

Shetland Islands Health and Social Care Partnership

 Shetland NHS Board	 Shetland Islands Council
Enquiries to Leisel Malcolmson Direct Line: 01595 744599 E-mail: leisel.malcolmson@shetland.gov.uk	
15 September 2017	

Dear Member

You are invited to attend the following meeting:

Special Integration Joint Board

Thursday 21 September 2017 at 10.30am

Bressay Room, NHS Shetland HQ, Burgh Road, Lerwick

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

Yours sincerely



Simon Bokor-Ingram
Chief Officer

Chair: Ms Marjorie Williamson
Vice-Chair: Mr Allison Duncan

AGENDA

A	Welcome and Apologies
B	Declaration of interests - Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
ITEM	
1	2016/17 Annual Audit Report CC-45
2	Final Audited Accounts 2016/17 CC-46
3	2018/19 Budget Setting Process CC-50
4	Joint Strategic Commissioning Plan Refresh Process CC-48
<i>The following item contains <u>EXEMPT information</u></i>	
5	Commissioned Services CC-47

Shetland Islands Health and Social Care Partnership

Agenda Item

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 <p>Shetland NHS Board</p>	 <p>Shetland Islands Council</p>
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Meeting(s):	IJB Audit Committee Integration Joint Board	20/09/2017 21/09/2017
Report Title:	2016/17 Annual Audit Report	
Reference Number:	CC-45-17 F	
Author / Job Title:	Karl Williamson / Chief Financial Officer	

1.0 Decisions / Action required:

The IJB Audit Committee RESOLVE to:

- a) Note Deloitte's Annual Audit Report on the 2016/17 Audit.

The IJB RESOLVE to:

- a) Note Deloitte's Annual Audit Report on the 2016/17 Audit.

2.0 High Level Summary:

IJBs are specified in legislation as 'Section 106' bodies under the terms of the Local Government (Scotland) Act 1973, so are expected to prepare their financial statements in compliance with the Code of Practice on Local Government Accounting in the United Kingdom. These Annual Accounts are then subject to external audit. Deloitte LLP is currently the IJB's nominated auditors.

The purpose of this report is to receive Deloitte's Annual Audit Report on the 2016/17 Audit.

3.0 Corporate Priorities and Strategic Aims:

The IJB is a separate legal entity, accountable for the stewardship of public funds and expected to operate under public sector best practice governance arrangements, proportionate to its transactions and responsibilities.

Section 95 of the Local Government (Scotland) Act 1973 requires that every local authority shall make arrangements for the proper administration of their financial affairs. One of the key controls for financial management is the preparation of annual accounts which will be submitted for external audit.

4.0 Key Issues:

Deloitte has issued an unqualified independent auditor's report on the 2016/17 financial statements. They have been prepared in accordance with accounting regulations and guidance.		
5.0 Exempt and/or confidential information:		
None		
6.0		
6.1 Service Users, Patients and Communities:	None	
6.2 Human Resources and Organisational Development:	None	
6.3 Equality, Diversity and Human Rights:	None	
6.4 Legal:	IJBs are specified in legislation as 'Section 106' bodies under the terms of the Local Government (Scotland) Act 1973, so are expected to prepare their financial statements in compliance with the Code of Practice on Local Government Accounting in the United Kingdom.	
6.5 Finance:	There are no financial implications arising from this report.	
6.6 Assets and Property:	None	
6.7 ICT and new technologies:	None	
6.8 Environmental:	None	
6.9 Risk Management:	The Annual Audit Report includes the identification of key risks and internal control arrangements in place to manage those risks, together with any improvement actions required.	
6.10 Policy and Delegated Authority:	<p>Shetland's Integration Joint Board (IJB) was formally constituted on 27 June 2015 and operates in accordance with the approved Integration Scheme, Scheme of Administration, and the Financial Regulations.</p> <p>The IJB Audit Committee remit includes consideration of all reports from the external auditors, including the External Auditor's Annual Report and to review the IJB's financial performance as contained in the Annual Report. Receiving the audited accounts of the IJB and related certificates and reports is a matter reserved by the IJB.</p>	
6.11 Previously	This report has not been presented at	

considered by:	any formal meeting.	
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Contact Details:

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21st September 2017

Appendices:

1 – Deloitte's 2016/17 Annual Audit Report



**Final report to the Members of the Shetland Islands IJB Audit
Committee and the Controller of Audit on the 2016/17 audit**

20 September 2017

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Director introduction

The key messages in this report

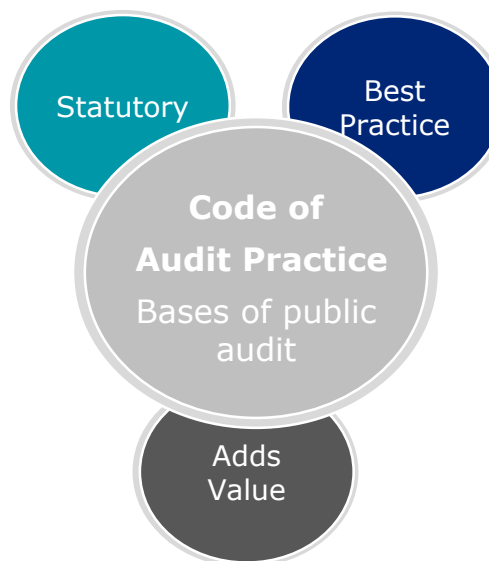
Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the Audit Committee for the 2017 audit.

As detailed in our plan presented to the Audit Committee in March 2017, the new Code of Audit Practice, which came into force for the 2016/17 audits sets out our responsibilities under core audit and wider scope requirements. A reminder of the requirements is set out below.

- *Opinion on the financial statements and regularity*
- *National performance audits and Best Value audits*



- *Opinion on management commentaries, remuneration reports and governance statements*

- *Public reporting and audit findings*
- *Wider scope reporting*

Director introduction (continued)

The key messages in this report (continued)

I would like to draw your attention to the key messages of this paper:

Statutory audit

Conclusions from our testing

- The significant risks, as identified in our audit plan, related to:
 - Completeness and accuracy of income; and
 - Management override of controls.
- A summary of our work on the significant risks is provided in the dashboard on page 11.
- We have identified no audit adjustments from our procedures to date.
- Based on the current status of our audit work, we envisage issuing an unmodified audit opinion.

Insight

- We have utilised Spotlight, Deloitte's patented analytics tool, to perform analytics on the journal entries posted in the year to mitigate the risks of fraudulent activity. As the main transactions are processed through the ledger of either Shetland Islands Council (SIC) or NHS Shetland (NHSS), the actual number of journals posted to the Integration Joint Board (IJB) are minimal. Insights from our analytics have been noted for management as part of our reporting to the SIC and NHS.

Status of the audit

- The audit is substantially complete subject to the completion of the following principal matters:
 - Update from Head of Legal and Governance on any legal issues;
 - Finalisation of our internal quality control procedures;
 - Receipt of signed management representation letter; and
 - Our review of events since 31 March 2017.

Director introduction (continued)

The key messages in this report (continued)

Best Practice

Overall conclusion

- We have reviewed the management commentary with reference to the statutory guidance set out in Regulation 8(2) of The Local Authority Accounts (Scotland) Regulation 2014 and Finance circular 5/2015 The Local Authority Accounts (Scotland) Regulations 2014 – management commentary. We have confirmed that the management commentary complies with the statutory guidance requiring local authorities, including IJBs, to include in the management commentary those matters which companies are required to disclose in a strategic report, with some modification to interpret for local authorities.
- As a new requirement in 2016/17, we are required to provide an opinion on whether:
 - information given in the management commentary is consistent with the financial statements;
 - the management commentary has been prepared in accordance with the statutory guidance;
 - information given in the annual governance statement is consistent with the financial statement; and
 - the annual governance statement has been prepared in accordance with proper practice.
- Based on the current status of our audit work, we envisage issuing unmodified opinions on the above.
- In addition to the opinion, we have read the management commentary and confirmed that the information contained is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.
- We have also audited the auditable parts of the remuneration report and confirmed that it has been prepared in accordance with the Regulation 8(2) of The Local Authority Accounts (Scotland) Regulation 2014.
- We have made some recommendations on pages 15 to align the management commentary with best practice. None of these recommendations impact on our opinion.

Director introduction (continued)

The key messages in this report (continued)

Adds Value

Financial Sustainability

Total outturn net expenditure for 2016/17 was £44,389k, which was £939k over the approved budget, largely in relation to services commissioned from the NHS. NHS Shetland has agreed to fund the short term overspend on a non-recurring basis. This differs from the results reported in the Comprehensive Income and Expenditure Statement as a result of accounting adjustments required to comply with the Code and proper accounting practice.

Effective short- to medium-term budgeting is in place to assess ongoing risk of under/overspends. The biggest short-term risk currently facing the IJB is a projected overspend in 2017/18 of £2,529k. A report has recently been presented to the Board ('Bridging the Funding Gap 2017/18') to highlight the funding gap. This noted that SIC offer of funding matches their responsibility for the current service model and that NHSS are responsible for finding efficiencies in their services to close the gap. NHSS have committed to reducing this funding gap by £1,291k through redesigning services, leaving £1,238k of short-term spending currently unfunded.

The IJB has estimated that £5,368k of efficiencies are required in the next 3 years for the IJB to be sustainable. Historically recurring savings targets have not been met with savings targets being met through non-recurring savings. Similar to 2017/18, most of the pressure is on NHS Shetland to find such efficiencies and it has identified Mental Health, Pharmacy and Prescribing, and GP Employed Practices as areas where efficiencies could be made in the short- to medium-term

We believe that it is critical that the funding gap is addressed on a Board wide perspective with the IJB working closely with both NHSS and SIC to focus on implementing recurring saving schemes to ensure long term financial sustainability. Shetland IJB faces some unique challenges being a small island Board therefore finds it is difficult to make savings. The Board should complete an exercise to fully evaluate demand drivers and the impact on costs going forward. This will allow identification of mitigating actions. We have provided recent case studies on page 18 which the Board should consider.

A recent internal audit report highlighted that the IJBs recovery plan for 2016/17 was not robust and detailed and given the level of savings required for 2017/18 it vital that lessons are learned. The report does, however, stress that progress has been made, and there are now plans to align the Strategic Commissioning Plan (SCP) and service plans therein, with the Recovery Plan and budgeting process. In addition, a structured project management process is being embedded to deliver on 10 strategic priority projects identified in the SCP.

Director introduction (continued)

The key messages in this report (continued)

Adds Value

Financial Management

We have reviewed internal audit reports issued in the year, both for the IJB itself and from the two partner bodies and from our testing throughout the audit we note that the IJB has adequate systems of internal controls in place.

Budget setting reflects the delivery of services by the two parent entities and takes into consideration a number of factors including: legislative requirements, additional funding from the Scottish Government and cost pressures such as living wage requirements.

Responsibility for maintaining 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 Finance Team is lead by Karl Williamson (Chief Finance Officer and Head of Finance at NHS Shetland) who has worked for NHS Shetland for 7 years. Karl is supported by the finance teams at both NHSS and SIC. We are satisfied that the team has a strong and in depth understanding of the Board.

Both partner bodies have appropriate fraud procedures, which details the steps to follow in the event of a fraud. They also participate in the NFI. The IJB has appropriate arrangements in place for the prevention and detection of fraud and corruption.

While the IJB reported an overall overspend for 2016/17, this was regularly reported to the board throughout the year in the management accounts that are produced quarterly. This supports the view that management can effectively forecast and has sound financial management procedures in place.

Director introduction (continued)

The key messages in this report (continued)

Adds Value

Governance and transparency

The IJB has governance arrangements that are appropriate and operating effectively. It is transparent in its decision making with reports discussed at Board meetings being made available on-line along with the minutes of the meetings. The Board meets once every quarter to review the performance (both financial and non-financial) of the IJB. From review of the board meeting minutes we note there is scrutiny and challenge by both executive and non-executive members of the IJB.

Internal audit is provided by the Chief Internal Auditor of Shetland Islands Council. The internal audit plan for the year was agreed by the Audit Committee, and reviewed by the Board, with the aim of providing assurance over the adequacy, efficiency and effectiveness of the local governance, risk management and internal control framework. Internal Audit concluded that whilst there are significant challenges to delivering the 2017/18 Recovery Plan, and many other probable challenges to come, there are also a number of positives that should be acknowledged such as the revised Strategic Commissioning Plan and the performance against the 6 key Scottish Government Performance Indicators.

We note it can take a time period of months from the quarter end for the Management accounts to be reviewed by the Board. We have recommended that the timeline be reviewed to increase the quality and effectiveness of the scrutiny performed.

Value for money

The IJB self-evaluates through Performance Reports, which are prepared annually and are reviewed by the Audit Committee. The IJB also self reviews every quarter as part of the management accounts.

The 2016/17 Performance Report shows a number of projects have no cause for concern and are on track to be completed in time with targets even being exceeded. There are a few cases that have cause for concern and the IJB is making good progress against the national indicators along with the indicators it has set for itself. For example, the IJB was subject to an inspection from the Care Commission in the 16/17 year. One of the Scottish Government's suite of national indicators is that care services are given a "good" (4) rating or above in care inspectorate grades. As at March 2017, 100% of care services were given this or a higher rating.

From review of the 2016/17 annual performance report, the IJB can be seen to be improving overall.

Financial Monitoring reports review savings plans and details progress and any remedial actions which are to be taken.

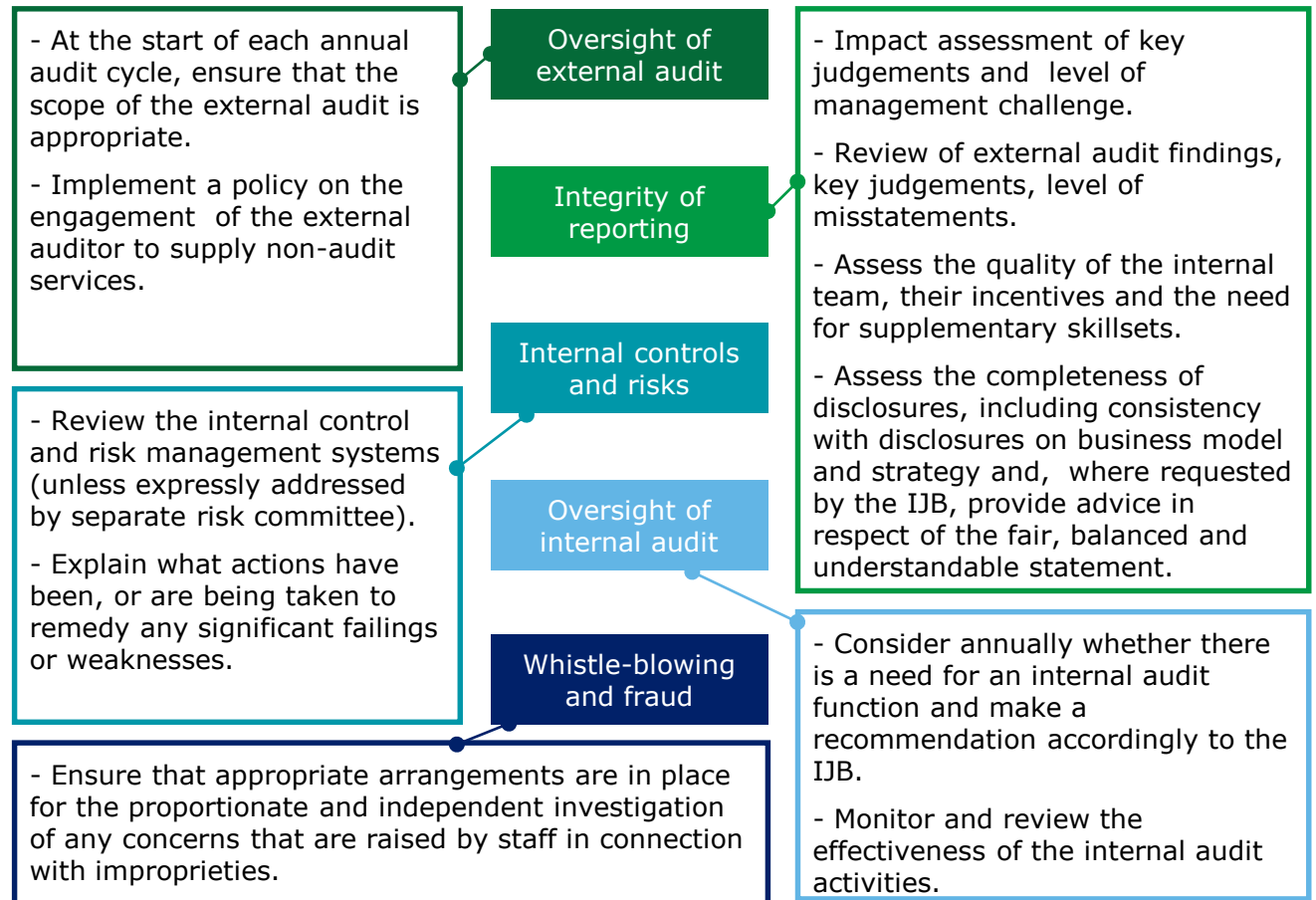
Responsibilities of the Audit Committee

Helping you fulfil your responsibilities

The primary purpose of the Auditor's interaction with the Audit Committee:

- Clearly communicate the planned scope of the financial statements audit
- Provide timely observations arising from the audit that are significant and relevant to the Audit Committee's responsibility to oversee the financial reporting process
- In addition, we seek to provide the Audit Committee with additional information to help them fulfil their broader responsibilities

As a result of regulatory change in recent years, the role of the Audit Committee has significantly expanded. We set out here a summary of the core areas of Audit Committee responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Audit Committee in fulfilling its remit.



Our audit explained

Area dimensions

In accordance with the 2016 Code of Audit Practice, we have considered how you are addressing the four audit dimensions, being:

- Financial sustainability
- Financial management
- Governance and transparency
- Value for money

Significant risks

Our risk assessment process is a continuous cycle throughout the year. Page 11 provides a summary of our risk assessment of your significant risks.

Final audit report

In this report we have concluded on the audit risks identified in our planning report and any other key findings from the audit.

Key developments in your business

As noted in our planning report, the Board continues to face significant financial challenges due to an increase in costs whilst facing increased demand for services.

The integration of health and social care continued to be a challenge.

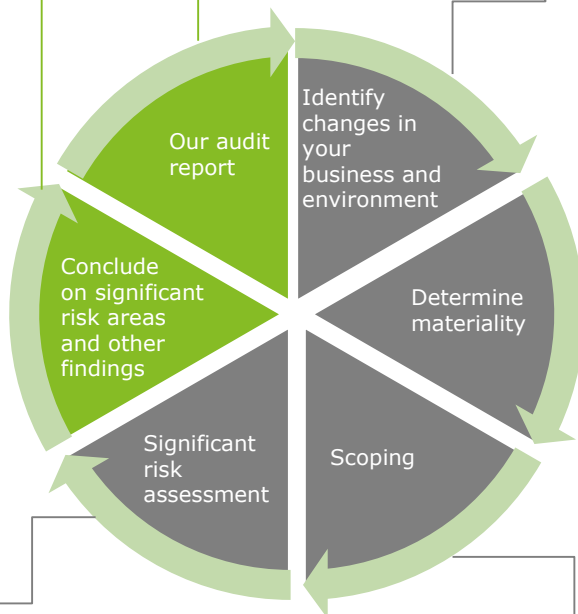
Materiality

The materiality of £724k and performance materiality of £543k has been based on the benchmark of gross expenditure (£45,293k) and is in line with that reported in our planning paper.

We have used these as the basis for our scoping exercise and initial risk assessment. We have reported to you all uncorrected misstatements greater than £14k.

Scope of the audit

We have audited the financial statements for the year ended 31 March 2017 of the Shetland Islands Integration Joint Board.



Timeline 2017

November 2016 – February 2017

Meetings with management and other staff to understand the processes and controls.

1 March 2017

Audit Plan presented to Audit Committee

July – August 2017

Review of draft accounts, testing of significant risk and performance of substantive testing of results.

March 2017

Year end

21 August 2017

Audit close meeting

20 September 2017







Audit committee meeting and accounts sign off

Quality and Independence

We confirm we are independent of Shetland Islands Integration Joint Board. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.

Significant risks

Dashboard

Risk	Material	Fraud risk	Planned approach to controls testing	Controls testing conclusion	Consistency of judgements with Deloitte's expectations	Comments	Slide no.
Completeness and accuracy of income			D+I	Satisfactory		No issues identified	12
Management override of controls			D+I	Satisfactory		No issues identified	13



Overly prudent, likely to lead to future credit



Overly optimistic, likely to lead to future debit.

D+I: Testing of the design and implementation of key controls

Significant risks (continued)

Completeness and Accuracy of Income

Risk identified

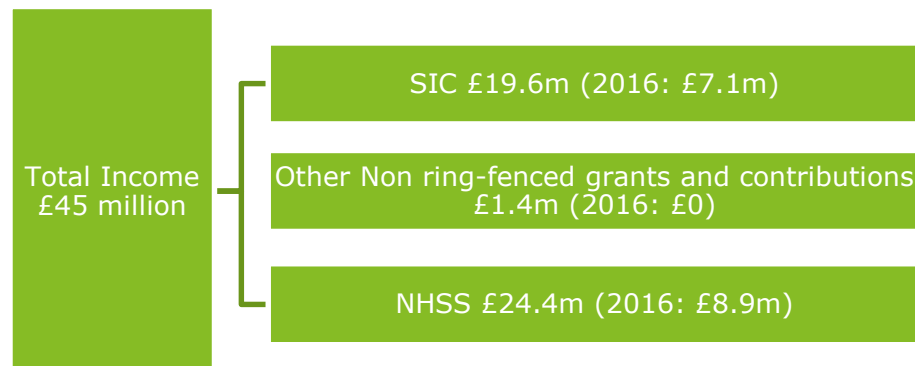
ISA 240 states that when identifying and assessing the risks of material misstatement due to fraud, the auditor shall, based on a presumption that there are risks of fraud in revenue recognition, evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

The main components of income for the IJB are contributions from its funding partners, namely Shetland Island Council and NHS Shetland. The significant risk is pinpointed to the recognition of this income, being completeness and accuracy of contributions received from the NHS and the Council.

Our Audit Approach

We have performed the following:

- Tested income to ensure that the correct contributions have been input and received in accordance with that agreed as part of budget process and that any discounts or reductions have been appropriately applied;
- Compared income recorded with expectations, based on amounts agreed as part of budget process;
- Confirmed the managements accounts performed during 2016/17 have been reviewed on a regular basis to monitor the income due from the constituent authorities; and
- Assessed management's controls around recognition of income.



Deloitte view

We have concluded that income has been recognised correctly in accordance of the requirements of the Local Authority Code of Audit Practice.

Significant risks (continued)

Management override of controls

Risk identified

International Standards on Auditing requires auditors to identify a presumed risk of management override of control. This presumed risk cannot be rebutted by the auditor. This recognises that management may be able to override controls that are in place to present inaccurate or even fraudulent financial reports.



Deloitte response

We have considered the overall sensitivity of judgements made in preparation of the financial statements, and note that:

- Budgeted against actual income and expenditure was monitored closely throughout the year; and
- Senior management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

Deloitte view

- We have not identified any significant bias in the key judgements made by management.
- The control environment is appropriate for the size and complexity of the Board.

Journals

We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We have used Spotlight data analytics tools to test a sample of journals, based upon identification of items of potential audit interest.

As the main transactions are processed through the ledger of either SIC or NHSS, the actual number of journals posted to the Integration Joint IJB are minimal. Insights from our analytics have been noted for management as part of our reporting to the SIC and NHSS.

Significant transactions

We did not identify any significant transactions outside the normal course of business or transactions where the business rationale was not clear.

Other significant findings

Internal control and risk management

ISA 315.12 (UK and Ireland) requires we obtain an understanding of internal control relevant to the audit. It is a matter of the auditor's professional judgment whether a control, individually or in combination with others, is relevant to the audit. We do not test those controls we do not consider relevant to the audit. Below we provide a view, based on our audit procedures, on the effectiveness of your system of internal control relevant to the audit risks that we have identified.

The Board has no medium or long term financial planning in place. In line with best practice advocated by Audit Scotland, we recommend that the Board should introduce longer term financial planning.

Requires significant improvement

Acceptable but could be improved

No issues noted

Recognising the relative early stage of the Board we were pleased to note that many of the financial management disciplines and controls, operating in the Council and NHS are also operating for the Board. We also noted that there was evidence of the Board governance function and that the Board had been subjected to internal audit review.

Deloitte view

In our view, financial management governance and general control in the Board is of a reasonable standard although we would recommend that a system of formal long term financial planning is introduced.

Your annual report

We welcome this opportunity to set out for the Audit Committee our observations on the annual report. We are required to provide an opinion on the remuneration report, the annual governance statement and whether the management commentary has been prepared in accordance with the statutory guidance.

	Draft Annual Report	Deloitte response
Management Commentary	The Management Commentary comments on national health and wellbeing outcomes, operational review and financial performance line with issued guidance. The commentary included both financial and non financial KPIs.	<p>We have assessed whether the management commentary has been prepared in accordance with the statutory guidance. No exceptions noted. We would, however, highlight that greater use could be made of graphs and charts to make the report more user friendly.</p> <p>We have also read the management commentary and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p>
Remuneration Report	The remuneration report has been prepared in accordance with the 2014 Regulations, disclosing the remuneration and pension benefits of Chair and Vice Chair of the IJB and the Chief Officer.	We have audited the disclosures of remuneration and pension benefit and pay bands and confirmed that they have been properly prepared in accordance with the regulations. We have confirmed that the IJB does not directly employ any staff in its own right, however, specific post-holding officers are non-voting members of the Board and have been appropriately disclosed.
Annual Governance Statement	The Annual Governance Statement reports that the IJBs governance arrangements provide assurance, are adequate and are operating effectively.	We have assessed whether the information given in the Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with the accounts direction. No exceptions noted. We have noted that appropriate disclosure has been made in relation to the significant governance issue raised by internal audit in relation to the 2017/18 Recovery Plan and the Chief Officer has provided assurance that the audit recommendations will be implemented.

Wider scope requirements (continued)

Financial sustainability

Audit dimension

As part of the annual audit of the financial statements, we have considered the appropriateness of the use of the going concern basis of accounting. Going concern is a relatively short-term concept looking forward 12 to 18 months from the end of the financial year. Financial sustainability interprets the requirements and looks forward to the medium (two to five years) and longer term (longer than five years) to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Areas considered



- The financial planning systems in place across the shorter and longer terms
- The arrangements to address any identified funding gaps
- The affordability and effectiveness of funding and investment decisions made

Deloitte response

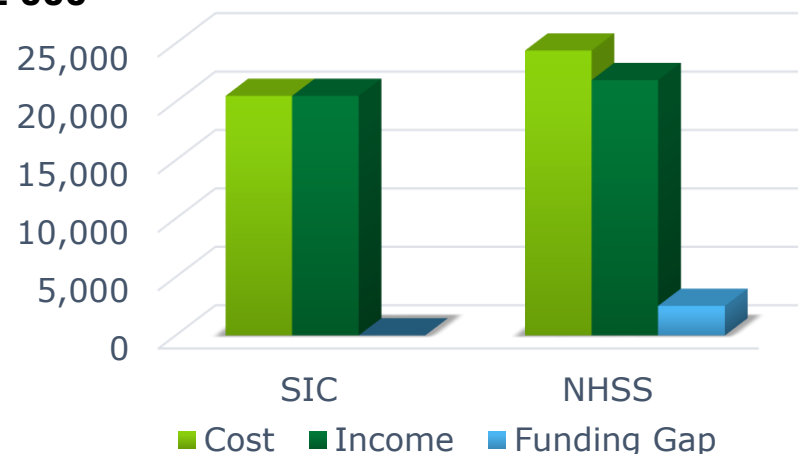
We have monitored the IJB's actions in respect of its short, medium and longer term financial plans to assess whether short term financial balance can be achieved, whether there is a long-term (5-10 years) financial strategy and if investment is effective.

We have also assessed the IJB's performance in undertaking transformational change and achievement of savings targets.



2017/18 Budget

£'000



Wider scope requirements (continued)

Financial sustainability (continued)

Short-term

Approved funding budget of £44,865k has been obtained for 2017/18 which is a £1,120k (2.6%) increase on 2016/17. £20,494k in funding has been committed by SIC, and £24,371k committed by NHS Shetland.

The biggest short-term risk currently facing the IJB is a projected overspend in 2017/18 of £2,529k. A report has recently been presented to the Board ('Bridging the Funding Gap 2017/18') to highlight the funding gap. This noted that SIC offer of funding matches their responsibility for the current service model and that NHSS are responsible for finding efficiencies in their services to close the gap. NHSS have committed to reducing this funding gap by £1,291k through redesigning services, leaving £1,238k of short-term spending currently unfunded.

Medium-term

The IJB has estimated that £5,368k of efficiencies are required in the next 3 years for the IJB to be sustainable. Similar to 2017/18, most of the pressure is on NHS Shetland to find such efficiencies and it has identified Mental Health, Pharmacy and Prescribing, and GP Employed Practices as areas where efficiencies could be made in the short- to medium-term

A recent internal audit report highlighted that the IJBs recovery plan for 2016/17 was not robust and detailed and given the level of savings required for 2017/18 it is vital that lessons are learned. The report does, however, stress that progress has been made, and there are now plans to align the Strategic Commissioning Plan (SCP), and service plans therein, with the Recovery Plan and budgeting process. In addition, a structured project management process is being embedded to deliver on 10 strategic priority projects identified in the SCP.

Deloitte view

As with all IJBs, Shetland IJB has challenging savings targets to meet moving forward to continue to be financially sustainable. Shetland IJB faces some unique challenges being a small island Board therefore finds it is difficult to make savings.

It is critical the IJB working closely with NHSS and SIC to focus on implementing recurring saving schemes to ensure long term financial sustainability. The Board should complete an exercise to fully evaluate demand drivers and the impact on costs going forward. This will allow identification of mitigating actions.

We recommend that the IJB considers from a Board wide perspective the case studies on page 18, which highlights the lessons learned from our wider health transformation work in the sector including our work on increasing productivity, demand management and cost reduction.

Wider scope requirements (continued)

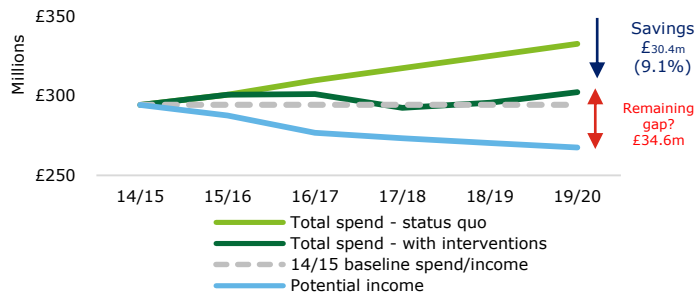
Financial sustainability (continued)

Best Practice Case Studies

Deloitte has been involved in cost reduction work with a number of NHS bodies. We recommend that the Board reviews these case studies and considers the opportunities for cost reduction going forward, in line with our recommendation on page 16. We would be happy to provide further details if required.

Early Intervention

A case study was carried out on an organisation which had an early intervention programme and assisted living service within local communities. We estimated the benefits that might be possible from the programme, looking forward at the financial position on a “do nothing” baseline and then applying assumptions around reductions in activity based on best practice evidence available. We were then able to advise on the make up of the programme and make recommendations on the best approach to delivering the projects and on the governance structures and resourcing required to enable the programme to achieve its ambitions.



From this work we estimated that the programme could deliver £30m in savings as illustrated in the following diagram, which should at the same time improve outcomes.

We recommend that the IJB consider applying a similar analysis to help identify how best to target its work on interventions and to deliver better outcomes from the new pooled budgets.

Cost Reduction

Working alongside an NHS client we used a range of internal data and external benchmarks to help the Board identify priority programmes for improvement, in particular looking at length of stay and theatres data which identified opportunities for improving value for money. We used tableau dashboards to identify down to an individual consultant, anaesthetist and surgeon level variation in performance which helped us identify opportunities for improvement and potential cost savings. The aim was to link concepts including data analytics, process variation and cost reduction to complement the establishment of its Quality Programme.

Wider scope requirements (continued)

Financial management

Audit dimension

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Areas considered



- Systems of internal control
- Budgetary control system
- Financial capacity and skills
- Arrangements for the prevention and detection of fraud

Deloitte response



We have reviewed internal audit reports in relation to their work on the key financial controls, including reports for SIC and NHSS.

We have reviewed the budget and monitoring reporting to the IJB during the year to assess whether financial management and budget setting is effective.

Our fraud responsibilities and representations are detailed on pages 30.

Deloitte view

While the IJB reported an overall overspend for 2016/17, this was regularly reported to the Board throughout the year in the management accounts that are produced quarterly. This supports the view that management can effectively forecast and has sound financial management procedures in place. We are comfortable with the arrangements in place for detecting fraud.

The final outturn for 2016/17 was an in-year overspend of £939k, compared to the budget. However, the IJB received additional funding from the NHS, leaving it with usable reserves of £125k. This has been carried forward as reserves by Shetland Island Council on behalf of the IJB.

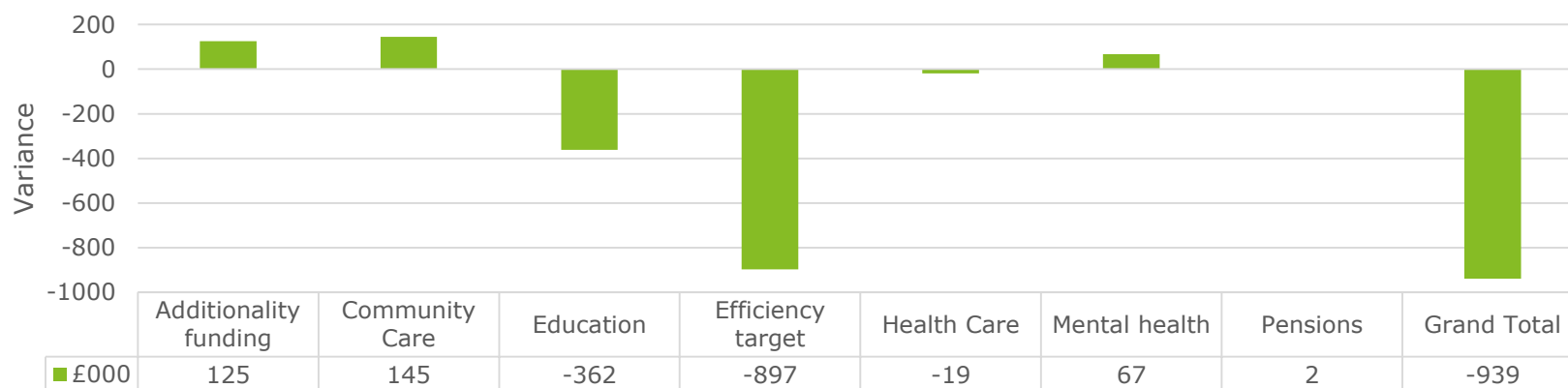
	SIC £'000	NHSS £'000	Total £'000
Budgets delegated to the parties from the IJB	20,845	22,605	43,450
Contribution from parties to the IJB (against delegated budgets)	20,431	23,958	44,389
(Surplus)/Deficit	(414)	1,353	939
Additional contributions from parties to meet IJB direct costs	13	12	25
IJB direct costs (Audit fee, Insurance & Members Expense)	(13)	(12)	(25)
Fortuitous underspend repaid to SIC	367	-	367
Additional contribution from NHS to IJB to meet overspend	-	(1,431)	(1,431)
Final position of IJB	(47)	(78)	(125)

Wider scope requirements (continued)

Financial management (continued)

Variances were reported to the Board throughout the year, with a final report being presented on 23 June 2017. The overall variance is a combination of under and overspends on expenditure. The expenditure variances can be analysed further as follows:

Budget vs Actual Expenditure



- **The IJB additionality funding** of £125k is made up of the usable reserves held by the Shetland Island Council for an on behalf of the Integration Joint Board. This is due to an underspend against Scottish Government funding due to less demand for Self Directed Support packages than anticipated.
- **Community Care, health care, and mental health care** reported an overspend of £193k. This is due to there being a greater demand for services from the NHS, which is not an issue specific to the IJB or NHSS – it can be seen across the UK with many other health services reporting a similar issue.
- **Primary Care** reported an underspend of £897k as there was a realignment of funding for Prescribing.
- **Pensions** for the year remained consistent and in line with our understanding of the board
- **The efficiency target** represents the amount the IJB had to improve by to ensure that there was no overspend in the year. This was a significant variance in the year and measures have been put in place to identify where additional work can be performed to ensure areas of operation are made more efficient. This is outlined in the bridging the funding gap report referred to on page 16.

Wider scope requirements

Governance and transparency

Audit dimension

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making, and transparent reporting of financial and performance information.

Areas considered



- Governance arrangements
- Scrutiny, challenge and transparency on decision making and financial and performance reports
- Quality and timeliness of financial and performance reporting

Deloitte response



We have reviewed the financial and performance reporting to the Board during the year as well as minutes of the Audit Committee to assess the effectiveness of the governance arrangements. Our attendance at the Audit Committee also inform our work in this area.

Evidence has been seen of the Audit Committee's review of key aspects of the Board's activities and performance.

The membership of the Board is split into; members nominated (i.e. counsellors), professional advisors (i.e. Nurses, Chief Officer, Chief Finance Officer, Public Health Consultants), stakeholder members which cover representatives of both sides and additional local members. As such, we would consider there to be sufficient diversity to provide effective balance and scrutiny in leadership.

Appropriate Governance arrangements exist and we have obtained evidence of Board and Management scrutiny and challenge relating to the Financial and performance management of the Partnership. Reporting in this regard has been on a timely basis, although we would recommend, where possible, for reporting to be earlier than the current two month timescale between reporting and actual performance to increase the effectiveness of the reporting.

Wider scope requirements (continued)

Governance and transparency (continued)

Leadership

We note there were no significant changes in Leadership in the year. However, in May 2017 a new Chairman of the Board was elected and there were two new members were appointed to the Audit Committee of the IJB following the local government election.

Internal Audit

Shetland Islands Council's Chief Internal Auditor provides the Internal Audit function for Shetland IJB. Internal Audit concluded that whilst there are significant challenges to delivering the 2017/18 Recovery Plan, and many other probable challenges to come, there are also a number of positives that should be acknowledged such as the revised Strategic Commissioning Plan and the performance against the 6 key Scottish Government Performance Indicators.

In the year we note there was one Internal Audit report issued which performed a review on Governance. From our review we note the main risk finding at the date of writing was that there was no plan in place to mitigate the risk of the £2.5m funding gap for the IJB, as referred to on page 16. A financial recovery plan to address this gap has been created and this has been disclosed in the governance statement.

Deloitte view

We confirm that we have reviewed the governance arrangements, the level of scrutiny, challenge and transparency of decision making and the quality and timeliness of financial and performance reporting and have identified no issues in this regard. We have, however, recommended that the timeliness of financial monitoring to the Board could be improved.

We have no concerns around the arrangements with internal audit. We have reviewed the reports issued by internal audit and considered the impact of these on our audit approach.

Wider scope requirements (continued)

Value for money

Audit dimension

Value for money is concerned with using resources effectively and continually improving services.

Areas considered



- Value for money in the use of resources
- Link between money spent and outputs and the outcomes delivered
- Improvement of outcomes
- Focus on and pace of improvement

Deloitte response



We have gained an understanding of the IJB's self-evaluation arrangements to assess how it demonstrates value for money in the use of resources and the linkage between money spent and outputs and outcomes delivered. While some progress has been made in the first full year of the IJB being in operation, further work is required to ensure clear linkages are in place.

We have also considered the arrangements the IJB has in place to monitor how it is achieving its targets and addressing areas of poor performance.

Best Value audit work

The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. Best Value will be assessed over the five year audit appointment, as part of the annual audit work. In addition a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five year period.

The Best Value audit work carried out within this year focussed on Shetland Islands Council's arrangements, including the IJB, for demonstrating Best Value in financial and service planning, financial governance and resource management.

Wider scope requirements (continued)

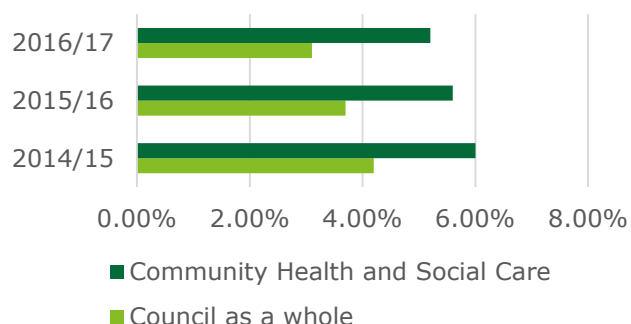
Value for money

Overview of performance targets in 2016/17

The board's performance against its targets and standards as at Q4 2016/17 was reported to the Board in June 2017. NHS Shetland and Shetland Islands Council have identified a core set of indicators that relate to health and social care services for delegated functions. Future reports will include more details on the performance of the services that are in the set aside budget. We have highlighted the key themes below.

- Projects and Actions for the Community Health and Social Care Directorate are reporting 5 likely to meet or exceed target and 1 where it is experiencing issues and there is a risk of failure to meet the target set. The area at risk is in relation to the development of a joint organisational development and workforce strategy. This is expected to go to the Joint Staff Forum in August 2017.
- As illustrated in the chart below, the key area of concern for Council specific indicators is in relation the sickness absence, where Community Health and Social Care is significantly higher than the Council wide equivalent. Managers in all areas are working with both HR teams to ensure consistent application of the Maximising Attendance Policies.
- Progress against Local Delivery Plan targets and Outcome measures are reported regularly. These show that Shetland IJB is continuing to promote reablement programmes to support care at home, effectiveness of care at home is reducing the demand for care centre beds and staff efficiencies has been gained by reconfiguring teams into north and south.

Sickness Absence



Deloitte view

The overall approach adopted is that performance management is integral to the delivery of quality and effective management, governance and accountability. The need for transparent and explicit links of performance management and reporting within the organisational structure at all levels is critical. There is a framework of measures at directorate and service level.

The Board had a performance management framework in place, with performance regularly considered by management, and the Board. This is currently based on existing frameworks in each partner body and further work is required to provide a fully integrated suite of indicators for the IJB.

We are satisfied that the performance is appropriately discussed within the Management Commentary in the Annual Accounts and management have introduced plans to address areas where progress has not been satisfactory.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Committee and the Board discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK and Ireland) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations
- Other insights we have identified from our audit

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Board.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan and the supplementary "Briefing on audit matters" circulated to you with the planning report.

This report has been prepared for the Audit Committee and Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

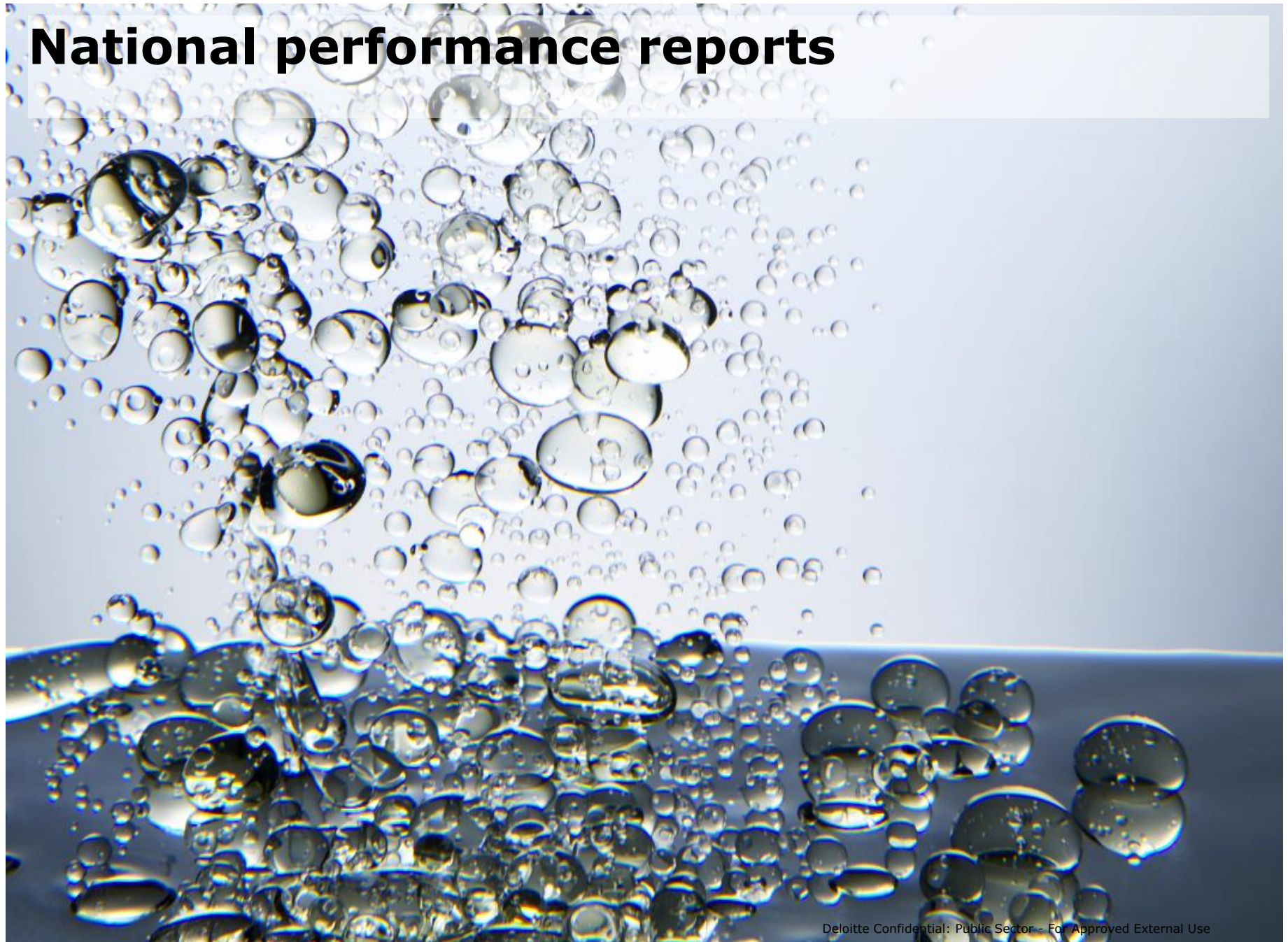


Deloitte LLP

Glasgow

6 September 2017

National performance reports



National performance reports

Summary of reports issued over the past year

NHS Scotland 2016

Published October 2016

Headline messages

A combination of increasing costs, staffing pressures and unprecedented savings targets mean that Scotland's NHS boards are finding it difficult to balance demand for hospital care with investing in community-based services to meet future need.

Impact on NHS Shetland

In partnership with NHS Shetland, the IJB should take ownership of changing and improving services in their local area, working with relevant partner organisations.

In addition, they should work with the public about the need for change in how they access, use and receive services and to take more responsibility for looking after their own health and managing their long-term conditions.

Local Government in Scotland: Financial Overview 2015/16

Published November 2016

Headline messages

Councils have remained within their overall budgets, increased their reserves slightly and reduced their debt in 2015/16. Each Council has its own particular challenges but all Councils face financial shortfalls requiring further savings or using reserves. They need to change the way they work if they are to make the savings needed.

Impact on Shetland Islands IJB

Throughout the report, Audit Scotland identify questions that Councillors may wish to consider to help them better understand their Council's financial position and to scrutinise financial performance. These are available in the self assessment tool for Councillors. This is equally relevant for members of the Integration Joint Board to help them better understand the Board's position.

National performance reports (continued)

Summary of reports issued over the past year (continued)

Local Government in Scotland: Performance and Challenges 2017

Published March 2017

Headline messages

Councils overall have maintained or improved their performance in the face of a long-term decline in Scottish Government real term funding and continued increasing pressures on services. However, public satisfaction is declining and complaints are increasing. Looking ahead, they need to better involve their communities in service design and delivery.

There are wide variations between Councils. Some have grasped the nettle in finding new ways to provide services more efficiently. Others have been slower off the mark. Councils have made savings by cutting jobs but half of them still don't have organisation-wide workforce plans.

Impact on Shetland Islands IJB

The IJB should consider the recommendations made in the report (copied here for reference), when setting priorities and budgets for future periods.

Recommendations

IJBs should:

- Set **clear priorities** supported by **long-term strategies** and **medium-term plans** covering finances, services, performance and workforce. These plans should inform all IJB decision-making, service redesign, savings and investment decisions.
- Ensure that **budgets are clearly linked** to their medium-term financial plans and long-term financial strategies. Budgets should be revised to reflect true spending levels and patterns. This requires good financial management and real-time information to ensure spending is accurately forecast and monitored within the year.
- Have an **organisation-wide workforce plan** to ensure the IJB has the people and skills to manage change and deliver services in the future.
- Ensure **workforce data** allows thorough analysis of changes to the workforce at an organisation-wide and departmental level. This will allow IJBs to better assess the opportunities and risks in staff changes.
- Thoroughly **evaluate all options for change and service redesign**, including options for investing to save, and monitor the impact of change on IJB priorities and desired outcomes
- **Support communities** to develop their ability to fully participate in setting IJB priorities and making decisions about service redesign and use of resources.
- Ensure **members** get support to develop the right **skills and knowledge** to fulfil their complex and evolving roles
- Ensure there is clear **public reporting of performance** linked to IJB priorities to help communities gauge improvements and understand reduced performance in lower priority areas.
- Continue to work to understand the **reasons for variations in unit costs and performance**, and **collaborate** to identify and adopt good practice for each other.

Appendices



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Audit adjustments

Corrected misstatements

- No corrected misstatements have been identified from our audit work performed.

Uncorrected misstatements

- No uncorrected misstatements have been identified from our audit work performed.

Disclosure misstatements

- Auditing standards require us to highlight significant disclosure misstatements to enable audit committees to evaluate the impact of those matters on the financial statements. We have noted no material disclosure deficiencies in the course of our audit work.

A verbal update will be provided to the Audit Committee if anything arises from any outstanding work before financial statements are signed.

Fraud responsibilities and representations

Responsibilities explained



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



Required representations:

We have asked the Board to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.

We have also asked the Board to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



Audit work performed:

In our planning we identified the risk of fraud in revenue recognition and management override of controls as a key audit risk for your organisation.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements

We have reviewed the paper prepared by management for the audit committee on the process for identifying, evaluating and managing the system of internal financial control.

Deloitte view:

From our year-end audit procedures and discussions with management we have noted no cause for concern around the fraud arrangements in place



Independence and fees

As part of our obligations under International Standards on Auditing (UK and Ireland) we are required to report to you on the matters listed below:

Independence confirmation	We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we and, where applicable, all Deloitte network firms are independent and our objectivity is not compromised.
Fees	<p>The audit fee for 2016/17 is £20,540 as detailed in our Audit Plan.</p> <p>No non-audit fees have been charged by Deloitte in the period.</p>
Non-audit services	In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the company's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	<p>We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the audited entity, its board and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.</p> <p>We are not aware of any relationships which are required to be disclosed.</p>



Events and publications

Our events and publications to support the IJB

Sharing our informed perspective

We believe we have a duty to share our perspectives and insights with our stakeholders and other interested parties including policymakers, business leaders, regulators and investors. These are informed through our daily engagement with companies large and small, across all industries and in the private and public sectors.

Recent publications relevant to the local authorities are shared opposite:

Perspectives: Health & Social Care - The great integration challenge

Bringing health and social care closer together has been a policy ambition for decades, yet it continues to be a challenge. This new piece discusses some of the key factors that affect integration and what can realistically be achieved. Read the full blog post here:

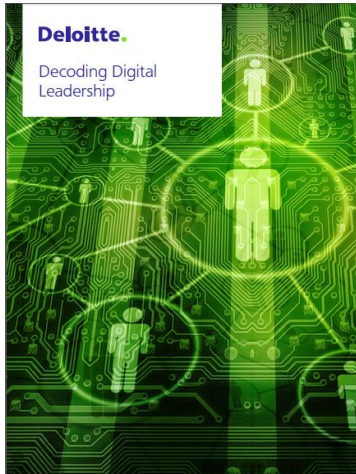
<http://www2.deloitte.com/uk/en/pages/public-sector/articles/the-great-integration-challenge.html>

Perspectives: The public sector's talent retention challenge – How can a talent drain be avoided?

Although global governments are increasingly conscious of the value of skills, the UK's public sector workforce has been hit hard by austerity. Job losses, low morale and pay freezes have all fuelled concerns of a potential drain. Read the full blog here:

<http://www2.deloitte.com/uk/en/pages/public-sector/articles/public-sectors-talent-retention-challenge.html>

Publications



Decoding Digital Leadership **Surviving Digital Transformation**

Digital transformation is a hot topic in government. The 2010 Spending Review mentioned the word 'digital' only four times in its reform plans, while the 2015 Review mentioned it 58 times. With that context, are senior leaders across government setting their organisations up for digital success?

Digital transformation requires top to bottom organisational transformation, which requires leaders who are willing and able to leverage digital to innovate, fail fast and drive value in an ambiguous context. Are your leaders equipped to drive digital transformation?

Download a copy of our publication here:

<http://www2.deloitte.com/uk/en/pages/public-sector/articles/decoding-digital-leadership.html>



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Shetland Islands Health and Social Care Partnership

Agenda Item

2

 <p>Shetland NHS Board</p>	 <p>Shetland Islands Council</p>
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Meeting(s):	IJB Audit Committee Integration Joint Board	20 September 2017 21 September 2017
Report Title:	Final Audited Accounts 2016/17	
Reference Number:	CC-46-17 F	
Author / Job Title:	Karl Williamson / Chief Financial Officer	

1.0 Decisions / Action required:

The IJB Audit Committee RESOLVE to:

- a) CONSIDER the audited Annual Accounts for 2016/17 (Appendix 1)
- b) NOTE the Management Representation Letter (Appendix 2); and

The IJB RESOLVE to:

- a) APPROVE the audited Annual Accounts for 2016/17 for signature (Appendix 1).
- b) NOTE the Management Representation Letter for signature (Appendix 2)

2.0 High Level Summary:

IJBs are specified in legislation as 'Section 106' bodies under the terms of the Local Government (Scotland) Act 1973, so are expected to prepare their financial statements in compliance with the Code of Practice on Local Government Accounting in the United Kingdom.

Regulations require that IJB Members consider the audited annual accounts and approve them for signature by 30 September 2017 and publish them no later than 31 October 2017.

3.0 Corporate Priorities and Joint Working:

The IJB is a separate legal entity, accountable for the stewardship of public funds and expected to operate under public sector best practice governance arrangements, proportionate to its transactions and responsibilities. The preparation and presentation of the accounts is a key element of the IJB's overall governance and reporting arrangements.

4.0 Key Issues:

The audited accounts include the following key points for members' consideration:

- Deloitte has issued an unqualified independent auditor's report on the 2016/17 financial statements. They have been prepared in accordance with accounting regulations and guidance.
- The financial year 2016/17 was the first full year of operation for the IJB;
- The IJB made an accounting surplus of £0.125m in 2016/17, which will be carried forward into 2017/18;

5.0 Exempt and/or confidential information:

None

6.0

6.1 Service Users, Patients and Communities:	None
6.2 Human Resources and Organisational Development:	None
6.3 Equality, Diversity and Human Rights:	None
6.4 Legal:	None
6.5 Finance:	There are no financial implications arising from this report.
6.6 Assets and Property:	None
6.7 ICT and new technologies:	None
6.8 Environmental:	None
6.9 Risk Management:	There are no significant issues in relation to the audited Annual Accounts. Deloitte's Annual Report on the 2016/17 audit was presented as a separate item on the agenda.
6.10 Policy and Delegated Authority:	Shetland's Integration Joint Board (IJB) was formally constituted on 27 June 2015 and operates in accordance with the approved Integration Scheme, Scheme of Administration, and the Financial Regulations. Regulations require that IJB Members consider the audited annual accounts and approve them for signature by 30 September 2017 and publish them no later than 31 October 2017.
6.11 Previously	The proposals in this report have not

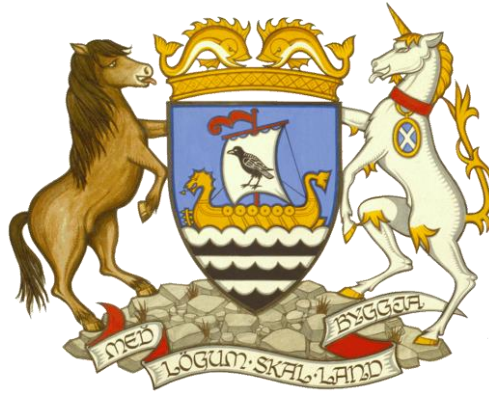
considered by:	been presented to any other committee or organisation.	
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Contact Details:

Karl Williamson, Chief Financial Officer, karlwilliamson@nhs.net
8th September 2017

Appendices:

- 1 – Shetland Health and Social Care Partnership Audited Annual Accounts 2016/17
- 2 - Management representation letter



Shetland Islands Council



Shetland Islands Integration Joint Board

Annual Accounts 2016/17

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Introduction

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

The Parties:

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

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

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

The Shetland Health and Social Care Partnership Members for 2016/17 were as follows:

Voting Members:

- Mr B Fox (SIC Member)
- Mr G Cleaver (SIC Member) – resigned January 2017
- Mr K Massey (NHS Shetland) –resigned 31 May 2016
- Mr T Morton (NHS Shetland) – appointed June 2016
- Mr C Smith (Chairperson)
- Ms C Waddington (Vice Chairperson) – resigned January 2017
- Mrs E Watson (NHS Shetland) – appointed January 2017
- Mrs M Williamson (Vice Chairperson) - appointed January 2017
- Mr A Wishart (SIC Member) – appointed February 2017

Non-Voting Members:

- Mr S Bokor-Ingram (Chief Officer)
- Mrs M Nicolson (Chief Social Work Officer)
- Mr K Williamson (Chief Financial Officer)
- Ms S Beer (Carers' Representative)
- Dr S Bowie (GP Representative)
- Ms K Carolan (Lead Nurse for the Community) – appointed January 2017
- Ms S Gens (Staff Representative)
- Mrs C Hughson (Third Sector Representative)
- Mr H Massie (Patient / Service User Representative) – resigned December 2016
- Ms E Watson (Lead Nurse for the Community) – became temporary voting member January 2017
- Mr I Sandilands (Staff Representative)
- Mr J Unsworth (Senior Consultant: Local Acute Sector)

Post Year End Changes to Voting Membership

- Mr B Fox (term ended 4 May 2017)
- Mr C Smith (term ended 4 May 2017)
- Mr A Wishart (term ended 4 May 2017)
- Mr M Burgess (SIC Member) – from 18 May 2017
- Mr Allison Duncan (Vice Chairperson) (SIC Member) – from 18 May 2017
- Ms E Macdonald (SIC Member) – from 18 May 2017
- Mr T Morton (NHS Shetland) – Resigned July 2017 – position currently vacant

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 1 April 2016 to 31 March 2017 and its financial position as at 31 March 2017.

Background

Integration of health and social care is the Scottish Government's ambitious programme of reform to improve services for people who use health and social care services. Integration will ensure that health and social care provision across Scotland is joined-up and seamless, especially for people with long-term conditions and disabilities, many of whom are older people.

The Public Bodies (Joint Working) (Scotland) Act was granted royal assent on 1 April 2014. Shetland Islands Council and the Board of NHS Shetland 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, the Health Board and the Council delegate the responsibility, for planning and resourcing service provision of adult health and social care services to an Integration Joint Board.

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 as it sees fit.

The IJB is responsible for the strategic planning of the functions delegated to it by SIC and NHS Shetland. The Strategic Plan specifies the service to be delivered by the Parties. The IJB is also responsible for ensuring the delivery of its functions through the locally agreed operational arrangements set out within its Integration Scheme.

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

The IJB approved its Joint Strategic (Commissioning) Plan 2016 -2019 on 28 June 2016.

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 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 following objectives were set out in the Shetland Joint Strategic (Commissioning) Plan 2016 - 2019:

- That the main purpose of services which are provided to meet integration functions is to improve the wellbeing of services users; and
- That, in so far as consistent with the main purpose, those services be provided in a way which, so far as possible:
 - is integrated from the point of view of service users;
 - takes account of the particular needs of different service users;
 - takes account of the particular needs of service users in 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; and
 - makes the best use of the available facilities, people and other resources.

Operational Review

For 2016/17 we set out to put in place arrangements to improve our services through a range of initiatives and we concentrated on six key actions. We are pleased to report that we have achieved two of these actions and are well on our way to completing the remaining four. On one of the actions, regarding the Mental Health Service, we still have a number of recommendations from

Achieved:

- Developed Integrated Locality Service Plans; and
- Assisted Shetland Partnership with implementing the redesign of community justice.

In Progress:

- Implementing the findings outlined within the Mental Health Review;
- Developing a Joint Organisational Development and Workforce Strategy;
- Developing an Oral Health Strategy; and
- Developing Anticipatory Care Plans.

Shetland continues to perform well against peer group comparators and the Scottish average. Some areas worth highlighting are:

- Shetland is the best in Scotland for the percentage of people spending the last six months of life at home or in a community setting;
- The percentage of adults with intensive needs receiving care at home is well above the Scotland average;
- The rate of emergency bed days is also low, indicating fewer days are spent in hospital after an emergency admission; and
- The re-admission rate to hospital within 28 days of discharge is low, indicating that services are working at discharging people when they are ready and then keeping them in the community thereafter.

The operational management team had a continued challenge to find further efficiencies within the IJB budgets and considerable pressures remain, which will require continued attention in 2017/18 and beyond in order to achieve a balanced position.

Further detail on operational performance can be found in the IJB Annual Performance Report 2016/17 at;

http://www.shetland.gov.uk/Health_Social_Care_Integration/documents/IJBAnnualPerformanceReport2016-17Final.pdf

Primary Financial Statements

The Annual Accounts detail Shetland Health and Social Care Partnership's transactions for the period from 1 April 2016 to 31 March 2017. 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 the primary statements has been included immediately prior to each of the financial statements: 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 certificate and opinion. The remuneration of the Chief Officer of the Partnership is disclosed in the Remuneration Report.

Financial Review

The Joint Strategic (Commissioning) Plan 2016-2019 sets out the functions which have been delegated by the Parties and the associated agreed budgets. The Plan was agreed by IJB Members on 28 June 2016.

The purpose of the Annual Accounts 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 Shetland Islands Council (SIC) and Shetland Health Board (NHSS).

The Statement of Income and Expenditure presents the full economic cost of providing the Board's services in 2016/17.

The presentation of the Annual Accounts has been revised for 2016/17, which represents the first full year of operation for the IJB. As the IJB only became live in November 2015, the Annual Accounts for 2015/16 only disclosed a 19-week proportion of the overall operating expenditure of IJB, the proportion of the Chief Officer's cost from his appointment on 20 July 2016 and each party's additional contributions to the running costs of the

IJB. The expenditure detailed, also took into account the proportionate refund and repayment of underspend and overspend, respectively, by the Parties.

Given the Statement of Income and Expenditure for 2016/17 requires to show the actual expenditure of the IJB in the year, the 2015/16 figures, whilst still apportioned as detailed above have been restated to remove adjustments made for over and underspend.

For the year-ended 31 March 2017 the IJB has generated a surplus of £125k, after adjustment has been made for fortuitous underspend repaid to SIC and additional contribution made by NHS.

The Integration Scheme states that where there is a planned, forecast, under spend on an element of the operational budget due to agreed changes in line with the Strategic Plan, this will be retained by the IJB to either fund other service areas in-year in line with the Strategic Plan or be carried forward to fund services in subsequent years of the Strategic Plan. However, any windfall under spend will be returned to SIC and/or NHSS in line with the original budget allocation for 2016/17.

The surplus of £125k represents the underspend in the year of Scottish Government Additionality Funding allocations agreed by the IJB to each of the Parties. This funding will be carried forward and the IJB can then make decisions on how best it can be utilised to further its objectives, in line with its Joint Strategic (Commissioning) Plan.

Financial Transactions 2016/17

	SIC £000	NHSS £000	Total £000
1 Budgets delegated to the Parties from the IJB	(20,845)	(22,605)	(43,450)
2 Contribution from the Parties to the IJB (against delegated budgets)	20,431	23,958	44,389
3 (Surplus)/Deficit	(414)	1,353	939
4 Additional contributions from Parties to meet IJB Direct Costs	13	12	25
5 IJB Direct Costs (Audit fee, Insurance & Members Expenses)	(13)	(12)	(25)
6 Fortuitous underspend repaid to SIC	367	-	367
7 Additional contribution from NHS to IJB to meet overspend	-	(1,431)	(1,431)
8 Final position of IJB	(47)	(78)	(125)

The table on page 7 details the financial position for the IJB and is broken down by service area.

The outturn position to the end of March 2017 is an overall deficit of £939k which represents an underspend in relation to services commissioned from SIC of £414k and an overspend in relation to services commissioned from NHSS of £1.353m. The £939k deficit is detailed in Row 3 in the above table.

The main reasons for significant variances from budget are explained on page 8

Service Heading	Annual Budget				Outturn				Outturn Variance			
	Joint Budgets		Set aside Budget	Total	Joint Budgets		Set aside Budget	Total	Joint Budgets		Set aside Budget	Total
	NHS	SIC			NHS	SIC			NHS	SIC		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Mental Health	1,347	1,058	-	2,405	1,267	1,097	-	2,364	80	(39)	-	41
Substance Misuse	402	259	-	661	392	243	-	635	10	16	-	26
Oral Health	3,178	-	-	3,178	3,143	-	-	3,143	35	-	-	35
Pharmacy & Prescribing	6,039	-	524	6,563	5,909	-	537	6,446	130	-	(13)	117
Primary Care	4,660	-	-	4,660	5,022	-	-	5,022	(362)	-	-	(362)
Community Nursing	2,576	-	-	2,576	2,559	-	-	2,559	17	-	-	17
Directorate	330	478	-	808	344	177	-	521	(14)	301	-	287
Pensioners	-	78	-	78	-	76	-	76	-	2	-	2
Sexual Health	-	-	38	38	-	-	41	41	-	-	(3)	(3)
Adult Services	66	5,148	-	5,214	72	4,955	-	5,027	(6)	193	-	187
Adult Social Work	-	1,761	-	1,761	-	2,176	-	2,176	-	(415)	-	(415)
Community Care Resources	-	10,199	-	10,199	-	9,920	-	9,920	-	279	-	279
Criminal Justice	-	29	-	29	-	18	-	18	-	11	-	11
Speech & Language Therapy	83	-	-	83	73	-	-	73	10	-	-	10
Dietetics	112	-	-	112	105	-	-	105	7	-	-	7
Podiatry	201	-	-	201	191	-	-	191	10	-	-	10
Orthotics	143	-	-	143	140	-	-	140	3	-	-	3
Physiotherapy	572	-	-	572	533	-	-	533	39	-	-	39
Occupational Therapy	185	1,409	-	1,594	174	1,390	-	1,564	11	19	-	30
Health Improvement	-	-	244	244	-	-	238	238	-	-	6	6
Unscheduled Care	-	-	3,042	3,042	-	-	3,461	3,461	-	-	(419)	(419)
Renal	-	-	144	144	-	-	185	185	-	-	(41)	(41)
SG Additionality Funding	86	426	-	512	8	379	-	387	78	47	-	125
Integrated Care Fund	410	-	-	410	444	-	-	444	(34)	-	-	(34)
Efficiency Target	(1,357)	-	(420)	(1,777)	(599)	-	(281)	(880)	(758)	-	(139)	(897)
	19,033	20,845	3,572	43,450	19,777	20,431	4,181	44,389	(744)	414	(609)	(939)

Pharmacy & Prescribing – Underspend of £117k

There was a £46k underspend in specialist drugs due to delayed commencement of HEP C treatment, combined with other minor underspends across the service.

Primary Care –Overspend of £362k

Due to difficulty in recruiting and retaining General Practitioners, there has been an overspend of £311k in Primary Care as locum cover was required in Yell, Unst, Whalsay and Lerwick. In addition to this, the Hildasay 17c practice should have received £61k from the General Medical Council global sum payment, but no additional funding was provided.

Directorate – Underspend of £287k

There was an underspend in training costs of £148k due to changes in training priorities and insufficient cover availability in some areas to allow employees to be released for training.

Adult Services – Underspend of £187k

Due to vacant posts in the first half of the year at Eric Gray Resource Centre and across the Supported Living and Outreach service there was an underspend of £213k in the year, this was off-set by additional holiday pay costs of £90k payable as a result of a legal ruling.

Borrowing costs budgeted in respect of the Eric Gray Replacement Project were less than anticipated due to re-profiling of capital funding, leading to an underspend of £89k.

Adult Social Work – Overspend of £415k

There was an overspend in Adult Social Work of £469k in respect of Off-Island Placements for which Council contingency was available, but not applied due to the overall underspend in Council delegated budgets.

Community Care Resources – Underspend of £279k

There was an underspend in employee costs budgets of £765k, due to:

- less than budgeted hours of care at home being delivered in the year, as hours required are difficult to predict. Individuals now also have the choice to access home care through

self-directed support packages where increased demand has been seen in the year;

- rolling vacancies across the service, often taking several months to recruit to; and
- difficulty in recruitment despite efforts to promote careers in the care sector.

This was offset by additional holiday pay costs of £224k, payable as a result of a legal ruling.

There was over-achievement of Board and Accommodation income in the year of £217k. Charging income can vary significantly as it is dependent on the financial circumstances or those receiving care.

There was a net underspend in provision of Meals of £70k, due to savings from centralising kitchen provision in Lerwick, more efficient procurement and an overall reduction in demand for meals, linked to more meal preparation being provided in people's home.

The underspend was off-set by unbudgeted expenditure on essential equipment and furniture replacement and repairs of £165k, including the costs of upgrading the nurse call systems and replacement flooring at several care homes and an overspend on Independent Sector Placements of £201k for which Council Contingency was available, but not applied due to the overall underspend in Council delegated budgets.

Unscheduled care – Overspend of £419k

Overspend of £303k in relation to locum requirements to cover consultant and junior doctor rotas. Nursing pay overspend of £75k due to increases in patient acuity levels e.g. mental health and dementia patients who often required one on one care.

Integrated Care Funding

The Integrated Care Fund (ICF) was provided by the Scottish Government in 2015/16 to help Health and Social Care Partnership to support investment in integrated services. In March 2015, the Cabinet Secretary for Health, Wellbeing and Sport announced that an additional £100m would be made available to Health and Social Care Partnerships through the ICF in each of the financial years 2016/17 and 2017/18.

The Shetland IJB funding allocation for 2016/17 was £410k. The plan for use of this funding was developed alongside the work on the Joint

Strategic (Commissioning) Plan 2016 – 2019. It was hoped to continue building the capabilities to shift the balance of care further to community settings, with support to people to maintain and enhance independence seen as key to enhancing people's lives, whilst maintaining service provision for those that most need it in the face of diminishing resources.

The funding has been utilised in full during 2016/17 on a range of integration projects, with the majority of the money being used to provide the Intermediate Care Service.

Scottish Government Additionality Funding – Underspend of £125k

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

As per Scottish Government guidance, £512k of the funding was provided to help meet a range of existing costs faced by local authorities in the delivery of effective and high quality health and social care services in the context of reducing budgets. The remaining £512k was available to support integration projects and the IJB agreed it would be used as follows:

- Support for increased demand for Self-Directed Support packages - £348k;
- Recruitment of 2 therapist posts for the Re-ablement Programme in Care Homes - £86k; and
- Funding for Hospital Discharge Liaison Staff - £78k.

The IJB recognises an underspend in this funding of £125k, due to less demand for Self-Directed Support packages than anticipated in year, £47k, and delays in recruitment of staffing in relation to the Re-ablement Programme in Care Homes, £78k.

Efficiency Target

A Recovery Plan of £1,777k was put in place for the IJB to address the efficiency savings required within the NHS budgets for directly managed and set-aside services. As at 31 March 2017, there was an underachievement of £897k against the Recovery Plan.

Of the £880k savings achieved, £224k represented recurring savings and £656k were non-recurrent.

The Balance Sheet as at 31 March 2017

The IJB carries a General Reserve of £125k as at 31 March 2017. This reserve was created from an underspend in the Scottish Government Additionality Funding.

2017/18 Budget and Medium Term Financial Outlook

The 2017/18 budget was noted on 10 March 2017 as part of the 2017/18 Strategic Commissioning Plan. The plan also contains an indicative budget allocation for 2018/19 and 2019/20.

The Shetland IJB, like many others, faces significant financial challenges and is required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook and increasing demand for services. Additional funding of £250m was announced for Health and Social Care Partnerships for 2016/17 with an additional £110m allocated nationally in 2017/18. These additional funds are intended to address social care pressures, as well as providing funding to offset the costs of the national Living Wage and reduced income through increased charging thresholds. Despite this additional funding, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted in 2018/19.

The anticipated reduction in funding coupled with the demographic challenges which Shetland is facing, results in key risks which can be summarised as follows:

- Increased demand for services alongside reducing resources;
- The wider financial environment which continues to be challenging; and
- Political uncertainty including the Brexit negotiations, the financial powers arising from the Scotland Act 2012 and recommendations arising from the Smith Commission.

There is currently a shortfall in 2017/18, which is attributed to the services commissioned from the NHS. Planned Savings and Efficiency projects totalling £1.291m have been agreed but there is still a £1.208m shortfall that has to be addressed.

Work is ongoing to identify further service redesign that delivers the required savings and efficiencies to close the remaining funding gap.

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 whose financial stewardship contributed to the favourable financial position at 31 March 2017.

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Simon Bokor-Ingram
Chief officer
21 September 2017

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Marjorie Williamson
Chair
21 September 2017

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Karl Williamson
Chief Financial Officer
21 September 2017

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 Integration Joint Board (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 Shetland NHS Board (the Health Board) and Shetland Islands Council (the Council) that support compliance with both organisations' policies and promote achievement of each organisation's aims and objectives, as well as those of the IJB.

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

Purpose of Internal Control

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

The system of internal control has been in place at the IJB for the financial year ended 31 March 2017 and up to the date of the approval of the Statement of Accounts.

The Governance Framework and Internal Control System

The Board of the IJB comprises the Chair and 5 Members with voting rights; 3 are Council Members appointed by the Council and 3 are Health Board Members appointed by the Health Board from among those Members of the local NHS system appointed by Scottish Ministers. The IJB via a process of delegation from the Health Board and the Council has responsibility for the planning, resourcing and operational delivery of all integrated health and social care within its geographical area through its Chief Officer. The IJB also has strategic planning responsibilities for a range of acute health services for which the budget is "set aside".

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

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

responsibilities of Board Members and officers are defined within Standing Orders, Scheme of Administration and Financial Regulations; these are subject to regular review.

- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Audit Scotland, the external auditors, national inspection agencies and the appointed Internal Audit service to the IJB's Senior Management Team, to the IJB and the main Board and Audit Committee.
- The IJB follows the principles set out in COSLA's *Code of Guidance on Funding External Bodies and Following the Public Pound* for both resources delegated to the Partnership by the Health Board and the Council and resources paid to its Council and Health Board Partners.
- Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Financial Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the IJB.
- The IJB's approach to risk management is set out in the Integration Scheme and IJB Risk Management Strategy. Reports on risk management are considered regularly by the Health and Social Care Management Team with quarterly reporting on the IJB Risk Registers to the IJB Board and an annual report to the IJB Audit Committee.
- IJB Board Members observe and comply with the Nolan Seven Principles of Public Life. Comprehensive arrangements are in place to ensure IJB Board Members and officers are supported by appropriate training and development.
- Staff of both the NHS and Council 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 NHS Shetland staff working in IJB directed services and all staff employed by the Council 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 the Council and the Health Board (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors, the Chief Internal Auditor's annual report, and reports from external auditors and other review agencies and inspectorates.

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

There was one significant internal control issue identified by the 2016/17 Internal Audit Report. The key area of concern centred on the 2016/17 Financial Recovery Plan which ultimately failed with unachieved savings of £897k which contributed to the £1.353 million overall NHSS shortfall. This shortfall was however met by NHS Shetland from non-recurrent funding.

The Recovery Plan for 2016/17 presented to the IJB in March 2016 was not robust and did not have clear SMART (Specific, Measurable, Achievable, Relevant and Timely) attributes. It did not clearly articulate what needed to be done or how this would be delivered. Detailed plans on delivery were never presented to the IJB.

Given that there is now a Recovery Plan for 2017/18 which requires £2.5 million of savings it is vital that lessons are learned from 2016/17.

Actions in response to the 2016/17 Internal Audit report have now been agreed and will be presented to the IJB Audit Committee in August 2017. To address the specific issue concerning the Recovery Plan a Transformational Change Programme Board has been established which will direct and co-ordinate the work around the agreed change management projects.

Roles and Responsibilities of the Audit Committee and Chief Internal Auditor

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

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

The internal audit service undertakes an annual programme of work, approved by the Audit Committee, based on a strategic risk assessment. The appointed Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of internal control.

The work undertaken for 2016/17 focused on the Strategic Commissioning Plan, the Financial Recovery Plan and the Integrated Care Fund. The Chief Internal Auditor has also conducted a review of all relevant NHS Shetland Internal Audit reports issued in the financial year by Scott Moncrieff.

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

Compliance with Best Practice

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

Council to address financial issues and is a member of the Local Partnership Finance Team.

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

Internal Control Issues and Planned Actions

The IJB continues to recognise the need to exercise strong management arrangements to manage the pressures common to all public bodies. Regular reviews of the IJB's arrangements are undertaken by the appointed internal auditors and overall the IJB's arrangements are sound. The key area of concern is currently in relation to the 2017/18 Financial Recovery Plan. The Chief Officer has agreed action to address this governance issue and has provided assurance that the audit recommendations will be implemented.

Assurance

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

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Simon Bokor-Ingram
Chief officer
21 September 2017

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Marjorie Williamson
Chair
21 September 2017

Remuneration Report

Introduction

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

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

Remuneration: IJB Chair and Vice Chair

The voting members of the Integration Joint Board shall comprise three persons appointed by NHS Shetland (NHSS), and three persons appointed by the Shetland Islands Council (SIC). Nomination of the IJB Chair and Vice Chair post holders alternates between a 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 details of the Chair and Vice Chair appointments and any taxable expenses paid by the IJB are shown below:

Taxable Expenses 2015/16 £	Name	Post Held	Nominating Organisation	Taxable Expenses 2016/17 £
-	Mr C Smith	Chairperson (April 2016 to March 2017)	SIC	-
-	Ms C Waddington	Vice Chairperson (April 2016 to January 2017)	NHSS	-
-	Mrs M Williamson	Vice Chairperson (January 2017 to March 2017)	NHSS	-

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

Remuneration: Officers of the IJB

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

Chief Officer

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

Other Officers

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

All Partnership officers are employed by either NHS Shetland or Shetland Islands Council, and remuneration to senior staff is reported through the employing organisation.

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

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 NHS Shetland Head of Finance & Procurement, Karl Williamson, with NHS Shetland meeting his full cost.

Remuneration

The Chief Officer received the following remuneration during 2016/17:

Senior Employees	Post held	2016/17			2015/16*
		Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £	Total Remuneration £
Simon Bokor-Ingram	Chief Officer	92,432	-	92,432	63,460

* 2015/16 information relates to the period from the Chief Officer's appointment on 20 July 2015 to 31 March 2016.

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000 (where bands are missing, values were nil for 2015/16 and 2016/17).

Number of Employees in Band 2015/16	Remuneration Band	Number of Employees in Band 2016/17
1	£60,000 - £64,999	-
-	£90,000 - £94,000	1
1	Total	1

Pension benefits

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

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

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

Pension entitlement for the Chief Officer for the year to 31 March 2017 is shown in the table below, together with the contribution made to this pension by the employing body.

Name of Senior Official	Designation	In-Year Employer Pension Contributions			Accrued Pension Benefits			
			Year ending 31 March 2017 £	Year ending 31 March 2016 £		As at 31 March 2017 £	As at 31 March 2016 £	Increase (Decrease) £
Simon Bokor-Ingram	Chief Officer	ER	13,516	13,383	Pension	27,272	25,918	1,354
		Strain	-	-	Lump Sum	71,668	72,645	(977)

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Simon Bokor-Ingram
Chief Officer

21 September 2017

.....
Marjorie Williamson
Chair

21 September 2017

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 23 June 2017.

Signed on behalf of Shetland Islands Integration Joint Board.

.....
Marjorie Williamson
Chair
21 September 2017

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 this Annual Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Chief Financial Officer has also:

- kept adequate accounting records which were up to date;
- 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 2017.

.....
Karl Williamson
Chief Financial Officer
21 September 2017

Independent Auditor's Report to the Members of Shetland Islands Integration Joint Board and the Accounts Commission

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

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Shetland Islands Integration Joint Board for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the body as at 31 March 2017 and of its surplus on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and

- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Chief Financial Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice

approved by the Accounts Commission. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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 body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements.

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

Other information in the annual accounts

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

In connection with our audit of the financial

statements in accordance with ISAs (UK&I), our responsibility is to 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Report on other requirements

Opinions on other prescribed matters

We are required by the Accounts Commission to express an opinion on the following matters.

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

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

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

Matters on which we are required to report by

exception

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

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.
- We have nothing to report in respect of these matters.

.....

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

21 September 2017

Comprehensive Income and Expenditure Statement for the period from 1 April 2016 to 31 March 2017

The **Comprehensive Income and Expenditure Statement** shows the accounting costs of providing the service in accordance with generally accepted accounting practices (GAAP).

2015/16 Gross Expenditure As Restated* £000	2015/16 Gross Income As Restated £000	2015/16 Net Expenditure As Restated £000		Notes	2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure £000
8,922	-	8,922	Health Services	3	24,838	-	24,838
7,058	-	7,058	Social Care Services	3	20,430	-	20,430
19	-	19	Corporate Services	3	25	-	25
15,999	-	15,999	Cost of Services		45,293	-	45,293
-	(15,999)	(15,999)	Taxation and Non-Specific Grant Income	4	-	(45,418)	(45,418)
15,999	(15,999)	-	(Surplus) / Deficit on provision of services		45,293	(45,418)	(125)
15,999	(15,999)	-	Total Comprehensive Income and Expenditure		45,293	(45,418)	(125)

The IJB was established on 27 June 2015, but only became live and commenced delivery of health and care services on 20 November 2015. Consequently, the 2016/17 financial year is the first fully operational financial year of the IJB and the figures above reflect this.

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

*Details of the prior period adjustment are disclosed in note 11.

Movement in Reserves Statement

The **Movement of Reserves Statement** shows the movement in the year in the IJB's reserves.

Movements in Reserves During 2016/17	General Fund Balance £000	Unusable Reserves £000	Total Reserves £000
Opening Balance at 31 March 2016	-	-	-
Total Comprehensive Income and Expenditure	(125)	-	(125)
			-
Increase or Decrease in 2016/17	(125)	-	(125)
			-
Closing Balance at 31 March 2017	(125)	-	(125)

The IJB had no reserves or movement in reserves in the period from 27 June 2015 to 31 March 2016, so a Movement in Reserves Statement for 2015/16 was not required.

Balance Sheet as at 31 March 2017

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

As at 31 March 2016 As Restated* £000			Notes	As at 31 March 2017 £000
15,999	Short-term Debtors		5	45,418
15,999	Current Assets			45,418
(15,999)	Short-term Creditors		6	(45,293)
(15,999)	Current Liabilities			(45,293)
-	Net Assets			125
-	Usable Reserves			125
-	Total Reserves			125

The Statement of Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2017 and its income and expenditure for the year then ended.

The unaudited Annual Accounts were authorised for issue on 23 June 2017 and the audited accounts were authorised for issue on 21 September 2017.

*Details of the prior period adjustment are disclosed in note 11.

.....
Karl Williamson
Chief Financial Officer
21 September 2017

Notes to the Primary Financial Statements

Note 1: Summary of Significant Accounting Policies

General Principles

The Financial Statements summarise the authority's transactions for the 2016/17 financial year and its position as at 31 March 2017.

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 are required to prepare their Annual Accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.

The Code specifies the applicable accounting policies for:

- selecting measurement bases for recognising assets, liabilities, gains and losses in the Annual Accounts;
- making changes to reserves; and
- the minimum disclosure requirements.

A valid estimation technique can be used to derive the monetary amount (i.e. the one that best reflects the economic reality of a transaction or event) to be recognised in the financial statements in such circumstances when the basis of measurement for the monetary amount cannot be applied with certainty (and the range of options is considered to be material).

Accounting Conventions and Concepts

The accounting convention adopted in the Annual Accounts is historical cost.

The concept of the IJB as a going concern is based on the premise that its functions and services will continue in existence for the foreseeable future.

The concept of materiality derives from the premise that financial statements need not be precisely accurate to represent a true and fair view. It is a matter of professional judgement as to whether users of the accounts could come to different conclusions about the IJB's standards of stewardship or make different economic decisions as a result of deviations from the provisions set out in the Code.

The accounting policies which have a significant effect on the amounts recognised in the financial statements of the IJB are summarised below.

A Accruals of income and expenditure

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

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

B Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, Shetland Islands Council and NHS Shetland. 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.

C Cash and Cash Equivalents

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

D 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. The

charges from the employing partner are treated as employee costs.

E Provisions, contingent liabilities and assets

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

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

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

F Reserves

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

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

G Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member or officer responsibilities. The NHS Shetland Board and the Shetland Islands Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any "shared risk" exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in the

CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the expected value of known claims, taking probability of settlement into consideration, is provided for in the IJB's Balance Sheet.

H Changes in accounting policies and estimates, errors and prior period adjustments

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 Authority's financial position and financial performance. A change in accounting policy requires a prior period adjustment.

Changes in accounting estimates are accounted from prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Prior period adjustments arise as a result of a change in accounting policies or to correct a material error. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. Where a change in accounting policy is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as of the new policy had always been applied.

Note 2: Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Financial Officer on 23 June 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respect to reflect the impact of this information.

Note 3: Expenditure and Income Analysis by Nature

2015/16 As Restated £000		2016/17 £000
7,058	Services commissioned from	20,430
8,922	Services commissioned from	24,838
17	Auditor fee: External	21
2	Other administrative	4
(15,999)	Partners' funding contributions and Non-Specific Grant Income	(45,418)
-	Total	(125)

Note 4: Taxation and Non-Specific Grant Income

2015/16 As Restated £000		2016/17 £000
7,068	Funding contribution from Shetland Islands Council	19,552
8,931	Funding contribution from NHS Shetland	24,432
-	Other Non-ringfenced grants and contributions	1,434
15,999	Total	45,418

The funding contribution from the NHS Board shown above includes £4.463m in respect of 'set aside' resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB has responsibility for the consumption of, and level of demand placed on, these resources.

Other non-ring fenced grants and contributions represents Scottish Government funding provided for the IJB, which is paid to the IJB via NHS Shetland.

Note 5: Short-term Debtors

As at 31 March 2016 As Restated £000		As at 31 March 2017 £000
7,068	Shetland Islands Council	19,552
8,931	NHS Shetland	25,866
15,999	Total	45,418

Note 6: Short-term Creditors

As at 31 March 2016 As Restated £000		As at 31 March 2017 £000
(7,068)	Shetland Islands Council	(20,442)
(8,931)	NHS Shetland	(24,851)
(15,999)	Total	(45,293)

Note 7: Usable Reserve: General Fund

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

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

2015/16 £000	General Fund	2016/17 £000
-	Balance at 1 April	-
-	Transfers in: Scottish Government Additionality Funding Reserve	(125)
-	Balance at 31 March	(125)

Note 8: Related Party Transactions

The IJB has related party relationships with the Shetland Islands Council and NHS Shetland. In particular, the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balance included in the IJB's accounts are

presented to provide additional information on the relationships.

Transactions with Shetland Islands Council

2015/16 As Restated £000		2016/17 £000
(7,068)	Funding contributions due from Shetland Islands Council	(19,552)
7,068	Expenditure on services provided by Shetland Islands Council	20,430
-	Total	878

Balances with Shetland Islands Council

2015/16 As Restated £000		2016/17 £000
7,068	Amounts due from Shetland Islands Council	19,552
(7,068)	Amounts due to Shetland Islands Council	(20,442)
-	Total	(890)

Transactions with NHS Shetland

2015/16 As Restated £000		2016/17 £000
(8,931)	Funding contributions due from NHS Shetland	(25,866)
8,931	Expenditure on services provided by NHS Shetland	24,838
-	Total	(1,028)

Balances with NHS Shetland

2015/16 As Restated £000		2016/17 £000
(8,931)	Amounts due from NHS Shetland	25,866
8,931	Amounts due to NHS Shetland	(24,851)
-	Total	1,015

Note 9: VAT

The IJB is a non-taxable entity and does not charge or recover VAT on its functions.

Note 10: Accounting Standards issued Not Adopted

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

Note 11: Critical Judgements and Estimation Uncertainty

There are no material judgements made in these Financial Statements.

Note 11: Prior Year Adjustment

The Local Authority (Scotland) Accounts Advisory Committee (LASAAC) issued updated guidance to IJBs for 2016/17, which stated that Service Expenditure Analysis in the Comprehensive Income and Expenditure Account (CIES), which applied in 2015/16 local government accounts, is not applicable to 2016/17 annual accounts. The new requirements for CIES are based on the organisation's management reporting and resource allocation arrangements.

In the 2015/16 Financial Statements, the proportionate contributions made by the Parties to the IJB were adjusted to recognised the proportionate refund of fortuitous underspend to Shetland Islands Council and repayment of over spend to NHS Shetland. The prior year adjustment strips out these adjustments to reflect the actual expenditure on services by for 2015/16.

The effect of these adjustments on the Comprehensive Income and Expenditure Accounts (CIES) is shown in the tables below:

Prior Year Adjustment to Comprehensive Income and Expenditure Account (CIES)	£000
Services commissioned by IJB (per 2015/16 Accounts)	16,320
Proportionate adjustment for underspend/overspend by the Parties against delegated budgets	(321)
Restated Cost of Services per CIES 2016/17	15,999

Prior Year Adjustment to Balance Sheet	Short Term Debtors £000	Short Term Creditors £000
Year-end balances per 2015/16 Accounts	16,320	(16,320)
Proportionate adjustment to year-end accruals in respect of contributions made from the Parties	(321)	321
As Restated at 31 March 2016	15,999	(15,999)

The contributions made to and from the IJB from the Parties are recorded as Short Term Debtors and Creditors, given the IJB does not have its own bank account for the physical transfer of money to take place. The comparative figures in the Balance Sheet have also been amended to reflect the prior year adjustment required as follows:

Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

Date: 20 September 2017

Our Ref: PK/KW/2017

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of the Shetland Islands Integration Joint Board for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Shetland Islands Integration Joint Board as of 31 March 2017 and of the results of its operations, other comprehensive net expenditure and its cash flows for the year then ended in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

In addition to the above, this representation letter is provided in connection with your audit of the Management Commentary, Remuneration Report and Annual Governance Statement for the following purposes:

- Expressing an opinion on the auditable part of the Remuneration Report as to whether it has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014;
- Expressing an opinion as to whether the information given in the Management Commentary is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- Expressing an opinion as to whether the information given in the Annual Governance Statement is consistent with the financial statements and that the report has been prepared in accordance with the Delivering Good Governance in Local Government Framework (2016).

I am aware that it is an offence to mislead a Boards auditor.

As Responsible Financial officer and on behalf of the board, I confirm, to the best of my knowledge and belief, the following representations.

Financial statements

1. I understand and have fulfilled my responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), which give a true and fair view, as set out in the terms of the audit engagement letter.
2. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter with Audit Scotland. We acknowledge our responsibilities for the design, implementation and operation of internal control to prevent and detect fraud and error.

3. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
5. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
6. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole.
7. We confirm that the financial statements have been prepared on the going concern basis. We do not intend to liquidate the IJB or cease trading as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the IJB's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
8. We confirm that all of the disclosures within the Management Commentary, Remuneration Report and the Annual Governance Statement have been prepared in accordance with the relevant legislation and guidance.

Information provided

9. We have provided you with all relevant information and access.
10. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
11. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We are not aware of any fraud or suspected fraud that affects the entity and involves:
 - (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) Others where the fraud could have a material effect on the financial statements.
14. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

15. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements
16. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
17. No claims in connection with litigation have been or are expected to be received.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed as the Chief Officer, and on behalf of the Integration Joint Board

Shetland Islands Health and Social Care Partnership

Agenda Item

3



Meeting(s):	Integration Joint Board	21 September 2017
Report Title:	2018/19 Budget Setting Process	
Reference Number:	CC-50-17 F	
Author / Job Title:	Karl Williamson / Chief Financial Officer	

1.0 Decisions / Action required:

The IJB is asked to:

- 1.1 COMMENT on, REVIEW and DISCUSS the 2018/19 budget setting process.

2.0 High Level Summary:

- 2.1 The purpose of this report is to present the Integration Joint Board (IJB) with the key information relating to the 2018/19 budget setting process.
- 2.2 Shetland Islands Council (SIC) and NHS Shetland (NHSS) both have agreed their indicative 2018/19 budget setting timetables. (Appendices 1 and 2)
- 2.3 The IJB is asked to discuss how it can maximise its participation and ensure it contributes fully to the process. Are further seminars necessary to aid the iterative process or is the strategic planning process, the timetables below and scheduled IJB meetings adequate?
- 2.4 The Strategic Commissioning Plan must be updated within the constraints of the budget so it is vitally important the IJB can influence the budget setting process and not just be handed a final budget from both Parties.
- 2.5 The IJB must ultimately approve the updated Strategic Commissioning Plan 2018-21 and associated budget so a fully integrated approach between all three Parties is key to a successful outcome.

3.0 Corporate Priorities and Joint Working:

- 3.1 The Strategic Commissioning Plan and associated budgets describes how health and care services can be delivered, jointly, across the services described in the Board's Integration Scheme. This describes how key priorities, as well as day to day operational, services, will be delivered.

- 3.2 The Plan is a significant part of public sector delivery in Shetland and supports the Shetland Community Partnership's Local Outcome Improvement Plan, Shetland Islands Council's Corporate Plan, NHS Shetland's 2020 Vision and Local Delivery Plan.
- 3.3 Delivery of the Strategic Commissioning Plan relies on partnership working between Shetland Islands Council, NHS Shetland, other regional and national organisations (such as the Scottish Ambulance Service and NHS Grampian and other specialist Health Boards) and voluntary sector providers.

4.0 Key Issues:

NHS Shetland Overview

- 4.1 NHS Shetland sets out its financial strategy for the next five years in its Local Delivery Plan (LDP) and updates this plan on an annual basis in line with its current planning assumptions.
- 4.2 NHS Shetland will need to deliver a minimum of 4.0% year on year recurring efficiency saving targets from 2018/19 to 2022/23. In 2018/19, this will be 5% for new efficiency savings plus the balance carried forward unachieved.
- 4.3 The Scottish Government has indicated that the 1% pay cap will be removed. It is currently unclear how this will impact on budgets and it may become an additional cost to be absorbed. Current NHS planning assumptions are based on a 1% increase until 2022/23.
- 4.4 In Shetland over the last 10 years GP prescribing costs have increased by an average of 2.8% year on year. Over the last 5 years, this rate is 3.1%. In comparison, prescribing in Secondary Care due to the introduction of new High Cost Drugs has increased in Scotland by on average 10.2%.
- 4.5 Funding to the Integration Joint Board will be required to stay at a minimum of the 2017/18 budget. Although the funding will not reduce, services will still be required to deliver efficiency savings to fund inflation uplifts and cost pressures to comply with Public Sector Bodies requirement to break even on an annual basis.
- 4.6 Scottish Government commitment is to increase funding for Social Care by £500m over the lifetime of the Parliament. In 2017-18, £100m from the NHS Territorial Boards base inflation uplift was used to deliver year 1 of the plan. It is currently assumed that in years 2 to 5 (2018-19 to 2021-22) the same method will be utilised to fund this commitment.
- 4.7 In 2017/18 Shetland's share of this £100m was £420k which was transferred to Social Care from NHS Shetland. It is assumed this figure will increase by a further £420k per year until 2021-22.
- 4.8 NHS Shetland's general planning assumptions:

Table: General Assumptions In 2018/19 to 2022/23 Financial Plan					
	2018/19	2019/20	2020/21	2021/22	2022/23
Uplift to Core Budget	1.50%	1.50%	1.50%	1.50%	1.50%
Uplift to Bundle Funding	0.00%	0.00%	0.00%	0.00%	0.00%
Pay Inflation	2.05%	2.05%	2.05%	2.05%	2.05%
Community Prescribing Inflation and Growth Net Uplift	4.00%	4.00%	4.00%	4.00%	4.00%
High Cost Medicine Inflation and Growth Net Uplift	10.20%	10.20%	10.20%	10.20%	10.20%
General Inflation	2.00%	2.00%	2.00%	2.00%	2.00%
Resource Transfer	+1.5% less 4% Efficiency	+1.5% less 3% Efficiency	+1.5% less 3% Efficiency	+1.5% less 3% Efficiency	+1.5% less 3% Efficiency
Rates & Water	2.00%	2.00%	2.00%	2.00%	2.00%
Utilities	4.00%	4.00%	4.00%	4.00%	4.00%
Income	0.40%	0.40%	0.40%	0.40%	0.40%

Shetland Islands Council Overview

- 4.9 The Council sets out its financial strategy for the next five years in its Medium Term Financial Plan (MTFP) and reviews this information on an annual basis to maintain its relevance and integrity in relation to the information available and the internal and external factors that impact upon it.
- 4.10 The 2018/19 SIC Budget target has been projected based on the expectation of an approximate 2% reduction in its funding.
- 4.11 The budget process for 2018/19 for the SIC is being developed in two parts:
- Budget targets have been set for all directorates, applying inflation to the 2017/18 budgets to show the rising cost of service provision, including pay awards/increments and other on costs, then applying a 3% efficiency saving; and
 - In recognition that the 3% efficiency target will not be enough to address the overall funding gap, directorates are also working on service redesign options which will be assessed and prioritised to meet the estimated 5-year funding gap of £20m in its budgets.
- 4.12 The budgets for the Directorate of Community Health and Social Care must be aligned to the IJB Strategic Commissioning Plan and will take account of any proposed changes to Council delivered services as advised during the budget process.
- 4.13 The Scottish Government has provided additional funding to IJBs since their establishment to support a range of specific objectives under Health and Care Integration. It has been assumed in the SIC 2018/19 budget that this funding will continue and any changes in the allocation of this funding to the Parties will be informed through the Strategic Planning process.

IJB Overview

- 4.14 At this stage it is anticipated that IJB budget for 2018/19 will be no lower than the

2017/18 budget. Formal guidance has not yet been received from the Scottish Government but both partner organisations are preparing financial plans on this basis.

- 4.15 The Scottish Government's Financial Settlement will be announced in early December (Est. 13th December). The content of this may affect our current planning assumptions.
- 4.16 Although IJB budgets will not reduce they will be expected to absorb the rising cost of service provision, including pay awards/increments and other on costs.
- 4.17 Scottish Government has a commitment to enhance Primary Care expenditure by £500m by 2021/22 with £250m in direct support of General Practice. Any specific allocations will be passed to the IJB following Government announcements.
- 4.18 Scottish Government has a commitment to increase Mental Health expenditure to improve access and deliver upon the Mental Health Strategy 2017-2027. Again, any specific allocations will be passed to the IJB following Government announcements.
- 4.19 Indicative 2018/19 IJB funding and 2017/18 comparative figures:

2017/18 IJB Funding (Paper CC-19-17F, IJB Meeting 10/03/2017)

	SIC £000s	NHS £000s	Total £000s
Payment to IJB (IJB Income)	19,231	23,135	42,366
<u>Movement of funds between Partners</u>			
SG Additional funding for Social Care £250m	938	(938)	0
SG Additional funding for Social Care £107m	340	(340)	0
Payment after movement of funds between partners	20,509	21,857	42,366

2018/19 Indicative IJB Funding

	SIC £000s	NHS £000s	Total £000s
Payment to IJB (IJB Income)	18,891	23,475	42,366
<u>Movement of funds between Partners</u>			
SG Additional funding for Social Care £250m	938	(938)	0
SG Additional funding for Social Care (2017/18 - £107m, 2018/19 – additional £107m)	680	(680)	0
Payment after movement of funds between partners [A]	20,509	21,857	42,366

4.20 Indicative IJB Savings Target 2018/19:

	SIC £000s	NHS £000s	Total
Unachieved savings carried forward [B]	0	1,861	1,861
New 2018/19 savings target	634 [C]	1,150 [D]	1,784
Total Savings Target [E]	634	3,011	3,645 [F]
Cost of Services 2018/19 [A+E]	21,143	24,868	46,011

[B] Unachieved savings brought forward as per paper CC-44-17F presented to the IJB on 06/09/2017. This figure may decrease as further savings are achieved.

[C] 3% savings target as per paragraph 4.11 above.

[D] 5% savings target as per paragraph 4.2 above.

[F] Total savings target of £3.645m is 7.9% of the current cost of IJB services.

5.0 Exempt and/or confidential information:

None

6.0

6.1 Service Users, Patients and Communities:	The Strategic Commissioning Plan sets out the services to be delivered over the next 3 years. Any significant changes to that plan will be of interest to services users, patients and communities, particularly in respect of accessibility and availability.
6.2 Human Resources and Organisational Development:	Any service development proposals or changes affecting staff will be subject to full staff engagement and consultation using the relevant agencies policies and procedures and reported via the Joint Staff Forum.
6.3 Equality, Diversity and Human Rights:	Any equalities impacts will be assessed and considered as part of any proposals for change and schemes for efficiency savings.
6.4 Legal:	The proposals in this report are consistent with the Public Bodies Act and the Integration Scheme for Shetland's IJB.
6.5 Finance:	There are potentially significant financial implications associated with the update of the Strategic Commissioning Plan. The Joint Strategic (Commissioning) Plan 2017-20 required to be supported by a Recovery Plan for NHS Shetland. The aim of the update is to ensure that the Joint Strategic (Commissioning) Plan 2017-20 minimises, or ideally eliminates, the need for a Recovery Plan in 2018-19. This may mean that the updated Plan needs to include details of significant change projects required to operate within the financial limits set
6.6 Assets and	At this stage, there are no implications for Assets and Property.

Property:	However, any significant changes to existing service models and methods of delivery may, in time, affect the overall estate in order that service costs can be accommodated within the total budget allocation.	
6.7 ICT and new technologies:	None	
6.8 Environmental:	None	
6.9 Risk Management:	There are significant risks associated with the failure to deliver the Strategic Commissioning Plan, which are recorded and reported separately on the Risk Register.	
6.10 Policy and Delegated Authority:	Establishing the process of updating the Strategic Commissioning Plan and associated budgets provides clarity and decision points for officers to work within and the IJB has the authority to do so.	
6.11 Previously considered by:	The proposals in this report have not been presented to any other committee or organisation.	

Contact Details:

Karl Williamson, Chief Financial Officer, karlwilliamson@nhs.net

11th September 2018

Appendices:

1 – Shetland Islands Council budget setting timetable 2018/19

2 – NHS Shetland budget setting timetable 2018/19

Shetland Islands Council budget setting timetable 2018/19

Activity	Date
Budget information issued by Finance	September 2017
Engagement sessions with Councillors on Budget Strategy, Priorities and Outcomes	September 2017
Initial budget submissions on controllable costs, income and recharge sheets returned to Finance	Tuesday 20 September
Finance complete review of draft budgets and feedback to CMT	Wednesday 21 September - Tuesday 10 October
Note: October Holidays Period (and Quarter 2 Management Reporting)	Monday 9 October to Tuesday 24 October
Services (Directors/Executive Managers) work on refining budgets based on CMT feedback	Wednesday 11 – Tuesday 31 October
Revised draft submission returned to Finance	Tuesday 31 October
Finance Qualitative Review on revised draft and preparation for Councillor engagement events	Wednesday 1 November to Thursday 9 November
Finalisation of draft budget and Councillors' engagement papers issued	Friday 10 November
Councillors' Budget Engagement	Monday 13 – Friday 17 November
Draft 2018/19 budget prepared for Service and P&R Committees	Monday 20 November - Tuesday 12 December
Scottish Government Financial Settlement	Estimated 13 December
Refine final draft budget based on financial settlement, including Councillor engagement	January 2018
Service Committees/IJB	Thursday 1 – Thursday 8 February 2018
P&R Committee	Monday 12 February 2018
SIC Meeting to approve Budget	Mid February 2018 (tbc)

NHS Shetland budget setting timetable 2018/19

Activity	Date
Budget packs issued by Finance to budget holders	31/08/2017
Budget holders review details, identify cost pressures and savings proposals and return budget pack to Finance	15/09/2017
Executive Management Team (EMT) review budget and provide feedback	27/09/2017
Finance process any EMT adjustments prior to IJB Meeting	05/10/2017
IJB Meeting – review draft budget and provide feedback	25/10/2017
EMT review IJB feedback and agree any necessary adjustments	02/11/2017
Board seminar review draft budgets	13/11/2017
NHS Board approve draft budgets	12/12/2017

 <p>Shetland NHS Board</p>	 <p>Shetland Islands Council</p>
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Meeting(s):	Integration Joint Board NHS Shetland Board Policy and Resources Committee Shetland Islands Council	21 September 2017 3 October 2017 23 October 2017 1 November 2017
Report Title:	Shetland Islands Health and Social Care Partnership: Joint Strategic Commissioning Plan, Refresh 2018-2021	
Reference Number:	CC-48-17 F	
Author / Job Title:	Hazel Sutherland, Head of Planning and Modernisation, NHS Shetland	

1.0 Decisions / Action required:

- 1.1 That the Integration Joint Board (IJB) APPROVES the process of updating the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan for 2018-21.
- 1.2 That NHS Shetland Board APPROVES the process of updating the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan for 2018-21.
- 1.3 That Shetland Islands Council Policy and Resources Committee recommends that Shetland Islands Council APPROVES the process of updating the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan for 2018-21.

2.0 High Level Summary:

- 2.1 In March and April 2017, the IJB, NHS Shetland and Shetland Islands Council approved, the Shetland Islands Health and Social Care Partnership's Joint Strategic Commissioning Plan for 2017-20.
- 2.2 It is best practice to undertake a refresh of the Plan each year, to make sure that it still addresses all the relevant issues and responds to need and demand in an effective way.
- 2.3 The process of updating the Strategic Commissioning Plan needs to be aligned to the budgeting process, to make sure that the planning and budgeting arrangements are complementary to one another. The planning process describes

what services should be delivered; the budgeting process puts in place the resources to make that happen. A diagram of the planning and budgeting cycle is set out at Appendix 1, which involves an iterative negotiation process between the three partner organisations.

2.4 The needs assessment has been updated, to take account of current activity levels and any emerging trends and issues being faced by each service area. A summary overview is set out in Appendix 2 but the general consensus is that the needs assessment which underpinned the current plan has not changed significantly enough to warrant any major shift in strategic direction.

2.5 In 2016, the Scottish Government undertook an overview of strategic commission plans by each of the Integration Authorities for 2016-19. That analysis has been used to indicate where the current plan may be improved, to strengthen its content and intent. A self evaluation summary has been included at Appendix 3. Some areas where improvements could be made include:

- Use the Plan as a communication and engagement tool, to all stakeholders;
- Be clearer on implementation plans;
- Be produced under the principles of coproduction, including with localities;
- Have better clarity on the service impact of resourcing decisions.

2.6 The refresh of the Plan will be done in consultation with supporting groups and committees, including those listed in the table below.

Entity	Purpose
The Area Clinical Forum	<ul style="list-style-type: none"> Professional Advice from all staff groups
The Strategic Planning Group	<ul style="list-style-type: none"> How will the proposals improve people's lives (Health and Wellbeing Outcomes)? How will the proposals contribute to the Strategic Commissioning Plan's objectives? Have all appropriate delivery mechanisms been considered? Do the proposals represent the best mix of service, quality and cost?
The Joint Staff Forum	<ul style="list-style-type: none"> That appropriate consultation and engagement with affected staff (direct and indirectly affected) has taken place at all stages That effective engagement with staff has informed the proposal That all relevant employment law and policies have been considered in the development of the proposals
The Local Partnership Finance Team	<ul style="list-style-type: none"> Is the proposal in line with the Strategic Financial Plan, including any savings plans / efficiencies? Have all the financial risks been identified and addressed? Has the funding mechanism been agreed by all parties? Does the proposal represent value for money?

The Clinical Care and Professional Governance Committee	<ul style="list-style-type: none"> • That the proposals are based on sound evidence that best meet the identified needs • That the proposals are safe and will secure appropriate levels of quality • That all the relevant risks have been identified and managed • That effective engagement with service users and staff have informed the proposal
2.7	<p>In 2016, NHS Shetland's Internal Auditors undertook a study to ensure that:</p> <ul style="list-style-type: none"> - Strategic planning forms part of a formal, robust framework, with clearly documented protocols and explicit linkage to the vision and objectives. - Strategic planning is informed by robust evidence and via input from a range of appropriate stakeholders and partners, and subject to periodic review and update. - NHS Shetland strategic planning arrangements and accountabilities are appropriately integrated with the IJB framework. - Actions to achieve strategic objectives are documented and agreed, taking cognisance of the internal resources available and the external environment in which NHS Shetland operates. - There is clear and direct linkage between the narrative and financial aspects of strategic planning and reporting. - Sufficient and appropriate arrangements are in place to track progress with delivering the strategy, including management and Board reporting.
2.8	<p>The study reported back on some Areas for improvement as follows: <i>"Whilst NHS Shetland has identified a number of actions to improve the SCP, further work is required to ensure that it is fully compliant with Scottish Government guidance, including the following areas:</i></p> <ul style="list-style-type: none"> • <i>The SCP does not set out clear objectives that cover the aims of both NHS Shetland and the IJB;</i> • <i>There are a number of strategies in place, such as the Clinical Strategy, that cover the same activity as the service plans, but at a more strategic level, these strategies are not considered during the strategic planning process;</i> • <i>NHS Shetland has not identified where they will document the actions required to achieve the strategic objectives and how these will be monitored by management and the Board;</i> • <i>No financial context has been provided for NHS Shetland or the IJB, and limited financial information was available during planning; and</i> • <i>No performance measures were identified within the SCP, which has resulted in there being no mechanism in place for NHS Shetland to measure and demonstrate achievement against the strategic objectives."</i>
2.9	<p>Good progress has been made in completing the first 3 improvement actions. Work still needs to be done on aligning strategic planning with financial planning, and with being more explicit about the impact that any changes might have on performance.</p>
3.0	<p>Corporate Priorities and Joint Working:</p>

- 3.1 The IJB Joint Strategic Commissioning Plan describes how health and care services can be delivered, jointly, across the services described in the Shetland Islands Health and Social Care Partnership's Integration Scheme.
- 3.2 The Plan is a significant part of public sector delivery in Shetland and supports the Shetland Community Partnership's Local Outcome Improvement Plan, Shetland Islands Council's Corporate Plan and NHS Shetland's 2020 Vision and Local Delivery Plan.
- 3.3 Delivery of the Strategic Commissioning Plan relies on partnership working between Shetland Islands Council, NHS Shetland, Shetland Charitable Trust, other regional and national organisations (such as the Scottish Ambulance Service, NHS Grampian and other specialist Health Boards) and voluntary sector providers.
- 3.4 It supports a fundamental shift in the philosophy of how public sector services should be designed and delivered with and for each community, based on natural geographical areas, or localities, and integrated around the needs of service users, rather than being built around professional or organisational structures.

4.0 Key Issues:

- 4.1 The Plan sets out a Vision for integrated health and care services in Shetland, as follows:
 "Our Vision is that by 2020 everyone in Shetland is able to live longer healthier lives, at home or in a homely setting. We will have an integrated health and care system focused on prevention, supported self management and reducing health inequalities. We will focus on supporting people to be at home or in their community with as much specialist care provided in Shetland and as close to home as possible. Care will be provided to the highest standards of quality and safety, with the person at the centre of all decisions".
- 4.2 The Plan includes a number of priorities, including:
 - people will be supported to look after and improve their own health and well-being, helping them to live in good health for longer
 - older people and people who are living with long-term conditions will be getting the services they need to help them live as independently as possible
 - increased use of technology is helping us provide care for the most vulnerable and elderly in our community
 - healthcare is provided by multi-professional teams, with reliance on single handed practitioners kept to a minimum
 - attendance at hospital for diagnostic tests and investigations, outpatient consultations and minor procedures is kept to a minimum
 - patients are only sent outwith Shetland for healthcare if it cannot be provided safely and effectively locally
 - care is only provided in a hospital setting if it cannot be provided safely and effectively in the community
 - emergency care is maintained in Shetland, including medicine, surgery and maternity services
- 4.3 It will be useful to explore, as part of the refresh of the Plan, whether the Vision and Priorities are still appropriate and able to be applied to help with key decisions,

especially around resource allocation and proposed changes to service models.	
4.4	The current Plan has a number of 'Transformational Change' projects and over the next while there are some key activities which will help to give shape to future service models, such as the work on out of hours services, the hospital, and for primary care services. The Plan can be updated as that work comes to fruition.
4.5	It has not yet been possible to fully align the budgeting process with the planning process in the current year. However, the timetable set out in Appendix 1 shows that there is a continuing ambition to work to close the funding gap between the cost of the current model of service and available resources for 2018-19.
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	The Strategic Commissioning Plan sets out the services to be delivered over the next 3 years. Any significant changes to services will be of interest to services users, patients, unpaid carers and communities, particularly in respect of quality, equality, accessibility and availability. It is expected that the current models of delivery will continue to evolve and change to reflect the policy direction of shifting the balance of care from hospital to community settings and supporting people to live independently at home. The service focus will also be on finding ways to help people to help themselves and by increasing self-help and self-care to help people to live in good health for longer.
6.2 Human Resources and Organisational Development:	At this stage, there are no direct impacts on Human Resources and Organisational Development. However, any significant changes to existing service models and methods of delivery may, in time, affect staffing – both in terms of the number of staff and the skills mix required – in order that service costs can be accommodated within the total budget allocation.
6.3 Equality, Diversity and Human Rights:	The refresh of the Plan will include an updated Impact Assessment.
6.4 Legal:	The Public Bodies (Joint Working) (Scotland) Act 2014 requires Health and Social Care Partnership IJBs to produce a strategic commissioning plan and update it annually.
6.5 Finance:	In 2017-18, the cost of the current service model exceeds the funding made available to the IJB, in respect of NHS funded services. The funding arrangements for 2018-19 have not yet been formally notified to the IJB but indications, from the medium term financial plans, is that the funding gap is likely to continue to grow and effort needs to be made to find sustainable models of service within the available funding levels.

6.6 Assets and Property:	At this stage, there are no implications for Assets and Property. However, any significant changes to existing service models and methods of delivery may, in time, affect the overall estate in order that service costs can be accommodated within the total budget allocation.
6.7 ICT and new technologies:	The Plan outlines the need to continue to modernise our working practices – both internally and with our patients / service users / customers – by maximising eHealth, Telehealthcare and Telecare opportunities.
6.8 Environmental:	At this stage, there are no specific environmental implications. Any changes to services models which result in changes to access points and transport arrangements may, in time, result in environmental considerations.
6.9 Risk Management:	The risk of not updating the Plan to take account of best practice guidance and changing need and demand might mean that the Strategic Commissioning Plan is not as effective as it might be in shaping the future health and social care service models, to best meet the needs of the community with the resources made available.
6.10 Policy and Delegated Authority:	<p>Shetland's Integration Joint Board (IJB) was formally constituted on 27 June 2015 and operates in accordance with the approved Integration Scheme, Scheme of Administration, and the Financial Regulations.</p> <p>The IJB assumed responsibility for the functions delegated to it by the Council and the Health Board when it (the IJB) approved and adopted the joint Strategic (Commissioning) Plan at its meeting in November 2015. The delegated functions are set out in the Integration Scheme.</p> <p><u>IJB</u></p> <p>The Integration Scheme states that, "The IJB has responsibility for the planning of the Integrated Services. This will be achieved through the Strategic Plan....The IJB will be responsible for the planning of Acute Hospital Services delegated to it....". Consideration and approval of the annual update of the Strategic Commissioning Plan is therefore within and the authority delegated to the IJB.</p> <p>The Integration Scheme also states that, 'the detailed commissioning and operational delivery arrangements will be set out in the Strategic Plan'.</p> <p><u>NHS Shetland Board</u></p> <p>NHS Shetland delegated functions, including planning for acute and hospital services, to the IJB. The NHS Board retains the overall authority for consideration and approval of strategic planning, taking guidance from its Standing Committees, as</p>

	<p>appropriate. Approval of the Strategic Commissioning Plan therefore rests with the NHS Shetland Board.</p> <p><u>SIC Policy and Resources Committee and Council</u></p> <p>Shetland Islands Council delegated functions, including the planning arrangements, to the IJB. The Policy and Resources Committee is responsible for receiving reports on any matters relating to functions delegated to the IJB that require to be reported to the Council. Approval of strategic policies, including the Strategic Commissioning Plan, within the remit of the Shetland Islands Council.</p>	
6.11 Previously considered by:	Strategic Planning Group	31 August 2017, discussion on how best to undertake consultation and engagement

Contact Details:

Hazel Sutherland, Head of Planning and Modernisation, NHS Shetland
hazelsutherland1@nhs.net

11 September 2017

Appendices:

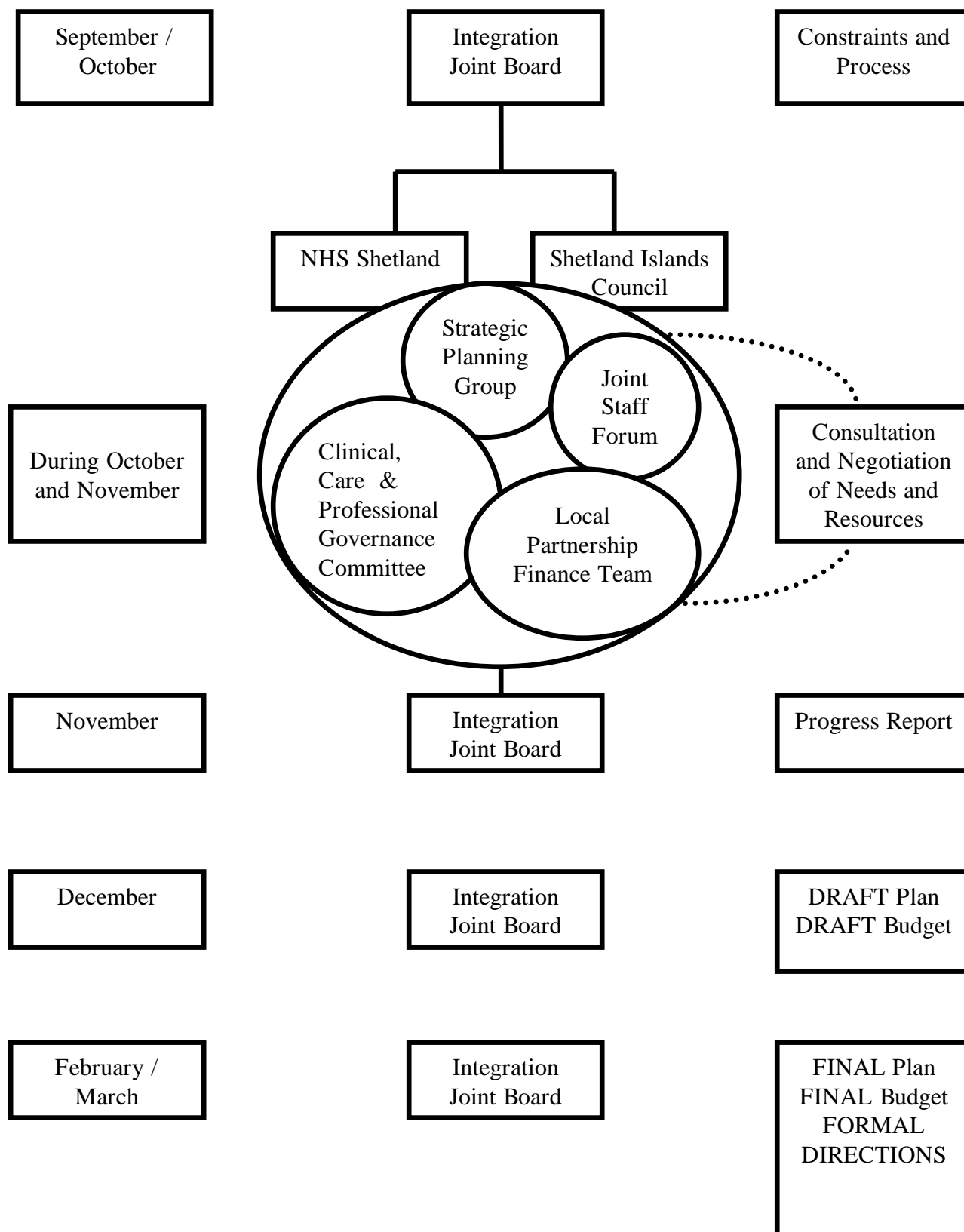
- Appendix 1 Planning and Budgeting Cycle
- Appendix 2 Overview of Needs Assessment
- Appendix 3 Self Analysis of 'best practice' in the content on Strategic Commissioning Plans

Background Documents:

Shetland Islands Health and Social Care Partnership Joint Strategic Commissioning Plan 2017-2020.

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=20744>

Integration Joint Board – Planning and Budgeting Cycle



Shetland Islands Health and Care Partnership

Joint Strategic Commissioning Plan 2018-19

Summary Needs Assessment

Population Profile

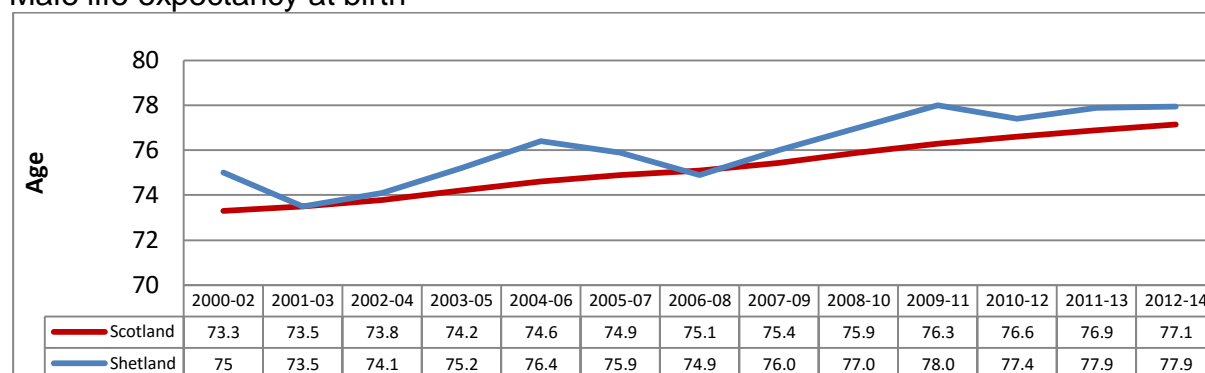
The Scottish Government has a key purpose to increase healthy life expectancy. This is so that people live longer in good health, increasing their capacity for productive activity and reducing the burden of ill health and long term conditions on people, their families and communities, public services and the economy generally.

Shetland's life expectancy is reasonable for females at 81.9 years life expectancy from birth (5th in Scotland by Health Board area) but lower for males at 77.6 life expectancy at birth (10th in Scotland by Health Board areas).

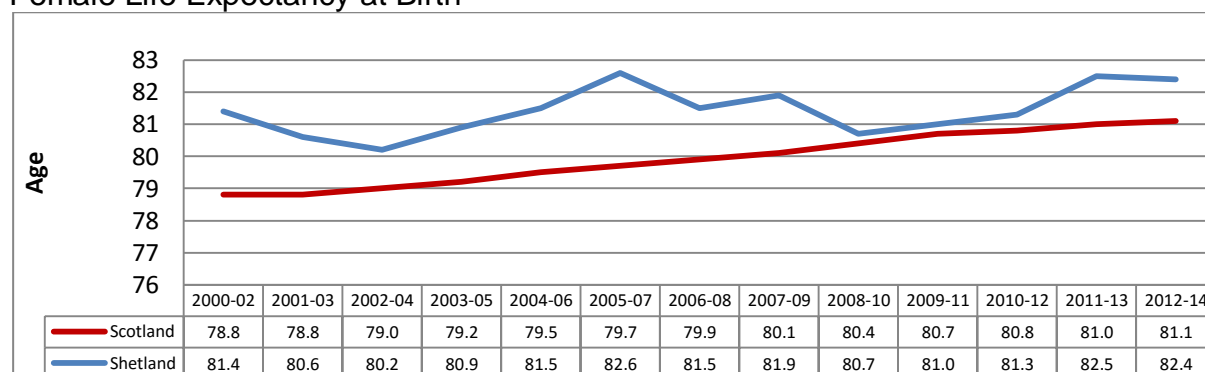
Life Expectancy at Birth (2012-2014)	Male	Female
Scotland	77.1	81.1
Shetland	77.8	82.4
Position by Health Board	10 th	5 th

Shetland's Life expectancy continues to improve for males and females and both are above the national average, as shown graphically using data from 2000-01.

Male life expectancy at birth



Female Life Expectancy at Birth



Our population is ageing fast at a rate higher than the national average and the fourth highest rate of change across Scotland's 32 local authorities.

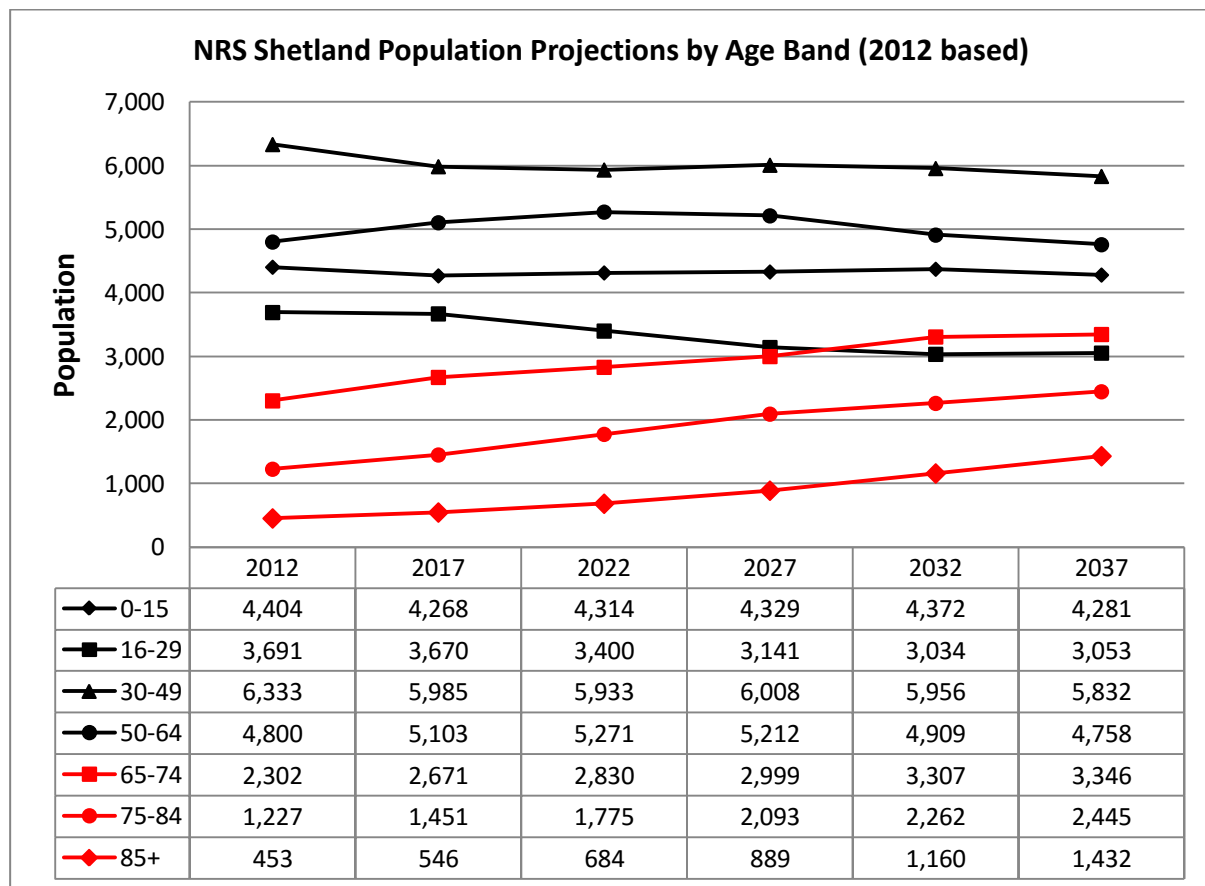
Between 2017 and 2037, the number of people in the 0-15 age bracket is predicted to remain fairly stable (4,268, 2017 to 4,281, 2037).

In the age range 16-64, which could loosely be described as the 'working age' population, the forecast suggests that the pattern will show a decrease of about 8% (14,758, 2017 to 13,643, 2037).

For people aged over 65, there is a prediction that the population will grow from 4,688 (2017) to 7,223 (2037) so nearly double the current level.

The pattern for those living to be over 85 shows an expected increase of 2.5 times the current population.

This is likely to increase demand on adult health and social care services.



The population of the majority of the outer islands has fallen. Exceptions to this are Whalsay whose population has grown and Fair Isle where the population has remained relatively stable.

Deprivation and Inequality

The standard definitions of Multiple Deprivation do not indicate any areas of concern for Shetland. However, the way in which the index is calculated does not take account of specific issues of deprivation which occur in more remote and rural areas. This was the reason that the Commission for Tackling Inequality was established.

Scottish Index of Multiple Deprivation (SIMD) 2016

[Visit the IMD Maps homepage for maps of other UK countries and additional guidance](#)

Select the overall index or a domain:

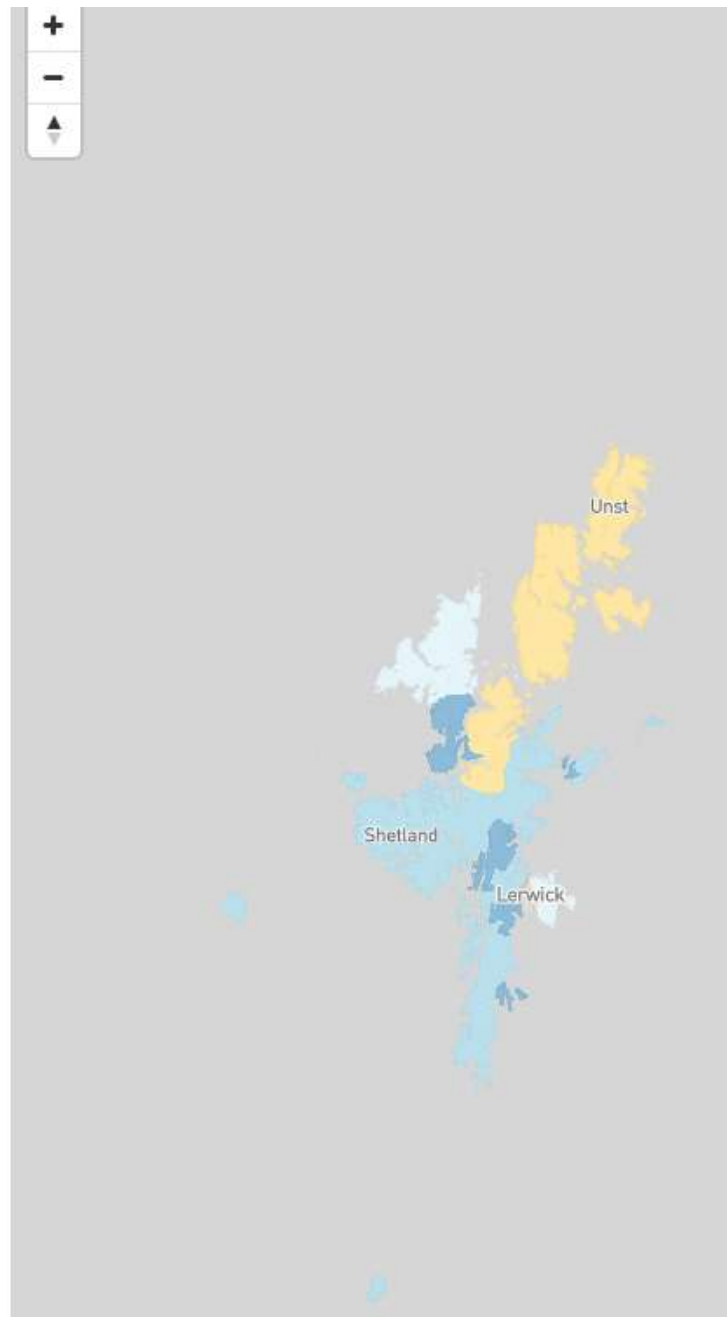
Overall SIMD
Income
Employment
Health
Education, Skills and Training
Housing
Geographic Access to Services
Crime

Opacity:

Colour scale:

10% bands (deciles)
20% bands (quintiles)
Most deprived 25%, in 5% bands

Most deprived  Least deprived



<https://jamestrimble.github.io/imdmaps/simd2016/>

The Commission on Tackling Inequalities in Shetland¹ heard evidence relating to socio-economic equalities and geography in Shetland. The Foreword states that,

“Shetland doesn’t exhibit the extreme disparities in wealth, health and other indicators that characterise some communities. Nevertheless, the evidence gathered by the Commission confirms that, in 2016, inequality is an inescapable feature of Shetland life. Some of our fellow citizens are struggling. Their circumstances differ, but lack of sufficient money to live a decent life is a common factor. The causes of their difficulties are not simple but it’s clear that a variety of influences, including changes in welfare policies, are making their position steadily more precarious.

Inequality can take many forms. It is frequently thought of as economic and characterised in terms of wealth and poverty. However, there are also

¹ On Da Level, Achieving a Fairer Shetland, Report and Recommendations from Shetland’s Commission on Tackling Inequalities, March 2016

manifestations of inequality in education, environmental quality, ethnicity, gender, geography, health, social status and in power and influence.

... those individuals and families in Shetland who are particularly vulnerable are those:

- with poor educational experiences: engagement is difficult, attainment may be low;
- unable to achieve or maintain employment;
- at risk of homelessness;
- with poor mental health;
- with chronic illness;
- with experience of substance misuse;
- not involved in their local community (this may include not attending pre-school);
- living in remote areas, where employment opportunities are limited and the cost of transport or running a private vehicle can be prohibitive.

And:

- Looked After Children;
- workless or low income households; and
- young”.

Activity Data

The tables below show the current demand for services, and any emerging trends or themes which have been identified.

Service	Description	Number of Service Users / Activity Levels	Emerging Trends																								
Adult Protection	Protection of adults who may be at risk.																										
Adult Services	<div>For Learning Disability and Autism Spectrum Disorder client, including Supported Vocational Activity (EGRC); Supported Living, Short Break and Respite; GOLD Group and Day Care; Health; Supported Employment, Training and Volunteering Opportunity and Leisure</div> <div>RESPITE NIGHTS NCL July 2017</div> <table><tr><td>Autism Spectrum Disorder 2016/17</td><td></td></tr><tr><td>Number of adults referred for assessment/ diagnosis for ASD in adulthood</td><td>18</td></tr><tr><td>Waiting list at August 2017</td><td>2 (both have undergone pre-assessment. Diagnosis anticipated to be formalised in Nov/Dec 2017)</td></tr></table>	Autism Spectrum Disorder 2016/17		Number of adults referred for assessment/ diagnosis for ASD in adulthood	18	Waiting list at August 2017	2 (both have undergone pre-assessment. Diagnosis anticipated to be formalised in Nov/Dec 2017)	<div>2016 figures—147 adults;</div> <table><tr><td>Service</td><td>Service Users at 13.9.17</td></tr><tr><td>EGRC</td><td>69</td></tr><tr><td>NCL Respite</td><td>27 (+ 3 people in transition from school)</td></tr><tr><td>NCL GOLD & Day Care</td><td>7 (GOLD) 1 (Day care)</td></tr><tr><td>Supported Living Tenants</td><td>41</td></tr><tr><td>Supported Living Outreach</td><td>3</td></tr></table> <div>RESPITE NIGHTS NCL July 2017</div> <table><tr><td>Assessed nights req'd</td><td>142</td></tr><tr><td>Nights accessed</td><td>125</td></tr><tr><td>% Uptake of entitlement</td><td>93%</td></tr></table>	Service	Service Users at 13.9.17	EGRC	69	NCL Respite	27 (+ 3 people in transition from school)	NCL GOLD & Day Care	7 (GOLD) 1 (Day care)	Supported Living Tenants	41	Supported Living Outreach	3	Assessed nights req'd	142	Nights accessed	125	% Uptake of entitlement	93%	<div>52 Children in education between 5 - 16 recorded with LD or ASD; 21 Children between 16 – 19 years in education at Stage 3 of intervention With increased birth survival rates and increased longevity, the population of people with a learning disability and autism spectrum disorder grows larger and will experience issues associated with (complex) medical conditions and older age (ie. dementia; menopause; etc).</div> <div>Emerging risk – the number of carers reaching older age and continuing to provide care to adult children with disability.</div>
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Adult Social Work	Adult Support and Protection, Community Care Assessments, Mental Health Interventions.	220	
	Number of Social Work Assessments Number of With You For You Assessments Specific Assessments: Eg Dementia	841(2016) 274 (2016)	
Community Care Resources	Overall number of clients Of whom, aged >65 Care at Home: Clients receiving personal care Clients receiving domestic care Intensive home care as an alternative to residential care	306 (Dec 2016) 284 (Dec 2016) 223 171 72	Shetland's Older People's Strategy evidences the demographic changes that Shetland is facing with an ageing population, increasing prevalence of long term conditions and increasing multiple morbidity. The service is seeing an increase in requests for carer support, particularly respite care and day care. The service is seeing unmet need in day care provision and its ability to respond to immediate unscheduled care. Difficulties with recruitment and retention in some areas. Levels of
	Residential Care Number of permanent beds Permanent Occupancy Percentage (September 2016) Waiting List for Residential Care (September 2016)	117 75% 15	
	Respite Care and Short Breaks Number of respite beds Respite Occupancy Percentage (September 2016)	29 156%	
	Overall Care Home occupancy	Measured Monthly	
	Day Care No of available places Utilisation Rates Waiting Lists	78	

			Dependency??
	Direct Payments No Direct Payments		
Community Nursing	District Nurses, Practice Nurses, Advance Practitioner Nurses, Specialist Nurses, Non Doctor Islands, Out of Hours and Intermediate Care Team	33,000	
Criminal Justice	Assessment and Supervision of Offenders, court reports, rehabilitation.	175	<p>Overall people feel safe and crime rates are relatively low.</p> <p>There has been a significant increase in the number of Supervision and Unpaid Work requirements compared to the previous years.</p> <p>Over the past year we have seen an increase in offences that involve violence, domestic abuse, sexual offences and public disorder and we are working with partners to ensure our joint working processes remain effective.</p> <p>Supervision and Unpaid Work Requirements remain the</p>

			most frequently used disposals and this allows the service to work in a proactive manner with offenders.
Domestic Abuse	Advice, support and counselling for women and families affected by domestic abuse. Refuge accommodation	477	
Intermediate Care	Reduce unplanned admissions to hospital or long term care, enhance discharge planning from hospital		
Mental Health	Community Psychiatry Services, Community Psychiatric Nursing Service, Psychological Therapies Service, Substance Misuse Recovery Service, Dementia Services.	220 patients with CMHT 178 within SMRS (79 Drugs the rest alcohol) 7 under the Mental Health Act	Prevalence increasing. Key priority for the Shetland Partnership in the Local Outcome Improvement Plan (LOIP) and Tackling Inequality is around loneliness and stigma.
Oral Health	Primary Dental Care will be provided predominantly through independent NHS practices. Public Dental Service will cover: special needs; remote and rural; public health; oral health promotion; specialist services.	23,076 (approximate, services are delivered to all Shetland residents, plus temporary residents e.g. People on holiday, cruise ships etc)	
Pharmacy and Prescribing	Community Prescribing Services	23,076 (approximate, services are delivered to all Shetland residents, plus temporary residents e.g. People on holiday, cruise ships etc)	Realistic Medicine Culture and Behaviours Systems and Efficiencies; avoid wastage.
Primary Care	GP Services and Ophthalmic Services (Pharmacy and Dental included elsewhere)	23,076 (approximate, services are delivered to all Shetland	Increased number of residents with

		<p>residents, plus temporary residents e.g. People on holiday, cruise ships etc)</p>	<p>long term conditions (asthma, diabetes, high blood pressure); increased numbers of frail elderly in the community requiring additional support to remain at home.</p> <p>Analysis of Lerwick Health Centre appointments alone has shown that the number of GP and ANP appointments increased by 26% from 23,773 in 2014-15 to 29,933 in 2015-16.</p> <p>Difficulty with recruitment and retention in some areas; reliance on locum cover.</p> <p>Realistic Medicine</p>
Substance Misuse	Information and advice, screening and referrals, treatment, residential treatment (outwith Shetland) and aftercare	<p>200 in Substance Misuse Recovery Service</p> <p>12 in the Employability Pathway (Bike Project)</p>	<p>People living longer with long term health and social needs caused by drug misuse</p> <p>Rapidly changing landscape due to new psycho-active</p>

			<p>substances (such as legal highs / research chemicals).</p> <p>Alcohol continues to be the most significant cause of social, health, financial issues which individuals/ families and communities face (key priority in the LOIP).</p> <p>When comparing against Scotland the male prevalence of problem drug use in Shetland is significantly worse</p>
Speech and Language Therapy	Treatment, support and care for adults who have difficulty with communication, or with eating, drinking or swallowing (eg from stroke, injury, disease, dementia, cancer, learning or physical disabilities, stammering)	1,773 (of whom 34 with learning disabilities)	
Nutrition and Dietetics	Diabetes; Gestational, Gastro Intestinal and Weight Management; Eating Disorders; Cancer; Weight Loss; Gastrostomies; PEG and Nasogastric Feeds; protein requirements.	699 349 Referrals	
Occupational Therapy	Advice and Information; Assessment and Treatment; Rehabilitation; Home Adaptations; Specialist Equipment; Electronic Monitoring Equipment in	437(NHS) No data available (SIC)	

	Homes		
Orthotics	Avoiding pain, return on function, preventing deformity and protecting 'at risk' body parts.	1,577 766 Referrals	
Physiotherapy	Help to restore movement and function when someone is affected by injury; illness or disability.	7,338 2680 Referrals	Increase year on year of 35% since 2010.
Podiatry	Routine podiatry; nail management and surgery; vascular and neurological assessment and screening; MSK assessment and orthoses prescriptions, footwear advice; fall prevention advice; diabetic assessment and screening; wound care.	4,103 686 Referrals	
Unpaid Carers		190	

Performance

Shetland's performs well in many areas, against peer group comparators and the Scottish average. Some areas worth highlighting are:

- Shetland is the best in Scotland for the percentage of the last six months of life spent at home or in a community setting
- The percentage of adults with intensive needs receiving care at home is well above the Scotland average.
- The emergency admission to hospital rate is lower than the Scottish average
- The rate of emergency bed days is also low indicating fewer days are spent in hospital after an emergency admission.
- The readmission rates to hospital within 28 days of discharge is low, indicating that services are working at discharging people when they are ready and then keeping them in the community thereafter.

Performance against National Health and Wellbeing Outcomes

Indicator	Shetland	Peer Group Average	Scotland
1. Percentage of adults able to look after their health very well or quite well. (2015-16)	95%	95%	94%
2. Percentage of adults supported at home who agree that they are supported to live as independently as possible. (2015-16)	78%	86%	84%

3. Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided. (2015-16)	81%	80%	79%
4. Percentage of adults supported at home who agree that their health and care services seemed to be well co-ordinated. (2015-16)	60%	77%	75%
5. Percentage of adults receiving any care or support who rate it as excellent or good. (2015-16)	79%	83%	81%
6. Percentage of people with positive experience of care at their GP practice. (2015-16)	89%	90%	87%
7. Percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life. (2015-16)	84%	87%	84%
8. Percentage of carers who feel supported to continue in their caring role. (2015-16)	54%	45%	41%
9. Percentage of adults supported at home who agree they felt safe. (2015-16)	79%	86%	84%
11. Premature mortality rate (per 100,000 population) (2015)	407		441
12. Rate of emergency admissions for adults. (per 100,000 population) (2016-17)	9,566		12,037
13. Rate of emergency bed days for adults. (per 100,000 population) (2016-17)	69,612		119,649
14. Readmissions to hospital within 28 days of discharge. (per 1000 population) (2016-17)	65		95
15. Proportion of last 6 months of life spent at home or in community setting. (2016-17)	94%		87%
16. Falls rate per 1,000 population in over 65s. (2016-17)	20		21
17. Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections. (2015-16)	84%		83%
18. Percentage of adults with intensive needs receiving care at home. (2015-16)	73%		62%
19. Number of days people spend in hospital when they are ready to be discharged. (per 1,000 pop) (2016-17)	528		842
20. Percentage of total health and care spend on hospital stays where the patient was admitted in an emergency. (2016-17)	13%		23%

Note: using latest available data; some national surveys are only undertaken every 2 years.

The Scottish Government has asked that Shetland Islands Health and Social Care Partnership, along with all other partnerships, pay particular attention to the following indicators:

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

Shetland continued to perform well across all categories, recording 'first in Scotland' on four of the eight key performance indicators.

Current Performance

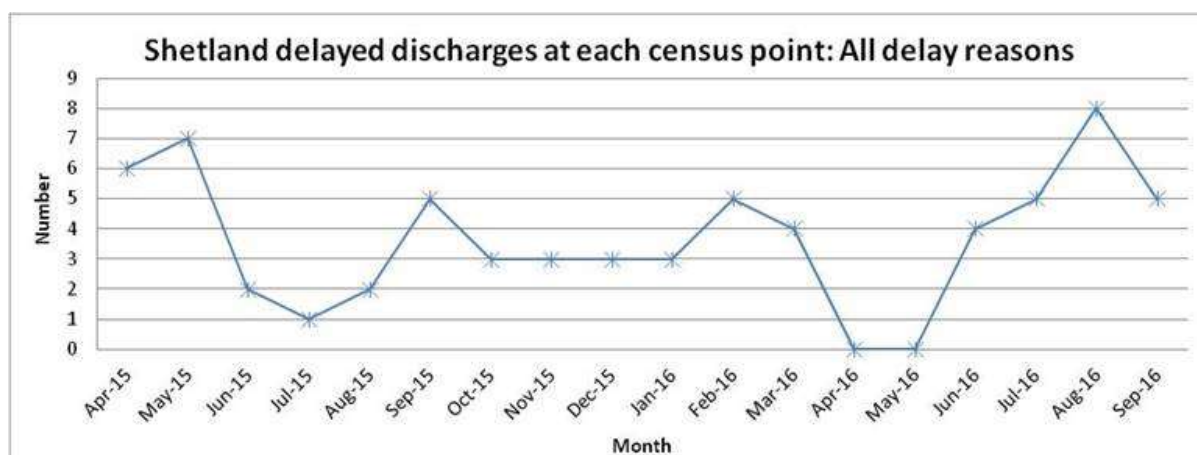
Place in
Scotland

Unplanned admissions 2015-16 unplanned admission rates 75+ all specialities	First
Occupied bed days for unscheduled care 2015-16 unplanned bed day rates 75+ all specialities	Second
A&E Attendance rate per 1,000 population 2015-16	Twelfth
A&E % seen within 4 hours, November 2016:	Fifth
Delayed Discharge Census November 2016 Standard Delays over 3 days, by type of delay	First
Proportion of the last six months of life spent at home or in a community setting for people who died in 2015-16	First
2015-16 Bed Days in the last six months of life by partnership	First
2014-15 Balance of Care 75+ by Intensive Care at Home; Care Home and Hospital	Eleventh

Delayed Discharge

There is a measure for the total number of people waiting to be discharged from hospital into a more appropriate care setting, once treatment is complete, excluding complex needs codes.

The actual number of delayed discharges from April 2015 to September 2016 is shown graphically below. The highest number in that time period was 8 which, occurred in August 2016. (UPDATE)



Summary of Key Issues

The population is aging rapidly and it is therefore likely that demand for adult health and care services will increase.

Continued investment in preventive service is paramount to managing growth in demand, alongside supporting existing need.

The working age population is predicted to reduce.

There is difficulty in recruiting to some jobs, in some areas.

Ageing can be an indicator for a potential associated rise in conditions such as sensory impairments, mental ill-health, hypertension, asthma, diabetes, dementia and multiple chronic disorders.

Deprivation and inequality is multi-dimensional, with key factors to consider including the cost of living, loneliness and stigma.

Overall crime rates and perception of likelihood of crime is low.

Alcohol continues to be the most significant cause of social, health, financial issues which individuals, families and communities face.

When comparing against Scotland the male prevalence of problem drug use in Shetland is significantly worse.

High Resource Individuals consume a significant proportion of health resources.

Ninety two percent of all homecare delivered in 2016 was for adults aged 65 and above. Take up of Direct Payments (including self directed support) continues to grow.

The use of Community care alarms and Telecare packages continues to grow.

There are 190 identified unpaid adult carers.

Priority Areas

From the evidence provided so far, there is a need to focus on positive impacts for the following targeted groups:

- individuals with long term conditions; helping them to better help themselves and using minimally disruptive interventions
- individuals with assessed community care and identified health needs; working to integrate health and care services around their needs in multi-disciplinary teams
- individuals requiring hospital appointments; better co-ordination of care and avoidance of unnecessary travel
- individuals who face health inequality; by working to bridge the gap in health outcomes caused by social, geographical, biological or other factors
- individuals who fall within the priorities services identified through the Local Outcome Improvement Plan (currently being updated):
 - reduce the percentage of adults who smoke
 - reduce premature mortality from Coronary Heart Disease among under 75s
 - increase physical activity levels
 - reduce obesity levels
 - address issues associated with mental health, wellbeing and resilience
 - promote suicide prevention
 - recognise and respond to public protection issues e.g. domestic violence
 - reduce harm caused by alcohol; and

- address issues caused by substance misuse

Locality Issues

The key issues with regard to delivering health and care services in each locality are:

North Isles

Primary Care – current GP Recruitment and Retention issues, sustainable Primary Care Provision, Dental Provision, Out of Hours services, Community Nursing on Non Doctor islands
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable
Sustainable care models and, in particular, the building issues for Isleshavn Care Centre

Whalsay and Skerries

Primary Care – Sustainable Primary Care arrangements, Out of Hours services, Community Nursing on Non Doctor islands
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable

North Mainland

Primary Care - Sustainable primary care arrangements
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable

West Mainland

Primary Care - Sustainable primary care arrangements, Community Nursing on Non Doctor islands
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable

Lerwick and Bressay (including services provided on a Shetland-wide basis)

Ensuring that we deliver the best and most appropriate balance of specialist services in Shetland (e.g. models for hospital and specialist services in Shetland versus mainland service provision)
Primary Care – Lerwick Health Centre demand and capacity management
Community Nursing on non doctor islands, intermediate care team

South Mainland

Primary Care – community nursing on Non Doctor Islands
Using technology to ensure that access to specialist services (e.g. in a hospital setting) is equitable and achievable

The Scottish Government, Strategic Commissioning Plans

An overview of strategic commission plans by Integration Authorities 2016-19, 2016

A Self Evaluation of Shetland Islands Health and Social Care Partnership against the key findings, September 2017

Key Messages	Self Evaluation
<p>OVERVIEW</p> <p>Functions of strategic commissioning plans include setting the vision and direction of travel, providing a means of communication, promoting effective and on-going engagement, building consensus, making linkages across a range of plans, services, different parts of the system, sectors and people, and determining strategic priorities.</p>	<p>Partially met; we could do better at using the plan as a means of communication and building consensus (particularly around challenging decisions).</p>
<p>All Partnerships completed strategic commissioning plans by 1st April 2016 and these are high level and strategic. Further work is needed in a few plans and in supporting implementation plans to raise the scale of ambition and the pace at which it will be achieved, but most are aiming high.</p>	<p>Partially met. Implementation Plans could be strengthened.</p>
<p>All plans include a list of functions that have been delegated by the Local Authority and by the NHS Board. A number of plans use tables and graphics to good effect in order to communicate this information.</p>	<p>Partially met. Our Plan could make better use of graphics to tell the story.</p>
<p>The reach and quality of engagement in the development of strategic commissioning plans is comprehensive and generally of good quality across Scotland. Strong engagement and working on a co-production basis needs to become the norm, not just in agreeing the vision and setting direction. This is emerging in a number of the Partnerships.</p>	<p>Partially met. Whilst the drafts of the plan were consulted on with a number of staff groups, it was not prepared using coproduction principles and the focus was primarily on staff consultation.</p>
<p>Some plans describe how the Partnership is working with the Community Planning Partnership (CPP). This will ensure a common approach between key public sector agencies and optimise opportunities for joint work on shared priorities.</p>	<p>Partially met. Could explain the links better, especially with regard to key outcomes.</p>
<p>Strategic Planning Groups have been established in each Partnership but this is not well covered in many of the strategic commissioning plans and should be given more prominence in subsequent iterations.</p>	<p>Agreed.</p>
<p>Accessibility of plans and accompanying documents was generally good but there were sometimes difficulties in locating these. Scottish Government is currently working with a small number of Partnerships to identify good practice in engagement strategies, including publishing documents and improving accessibility.</p>	<p>The latest version of the Plan has not yet been uploaded onto the IJB web-site; available on SIC and NHS websites in Board papers.</p>
<p>All Partnerships have undertaken a strategic needs assessment that considers needs, population dynamics and projections, service activity, supply and demand and gaps in provision to inform their strategic commissioning plan. Some are being further developed.</p>	<p>Ours is not documented as fully as it could be, for example, see Orkney Health and Care: http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/2016/29-06-2016/I11_03_App1_Draft_JSNA.pdf</p>

Key Messages	Self Evaluation
Some plans include Market Facilitation Plans, and it is essential that these are completed in all Partnerships. Third and independent sector partners and procurement staff should actively participate in the development of these plans.	A Market Facilitation Plan is being developed.
Strategic commissioning plans do not deal with procurement arrangements. Effective procurement of care and support services is a crucial aspect of strategic commissioning and Partnerships must plan for how this will be developed and improved, using best available evidence and guidance for implementing new approaches.	Noted, and is linked to the Market Facilitation Plan.
There is little evidence that data from the third and independent sectors is included in strategic needs assessments. This is an area for development and work is underway through Source and in some Partnerships to address this.	Noted, of limited impact in Shetland due to most services being directly provided.
A brief analysis of deprivation in the Partnership's population is a particular feature of some plans. Deprivation constitutes a serious issue for many parts of Scotland and its impact should be considered in plans. Tackling health inequality is a strategic priority in almost all plans. This needs further development in some plans in order to move beyond identifying the issues to what action will be taken, often acting in collaboration with others such as community planning partners.	Agreed. We could do more to set out the actions to be taken (linked to the 'On Da Level' Action Plan).
A number of plans include equality impact assessments and outline the work the Partnership is doing to develop and publish equality outcomes. All Partnerships must publish robust Equality Outcomes and undertake an Equality Impact Assessment to ensure they are meeting their statutory obligations.	Noted; we could be more explicit about the outcomes we are hoping to achieve.
All plans identify strategic priorities and there are a number that are broadly consistent across Partnerships. Where Partnerships have children's services and community justice social work services delegated, specific strategic priorities relating to these services are included	Noted.
Plans contain varying levels of financial information. To assist with the production of Annual Financial Statements in future years, the Scottish Government has published an advice note on the scope of these and what they should contain (http://www.gov.scot/Publications/2016/09/1985). We will also work with COSLA to produce a suggested pro-forma that will be issued in late Autumn of 2016.	Noted.

Key Messages	Self Evaluation
<p>The financial impact of re-modelling services is not considered in many plans nor is the method made clear for how decisions will be made about the allocation of resources. This has been challenging for Partnerships to do ahead of finalising budgets and is an area for development across plans. To assist Partnerships with work required on prioritisation, the Scottish Government has published an advice note on the key characteristics that should be incorporated in this process (http://www.gov.scot/Publications/2016/09/9980).</p>	<p>Agreed; this is a key challenge and one that is part of the Organisational Issues part of the Transformational Change Programme Board (decision making arrangements, including where and how investment and disinvestment decisions get made).</p>
<p>An area requiring specific attention is the financial planning for the sum set aside for hospital services. The Scottish Government is working with Partnerships, Health Boards and Local Authorities to draft guidance on good practice for budget setting, so that the processes will be better aligned for 2017/18.</p>	<p>Noted; this is on the work programme for the Local Partnership Finance Team.</p>
<p>The number of localities in each Partnership ranges from two to nine. The size of localities ranges from a large urban population of 219,422 to a small island population of just 1,264. In all, 128 localities have been established in Partnerships to take forward work on a local basis. Further work is required across Partnerships to fully develop their locality arrangements and maximise the potential of the structured involvement of communities, and local professionals in planning and decision making.</p>	<p>Noted; we could do more in using the planning process for the 'structured involvement' of key stakeholders (including staff) in each area.</p> <p>We are trialling this with the North Isles Health and Care project.</p>
<p>Some plans contain a high level summary of workforce issues. It is imperative that emergent integrated workforce plans carefully consider and seek to address the panoply of issues for staff in health and social care services, including in the third and independent sectors.</p>	<p>Noted; there is a specific requirement from the National Health and Care Delivery Plan to produce a joint workforce plan which could be referenced in the Planning process.</p>
<p>Many plans emphasise the key role of primary care services in health and social care integration. Some explore the need to develop stronger and more innovative links with primary care, where most patient contact takes place. All plans identify GPs and primary care as a key component of local service delivery and locality planning.</p>	<p>Noted.</p>
<p>A number of plans clearly outline the relationship between the Partnership and acute care and identify the Partnerships' statutory role in strategic planning for emergency care services delivered in acute hospitals. In some plans, responsibility for planning for the emergency care pathway is low key and not well covered. Future iterations must pay more attention to this.</p>	<p>Noted; this has been highlighted as an issue at recent national conferences and is being addressed through the clarification of financial processes as well (through the Local Partnership Finance Team).</p>

Key Messages	Self Evaluation
<p>Housing is recognised in most plans as a key component of effectively shifting the balance of care from institutional care to community based services and supports. Some plans contained information on the local Housing Plan and its fit with health and social care delivery. Just over half of plans contain a housing contribution statement.</p>	<p>Noted; our Plan includes a Housing Contribution Statement.</p>
<p>All partnerships have developed a performance framework that includes national and local outcomes and measures. Where appropriate, performance frameworks include children's outcomes and criminal justice outcomes as well as the National Health and Wellbeing Outcomes. Although not a requirement, first iterations of performance reports have been published by Partnerships established last year.</p>	<p>Noted; these arrangements are in place and the annual performance report has been approved and published.</p>

ENDS