisation taking on responsibilities of the role on an interim basis. Ruth McMillan, SIC, and Anthony McDavitt, NHSS, have been acting in this role from 18 December 2023. Prior to this Jo Robinson was in this post from 1 April 2023 up to 1 July 2023 before being appointed Interim Chief Officer.

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.

The salary of senior employees of the NHS is set by reference to national arrangements and agreements. Performance appraisal and terms and conditions of service are in line with NHS Scotland circulars and continuity of service applies.

## 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, Depute Chief Officer received the following remuneration during 2023/24:

Senior Employees	Designation	2023/24	2022/23
		*Total Remuneration £	*Total Remuneration £
Brian Chittick [a]	Chief Officer	30,200	113,910
Jo Robinson [b]	Interim Depute Chief Officer / Interim Chief Officer	89,896	67,661
Anthony McDavitt	Interim Depute Chief Officer	11,408	
Ruth MacMillan	Interim Depute Chief Officer	11,392	

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

Total remuneration for 2023/24 has been apportioned based on the period each senior employee was in appointment.

[a] Brian Chittick held the post of Chief Officer until 30 June 2023. The Full Time equivalent remuneration for this post in 2023/24 is £113,852 (2022/23: £102,912).

[b] Jo Robinson held the post of Interim Depute Chief Officer until 30 June 2023. She was appointed Interim Chief Officer from 1 July 2023, before being formally appointed as Chief Officer on 23 April 2024. The Full Time equivalent remuneration for the Interim Depute Chief Officer for 2023/24 is £78,732 (2022/23: £73,945).

The Depute Chief Officer position has been covered by Anthony McDavitt and Ruth MacMillan on an interim basis from 18 December 2023.

## 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 current Chief Officer and one 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. The previous Chief Officer and one Depute 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 entitlements for the Chief Officer and the Depute Chief Officer positions for the year to 31 March 2024 are 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 Pension Contributions		Accrued Pension Benefits			
		2023/24 £	2022/23 £	As at 31 March 2024		Increase from 31 March 2023	
				Pension £	Lump Sum £	Pension £	Lump Sum £
Brian Chittick [a]	Chief Officer	24,720	23,390	21,755	0	3,839	0
Jo Robinson [a]	Depute Chief Officer / Chief Officer	19,777	14,885	36,004	38,609	9,598	11,411
Anthony vitt [a]	Interim Depute Chief Officer	13,308	0	13,387	0		
Ruth MacMillan [b]	Interim Depute Chief Officer	2,506	0	233	0		

[a] It is not possible to separate out the pension attributable to individual posts held by the officers during 2023/24, so their respective full entitlements are disclosed in the above table.

[b] a separate post has been established for Ruth MacMillan while she acting as Interim Depute Chief Officer from 18 December 2023, so it is possible to separate out the pension attributable to this post.

.....  
Jo Robinson  
Chief Officer  
27 June 2024

.....  
Natasha Cornick  
Chair  
27 June 2024

# 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 27 June 2024.

Signed on behalf of Shetland Integration Joint Board.

.....  
Natasha Cornick  
Chair  
27 June 2024

## 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 2024



.....  
Karl Williamson  
Chief Financial Officer  
27 June 2024

## Comprehensive Income and Expenditure Statement for year ended 31 March 2024

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

2022/23 Gross Expenditure Restated £000	2022/23 Gross Income Restated £000	2022/23 Net Expenditure Restated £000	Notes	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
37,603	0	37,603	Health Services	36,679	0	36,679
33,329	0	33,329	Social Care Services	37,565	0	37,565
33	0	33	Corporate Services	37	0	37
<b>70,965</b>	<b>-</b>	<b>70,965</b>	<b>Cost of Services</b>	<b>74,281</b>	<b>0</b>	<b>74,281</b>
0	(68,153)	(68,153)	Taxation and Non-Specific Grant income	0	(73,725)	(73,725)
<b>70,965</b>	<b>(68,153)</b>	<b>2,812</b>	<b>Deficit / (Surplus) on Provision of Services</b>	<b>74,281</b>	<b>(73,725)</b>	<b>556</b>
		<b>2,812</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>556</b>

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

## Movement in Reserves Statement

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

<b>2023/24</b>	<b>General Fund Balance £000</b>
Balance at 1 April 2023	(1,504)
Total Comprehensive Income and Expenditure	556
Decrease in 2023/24	556
Balance at 31 March 2024	(948)

<b>Comparative movements in 2022/23</b>	<b>General Fund Balance £000</b>
Balance at 1 April 2022	(4,316)
Total Comprehensive Income and Expenditure	2,812
Decrease in 2022/23	2,812
Balance at 31 March 2023	(1,504)



## Balance Sheet as at 31 March 2024

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.

Increase from 31 March 2023		Notes	As at 31 March 2024
£000			£000
1,504	Other Current Assets	6	948
<b>1,504</b>	<b>Current Assets</b>		<b>948</b>
<b>1,504</b>	<b>Net Assets</b>		<b>948</b>
	<b>Represented by:</b>		
1,504	Usable Reserves: General Fund	7	948
<b>1,504</b>	<b>Total Reserves</b>		<b>948</b>

The Annual Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2024 and its income and expenditure for the year then ended.



.....  
Karl Williamson  
Chief Financial Officer  
27 June 2024

# Notes to the Primary Financial Statements

## Note 1: Prior Period Error

An error in the total cost of Social Care Services in the preceding financial year has been identified due to the cost of recharges to Social Care Services being omitted in error. The following is an extract from the disclosures in the financial statements setting out the amount of correction required.

The following tables show the impact on each of the financial statement lines affected:

### Effect on Comprehensive Income and Expenditure Statement for year ended 31 March 2023

	As Originally Stated £000	As Restated £000	Restatement £000
Social Care Services	31,411	33,329	1,918
Taxation and Non-Specific Grant Income	(66,235)	(68,153)	(1,918)

### Effect on Note 5: Taxation and Non-Specific Grant Income

	As Originally Stated £000	As Restated £000	Restatement £000
Funding Contribution from Shetland Islands Council	29,750	31,668	1,918

## Note 2: Critical Judgements and Estimation Uncertainty

There is a degree of uncertainty about future levels of funding for local government and NHS, which may have an impact on the Board. This is considered as part of the Board's medium term financial planning.

## Note 3: Events after the Reporting Period

The annual accounts were authorised for issue on 27 June 2024. 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 2024, the figures in the financial statements and notes to the accounts have been adjusted in all material respects to reflect the impact of this information.

Jo Robinson has been appointed Director of Community Health and Social Care, which includes the

role of Chief Officer of the IJB. This was confirmed at a meeting of the IJB on 23 April 2024.

## Note 4: External Audit Costs

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

2022/23 £000		2023/24 £000
31	Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year.	34
(1)	Audit Fees Rebate	(1)
<b>30</b>		<b>33</b>

## Note 5: Taxation and Non-Specific Grant Income

2022/23 £000		2023/24 £000
31,668	Funding contribution from Shetland Islands Council	37,584
36,485	Funding contribution from NHS Shetland	36,141
<b>68,153</b>	<b>Total</b>	<b>73,725</b>

The funding contribution from NHSS shown above includes £8.267m (2022/23: £8.757m) 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.

## Note 7: Usable Reserve: General Fund

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

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

2022/23 Total Usable Reserve £000	General Fund	2023/24 Earmarked Reserve £000	2023/24 Non-Earmarked Reserve £000	2023/24 Total Usable Reserve £000
(4,316)	Balance at 1 April 2023	(939)	(565)	(1,504)
0	<b>Transfers in:</b> Underspend in Scottish Government Additionality Funding	0	(28)	(28)
(195)	Underspend in Specific NHSS Funding (including Covid-19 Funding)	0	0	0
(4,511)	Sub-total	(939)	(593)	(1,532)
3,007	<b>Transfers out:</b> Draw on Reserve in year	531	53	584
<b>(1,504)</b>	<b>Balance at 31 March 2024</b>	<b>(408)</b>	<b>(540)</b>	<b>(948)</b>

## Note 6: Other Current Assets

As at 31 March 2023 £000		As at 31 March 2024 £000
110	Shetland Islands Council	110
1,394	NHS Shetland	838
<b>1,504</b>	<b>Total</b>	<b>948</b>

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

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

## Note 8: Related Party Transactions

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

The funding contributions made by the SIC and NHSS are detailed in Note 5. The debtor balances of the SIC and NHSS with the IJB as at 31 March 2024 are detailed in Note 6.

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

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

## Note 9: 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 IJB has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 1 (Presentation of Financial Statements) – classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 April 2024. The amendments:
  - specify that an entity's right to defer settlement must exist as the end of the reporting period;
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- Amendments to IAS 16 (Leases) – the amendments add subsequent measurement requirements for sale and leaseback transactions. Applicable for periods beginning on or after 1 April 2024;
- Amendments to IAS 1 (Presentation of Financial Statements) – the amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. Applicable for periods beginning on or after 1 April 2024.
- Amendments to IAS 12 (Income Taxes) – International Tax Reform: Pillar Two Model Rules. Pillar two applies to multinational groups with a minimum level of turnover. Applicable for periods beginning on or after 1 April 2024. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and
  - targeted disclosure requirements for affected entities.
- Amendments to IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments: Disclosures) - the amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows; and
  - understand the effect of supplier finance arrangements on an entity's

exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

- IFRS 16 – Leases – Applicable for periods beginning on or after 1 April 2024.

The IJB 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 accounts summarise the IJB's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The IJB is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which Section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practices.

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 April 2024 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.

The IJB will disclose material accounting policy information to aid reader's understanding and interpretation of the information presented in the financial statements. Information is considered to be material if it might influence the decisions users make based on financial information about the IJB. If immaterial items are included, they can interfere with decision making, because excessive detail may obscure the relevant information. Some items may qualify as material by nature or context regardless of their size.

### B Accruals of income and expenditure

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

- Supplies are recorded as expenditure when they are consumed, but where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a change made to the CIES for the income that might not be collected.

### C Funding

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

### D Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the

funding partners. Consequently, the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March 2024 is represented as a debtor or creditor on the IJB's Balance Sheet.

## E 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, i.e. 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.

## 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 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.

## H 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.

## I 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.

## J 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.

## K Support Services

To the extent that delegated services include an element of overheads and support service costs, these will be included within the appropriate line within the Income and Expenditure statement.

## 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.

### **ABIs**

Alcohol Brief Interventions

### **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.

### **ANP**

Advance Nurse Practitioner

### **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.

### **CIES**

Comprehensive Income and Expenditure Statement

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

### **CNORIS**

The Clinical Negligence and Other Risks Indemnity Scheme.

### **COSLA**

Convention of Scottish Local Authorities.

### **CPP**

Community Planning Partnership

### **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.

### **CTAC**

Community Treatment and Care

### **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.

### **HSCP**

Health and Social Care Partnership

### **IAS**

International Accounting Standards.

### **IASB**

International Accounting Standards Board.

### **IFRS**

International Financial Reporting Standards.

### **JSNA**

Joint Strategic Needs Assessment

### **LASAAC**

Local Authority (Scotland) Accounts Advisory Committee.

### **LGPS**

Local Government Pension Scheme

### **LHS**

Local Housing Strategy

### **Liability**

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

### **LOIP**

Local Outcomes Improvement Plan.

### **MTFP**

Medium Term Financial Plan.

### **NHWB**

National Health and Wellbeing.

### **OOHS**

Out of Hours

### **PMF**

Performance Management Framework.

### **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 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.

### **SCAS**

Shetland Care Attendant Scheme

### **SHIP**

Shetland Health Intelligence Platform

### **SSSC**

Scottish Social Service Council.

### **The Code**

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

