

Aberdeen City
Health & Social Care
Partnership

A caring partnership

Audited Annual Accounts

for the period

**6 February 2016 to
31 March 2016**

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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 the Aberdeen City Health and Social Care Partnership's financial performance from its establishment on 6 February 2016 to 31 March 2016, and their year-end financial position as at 31 March 2016.

Background

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. The Act provides a framework for the integration of adult health and social care services.

Aberdeen City Council and the Board of NHS Grampian took the decision that the model of integration of health and social care services in Aberdeen City would be the Body Corporate model, also known as an Integration Joint Board. Under this model, the Health Board and Local Authority delegate the responsibility for the strategic planning and delivery of adult health and social care services to the Integration Joint Board.

In early 2014 a Transitional Leadership Group (TLG) was formed to oversee the programme toward formal integration. During 2015/16 the TLG developed into the shadow Integration Joint Board (IJB).

The Act required the submission of a partnership agreement, known as the Integration Scheme, for approval by the Scottish Government. The Integration Scheme sets out the locally agreed operational arrangements for the delivery of integrated services.

Following a detailed consultation process the scheme was submitted for approval in December 2015. Following approval by the Cabinet Secretary for Health, Wellbeing and Sport an Order was laid before the Scottish Parliament on 8 January 2016 and the Aberdeen City Integration Joint Board (IJB) was established as a Body Corporate by order of Scottish Ministers on 6 February 2016.

As a separate legal entity the IJB has full autonomy and capacity to act on its own behalf and can, accordingly, make decisions about the exercise of its functions and responsibilities in accordance with the approved Integration Scheme.

The IJB is responsible for the strategic planning of the functions delegated to it by Aberdeen City Council and NHS Grampian. The IJB approved its Strategic Plan for 2016-19 on 29 March 2016.

The inaugural meeting of the Board, which confirmed the full membership of the IJB, was held on 29 March 2016. The IJB approved their Standing Orders and Financial Regulations at that meeting.

Full delegation of the services from the partners to the IJB will take effect from 1st April 2016.

Members of the Aberdeen City Integration Joint Board for the period 6 February 2016 to 31 March 2016 were as follows:

Voting Members:

Cllr. Len Ironside CBE (Chair)
Mr. Jonathan Passmore (Vice Chair)
Cllr. Alan Donnelly (Council Member)
Cllr. Gill Samarai (Council Member)
Cllr. Willie Young (Council Member)
Ms. Sharon Duncan (NHS Grampian Member)
Dr. Nick Fluck (NHS Grampian Member)
Prof. Mike Greaves (NHS Grampian Member)

Non-Voting Members:

Professional Advisors:

Ms. Judith Proctor (Chief Officer)
Mr. Alan Gray (Interim Chief Financial Officer)
Ms. Bernadette Oxley (Chief Social Work Officer)
Dr. Stephen Lynch (Clinical Lead, NHS Grampian)
Dr. Satchi Swami (Secondary Care Advisor, NHS Grampian)
Ms. Jenny Gibb (Professional Nursing Advisor, NHS Grampian)

Stakeholder Representatives:

Mr. Mike Adams (NHS Grampian Partnership Representative)
Mr. Jim Currie (Trade Union Representative, ACC)
Mr. Kenneth Simpson (Third Sector Representative)
Mr. Howard Gemmell (Patient and Service User Representative)
Ms. Faith-Jason Robertson-Foy (Carer Representative)
Ms. Gill Moffat (Carer Representative)

Operational Review

During the shadow year the IJB's principal role has been to ensure that the necessary processes, policies and plans were put in place in readiness for the full delegation of functions on 1st April 2016. During 2015/16 the key activities of the IJB included:

- Agreeing the strategic vision for the new IJB, to be a caring partnership working together with our communities to enable people to achieve fulfilling, healthier lives and wellbeing;
- Establishing a Strategic Planning Group (SPG) to oversee the development of the Strategic Plan, ensuring that the interests of local stakeholder groups were represented in relation to health and social care services within the strategic planning process;
- Developing a communications and engagement plan. This included regular drop-in Integration workshops for staff and a wide range of integration events across the City;

- Carrying out a due diligence process regarding the budgets being delegated by Aberdeen City Council and NHS Grampian to the IJB from 1 April 2016, in order for the IJB to carry out its delegated functions, and to meet anticipated levels of demand to ensure that the Health and Social Care Partnership can proceed on a sound financial basis;
- Publication of the Strategic Plan, which describes how the IJB will develop and deliver integrated health and social care services for the benefit of the citizens of Aberdeen. The Plan sets out the context, challenges, priorities and action plans for the new Health and Social Care Partnership for the period 2016-2019;
- Developing and approving the IJB Standing Orders and Financial Regulations;
- Developing a risk management framework, including adopting a risk management policy and stating the IJB's risk management appetite;
- Establishing an Audit & Performance Systems Committee to review and report on the relevance and rigour of the governance structures in place and the assurances the Board receives; and
- Establishing appropriate staff and professional governance arrangements as set out in the Integration Scheme.

Purpose and Objectives

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

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 service users.
5. Health and social care services contribute to reducing health inequalities.
6. People who provide unpaid care are supported to reduce the potential impact of their caring role on their own health and wellbeing.
7. People who use health and social care services are safe from harm.
8. People who work in health and social care services are supported to continuously improve the information, support, care and treatment they provide and feel engaged with the work they do.
9. Resources are used effectively in the provision of health and social care services, without waste.

The Partnership's Strategic Plan for 2016-19 sets out how the National Health and Wellbeing Outcomes will be achieved. It confirms that the main purpose of integrated services is to improve the wellbeing of our citizens and that these services should be provided in a way which, so far as possible:

- Is integrated from the point of view of recipients,
- Takes account of the particular needs of different recipients,
- Takes account of the particular needs of recipients from different parts of the area in which the service is being provided,
- Takes account of the particular characteristics and circumstances of different service users,
- Respects the rights of service users,
- Takes account of the dignity of service users,
- Takes account of the participation by service users in the community in which service users live,
- Protects and improves the safety of service users,
- Improves the quality of the service,
- Is planned and led locally in a way which is engaged with the community (including in particular service users, those who look after service users and those who are involved in the provision of health or social care),
- Best anticipates needs and prevents them arising,
- Makes the best use of the available facilities, people and other resources.

To address these challenges and achieve our desired outcomes, the strategic priorities for the next three years are:

- Develop a consistent person centred approach that promotes and protects the human rights of every individual and which enable our citizens to have opportunities to maintain their wellbeing and take a full and active role in their local community.
- Support and improve the health, wellbeing and quality of life of our local population.
- Promote and support self-management and independence for individuals for as long as reasonably possible.
- Value and support those who are unpaid carers to become equal partners in the planning and delivery of services, to look after their own health and to have a quality of life outside the caring role if so desired.
- Contribute to a reduction in health inequalities and the inequalities in the wider social conditions that affect our health and wellbeing.
- Strengthen existing community assets and resources that can help local people with their needs as they perceive them and make it easier for people to contribute to helping others in their communities.
- Support staff to deliver high quality services that have a positive impact on personal experiences and outcomes.

The Annual Accounts 2015/16

The Annual Accounts summarises Aberdeen City Health and Social Care Partnership's transactions for the period from 6 February 2016 to 31 March 2016. The Annual Accounts 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 each of the primary financial statements has been included with the statements i.e. the Statement of Income and Expenditure 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.

The primary financial statements and notes to the accounts, including the accounting policies, form the relevant Annual Accounts for the purpose of the auditor's report and opinion. The primary financial statements do not include a Movement in Reserves Statement as the value of the unusable and usable reserves is nil over this period. Similarly, a Cash Flow Statement is not required as the IJB does not hold a bank account or cash.

Remuneration of the Chief Officer of the Partnership is disclosed in the Remuneration Report.

Financial Review

The Annual Accounts include the contributions from the Partners that were required to cover the operational costs incurred during the period from the establishment on 6 February 2016 to 31 March 2016, together with the operational costs incurred. There were no transactions of significant value in this period of account as the full delegation of functions did not take place until 1 April 2016.

2016/17 Budget and Medium Term Financial Outlook

The Strategic Plan for 2016-19 sets out the total financial resources available to the IJB over the period to March 2019. The indicative integrated budget for the 2016/17 financial year is £257.5 million. The IJB will also have strategic influence over a further £46.7 million in the budget set aside for large hospital services.

Should the IJB forecast to overspend then a recovery plan will need to be developed to mitigate the overspend. If it is not possible to reduce the overspend then any uncommitted reserves will be used. In the first year of operation any overspend which cannot be recovered or funded from uncommitted reserves will be met by the party to which the spending Direction for the service is given i.e. the Party with operational responsibility for the services. In future years, both partners or one partner can make a one off payment to be recovered from their baseline payment to the IJB in the next financial year.

The IJB has a significant financial challenge ahead to deliver better outcomes for its service users in a climate of increasing demographic pressures.

Additional funding of £250m was allocated nationally by the Scottish Government Health and Social Care Directorate for 2016/17 to improve social care outcomes. Aberdeen City IJB's share of this funding was £9.5m.

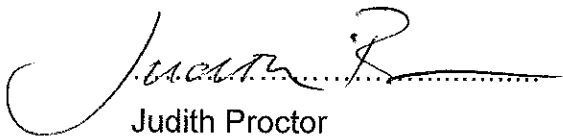
The most significant risks faced by the IJB over the medium to longer term can be summarised as follows:

- the health inequalities between the affluent and more deprived areas of Aberdeen City;
- the increased demand for services by vulnerable people with complex conditions;
- the pressure to shift the balance of care from hospital to community services;
- the wider financial environment, with further budget pressures anticipated in future years; and
- the need to maintain and improve the quality of our services.

Where to Find More Information

If you would like more information please visit our website at:

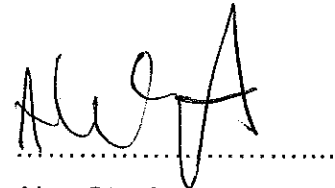
www.aberdeencityhscp.scot



Judith Proctor
Chief Officer



Councillor Len Ironside CBE
Chair



Alex Stephen
Chief Finance Officer

30 August 2016

Statement of Responsibilities for the Annual Accounts

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 (date) *30 AUGUST 2016*.

Signed on behalf of Aberdeen City Integration Joint Board


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Councillor Len Ironside CBE
Chair

30 August 2016

The Chief Financial Officer's Responsibilities:

As Chief Financial Officer I am 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).

It is the responsibility of the Chief Financial Officer to sign, date and submit the unaudited Annual Accounts to the appointed auditor by 30 June 2016.

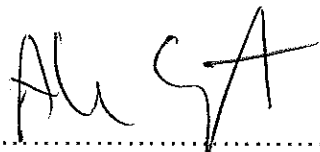
In preparing the Annual Accounts, I have:

- 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 Accounting Code (in so far as it is compatible with legislation).

I have also:

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

I certify that these Annual Accounts give a true and fair view of the financial position of the Aberdeen City Integration Joint Board at the reporting date and the transactions of the IJB for the period ended 31 March 2016.



Alex Stephen
Chief Finance Officer

30 August 2016

Annual Governance Statement

Scope of Responsibility

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

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

Furthermore, in discharging these responsibilities, the Chief Officer has a reliance on the Aberdeen City Council and NHS Grampian's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The Governance Framework

The IJB comprises voting and non-voting members. The voting members comprise 4 Aberdeen City Council Elected Members and 4 NHS Grampian Board Members, as nominated by their respective organisations. By virtue of the delegation from the Health Board and Local Authority, the IJB and its Chief Officer has responsibility for the planning, resourcing and operational delivery of all integrated health and social care within the Aberdeen City area.

The non-voting membership of the IJB is set out in the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. This comprises six professional members and a minimum of 4 stakeholder representatives comprising at least one to represent each of the following groups - staff, third sector bodies, service users and carers.

Services were delegated to the IJB on 1 April 2016. As such, 2015/16 was a shadow year for the IJB and the governance framework was established and developed throughout the shadow year. Review and refinement of the governance framework will continue to be undertaken on the basis of ongoing continuous improvement.

The governance framework was designed and developed by the IJB. The main features of the governance arrangements are summarised below:

- The overarching strategic vision and objectives of the IJB are detailed in the Strategic Plan which sets out the IJB's strategic priorities.
- The Standing Orders define the roles and responsibilities of Board members and regulate the form and content of Board meetings and Committees of the IJB to ensure that meetings of the IJB are transparent, inclusive and follow the guiding principles of good governance in the public sector.

- The Financial Regulations detail the responsibilities of the IJB for its own financial affairs, the financial responsibilities of the Board and its officers, and the policies and procedures that govern the IJB. The Financial Regulations do not supersede those of Aberdeen City Council and the Standing Financial Instructions of NHS Grampian, but rather will operate alongside these allowing the IJB to fulfil its objectives in relation to financial decision making on matters relating to health and social care integration.
- The IJB has established 2 sub-committees:
 - i) The Audit and Performance Systems Committee has the key role of reviewing and reporting on the effectiveness of the governance structures in place and on the quality of the assurances the Board receives. It has a moderation role in relation to the consistency of risk assessment. It also has oversight of information governance issues.
 - ii) The Clinical and Care Governance Committee provides assurance to the IJB in relation to the quality and safety of services planned and/or delivered by the IJB. Its key role is to ensure that there are effective structures, processes and systems of control for the achievement of the IJB's priorities, where these relate to regulator compliance, service user experience, safety and the quality of service outcomes.
- The IJB's approach to risk management is set out in its risk management framework, which incorporates the IJB's Risk Appetite statement, Risk Management policy and its corporate and strategic Risk Registers. Work is progressing to develop and implement a performance management framework covering the IJB activities.
- A Strategic Planning Group was established to develop the IJB's Strategic Plan, with a strong focus on engagement with stakeholders. The Strategic Planning Group will continue to develop locality planning and monitor the implementation and delivery of the Strategic Plan.
- The IJB appointed a Chief Officer in accordance with section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014. The Chief Officer reports directly to the Chief Executive Officers of both Aberdeen City Council and NHS Grampian, and is a full member of the senior management teams of both organisations. The IJB is responsible for the operational oversight of integrated services and through the Chief Officer is responsible for the operational management of integrated services.
- 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 and financial governance arrangements.
- The IJB's Executive Team will oversee the implementation of IJB decisions. It will provide assurance to the Board on progress towards the achievement of its strategic priorities through the Performance Management Framework and to the Audit and Performance Systems Committee of progress against the national outcomes and performance indicators for which the IJB has responsibility.
- A Transformation Programme Board was established to report to the Executive Team on the progress of the transformation projects funded using earmarked funding provided for this purpose by the Scottish Government Health and Social Care Directorate.

- Aberdeen City Council's Chief Social Work Officer is a non-voting member of the IJB. This is a statutory post which oversees and makes decisions in relation to specified social work services, some of which relate to functions now delegated to the IJB. The Chief Social Work Officer has a duty to report to and alert the IJB of any matters of professional concern in the management and delivery of those functions.
- The IJB has appointed a Standards Officer who is responsible, amongst other things, for the maintaining of Registers of Interests, Registers of Gifts and Hospitality and training on the Model Code of Conduct for Members of Devolved Public Bodies.
- The IJB has established the Aberdeen City Joint Staff Forum as a forum for workforce issues affecting health and social care integration so that these can be discussed with trade union and Partnership colleagues. The Forum has no formal decision making authority but reports its recommendations to senior managers within the Partnership.
- Internal Audit functions will be provided by the joint Aberdeen City and Aberdeenshire Council's Internal Audit Team, including the provision of the Chief Internal Auditor for the IJB. The Chief Internal Auditor will develop a risk based audit plan for the IJB for consideration and approval by the Audit and Performance Systems Committee.
- Additional external scrutiny will come from the appointed external auditors, external inspection agencies, such as the Healthcare Inspectorate and Healthcare Improvement Scotland, the Health & Safety Executive, Audit Scotland and other bodies.

Review of Effectiveness

The IJB has responsibility for conducting at least annually a review of the effectiveness of the governance arrangements, including the system of internal control. The review is informed by the work of the Senior Management Team (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor's annual report, and reports from external auditors and other review agencies and inspectorates. The governance framework was developed during the shadow year and the IJB was formally established on 6 February 2016. A review of the governance arrangements established will be undertaken during 2016/17.

During the shadow year Internal Audit carried out a review of the progress on implementation of health and social care integration in Aberdeen City, which included reviewing the financial provisions included in the Integration Scheme, plans for financial governance and financial assurance and risk, and that lessons have been learned from other integration projects. The audit report was presented to the appropriate committees within both Aberdeen City Council and NHS Grampian, and recommendations made in the report were accepted.

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

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

- i) Aberdeen City Council's governance framework comprises the systems and processes and culture and values by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The Audit, Risk and Scrutiny Committee has a key role in this and an annual report of its activities will be approved by the committee and referred to Council for its consideration. This demonstrates the Council's governance arrangements through improved transparency, understanding and challenge of the activity and outcomes from the Audit, Risk & Scrutiny Committee.

The Council has an approved Local Code of Corporate Governance which incorporates the six principles recommended in the CIPFA / SOLACE Framework, *Delivering Good Governance in Local Government*. The Code was last updated in 2012/13. Against each principle is a set of key documents, policies, arrangements and areas of activity within the Council which address the theme. The principles are:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting values for the authority and demonstrating the value of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. Developing the capacity and capability of members and officers to be effective;
6. Engaging with local people and other stakeholders to ensure robust public accountability.

The Council demonstrates its compliance with the principles in many ways as can be seen in the Code itself which can be viewed at:

<http://committees.aberdeencity.gov.uk/documents/s19963/LocalCodeofCorporateGovernance.pdf>

The Chief Executive and Leader of the Council have certified that reasonable assurance can be placed upon the adequacy and effectiveness of Aberdeen City Council's systems of governance, and that the annual review demonstrates sufficient evidence that the Code of Corporate Governance operates effectively. Furthermore, the Council propose over the coming year to take steps to address matters to further enhance governance arrangements and are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the next annual review.

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

As Accountable Officer, the Chief Executive is responsible for maintaining an adequate and effective system of internal control that identifies, prioritises and manages the principal risks facing the organisation, promotes achievement of the organisation's aims and objectives and supports compliance with the organisation's policies and safeguarding public funds. During the first full year of operation a review will be undertaken to ensure compliance with the financial governance requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government (2016).

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

- Executive and senior managers who are required to develop, implement and maintain adequate internal controls across their areas of responsibility;
- The work of the internal auditor, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, internal control and governance processes;
- Management letters and other reports issued by external audit;
- Financial plans, service plans and related organisational performance and risk management reports presented to the Board and relevant governance committees;
- Reports relating to the recent reviews carried out by Health Improvement Scotland and other inspection agencies;
- Transparent assumptions regarding the timing of investment to deliver a significant reduction in high risk backlog maintenance in clinical areas agreed

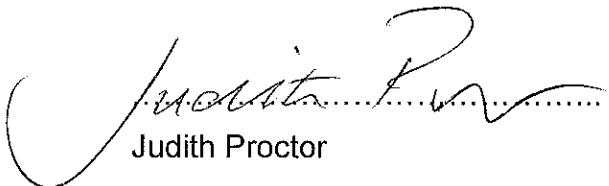
by the Scottish Government Health and Social Care Directorates as part of the Board's Asset Management Plan;


- Annual statements of assurance from each of the core governance committees of the Board, including the Endowment Committee with respect to the governance arrangements that exist for the NHS Grampian Endowment Funds charity which is consolidated with the main Board accounts;
- Written confirmation from executive and senior managers that controls within their individual areas of responsibility are adequate and have been operating effectively throughout the year;
- During the year, minutes of the meetings of the core governance committees were provided to all Board members; and
- Consideration of the governance statement and its disclosures by Internal Audit, the Audit Committee and Board members.

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

Certification

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


Judith Proctor
Chief Officer


Councillor Len Ironside CBE
Chair

30 August 2016

Remuneration Report (6 February 2016 to 31 March 2016)

The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies in Scotland to prepare a Remuneration Report as part of their Annual Accounts.

1 Voting Board Members

The members of the Integration Joint Board are appointed by Aberdeen City Council and NHS Grampian, in accordance with the provisions contained within the Integration scheme for the Aberdeen City Health and Social Care Partnership.

Voting board members do not meet the definition of a 'relevant person' under legislation. However, in relation to the treatment of joint boards, Finance Circular 8/2011 states that best practice is to regard Convenors and Vice-Convenors as equivalent to Senior Councillors. The Chair and Vice Chair of the IJB should therefore be included in the IJB remuneration report if they receive remuneration for their roles. The Aberdeen City IJB does not pay remuneration or allowances to voting board members, rather they are remunerated by their relevant IJB partner organisations.

Non-taxable expenses are paid by the IJB.

2 Senior officer

The Public Bodies (Joint Working) (Scotland) Act 2014 requires that the Chief Officer is employed by either the local authority or the health board and seconded to the IJB. It is considered that, given the specific legal requirement to appoint a Chief Officer and the special legal regime that applies to the employment contract arrangements, for the purposes of the Remuneration Report the IJB Chief Officer should be regarded as an employee of the IJB. During the 2015/16 financial year the Chief Officer was employed by NHS Grampian.

The Chief Finance Officer is appointed by the IJB and is employed by either Aberdeen City Council or NHS Grampian. During the 2015/16 financial year this role was undertaken on an interim basis by the Director of Finance for NHS Grampian, who remained employed and remunerated by NHS Grampian, pending the appointment of a permanent Chief Finance Officer by the Board. No charge was made to the IJB for the provision of these services. On the 4 July 2016 a permanent Chief Finance Officer was appointed.

Other officers and staff are not regarded as employees of the IJB and are employed through either Aberdeen City Council or NHS Grampian; remuneration for these staff is reported through those bodies.

3 Remuneration policy

The salary of the Chief Officer is set by reference to the local arrangements applying to posts at this level within Aberdeen City Council and NHS Grampian. This post is a joint appointment and the post-holder may be employed by either Aberdeen City Council or NHS Grampian, with the remuneration levels determined as set out below.

Within NHS Grampian the annual remuneration of Executive and Senior Management Cohort and Non-Executive Members is determined by the Scottish Government under Ministerial Direction and in accordance with PCS (ESM) 2013/1, PCS (ESM) 2012/1, PCS (ESM) 2013/2, PCS (ESM) 2013/3, PCS (ESM) 2015/1 and PCS (ESM) 2015/2, and the salary of the Chief Officer would be set in accordance with these arrangements.

Within Aberdeen City Council salaries are assessed in conjunction with the national chief officer spinal column points. The grade for the Chief Officer is based on chief officer spinal column point 44.

4 Remuneration

The board members and senior officers received the following remuneration in the year:

Name	Post title	2015/16	2015/16	2015/16	2015/16	Note
		Full time	Salary, fees and allowances	Taxable expenses	Total remuneration	
		£	£	£	£	
Judith Proctor	Chief Officer	104,373	15,684	28	15,712	1
Total		104,373	15,684	28	15,712	

Note 1

The in year remuneration of £15,712 reflects the Chief Officer's salary for the period from the formal IJB establishment date of 6 February 2016 to 31 March 2016

5 Pension benefits

The Chief Officer is a member of the NHS Pension Scheme, the details of which are set out below:

NHS PENSION SCHEME

NHS Grampian participates in the National Health Service Superannuation Scheme for Scotland which is an unfunded notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities. The pension cost is assessed every five years by the Government Actuary: details of the most recent actuarial valuation can be found in the separate statement of the Scottish Public Pensions Agency (SPPA).

The most recent actuarial valuation at 31 March 2014 discloses a liability of £39.5 billion (March 2013: £29.1 billion) with £1.4 billion to be met by employing authorities. Consequently the employer's rate of contribution increased from 13.5% to 14.9% on 1 April 2015.

Changes to the scheme were implemented from 1 April 2008 and again from 1 April 2015.

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2015-16 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment. All members, unless covered by agreed protection arrangements, automatically joined the NHS 2015 scheme on 1 April 2015. Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk

The previous NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire.

The 1995 Section

Benefits are calculated on a 'final salary' basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions on a tiered basis, dependent on earnings, of between 5.2% and 14.7% of pensionable earnings. Pensions are increased in line with the Consumer Price Index.

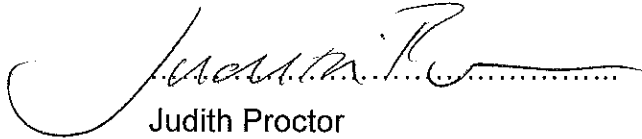
The 2008 Section:

Benefits are calculated on a "final salary" basis at a normal retirement age of 65. Pensions will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The IJB is expected to fund employer pension contributions as they become payable during the period off the Chief Officer's service. On this basis there is no pension liability reflected on the IJB Balance Sheet.


Costs of the pension scheme contributions for the year to 31 March 2016 are shown in the table below:

Name	Post title	In-year pension contributions		Accrued pension benefits
		£		£
Judith Proctor	Chief Officer	2,111	pension	27,600
			lump sum	76,998
Total		2,111	pension	27,600
			lump sum	76,998

he information tables contained within this Remuneration Report will be audited by the external auditors, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.



Judith Proctor
Chief Officer



Councillor Len Ironside CBE
Chair

30 August 2016

Statement of Income and Expenditure for period from 6 February 2016 to 31 March 2016

The **Statement of Income and Expenditure** shows the accounting costs of providing the service in accordance with IFRS.

	2015-16		
	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£
Health and social care	-	-	-
Corporate services	26,809	26,809	0
(Surplus)/deficit on provision of services	26,809	26,809	0
Other (gains)/losses	-	-	-
Net Income and Expenditure	26,809	26,809	0

Balance Sheet as at 31 March 2016

The **Balance Sheet** shows the value of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held by the Board.

	Notes	31 March 2016
		£
Current Assets		
Short term debtors	6	5,000
Current Liabilities		
Short term creditors	7	(5,000)
Net assets		0
Usable reserves		0
Unusable reserves		0
Total reserves		0

The accounts were issued for audit on the 29 June 2016 and audited accounts were authorised for issue by the Chief Finance Officer on 30 August 2016.



Alex Stephen

Chief Finance Officer

30 August 2016

Notes to the Financial Statements

1. Accounting Policies

1.1 General Principles

The Annual Accounts summarise the Integration Joint Board's transactions for the 2015/16 financial year and its position at the year ending 31 March 2016. The IJB is required to prepare Annual Accounts under the Local Authority Accounts (Scotland) Regulations 2014 and section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

The Annual Accounts have been prepared using the historical cost convention and on a going concern basis.

1.2 Accruals of income and expenditure

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

Where income and expenditure has 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 the debts may not be settled, the balance of debtors is written down and a charge made to the Income and Expenditure statement for the income that might not be collected.

1.3 VAT status

The Integration Joint Board is a non-taxable person and does not charge or recover VAT on its functions. VAT payable is included as an expense.

1.4 Provisions, contingent liabilities and assets

Provisions

Provisions are made where an event has taken place that gives the Integration Joint Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the IJB may be exposed to liabilities from court cases that could eventually result in the making of a settlement or the payment of compensation.

Estimation techniques are based on previous experience, prevailing economic conditions, aged analysis, expert and specialist advice and current data held by the IJB.

Provisions are charged as an expense to the appropriate line in the Income and Expenditure Statement in the year that the IJB becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the appropriate line in the Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the IJB settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the IJB a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the IJB. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the IJB a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the IJB.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.5 Events after the reporting period

Events after the reporting period 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 – the Annual Accounts are adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but 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.

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

1.6 Reserves

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

- create a working balance to help cushion the impact of uneven cash flows – this forms part of general reserves;
- create a contingency to cushion the impact of unexpected events or emergencies; and
- create a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

The balance of the reserves normally comprises of:

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

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

1.7 Support Services

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

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

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

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

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

2. Accounting Standards that have been issued but have not yet been adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

- Amendments to IAS 1 Presentation of Financial Statements (Disclosure Initiative); and
- Changes to the format of the Comprehensive Income and Expenditure Statement.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Annual Accounts.

3. Related party transactions

The Aberdeen City Integration Joint Board was established on 6 February 2016 as a joint arrangement between Aberdeen City Council and NHS Grampian.

The IJB is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the IJB or to be controlled or influenced by the IJB. Disclosure of these transactions allows readers to assess the extent to which the IJB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the IJB.

Scottish Government

The Scottish Government has significant influence over the general activities of the IJB – it is responsible for providing the statutory framework within which the IJB was constituted and will operate, although NHS Grampian and Aberdeen City Council provides the majority of its funding and prescribes the terms of many of the transactions that the IJB has with other parties.

Members

Members of the IJB Board have control over the IJB's financial and operating policies to the extent they are transacted through the IJB.

In the year the following financial transactions were made with Aberdeen City Council and NHS Grampian relating to integrated health and social care functions:

Income – payments for integration functions:

	2015-16 £
Aberdeen City Council	5,971
NHS Grampian	20,838
Total	26,809

Expenditure – payments for integration functions:

	2015-16 £
Aberdeen City Council	5,971
NHS Grampian	20,838
Total	26,809

4. Corporate expenditure

	2015-16 £
Staff costs	20,524
Administrative costs	1,285
Audit fees	5,000
Total	26,809

5. External Audit Costs

The Integration Joint Board incurred costs in relation to the audit of the Annual Accounts. The fee payable to Audit Scotland with regard to external audit services carried out as the appointed auditor for the year was £5,000. There were no fees paid to Audit Scotland in respect of any other services.

6. Short Term Debtors

	2015-16 £
Central government bodies	0
Other local authorities	5,000
Total	5,000

7. Short Term Creditors

	2015-16 £
Central government bodies	0
Other local authorities	0
Other entities and individuals	5,000
Total	5,000

8. Events after the Balance Sheet date

The unaudited Annual Accounts were authorised for issue by the Chief Financial Officer on 28 June 2016. Events taking place after this date are not reflected in the annual accounts or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the annual accounts and notes have been adjusted in all material respects to reflect the impact of this information. No such adjustments have been required.

9. Contingent Liabilities

At 31 March 2016 the Integration Joint Board had no contingent liabilities.

Independent auditor's report

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

I certify that I have audited the financial statements of Aberdeen Integration Joint Board for the period 6 February 2016 to 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Statement of Income and Expenditure, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Board and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the Board as at 31 March 2016 and of the income and expenditure of the Board for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

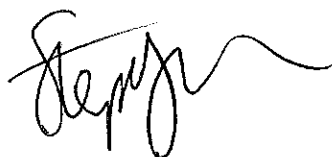
- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government.

I have nothing to report in respect of these matters.



Stephen Boyle
Assistant Director
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
GLASGOW
G2 1BT

5th September 2016

Glossary of Terms

CIPFA: *The Chartered Institute of Public Finance and Accountancy.*

LASAAC: *The Local Authority (Scotland) Accounts Advisory Committee.*

SeRCOP: *CIPFA's Service Reporting Code of Practice 2015/16.*

IFRS: International Financial Reporting Standards.

IAS: International Accounting Standard.

