

# Shetland Islands Health and Social Care Partnership

 Shetland NHS Board	 Shetland Islands Council
Enquiries to      Leisel Malcolmson, Committee Officer Direct Line:      01595 744599 E-mail:            leisel.malcolmson@shetland.gov.uk	
8 June 2018	

Dear Member

## IJB Audit Committee

**Wednesday 20 June 2018 2018 at 2pm**

**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: E Macdonald  
Vice-Chair: S Manson

## AGENDA

ITEM	
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.
C	Confirm minutes of meeting held on 27 February 2018 (enclosed).
1	Unaudited Accounts 2017/18 CC-31
2	Internal Audit Report 2017/18 CC-30
3	Chief Internal Auditor - Annual Report 2017/18 / Planned Work 2018/19 CC-27
4	IJB Audit Committee Business Programme 2018/19 CC-28
5	Date of Next and Future meetings: The venue for all meetings is the Bressay Room, NHS HQ, Burgh Road, Lerwick.  Friday 21 September 2018 10am Thursday 8 November 2018 2pm Thursday 28 February 2019 at 10am



Shetland Islands Council

**MINUTES - PUBLIC**

<b>Meeting</b>	Integration Joint Board Audit Committee
<b>Date, Time and Place</b>	Wednesday, 27 February 2018 at 2.30pm Bressay Room, NHS Shetland HQ, Burgh Road, Lerwick
<b>Present [Members]</b>	<u>Voting Members</u> Natasha Cornick Shona Manson Emma Macdonald  <u>Non-Voting Members</u> Simon Bokor-Ingram, IJB Chief Officer Karl Williamson, IJB Chief Financial Officer
<b>In attendance [Observers/Advisers]</b>	Crawford McIntyre, Chief Internal Auditor for IJB Leisel Malcolmson, Committee Officer, SIC <i>[note taker]</i>
<b>Apologies</b>	<u>Voting Members</u> Robbie McGregor  <u>Non-Voting Members</u> None  <u>Observers/Advisers</u> None
<b>Also</b>	Karlyn Watt, Deloitte (by Teleconference)
<b>Chairperson</b>	Emma Macdonald, Chair of the IJB Audit Committee, presided.
<b>Declarations of Interest</b>	None
<b>Minutes of previous meetings</b>	The minutes of the meeting held on 25 October 2017 were confirmed.
<b>1/18</b>	<b>Annual Audit Plan 2017/18</b>
<b>Report No. F-015-F</b>	The IJB Audit Committee considered a report by the IJB Chief Financial Officer, which presented the planned audit work by the IJB's external auditors, Deloitte LLP, for the 2017/18 financial year; the second year of a five-year appointment.

The Chief Financial Officer introduced the report and Ms Watt from Deloitte reported on the key areas in the Audit Plan and on areas where updates on progress would be made in a report in September 2018. Ms Watt explained that Audit Scotland had set specific requirements for Deloitte to look at across the NHS and IJBs and pages 22 and 24 of the Appendix provided a high level summary of that wider scope requirements.

The Chief Officer advised of a national piece of work that Audit Scotland were looking for involvement from four partnerships across Scotland and that Shetland was likely to be one of that four. It was noted that the NHS Audit Committee had also been asked to take part in that national work.

The question was raised as to whether there was a need to present the Annual Audit Plan to the IJB to keep Members informed. Following discussion it was agreed that a briefing to IJB Members be provided including a copy or link to the full report.

Reference was made to the training/development of Audit Committee Members of both the NHS and the Council. Officers were asked if there was a means for Members of the IJB Audit Committee, who do not sit on either organisation's Audit Committee, to be trained. Ms Watt and the Chief Internal Auditor advised of training and written information that could be developed with involvement from the Chief Officer and the Executive Manager – Governance and Law for the benefit of IJB Audit Members.

The Committee acknowledged the increase in the audit fee that had been implemented across all IJBs. The Chief Financial Officer said that this increase had been queried and he would provide an update when further information is received.

In responding to a question in regard to the change in Data Protection regulations the Chief Officer advised that both the Council and the NHS were working towards compliance with the new General Data Protection Regulations and consideration would be given to what may be required of the IJB information through that process.

During discussion, the Chief Financial Officer commented that the delay in progressing the refresh of the Joint Strategic Commissioning Plan and that an update would follow after the scenario planning process. He advised of the intention to present the update at the June meeting of the IJB.

The Chair thanked Ms Watt for attending the meeting.

	<p><b>Decision:</b> The Committee NOTED the contents of the Audit Plan 2017/18 for Shetland Islands Integration Joint Board (Appendix 1) from its external auditors, Deloitte LLP.</p>
<b>2/18</b>	<b>IJB Audit Committee Business Programme 2018/19</b>
<b>Report No. CC-05-18 F</b>	<p>The IJB Audit Committee considered a report by the IJB Chief Officer, which informed the IJB Audit Committee of the planned business to be presented over the financial year to 31 March 2019, and discuss with Officers any changes or additions required to that programme.</p> <p>The IJB Chief Officer introduced the report.</p> <p>During the discussion the Chief Financial Officer referred to page 11 of the Annual Audit Plan, presented at item 1 on the agenda, and advised that both the Chair of the IJB and the NHS Director of Finance had requested that the “NHS in Scotland” document and the “Local Government in Scotland: Financial Overview 2017” report be presented to the IJB Audit Committee for consideration. The Committee acknowledged that the only purpose for presenting these documents would be to make Members aware of their existence. It was therefore agreed, as an alternative, that the links to these two documents should be included within the briefing to IJB Members allowing them to appraise themselves of the documents.</p> <p><b>Decision:</b> That the IJB Audit Committee RESOLVED to consider and approved its business planned for the financial year to 31 March 2019.</p>
<b>3/18</b>	<b>Date of Next &amp; Future meetings:</b>
	<p>Wednesday 20 June 2018 at 2pm Friday 21 September 2018 10am Thursday 8 November 2018 2pm Thursday 28 February 2019 at 10am</p> <p>The venue for all meetings is the Bressay Room, NHS HQ, Burgh Road, Lerwick.</p>

The meeting concluded at 3.05pm

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CHAIR





# Shetland Islands Council

Agenda Item

**1**

<b>Meeting(s):</b>	Integration joint Board Audit Committee Integration Joint Board (IJB)	20 June 2018 20 June 2018
<b>Report Title:</b>	Unaudited Accounts 2017/18	
<b>Reference Number:</b>	CC-31-18-F	
<b>Author / Job Title:</b>	Karl Williamson/IJB Chief Financial Officer	

## **1.0 Decisions / Action required:**

- 1.1 That the IJB Audit Committee and Integration Joint Board:
- CONSIDER the 2017/18 Unaudited Annual Accounts for the Shetland Integration Joint Board (Appendix 1) and;
  - CONSIDER the information at section 4.0 that highlights the key issues from the 2017/18 accounts.
- 1.2 That the IJB Audit Committee and Integration Joint Board approves the Annual Governance Statement 2017/18 that forms part of the accounts (Appendix 1).

## **2.0 High Level Summary:**

- 2.1 The Local Authority Accounts (Scotland) Regulations 2014 require the IJB to prepare and publish a set of accounts, including an annual governance statement, by 30 June each year.
- 2.2 The draft accounts are then required to be formally considered by the IJB and IJB Audit Committee no later than 31 August 2018 and the Annual Governance Statement should be formally approved at this time.
- 2.3 The accounts are then submitted to Deloitte for external audit by 30 September 2018. The audited accounts will be presented to the IJB and IJB Audit Committee on 21 September 2018.

## **3.0 Corporate Priorities and Joint Working:**

- 3.1 The annual accounts is a key element of the IJB's overall governance and reporting arrangements and helps to assess its ability to provide best value and deliver its priorities as outlined in the Strategic Commissioning Plan.

## **4.0 Key Issues:**

- 4.1 The unaudited accounts include the following primary financial statements:
- Comprehensive Income and Expenditure Statement – this shows the accounting cost in the year of providing services in accordance with generally accepted practices (GAAP).
  - Balance Sheet – this shows the value of all assets and liabilities recognised by the IJB. The net assets of the IJB stand at £364k as at 31 March 2018.
- 4.2 The Management Commentary provides an overview of the most significant matters in the Accounts the key points are summarised for members' consideration below:
- The IJB made an accounting surplus of £0.239m in 2017/18, due to underspend in the year of Scottish Government Additionality Funding which will be carried forward

into 2018/19;

- The IJB oversaw service strategic initiatives and activities, building on work from previous years. These were the extension of the work on the Intermediate Care Team, approval of a new Strategy for Autism Spectrum Disorder from 2016-2021 and the continued roll out of the Fall Prevention programme.
- Several key service changes have happened or continued in the year, including work to review and redesign mental health services, a review of services for adults with learning disabilities and autism and investment in community pharmacists to enable patents with complex or multiple prescriptions to make sure their medicines are well managed.

5.0 Exempt and/or confidential information:		
5.1 None.		
6.0 Implications :		
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:	The Local Authority Accounts (Scotland) Regulations 2014 require IJB members to consider the unaudited accounts at a meeting to be held no later than 31 August.	
6.5 Finance:	The accounts form part of the annual performance cycle which aids members in establishing their view on whether the objectives of the Strategic Commissioning Plan have been achieved.	
6.6 Assets and Property:	None	
6.7 ICT and new technologies:	None	
6.8 Environmental:	None	
6.9 Risk Management:	The annual accounts are subject to external audit by 30 September 2018, in order to mitigate risk of material misstatement.	
6.10 Policy and Delegated Authority:	The IJB Committee are to consider the IJB Annual Accounts before submission and approval by the IJB, as set out in Section 5.2 of its Terms of Reference.  Approval of the annual accounts of the IJB is a matter reserved to the IJB, as set out in Section 6 of its Scheme of Administration.	
6.11 Previously considered by:	N/A	



**Contact Details:**

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Chief Financial Officer  
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20 June 2018

**Appendices:**

*Appendix 1: Shetland Integration Joint Board Draft Annual Report and Accounts 2017/18  
(Including Annual Governance Statement)*

**Background Documents:** *The Local Authority Accounts (Scotland) Regulations 2014*



# Unaudited Annual Accounts **2017/18**



Shetland Islands  
Integration Joint Board

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## Introduction

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

### The Parties:

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

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

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

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

### Voting Members:

- Mr C Smith (Chairperson) – Resigned 4 May 2017
- Mr A Duncan (Vice Chairperson)
- Ms E MacDonald (SIC Member) – Appointed 18 May 2017
- Ms Shona Manson (NHS Shetland) – Appointed 6 September 2017
- Ms Natasha Cornick (NHS Shetland) – Appointed 6 September 2017
- Mrs M Williamson (Chairperson)
- Mr R McGregor (SIC Member) – Appointed 17 January 2018
- Mrs E Watson (NHS Shetland) – Temporary voting membership ended 6 September 2017

- Mr M Burgess (SIC Member) – Resigned 9 January 2018
- Mr T Morton (NHS Shetland) – Resigned July 2017

### Non-Voting Members:

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

### Post Year End Changes to Voting Membership

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

# Management Commentary

The purpose of the Management Commentary is to inform all users of these Accounts and help them to understand the most significant aspects of Shetland Islands Health and Social Care Partnership's financial performance for the year 1 April 2017 to 31 March 2018 and its financial position as at 31 March 2018.

## Background

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

The Public Bodies (Joint Working) (Scotland) Act was granted royal assent on 1 April 2014. Shetland Islands Council (SIC) and the Board of NHS Shetland (NHSS) took the decision that the model of integration of health and social care services in Shetland would be the Body Corporate, known as an Integrated Joint Board (IJB).

Under the Body Corporate model, 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 NHSS. 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 Strategic Commissioning Plan 2017 -2020 on 10 March 2017.

## Purpose and Objectives

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

## National Health and Wellbeing Outcomes

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



The following objectives were set out in the Strategic Commissioning Plan 2017 - 2020:

- 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

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

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

- The extension of the work of the Intermediate Care Team to deliver good outcomes for people moving from a period in hospital back to their home, or a community setting;

- Autism Spectrum Disorder, through the approval of a new Strategy from 2016-2021; and
- Falls Prevention, through approval to utilise IJB Reserve over the next three years to extend the reach of the pilot project into all areas of Shetland.

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

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

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

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

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

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

Some areas worth highlighting are:

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

The operational management team had a continued challenge to find further efficiencies within the IJB budgets and considerable pressures remain, which will require continued attention in 2018/19 and beyond in order to achieve a balanced position.

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

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

## Primary Financial Statements

The Annual Accounts detail Shetland Health and Social Care Partnership's transactions for the year and its year-end position as at 31 March 2018. 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 Comprehensive Income and Expenditure Statement and the Balance Sheet. These Statements are accompanied by Notes to the Accounts which set out the Accounting Policies adopted by the Partnership and provide more detailed analysis of the figures disclosed on the face of the primary financial statements.

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

The primary financial statements and notes to the accounts, including the accounting policies, form the relevant 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, agreed by IJB members on 28 June 2016, sets out the functions that have been delegated by the Parties and the associated indicative budgets for 2017/18.

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

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

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

The Integration Scheme states that where there is a planned, forecast underspend on an element of the operational budget due to agreed changes in



line with the Strategic Plan, this will be retained by the IJB to either fund other service areas in-year in line with the Strategic Plan or be carried forward to fund services in subsequent years of the Strategic Plan. However, any windfall under spend will be returned to SIC and/or NHSS in line with the budget allocation for the year.

The surplus of £0.239m represents the underspend in the year of Scottish Government Additionality Funding allocations agreed by the IJB to each of the Parties. This funding will be carried forward and the IJB can then make decisions on how best it can be utilised to further

its objectives, in line with its Joint Strategic (Commissioning) Plan.

The outturn position at 31 March 2018 is an overall deficit of £2.392m (2016/17: £0.939m), which represents an underspend in relation to services commissioned from SIC of £0.446m and an overspend in relation to services commissioned from NHSS of £2.838m. The £2.392m deficit (which includes 'set aside budget') is detailed in Row 3 in the following table.

## Financial Transactions 2017/18

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

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

The following table shows the IJB's financial position and is broken down by service area, with the main reasons for significant variances explained below.

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	1,429	661	-	2,090	1,644	619	-	2,263	(215)	42	-	(173)
Substance Misuse	402	223	-	625	372	196	-	568	30	27	-	57
Oral Health	3,317	-	-	3,317	3,248	-	-	3,248	69	-	-	69
Pharmacy & Prescribing	5,793	-	556	6,349	5,810	-	536	6,346	(17)	-	20	3
Primary Care	4,497	-	-	4,497	5,318	-	-	5,318	(821)	-	-	(821)
Community Nursing	2,669	-	-	2,669	2,710	-	-	2,710	(41)	-	-	(41)
Directorate	94	551	-	645	(9)	232	-	223	103	319	-	422
Pensioners	-	79	-	79	-	76	-	76	-	3	-	3
Sexual Health	-	-	44	44	-	-	46	46	-	-	(2)	(2)
Adult Services	54	5,171	-	5,225	47	5,103	-	5,150	7	68	-	75
Adult Social Work	-	2,520	-	2,520	-	2,397	-	2,397	-	123	-	123
Community Care Resources	-	10,972	-	10,972	-	11,277	-	11,277	-	(305)	-	(305)
Criminal Justice	-	27	-	27	-	16	-	16	-	11	-	11
Speech & Language Therapy	71	-	-	71	72	-	-	72	(1)	-	-	(1)
Dietetics	104	-	-	104	97	-	-	97	7	-	-	7
Podiatry	223	-	-	223	218	-	-	218	5	-	-	5
Orthotics	140	-	-	140	120	-	-	120	20	-	-	20
Physiotherapy	551	-	-	551	544	-	-	544	7	-	-	7
Occupational Therapy	170	1,494	-	1,664	169	1,472	-	1,641	1	22	-	23
Health Improvement	-	-	232	232	-	-	203	203	-	-	29	29
Unscheduled Care	-	-	2,976	2,976	-	-	3,534	3,534	-	-	(558)	(558)
Renal	-	-	188	188	-	-	214	214	-	-	(26)	(26)
SG Additionality Funding 16/17	86	426	-	512	40	290	-	330	46	136	-	182
SG Additionality Funding 17/18	80	30	-	110	23	30	-	53	57	-	-	57
Integrated Care Fund	447	-	-	447	400	-	-	400	47	-	-	47
Efficiency Target	(1,605)	-	(450)	(2,055)	-	-	(450)	(450)	(1,605)	-	-	(1,605)
<b>Total</b>	<b>18,522</b>	<b>22,154</b>	<b>3,546</b>	<b>44,222</b>	<b>20,823</b>	<b>21,708</b>	<b>4,083</b>	<b>46,614</b>	<b>(2,301)</b>	<b>446</b>	<b>(537)</b>	<b>(2,392)</b>

## Significant Budget Variances

### Mental Health: overspend of £173k

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

### Substance Misuse: underspend of £57k

There are no significant individual underspends in this service. The overall underspend is due to some vacant posts in the service during the year and less than expected being paid out in respect of commissioned services.

### Oral Health: underspend of £69k

There are no significant variances in this service area.

### Primary Care: overspend of £821k

The overspend relates mainly to the need to use locum General Practitioners during the year in Bixter (£101k), Whalsay (£92k), Yell (£145k), Unst (£103k), Brae (£44k) and Walls (£55k). There has also been a further overspend as a result of in year cost pressure following TUPE transfer of staff at the Scalloway Practice (£190k).

### Directorate: underspend of £422k

The overspend relates mainly to:

- Inability to spend the full 2016/17 SIC Carry-Forward Funding due to delays in getting projects and recruitment underway, £129k;
- The SIC Training budget for Community Health and Social Care has been held centrally within the Directorate, but costs were applied across the service areas. This means the Directorate shows an underspend of £128k in this regard, however this has been fully spent under service headings;

- The reversal in 2017/18 of a GP on-call accrual from the prior year to correct the overstatement of this liability in 2016/17, £104k.

### Adult Services: underspend of £75k

There are no significant individual underspends in this service. The overall underspend relates to minor underspending in employee costs, payments to third sector organisations and some overachievement in charging income.

### Adult Social Work: underspend of £123k

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

### Community Care Resources: overspend of £305k

The overspend relates mainly to:

- Employee costs budgets in many of the care homes have been overspent this year (£187k), notably Edward Thomason House (£92k) and Wastview (£93k) due to long-term staff sickness. This has been off-set by smaller projected underspending in employee costs at Overtonlea, Isleshavn and Nordalea, totalling £66k, as a result of less demand for care at home services at times allowing these staff to be used to back-fill residential shift, avoiding the use of relief staff. Difficulty in recruiting staff has led to temporary bed closures during the year at both Wastview and Isleshavn, which has also impacted on staffing costs;
- There was an underspend in employee costs at Care At Home Central of £151k, due to vacant posts which have proved difficult to recruit to. Demand for care at home services have been less than budgeted during the year, but the vacancies have led to some unmet need, particularly in home help services;
- As a result of recruitment difficulties and the significant sickness levels in areas of Community Care Resources during the year it has been necessary to engage agency staff at the additional cost of £198k;

- There was an underachievement of Board and Accommodation income in the year (£69k). Charging income can vary significantly dependent on the financial circumstances of those receiving care and Carers legislation also requires that charges are waived where the care is for the benefit of the carer, rather than the person receiving care.

## Unscheduled Care: overspend of £558k

The overspend in Unscheduled Care relates mainly to;

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

## Scottish Government Additionality Funding: underspend of £239k

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.

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

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

- Support for increased demand for Self-Directed Support packages - £348k;
- Recruitment of 2 therapist posts for the Re-ablement Programme in Care Homes - £86k; and

- Funding for Hospital Discharge Liaison Staff - £78k.
- Support the costs associated with providing an enhanced Intermediate Care Team - £80k;
- Implementation of Carers Legislation - £30k.

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

## Integrated Care Funding: Underspend £47k

The Integrated Care Fund (ICF) was provided by the Scottish Government in 2016/17 to help Health and Social Care 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 2017/18 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.

There is an underspend in this funding of £47k, as a result of vacant posts within the Intermediate Care Team during the year.

## Efficiency Target: Overspend £1.605m

A Recovery Plan of £2.529m 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 2018, there was an underachievement of £1.605m against the Recovery Plan.

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

## The Balance Sheet as at 31 March 2018

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

## 2018/19 Budget and Medium Term Financial Outlook

The 2018/19 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 2017/18 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 2019/20.

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 are efficiency savings built into the 2018/19 budget allocations from both Shetland Islands Council and NHS Shetland. There will be regular updates on progress towards these savings and the financial consequences of any planned redesign of services required to move the IJB to a longer-term sustainable position.

## 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 2018.

.....  
Simon Bokor-Ingram  
Chief Officer  
20 June 2018

.....  
Marjorie Williamson  
Chair  
20 June 2018

.....  
Karl Williamson  
Chief Financial Officer  
20 June 2018

# Annual Governance Statement

## Introduction

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

## Scope of Responsibility

The 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

2018 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 five Members with voting rights; three are Council Members appointed by the Council and three are Non-Executive Directors appointed by the Scottish Government to the NHS Board. The IJB via a process of delegation from the Health Board and the Council has responsibility for the planning, resourcing and oversight of operational delivery of all integrated health and social care within its geographical area through its Chief Officer. The IJB also has strategic planning responsibilities for a range of acute health services for which the budget is "set aside".

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

- The overarching strategic vision and objectives of the IJB are detailed in the IJB's Integration Scheme which sets out the key outcomes the IJB is committed to delivering through 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 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 2017/18 Internal Audit Report. The key area of concern remains focused on the carried forward funding gap and ongoing Savings and Efficiency targets. The 2017/18 Financial Recovery Plan did not succeed in achieving the IJBs aspiration to "develop a Strategic Commissioning Plan which minimises, or ideally eliminates, the need for a Financial Recovery Plan in 2017/18. The shortfall in achieving the 2017/18 Recovery Plan was £1.605m which was met by NHS Shetland from non-recurrent savings.

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

## Roles and Responsibilities of the Audit Committee and Chief Internal Auditor

IJB Members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB's Audit Committee operates in

accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

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

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

The work undertaken for 2017/18 focused on the Financial Recovery Plan, the Strategic Priority Projects and the IJB's Performance Reporting requirements. The Chief Internal Auditor has also conducted a review of all relevant 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 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 areas for improvement.

.....  
Simon Bokor-Ingram  
Chief officer  
20 June 2018

.....  
Marjorie Williamson  
Chair  
20 June 2018



# Remuneration Report

## Introduction

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

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

## Remuneration: IJB Chair and Vice Chair

The voting members of the Integration Joint Board shall comprise three persons appointed by 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 Chair and Vice Chair did not receive any taxable expenses paid by the IJB in 2017/18 or 2016/17.

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

## Remuneration: Officers of the IJB

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

### Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for

the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

## Other Officers

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

All Partnership officers are employed by either 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.

## Disclosure by Pay Bands

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

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

## Remuneration

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

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

## Pension benefits

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

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

employment positions and from each officer's own contributions.

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

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

Name of Senior Official	Designation	In-Year Employer		Accrued Pension Benefits			
		2017/18 £000	2016/17 £000	As at 31 March 2018		Increase from 31 March 2017	
				Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Simon Bokor-Ingram	Chief Officer	13,677	13,516	29,598	72,520	2,326	852

.....  
Simon Bokor-Ingram  
Chief Officer

20 June 2018

.....  
Marjorie Williamson  
Chair

20 June 2018

# Statement of Responsibilities for the Annual Accounts

## The Integration Joint Board's Responsibility

The Integration Joint Board is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Integration Joint Board, the proper officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and, so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the Annual Accounts for signature.

I can confirm that these Annual Accounts were approved for signature by the Integration Joint Board on 20 June 2018.

Signed on behalf of Shetland Islands Integration Joint Board.

.....  
Marjorie Williamson  
Chair  
20 June 2018

## The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

I certify that the Annual Accounts give a true and fair view of the financial position of the Integration Joint Board at the reporting date and the transactions of the Integration Joint Board for the year ended 31 March 2018.

.....  
Karl Williamson  
Chief Financial Officer  
20 June 2018

# Comprehensive Income and Expenditure Statement for year ended 31 March 2018

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

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

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

## Movement in Reserves Statement

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

<b>2017/18</b>	<b>General Fund Balance £000</b>	<b>Unusable Reserves £000</b>	<b>Total Reserves £000</b>
<b>Balance at 1 April 2017</b>	<b>(125)</b>	<b>0</b>	<b>(125)</b>
Total Comprehensive Income and Expenditure	(239)		(239)
<b>Increase or Decrease in 2016/17</b>	<b>(364)</b>	<b>0</b>	<b>(364)</b>
			0
<b>Balance at 31 March 2018</b>	<b>(364)</b>	<b>0</b>	<b>(364)</b>

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

## Balance Sheet as at 31 March 2018

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

As at 31 March 2017 As Restated* £000			Notes	As at 31 March 2018 £000
0	Short-term Debtors		5	0
125	Other Current Assets		6	364
<b>125</b>	<b>Current Assets</b>			<b>364</b>
0	Short-term Creditors		7	0
<b>0</b>	<b>Current Liabilities</b>			<b>0</b>
<b>125</b>	<b>Net Assets</b>			<b>364</b>
	<b>Represented by:</b>			
125	Usable Reserves			364
<b>125</b>	<b>Total Reserves</b>			<b>364</b>

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

\*Details of the restatement due to change in accounting policy are disclosed in note 10.

.....  
Karl Williamson  
Chief Financial Officer  
20 June 2018

## Notes to the Primary Financial Statements

### Note 1: Accounting Standards issued Not Adopted

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

### Note 2: Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Financial Officer on 20 June 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respect to reflect the impact of this information.

### Note 3: Expenditure and Income Analysis by Nature

2016/17 £000		2017/18 £000
20,430	Services commissioned from Shetland Islands Council	21,708
24,838	Services commissioned from NHS Shetland	25,354
21	Auditor fee: External Audit	24
4	Other administrative costs	4
-45,418	Partners' funding contributions and Non-Specific Grant Income	-47,329
<b>-125</b>	<b>Total</b>	<b>-239</b>

### Note 4: Taxation and Non-Specific Grant Income

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

The funding contribution from the NHS Board shown above includes £4.533m in respect of 'set aside' resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB has responsibility for the consumption of, and level of demand placed on, these resources.

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

### Note 5: Short-term Debtors

2016/17 As Restated* £000		2017/18 £000
0	Shetland Islands Council	0
0	NHS Shetland	0
<b>0</b>	<b>Total</b>	<b>0</b>

\*Details of the restatement due to change of accounting policy are disclosed in note 10.

### Note 6: Other Current Assets

2016/17 As Restated* £000		2017/18 £000
47	Shetland Islands Council	183
78	NHS Shetland	181
<b>125</b>	<b>Total</b>	<b>364</b>

\*Details of the restatement due to change of accounting policy are disclosed in note 10.

## Note 7: Short-term Creditors

2016/17 As Restated* £000		2017/18 £000
0	Shetland Islands Council	0
0	NHS Shetland	0
<b>0</b>	<b>Total</b>	<b>0</b>

\*Details of the restatement due to change of accounting policy are disclosed in note 10.

## Note 8: 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.

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

## Note 9: 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

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

### Balances with Shetland Islands Council

2016/17 As Restated* £000		2017/18 £000
47	Amounts due from Shetland Islands Council	183
0	Amounts due to Shetland Islands Council	0
<b>47</b>	<b>Total</b>	<b>183</b>

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

### Transactions with NHS Shetland

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



## Balances with NHS Shetland

2016/17 As Restated*		2017/18
£000		£000
78	Amounts due from NHS Shetland	181
0	Amounts due to NHS Shetland	0
<b>78</b>	<b>Total</b>	<b>181</b>

\*Details of the restatement due to change of accounting policy are disclosed in note 10.

## Note 10: Change of Accounting Policy

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

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

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

## Note 11: Summary of Significant Accounting Policies

### A General Principles

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

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government Act 1973 and as such is required to prepare its annual accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United

Kingdom, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

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

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

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

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

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

### C Accruals of income and expenditure

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

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB;
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable;
- Where income and expenditure have been recognised but settlement in cash has not

taken place, a debtor or creditor is recorded in the Balance Sheet;

- Any underspend of grant funding is held as an other current asset for use in future years; and
- Where debts may not be received, the balance of debtors is written down.

## D Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, 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.

## E Cash and Cash Equivalents

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

## F Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangement are provided in the Remuneration Report. Charges from the employing partner are treated as employee costs.

## G Provisions, contingent liabilities and contingent assets

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

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

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

## H Reserves

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

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

## I Indemnity Insurance

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

## J Events after the Balance Sheet

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the annual accounts are authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period, whereby the annual accounts are adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period, whereby the annual accounts are not adjusted to reflect such events; where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

## K VAT

The IJB is not VAT registered and does not charge VAT on income or recover VAT on payments. Any VAT incurred in the course of activities is included within service expenditure in the accounts.





<b>Meeting(s):</b>	IJB Audit Committee	20 June 2018
<b>Report Title:</b>	Internal Audit Report 2017/18	
<b>Reference Number:</b>	CC-30-18-F	
<b>Author / Job Title:</b>	Simon Bokor-Ingram / Director Community Health & Social Care	

## 1.0 Decisions / Action required:

- 1.1 The IJB Audit Committee is asked to NOTE the contents of the Internal Audit Report and to AGREE the IJB Action Plan 2017/18 responses as set out in Appendix 2.

## 2.0 High Level Summary:

- 2.1 The work undertaken for 2017/18 by Internal Audit focussed on the following areas:
- Financial Recovery Plan
  - Strategic Priority Projects
  - IJB's Performance Reporting Requirements
- 2.2 The key area for concern centred on the 2017/18 Financial Recovery Plan.
- 2.3 The Internal Audit concluded that progress has not been adequate to close the funding gap, and manage the balance between service and cost.
- 2.4 The IJB continues to achieve good outcomes which shows in their performance data. They have made improvements to the Strategic Commissioning Plan and continue to build on this work.
- 2.5 The IJB have realised a proportion of the Savings and Efficiencies target and have ultimately achieved a balanced budget for 2017/18, albeit not as planned.

## 3.0 Corporate Priorities and Joint Working:

- 3.1 The audit process plays a key role in helping the IJB to maintain good governance, accountability and can provide some assurance around financial stewardship.

4.0 Key Issues:		
4.1	In order for the IJB to provide strategic direction all parties must support the principles of integration. They must find a way to work cooperatively and transparently and find the path that ultimately achieves the balance between service and cost.	
5.0 Exempt and/or confidential information:		
5.1	None.	
6.0 Implications :		
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:	The IJB is required to appoint a Chief Internal Auditor and have appointed the Executive Manager - Audit, Risk & Improvement.	
6.5 Finance:	There are no direct financial implications from this report, however the IJB Internal Audit and the associated Action Plan, highlight areas where financial risks have been identified and need to be addressed.	
6.6 Assets and Property:	None.	
6.7 ICT and new technologies:	None.	
6.8 Environmental:	None.	
6.9 Risk Management:	Whilst no specific risk can be attributed to this report, Internal Audit facilitates reduction of risks identified as a result of work undertaken.	
6.10 Policy and Delegated Authority:	The Audit Committee has terms of reference to consider reports from the IJB Chief Internal Auditor and review and recommend the annual internal audit plan to the IJB.	
6.11 Previously considered by:	None.	

**Contact Details:**  
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IJB Chief Officer

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**Appendices:**

Appendix 1: Internal Audit Report

Appendix 2: Action Plan 2017/18 and Annex A







## INTERNAL AUDIT REPORT

**Confidential**

**To:** Chief Officer – Integration Joint Board

**cc:** Chief Financial Officer – Integration Joint Board

**cfi:** Chief Executive – Shetland Islands Council  
Chief Executive – NHS Shetland  
Director – Corporate Services (SIC)

**From:** Chief Internal Auditor – Integration Joint Board

### **Shetland Integration Joint Board – 2017/18**

#### **1. Executive Summary**

The work undertaken for 2017/18 focused on: the Financial Recovery Plan, the Strategic Priority Projects and the IJB's Performance Reporting requirements.

The key area of concern remains focused on the carried forward funding gap and ongoing Savings and Efficiency targets. The 2017/18 Financial Recovery Plan did not succeed in achieving the IJBs aspiration to “develop a Strategic Commissioning Plan which minimises, or ideally eliminates, the need for a Financial Recovery Plan in 2017/18”. The Chief Financial Officer has confirmed the shortfall on the 17/18 Recovery Plan is £1.605m (FYE is £1.716m) but the overall shortfall on the NHSS arm of the budget is £2.838m which will be met by NHS Shetland (NHSS) from non-recurrent savings.

Whilst Savings and Efficiency Project work continues to be progressed there is a palpable concern that momentum will be lost if more detailed / strategic outcomes are not agreed and progressed. The IJB needs to be realistic with the timescales required to deliver savings and efficiencies, a more strategic medium to long-term outlook is required.

The 2016/17 audit report stated that it was vital that lessons are learned with regard to the growing level of savings needed to fund the gap. It is evident from the continued need for a Recovery Plan that collaborative and cooperative working between the partners requires focus and this is now the time for redesign to be progressed and implemented rather than talked about. Whilst, it is acknowledged that there is continued and committed work by the Parties there appears to be a disparity between these that means redesign cannot progress.

The NHSS Head of Planning and Modernisation stated that she is confident that they have established project management processes in place which can be developed further once the Scenario Planning exercise has been completed.

It is however important to recognise the positive outputs of the IJB and the Parties, in so far that:

Good outcomes continue to be achieved;  
A proportion of recurrent Savings and Efficiencies were realised; and  
A balanced budget was ultimately achieved.

Audit Scotland have issued their project scope for the forthcoming audit on “Health and Social Care Integration; update on progress” which they aim to publish in November 2018. Shetland IJB have been selected to be one of four partnerships where a more in-depth study will be focused.

## **2. Background**

### Financial Recovery Plan (Refer to Annex A for further detail)

- 2.1 The Public Bodies (Joint Working) (Scotland) Act 2014 requires Health and Social Care Partnership IJBs to put in place arrangements to achieve a balanced budget each year.
- 2.2 On 17<sup>th</sup> February 2017 a NHSS funding gap of £2.529m was reported to the IJB with options discussed for funding the gap. On 10<sup>th</sup> March 2017 the IJB “instructed NHSS, to redesign services to deliver Planned Savings and Efficiency Projects, to the value of £1.291m” and “Instructed NHSS to identify further service redesign that delivers the required savings and efficiencies to close the remaining gap of £1.208m”.
- 2.3 The Chief Officer presented report CC-26-17 Bridging the Funding Gap 2017/18 in June 2017 with an updated report CC-40-17 in September 2017. The report highlights the Planned Savings and Efficiencies Projects already identified, further recurrent and non-recurrent savings and a list of service areas to explore further by NHSS
- 2.4 The outturn to the end of March 2018 for the services delegated to the IJB is an overall adverse variance of £2,392k which represents an under spend in the SIC arm of £446k and an over spend in NHSS arm of £2,838k.
- 2.5 A fortuitous under spend of £310k will be returned to SIC and NHSS will provide an additional one off payment of £2,941k. Following these adjustments, the IJB will end the financial year 2017/18 with an under spend of £239k which will be retained in its General Reserve, this represents unused Scottish Government Additionality funding. The IJB General Reserve total at the end of March 2018 will be £364k.
- 2.6 A Financial Recovery Plan for 2018/19 will be developed to address the shortfall.

### Strategic Priority Projects (Refer to Annex C for further detail)

- 2.7 During the 2016/17 audit of the IJB, Internal Audit stated that the revised 2017-20 Strategic Commissioning Plan (SCP) was much more strategic in its approach.

- 2.8 The SCP sets out ten Strategic Priority Project areas, under three strategic programmes:

<b>(A) Whole Population</b>	
Implementing an asset based approach to health care prevention	Effective Prescribing
<b>(B) Sustainable Service Models</b>	
Developing a safe and effective model of unscheduled care	Developing a sustainable hospital, acute and specialist services model for Shetland
Developing a sustainable primary care model for Shetland, with clear links to the 7 locality areas and the Gilbert Bain hospital	Developing a sustainable model of social care resources
Developing a sustainable model for mental health services, including appropriate crisis and emergency arrangements	Developing a sustainable model for adults affected by learning disabilities and autism spectrum disorders
<b>(C) Organisational issues</b>	
Improving Business Performance and Efficiency	Improving the Quality and Safety of our services
<b>Achieving Financial Balance</b>	

- 2.9 On 13<sup>th</sup> July 2017 report CC-28-17 – Management Arrangements for Strategic Change Programmes was approved by the IJB.
- 2.10 The report stated that formal project management arrangements have been developed to support the implementation of the programmes and a Transformational Change Programme Board has been established to direct and co-ordinate the work.
- 2.11 A programme of scenario planning started in November 2017 with the aim to address 'how to live within a budget which takes out all savings over 5 years'. The Head of Planning and Modernisation stated that she hoped this will help build the momentum and cooperation around change required to progress.

IJB Performance Reporting (Refer to Annex B for further detail)

- 2.12 The main guidance relating to the reporting requirements of the IJB are the Health and Social Care Integration Public Bodies (Joint Working) (Scotland) Act 2014, Core Suite of Integration Indicators and a guidance document produced by The Scottish Government.
- 2.13 Section 42 of the Act requires that Performance Reports are prepared by the Integration Authority to ensure that performance is open and accountable and obliges Partnerships to publish an annual performance.
- 2.14 The Regulations require Partnerships to assess their performance in relation to the 9 Health and Wellbeing Outcomes. In addition, Partnerships should report against a set of core integration indicators which have been developed by a wide range of stakeholders and agreed by the Ministerial Strategic Group for Health and Community Care.

### **3. Methodology**

#### **3.1 Our work for 2017/18 focussed on:**

- Whether IJB performance reporting requirements are satisfactorily discharged;
- Whether the Financial Recovery Plan for 2017/18 is on target and includes SMART (Specific, Measurable, Achievable, Relevant and Time bound);
- Whether the ten Strategic Priority Projects detailed in the Strategic Commissioning Plan are satisfactorily progressing;
- Follow-up on other 2016/17 observations.

#### **3.2 Audit evidence / information was gathered by:**

- Reviewing documents available at the time of this work, including the strategic plan, financial plans, reports, minutes, papers and agendas for IJB meetings.
- Meeting with the Chief Officer, Chief Financial Officer and the Head of Planning and Modernisation together with support staff from NHSS and SIC.
- Reviewing the latest Transformation Change Programme Board and Local Partnership Finance Team minutes.
- Reviewing NHS Shetland auditors Scott Moncrieff reports.

#### **3.3 Findings were discussed with the Chief Officer, Chief Financial Officer and the Head of Planning and Modernisation to ensure transparency and accuracy.**

### **4. Audit Issues**

#### **4.1 Concern remains that the Financial Recovery Plan for 2017/18 is not strategic and has not achieved financial balance, with a £1.605m shortfall. This shortfall will still, substantially, come from non-recurrent savings. This is not a sustainable position for future years. Senior Officers have again confirmed non-recurrent savings will become increasingly hard to find.**

Failure to redesign services so that they are financially sustainable will result in NHSS continuing to meet shortfalls from underspends in other directorates to underwrite the position. There is a continued risk to the IJB if the NHSS cannot reach a breakeven position and it has to seek brokerage from the Government.

The IJB and its Parties continue to work towards redesigning services and delivering a 'whole system' Strategic Priority Projects whilst continuing to find short-term savings to bridge the funding gap, these decisions may have unintended consequences on other parts of the health and care system.

There is a key challenge between the pace of change in undertaking potentially significant service redesign projects using an evidence based,

consultative approach and the speed within which NHSS is expected to make significant efficiencies in the system in order to achieve financial balance.

Many reports are presented to the IJB on Savings and Efficiency projects/proposals, sometimes information overlaps and at other times information in one report does not transfer to a similar, albeit, updated report and therefore there is often a lack of continuity or where no progress has been made no justification is available.

The Recovery Plan never fully addressed the gap in funding, therefore, even if all current planned and proposed savings were made, it appears that a significant gap would still exist.

The ten Strategic Priority Projects and the work to achieve these is gradually progressing. The adoption of 'Scenario Planning' using a 'Whole System' approach is the preferred method of delivery to suit NHS models of working. Whilst Internal Audit would consider that a more structured approach using PIDs would be preferable the IJB would appear to have accepted the approach developed. Long-term success of the recovery plan can only be achieved if the Scenario Planning / Whole System approach is successful which will require 'buy-in' and commitment from all concerned.

This is the first year the IJB has been required to produce an Annual Performance Report. The report includes the majority of requirements detailed in the legislation and guidance. One area that was absent from the report was an assessment of why any under or overspend against planned spending for the year has occurred.

## **Observations**

- 4.2 Internal Audit have previously advised that a number of the proposed savings have been carried forward year on year in NHSS annual plans with little progress made to deliver these savings. There appears to be a lack of desire to make the changes required to live within the financial envelope proposed and a fundamental power struggle between Parties to agree to and move forward with a meaningful savings plan.

In addition, it appears that proposals for savings and efficiencies are being considered and discussed by various stakeholders and presented to the IJB only to be rejected by some of the same stakeholders involved in the initial proposal.

### **Follow up work**

- 4.3 In addition to the work undertaken for 2017/18 some follow up work was undertaken in relation to issues identified in 2016/17:

It was identified in the 2016/17 audit that project and change management principles should be adopted and the Recovery Plan should be detailed, SMART and formulated in a timely manner. It is recognised during the work for the 2017/18 audit that the Board has adopted an approach of 'Scenario Planning' to support this and as a result a SMART Recovery Plan has not

been developed. A Transformational Change Programme Board has been established and the Chief Officer stated that he felt the right people with the most appropriate skills mix have been identified for the roles.

The SCP and Recovery Plan required to be synchronised early in 2017/18 to allow the Recovery Plan the chance at a positive outcome. This is still to be achieved but the general feeling is this will follow on from the outcomes of the Scenario Planning exercise.

The reporting of progress appears to be carried out regularly and the requirement to develop a Market Facilitation Plan and Option Appraisal Process was reported to the Board in March 2018.

## **5. Conclusion**

- 5.1 The IJB and its Parties continue to face financial and service redesign challenges. The ongoing endeavour to design a recovery plan (including Savings and Efficiency targets) which can deliver the aspirations of the IJB in a pragmatic timely manner, which, is agreeable to all parties is paramount to the continued success of the IJB. In order for the IJB to provide strategic direction all parties must support the principles of integration. They must find a way to work cooperatively and transparently and find the path that ultimately achieves the balance between service and cost.
- 5.2 Whilst it is accepted that there is still work to be done, it is important to acknowledge the continued work of management and staff and to recognise the positive outputs of the IJB and the Parties. The IJB continues to achieve good outcomes which shows in their performance data. They have made improvements to the Strategic Commissioning Plan and continue to build on this work. They have realised a proportion of the Savings and Efficiencies target and have ultimately achieved a balanced budget for 2017/18, albeit not as planned.
- 5.3 This report has been discussed and agreed with the Chief Officer - Integration Joint Board. A completed action plan with timescales is attached.
- 5.4 We would like to take this opportunity to thank all staff for the time, patience and assistance afforded to Internal Audit during the course of the audit assignment. The positive attitude shown by staff was much appreciated during the audit.

Date: 4 June 2018

Report No: IAR/IJB/1718

# IJB - Action Plan - 2017/18

Generated on: 4 June 2018

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
AC#1 - Recovery Plan	<b>Background &amp; Findings</b> Please refer to Annex A - Recovery Plan	<ol style="list-style-type: none"> <li>1. Concern remains that the Financial Recovery Plan is not SMART and has not achieved the Board's aspiration to "develop a SCP which minimises, or ideally eliminates, the need for a Financial Recovery Plan in 2017/18".</li> <li>2. The shortfall for 2017/18 will still, substantially, come from non-recurrent savings. All Parties recognise this is not a sustainable position for future years. Senior Officers have confirmed non-recurrent savings will become increasingly harder to achieve.</li> <li>3. Failure to redesign services so that they are financially sustainable will result in NHSS needing to use underspends, as a result of both recurrent and non-recurrent savings schemes, from other Directorates to underwrite the position. If NHSS cannot reach a breakeven position it will have to seek brokerage from the Government which will have to be paid back in future years. NHSS has no reserves and must therefore deliver services within its funding allocation each year. The risk to NHSS will increase if service redesign proposals are not presented to and approved by the IJB in a timely manner.</li> <li>4. Short-term goals may inhibit long-term aspirations. The risk to the IJB and its partners in developing and delivering a whole system strategic priority projects whilst continuing to find short-term savings to 'bridge the funding gap' is these decisions may have unintended consequences on other parts of the health and care system.</li> </ol>	<ol style="list-style-type: none"> <li>1. A more pragmatic long-term approach has to be taken. There is little point in continuing to submit plans that have no realistic chance of success in the timescale reported.</li> <li>2. The IJB must continue to direct the strategic redesign programmes from a whole system approach, individual programmes must not be seen in isolation and instead need to be progressed across the whole of the health and care system.</li> <li>3. The probability of full savings being made within one year is negligible and therefore requires the IJB to ensure both Parties will continue to fully fund the current service models until a time comes that they have sufficient plans in place to eliminate the funding gap.</li> <li>4. Comparative updates and appropriate justification regarding progress toward 'bridging the funding gap' must be reported regularly to the IJB and clear direction should be given by the IJB.</li> </ol>	Chief Officer	<p>There are efficiency savings built into the allocations from both the SIC and NHSS. The NHSS savings target is by far the greater of the two. It is important that innovation and redesign of services is a whole system approach, and the scenario planning exercise being led by NHSS is an attempt to make longer term sustainable change.</p> <p>The IJB has a key role in ensuring that services remain effective and safe, and of a high quality, as redesign is enacted.</p> <p>There will be regular updates on progress from scenario planning and the translation to implementation, along with regular reporting on the financial consequences and how the IJB is moving to a longer term sustainable</p>	31/03/19

Audit Comment	Findings	Concerns & Risks	Recommendation	Responsible Officer	Response	Due Date
		<p>5. There is a key challenge between the pace of change in undertaking potentially significant service redesign projects using an evidence based, consultative approach and the speed within which NHS Shetland is expected to take significant money out of the system in order to achieve financial balance.</p> <p>6. There are a considerable number of reports presented to the IJB on Savings and Efficiency projects/proposals, sometimes information overlaps, other times information in one report does not transfer to a similar, albeit, update report and therefore there is often no update on some of the progress or where no progress has been made no justification is available.</p> <p>7. The Recovery Plan has never fully addressed the funding gap, so even if all current planned and proposed savings were made a significant funding gap would still exist.</p>			<p>position.</p> <p>There needs to be a better pooled funding approach with a focus on outcomes to achieve efficiencies across the spectrum of health and social care, recognising that in future years the SIC funding may be more constrained.</p>	
AC#2 - Performance Reporting	<b>Background &amp; Findings</b> Please refer to Annex B - Performance Reporting	The Performance Reporting Regulations require Partnerships to identify whether there has been any under or overspend against the planned spending for the year and, if this is the case, provide an assessment of why this occurred (section 5.10 Guidance).	Assessment of why any under or overspend has occurred should form part of future Annual Performance Reports.	Chief Finance Officer	This will form part of the Annual Report for 17/18.	31/07/18
Observation - Performance	<b>Findings</b> Please refer to Annex C - Performance		Strategic Priority Projects and the work to achieve these is gradually progressing. Whilst there has been a shift in how this might be achieved, work is ongoing to realise redesigned services over the medium to long-term. The IJB has to be satisfied that the adopted approach will deliver real results over this period.	Chief Officer	The Building Better Business Case approach has been adopted across a number of redesign projects already, and is the de facto approach going forwards.	30/06/18



## **INTEGRATION JOINT BOARD – ANNEX A – RECOVERY PLAN**

### **BACKGROUND**

The Public Bodies (Joint Working) (Scotland) Act 2014 requires Health and Social Care Partnership IJBs to put in place arrangements to achieve a balanced budget each year.

The Shetland Islands Health & Social Care Partnership Scheme of Integration is clear on how financial pressures must be dealt with: “Where there is a forecast overspend against an element of the operational budget, the Chief Officer and the Chief Finance Officer of the Integration Joint Board will work with the LPFT (Local Partnership Finance Team) and the appropriate finance officers of the Parties to agree a recovery plan to balance the overspending budget. The recovery plan shall be subject to the approval of the IJB. If the recovery plan is not successful, the Chief Officer and the Chief Financial Officer will work with the LPFT to develop options to address the overspend which may include the option of making interim funds available with repayment in future years on the basis of a revised recovery plan agreed by the Parties and the IJB.”

NHSS has a statutory duty to break even each year and had plans to achieve this position in 2016/17 and 2017/18, which was achieved primarily through non-recurrent savings. The Chief Officer has previously explained that if the Health Board were not able to balance their budgets at the end of a year they would require brokerage from the Scottish Government. However, the Health Board are still forecasting a breakeven position for 2017/18 without the need for brokerage and plan to pay the one-off payment from underspends in other directorates and from unused reserves.

The Chief Executive NHSS previously addressed the IJB (2016/17) and gave 2 reasons for the budget not balancing, which are additional pressures to the initial funding gap:

1. Number of specific costs such as locums
2. Savings to be delivered have not happened as quickly as needed

During the 16/17 audit of the IJB the Chief Executive NHSS advised that the impacts mean that there is a gap of £2.5m on the health arm of the IJB (for 17/18). He said that there were areas identified that can make efficiencies but those identified at present were not enough to redress the balance in one year.

On 17<sup>th</sup> February 2017 a NHSS funding gap of £2.529 million for 17/18 was reported on with options discussed for funding this gap.

The NHSS funding gap of £2.529m comprised of the following:

	NHS Managed	NHS Hospital	Total £000s

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	£000s	(Set Aside) £000s	
Unachieved savings carried forward	1,264	257	1,521
2017/18 target	815	193	1,008
Total	2,079	450	2,529

On 10 March 2017 - CC-19-17 F 2017/18 Budget, the IJB agreed to:

*“Instructed NHS Shetland, to redesign services to deliver the Planned Savings and Efficiency Projects, to the value of £1.291M as set out in paragraph 4.7 subject to final decisions of the IJB on the service plans including detailed redesign proposals, and the directions required to deliver the services; this is to be reported to the IJB in June 2017”.*

Service Area	£	Risk Category (determined by NHSS)
Shifting the balance of care from hospital to community: Rehabilitation	472,184	Medium
Community Nursing	240,000	Medium
GP Employed Practices	150,000	High
Out of Hours	100,000	High
Pharmacy Drugs	328,500	High
<b>Total</b>	<b>1,290,684</b>	
+ Temp savings – Allied Health Professionals	30,000	Low

*“Instructed NHS Shetland to identify further service redesign that delivers the required savings and efficiencies to close the remaining gap of £1.208M as set out in paragraph 4.9 and to report the proposals in this regard to the IJB for consideration in June 2017”.*

On 23 June 2017 – CC-26-17 F Building the Funding Gap 2017/18, the IJB agreed to:

*“considered the mechanisms for bridging the funding gap and the extent to which the IJB is prepared to amend the Strategic Commissioning Plan and associated service delivery models to bridge the remaining funding gap of £1,208,316”*

The Further Savings and Efficiencies put forward by NHSS are:

Service	Description	Recurrent (£s)	Non-Recurrent (£s)
Physiotherapy	Savings from part year vacancies		35,500
Physiotherapy	Skill Mix - 0.5 band 7 to 0.5 band 4	9,600	
Occupational Therapy	Temporary Skill Mix change		5,800
Speech Therapy	Vacant post -Skill Mix change	2,400	
Dietetics	Vacant post -Skill Mix change	15,400	
Dietetics	Band 7 development role - Band 6		7,700

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	while training		
Orthotics	SLA with NHS Orkney		27,000
Podiatry	Savings from part year vacancies		6,672
Walls HC	Savings from part year vacancies		3,741
Mental Health	Savings from part year vacancies		19,728
<b>Total</b>		<b>27,400</b>	<b>106,141</b>

List of Further Service Areas to Explore to Achieve Financial Balance:

<b>Service Area</b>	<b>Examples of Potential Ideas to Explore</b>
Community Nursing	Mainland Provision: levels of service
	Non Doctor Islands: levels of service
Intermediate Care	None: priority service area
Mental Health	Grampian pathways
	Back office support functions
Oral Health	None: ring fenced allocation
Pharmacy and Prescribing	Accelerated efficiency programme (spend to save)
GP Employed Practices	Shared GP provision across 8 employed practices
	Shared premises with other services / partners
	Shared back office support functions
Substance Misuse	Levels of service
Allied Health Professionals	Levels of service
Set Aside Services	Levels of service

### Year End Position 17/18

The outturn to the end of March 2018 for the services delegated to the IJB is an overall adverse variance of £2,392k which represents an under spend in the SIC arm of £446k and an over spend in NHSS arm of £2,838k. A fortuitous under spend of £310k will be returned to SIC and NHSS will provide an additional one off payment of £2,941k. Following these adjustments, the IJB will end the financial year 2017/18 with an under spend of £239k which will be retained in its General Reserve, this represents unused Scottish Government Additionality funding. The IJB General Reserve total at the end of March 2018 will be £364k.

### Local Partnership Finance Team (LPFT)

The LPFT meet on a regular basis (usually bimonthly) and the Recovery Plan is regularly discussed as an area of concern. The Recovery Plan was in relation to savings required by the NHSS arm of the IJB and it was therefore primarily for the NHSS to address. The Chief Financial Officer stated that he regularly advised at the LPFT that he expected the NHS deficit to be met from non-recurrent savings if the original recovery plan did not deliver.

## **FINDINGS**

It is noted from the various reports presented to the IJB and the meetings held by Internal Audit with the Chief Officer, Chief Financial Officer and the NHSS Head of Planning and Modernisation that the Financial Recovery Plan

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2017/18 is not yet in balance and will rely on one-off savings to secure a balanced position by the end of the year. This is due to a number of factors which are detailed in the findings below. However, it is noted that there has been momentum to progress the financial recovery plan by way of Scenario Planning events held during the 4<sup>th</sup> quarter of 17/18 (this will be looked at further in test 2.1 (Annex C)).

It is evident from the reports and discussions that officers are working towards proposals that will achieve the savings required over the medium to long-term. There is a feeling that savings plans need to be for longer than one-year and there may be a need for some 'spend to save' initiatives or some form of parallel changeover in order to implement the proposals.

The NHSS Head of Planning and Modernisation stated that 2017/18 has been a learning curve. Whilst she appreciates that the Savings and Efficiency Projects have not fully delivered what was envisaged she has learned that in order to deliver further changes in a planned and timely manner, there needs to be a willingness to support redesign and change – stakeholders must 'buy-in' to the process.

There have been a number of reports presented to the IJB during the course of 2017/18, these include a number of financial monitoring reports including reports looking at options for bridging the funding gap between the financial envelope and the current service models. These include the following reports:

23/06/17	CC-26-17 F	Bridging the Funding Gap
23/06/17	CC-28-17 D2	Management Arrangements for Strategic Change Programmes
06/09/17	CC-40-17 F	Bridging the Funding Gap for 2017/18 Update
21/09/17	CC-50-17 F	2018/19 Budget Setting Process
22/02/18	CC-06-18 F	2018/19 Budget
08/03/18	CC-13-18 F	2018/19 Budget Update

Quarterly monitoring reports for 2017/18:

23/06/17	CC-31-17 F	Financial Monitoring Report 31 March 17
06/09/17	CC-44-17 F	Financial Monitoring Report 30 June 17
19/12/17	CC-59-17 F	Financial Monitoring Report to 30 Sept 17 (inc Financial Recovery Plan Update)
08/03/18	CC-10-18 F	Financial Monitoring Report to 31 Dec 17 (inc Financial Recovery Plan Update)

There are a number of these reports which directly link with the Planned Saving and Efficiency Projects and provide some updates, as follows:

Service Area	£	Report
Shifting the balance of care from hospital to community; Rehabilitation	472,184	CC-26-17; CC-44-17; CC-59-17; CC-10-18
Community Nursing	240,000	CC-26-17; CC-28-17; CC-31-17; CC-44-17; CC-59-17; CC-10-18
GP Employed Practices	150,000	CC-26-17; CC-28-17; CC-44-17; CC-59-17;

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		CC-10-18
Out of Hours	100,000	CC-28-17;
Pharmacy Drugs	328,500	CC-26-17; CC-31-17; CC-44-17; CC-59-17; CC-10-18
<b>Total</b>	<b>1,290,684</b>	

The Chief Officer presented report **CC-26-17 F Bridging the Funding Gap 2017/18** in June 2017 with an updated report **CC-40-17 F** in September 2017. The report starts by stating that “In developing the SCP for 2017-2020, the IJB agreed to prepare a plan which minimises, or ideally eliminates, the need for a Financial Recovery Plan in 2017/18.”.

The report highlights the Planned Savings and Efficiencies Projects of £1,290m already identified (section 2.18); further Savings and Efficiencies put forward by NHSS of £27,400 recurrent and £106,141 non-recurrent and a list of further service areas to explore in order to achieve financial balance (section 2.20). Appendix 1 to the report provides more context and provides further options for finding the remaining savings for NHSS directly managed services.

It provided the IJB with the opportunity to consider the measures that were put in place to deal with the funding gap for 2017/18. The measures ranged from short term opportunities to longer term schemes, some of which have not delivered in year but which have the potential to deliver more significant savings in future years.

It also stated that the Chief Officer and Chief Financial Officer had undertaken a critical review of the 17/18 budgets and for the current models of service, the budgets are as low as they can be in order to maintain existing service levels and standards of delivery.

The ‘Updated’ report asked the IJB to:

*NOTE progress on finding savings to meet the financial gap remaining for 2017/18.*

*APPROVE total recurrent savings of £40,740 and NOTED £59,410 non-recurrent savings within Allied Health Professions budgets, considering the level of risk and service impact as described in Appendix 1;*

*APPROVE the detailed proposals for recurrent savings of £94,430 towards target Planned Savings and Efficiencies Projects within Primary Care of £150,000, noting that £24,000 will be achieved in 2017/18, with a further £70,430 achievable from 2018/19 and NOTED £59,000 non-recurrent savings in Primary Care budgets, considering the level of risk and service impact as described in Appendix 2;*

*APPROVE the detailed proposals for recurrent savings of £336,000 within Pharmacy budgets to meet the Planned Savings and Efficiencies Projects*

*target of £328,500, considering the level of risk and service impact as described in Appendix 3;*

*APPROVE the detailed proposals for recurrent savings of £74,566 towards target Planned Savings and Efficiencies Projects of £240,000 and NOTED £113,500 non-recurrent savings in Community Nursing, considering the level of risk and service impact as described in Appendix 4.*

*APPROVE the suggestions and considerations in respect of further service redesign and savings schemes to bridge the funding gap in respect of Prescribing and Community Nursing as detailed at paragraph 2.7.*

*AGREED to receive further reports as officers' attempt to close the financial gap for 2017/18; and*

A number of further saving proposals were identified in this report, together with more detailed information about how the agreed Planned Savings and Efficiencies Projects will be achieved.

The report stated that, increasing costs, rising demand levels and significant savings targets mean that the current model of health and social care delivery is not sustainable in its current format.

*"The under-pinning principle from national and local policy direction, well established over a number of years, is that public sector services need to change as the current service models are not sustainable."*

*"It is essential therefore that the IJB looks at issues of sustainability across all areas of IJB business and, in particular, directs the strategic redesign programmes from a whole system point of view. The individual strategic programmes should not be seen in isolation; instead they need to be explored and developed across the whole of the formal health and care system and into self-care, prevention and community responses to enabling people to live well, independently, for longer. That is the only way in which the partners can secure a robust, resilient, coherent and sustainable model of health and care services in the future. It is acknowledged that there is therefore an inherent tension in the need to identify short term savings measures from services which are often best placed to secure these outcomes."*

**23/06/17 – CC-28-17 D1 – Management Arrangements for Strategic Change Programmes** was presented to the IJB by the Head of Planning and Modernisation (NHSS). In March and April 2017 the IJB, NHSS and SIC approved the Shetland Islands Health and Social Care Partnership: Joint Strategic Commissioning Plan. The Plan included some significant change management programmes and projects and from there formal management arrangements have been developed to support the implementation of these programmes and a Transformational Change Programme Board has been established to direct and co-ordinate the work. Appendix 1 to the report provides further detail of the expected outputs from the Sustainable Service Models.

The Strategic Change Programmes are challenging in scope and intent. The Strategic Programmes continue the process of successful partnership working, recognising the challenges around funding, staffing and increasing demand, and also acknowledge that health and care services need to work together across all services to provide the best possible services for the community.

The report identifies a key challenge between the pace of change in undertaking potentially significant service redesign projects using an evidence based, consultative approach and the speed within which NHSS is expected to take significant money out of the system in order to achieve financial balance.

The report continues to address the importance of the successful delivery of the strategic change management projects which will rely on good communication and stakeholder engagement. It further mentions the complexity of the decision making arrangements, through NHSS and the IJB and the need to invest time in making sure proposals are developed with input from all the necessary stakeholders prior to seeking formal decisions through the Board and Committee structure.

**23/06/17 – CC-29-17 F – Local Delivery Plan (LDP) 2017-20** was presented to the IJB for noting by the Head of Planning and Modernisation (NHSS). It sets out the strategic priorities which NHSS is committed to and in that respect, it is complimentary to the Strategic Commissioning Plan for 2017-20. The LDP is more focused on the ongoing delivery of services and detailed service improvements than the SCP. The LDP includes a section which summarises the key financial issues facing NHSS which is supported by detailed Financial Planning Templates. The Financial Planning section details recurring savings schemes identified with a projected full year effect value of just under £3.4m, which is a shortfall against their 17/18 Cash Releasing Savings Scheme Target of £4.602m.

**19/12/17 – CC59-17 F – Financial Monitoring Report to 30 Sept 17** and **08/03/18 – CC-10-18 – Financial Monitoring Report to 31 Dec 17** were presented to the IJB by the Chief Financial Officer. The reports highlight a number of explanations for projected overspend within the budgets, as follows:

- Consultant Mental Health Locum £260k
- GP locum requirements £838k
- Community Care Resources £317k
- Ward 3 - Ronas staff redeployment £90k
- A&E £438k

At the end of December 2017 (end of third quarter), £876k savings had been achieved, which equates to approximately one third of the savings target. There are a number of reasons for this:

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- Recruitment difficulties to GP posts;
- Reliance on Agency staff to cover long standing vacancies within Community Nursing;
- Pharmacy savings v high cost drug expenditure for a handful of patients.

The table below shows the target for savings at the start of 17/18, and what has been achieved in each:

	<b>Target</b>	<b>Recurrent</b>	<b>Non-recurrent</b>	<b>Total 17/18</b>
Shifting the Balance of Care from Hospital to Community: Rehabilitation	472,184	450,000	0	450,000
Community Nursing	240,000	61,016	14,193	75,209
Allied Health Professions	60,000	31,080	70,477	101,557
Pharmacy	328,500	155,906	821	156,727
Primary Care	250,000	45,563	1,280	46,843
Remaining Savings Gap	1,178,316	14,000	0	14,000
<b>Total</b>	<b>2,529,000</b>	<b>757,565</b>	<b>86,771</b>	<b>844,336</b>

The Financial Recovery Plan continues to be a work-in-progress. Whilst there have been various reports, considerable hours of planning and a number of service areas highlighted where savings and efficiencies may be promising; the challenge to redesign health and social care service models will continue into 18/19 and beyond.

Many of the reports reviewed during the course of this audit have talked about the substantial savings that the IJB will need to deliver over the next 3 years (Report CC-13-18 F, Appendix 3 states that the “Indicative total savings target over 3 years is £6.981m which is 15% of the cost of the current service delivery model in 2018/19.). Officers recognise that ‘more of the same approach’ will not deliver substantial solutions and that the key to success is the three organisations ‘working together’ “...which involves building collaborative and cooperative working relationships and creating something better than any one organisation could have by themselves”.

In addition, the reports identify that a number of efficiency projects are interlinked and have co-dependencies. This makes the prediction of absolute timescales for delivery difficult. The exact way that savings are achieved may not directly match the plan, but the monitoring framework and reporting arrangements now in place should allow for any variance to be understood.



## **INTEGRATION JOINT BOARD – ANNEX B – PERFORMANCE REPORTING**

### **BACKGROUND**

The main guidance relating to the reporting requirements of the IJB are the Health and Social Care Integration Public Bodies (Joint Working) (Scotland) Act 2014, Core Suite of Integration Indicators and a guidance document produced by The Scottish Government.

The indicators have been developed in consultation with a wide range of stakeholders across all sectors, and with significant input from COSLA, and have been agreed by the Ministerial Steering Group.

The guidance document summarises the rationale behind each of the indicators, their definition and data sources. Many of the indicators use data which is already available from a variety of sources, however, the National Information Services Division (ISD) will provide each Partnership with their data for all indicators in a single spreadsheet in order to enable consistency and clarity around the core indicators.

### Guidance for Health and Social Care Integration Partnership Performance Reports

“Section 42 of The Public Bodies (Joint Working) (Scotland) Act 2014 requires that Performance Reports are prepared by the ‘Integration Authority’...To ensure that performance is open and accountable, the 2014 Act obliges Partnerships to publish an annual performance report setting out an assessment of performance in planning and carrying out the integration functions for which they are responsible.”

“The required content of the performance reports is set out in The Public Bodies (Joint Working) (Content of Performance Reports) (Scotland) Regulation 2014. The guidance lays out the minimum expectations on the content of these reports, with particular reference to the reporting of the Core Integration Indicators to support assessment of performance in relation to the National Health and Wellbeing Outcomes.”

Other relevant Scottish Government guidance is:

- National Health and Wellbeing Outcomes
- Integration Planning and Delivery Principles
- Core Suite of Integration indicators
- Clinical and Care Governance Framework
- Strategic Commissioning Plans
- Financial Assurance
- Localities

### Legislative Context and Reporting Arrangements

“The 2014 Act obliges all Partnerships to publish a Performance Report no later than four months after the end of that reporting year e.g. April 2016 to March 2017 is required to be published no later than the end of July 2017...publication should include making the report available online, and Partnerships should take due consideration to ensure that these are as accessible as possible to the public.”

#### Assessing Performance in Relation to the National Health and Wellbeing Outcomes

“The Performance Report Regulations require Partnerships to assess their performance in relation to the National Health and Wellbeing Outcomes...”

“Performance must be assessed in the context of the arrangements set out in a Partnerships’ SCP and financial statement, and how the expenditure allocated in the financial statement have achieved, or contribute to achieving, the health and wellbeing outcomes. It should also cover how significant decisions made by the Partnership over the course of the reporting year have contributed to progress towards the outcomes.

To support this, a set of core integration indicators have been developed in consultation with a wide range of stakeholders across all sectors, and with significant input from COSLA. They have been agreed by the Ministerial Strategic Group for Health and Community Care. Partnerships should report against these core indicators in their Performance Reports...”

#### Financial Performance and Best Value

“The Performance Reporting Regulations require Partnerships to include information on their financial performance, for the reporting year and by comparison with the 5 preceding years, or with all previous reporting years if this is less than 5 years.

This must include not only the total amount spent by the Partnership in the course of the year, but also the total amount and proportion of spend in the reporting year broken down by the various services to which the money was allocated. It should also identify whether there has been an under or overspend against the planned spending for the year and, if this is the case, an assessment as to why this occurred.

The report must also set out the amount paid to, or set aside for use by, each locality...”

#### Inspection of Services

“The Performance Reporting Regulations require the performance report to include details of any inspections carried out relating to the functions delegated to the Partnership, by any of the following scrutiny bodies, including joint inspections, in the course of the year:

- Healthcare Improvement Scotland
- Social Care and Social Work Improvement Scotland (The Care Inspectorate)
- Audit Scotland
- Accounts Commission
- Scottish Housing Regulator

This must include any recommendation which the body has made alongside the actions taken by the Partnership to implement the recommendation.

Where appropriate, information may be provided via a link where the inspection reports and action plans can be found through their usual routes of publication.”

### Review of Strategic Commissioning Plan

“Should the Partnership decide to review its Strategic Commissioning Plan during the reporting year, the Performance report must include a statement as to why the review was carried out, whether this resulted in any changes to the plan, and if changes were made, a description of what these were.”

“These Performance reports are key to ensuring Partnerships and their local communities are clear on how health and social care integration is performing, and therefore it is the intention of this guidance to give as much flexibility as possible in the content and format of the reports whilst ensuring that the minimum requirements are met, as set out in the regulations.”

## **FINDINGS**

The Health and Social Care Integration Public Bodies (Joint Working) (Scotland) Act 2014, Core Suite of Integration Indicators and the guidance document produced by Scottish Government were reviewed as part of the findings.

The guidance requires the IJB to prepare and publish an annual performance report no later than four months after the end of the reporting year, being 31 July 2017. The Annual Performance Report 16-17 CC-33-17 was presented to the IJB on 23 June 2017. It is published on the Health and Social Care Integration webpage at the following link: [https://www.shetland.gov.uk/Health\\_Social\\_Care\\_Integration/documents/IJBA\\_nnuualPerformanceReport2016-17Final.pdf](https://www.shetland.gov.uk/Health_Social_Care_Integration/documents/IJBA_nnuualPerformanceReport2016-17Final.pdf), there is a link on the home page of NHS Shetland and the public can also access the Shetland Islands Council Committee Information page to see reports and attachments relating to the IJB at: <http://www.shetland.gov.uk/coins/viewDoc.asp?c=e%97%9Dd%97n%7D%8C> This is the first Annual Performance Report for Shetland Islands Health and Social Care Partnership.

The report includes performance indicators against the National Health and Wellbeing Outcomes, information on the core suite of indicators and is supported by local measures and contextualising narrative.

As this is the first annual report the data is only for the first year, in-line with regulations the 17-18 report will include data for both 2016-17 and 2017-18.

The report includes the total amount spent by the Partnership during the year, broken down into service with budgeted and actual figures showing any under or overspend against the planned spending for the year. Section 5.10 of the guidance requires the Partnership to include an assessment as to why this occurred which does not appear to be part of the Annual Performance Report.

The Guidance (section 5.11) states that the report must also set out the amount paid to, or set aside for use by, each locality; the Chief Officer advised that the seven localities are used for planning purposes only and therefore financially the IJB treat Shetland as one locality for the purpose of performance reporting.

Section 5.15 requires the performance report to include details of any inspections carried out relating to the functions delegated to the Partnership including recommendations; the Chief Officer stated that there were no inspections or audits carried out by the scrutiny bodies, mentioned, during the reporting year.

Section 5.19 states that should the Partnership decide to review its SCP during the reporting year, the Performance report must include a statement as to why the review was carried out, whether this resulted in any changes to the plan, and if changes were made, a description of what these were. The SCP underwent a refresh during 2017/18, this should form part of the Performance report for 17-18 but does not relate to the 16-17 report.

**IJB 1718 App Performance Report** refers to the above findings.

There were a number of IJB Performance Reports presented during 2017/18, as follows:

23/06/17	CC-32-17 F	Performance Overview Quarter 4 (16/17)
23/06/17	CC-33-17 F	Shetland Islands Health and Social Care Partnership Annual Performance Report 2016-17
06/09/17	CC-41-17 F	Shetland Islands Health and Social Care Partnership Quarterly Performance Overview, April – June 2017
19/12/17	CC-57-17 F	Shetland Islands Health and Social Care Partnership Quarterly Performance Overview, July – September 2017
08/03/18	CC-11-18 F	Shetland Islands Health and Social Care

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		Partnership Quarterly Performance Overview, October – December 2017
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Report CC-32-17 was presented by the Director of Community Health & Social Care / Chief Officer to the IJB on 23 June 2017. The performance reports summarise the activity and performance within the functions delegated to the IJB and Key Performance Indicators for the set aside services. The reports are split into key areas, as follows:

Appendix A – Projects and Actions

Appendix B – Council-wide Indicators

Appendix C – Directorate Performance Report - Local Delivery Plan suite of indicators generated by NHSS that are relevant to the IJB

Appendix D – Directorate Performance Report - Outcomes 1-9 Quarterly and Annual Measures

Appendix E – Complaints

Appendix F – Proposed Targets for Core Indicators

Report CC-33-17 was presented by the Head of Planning and Modernisation to the IJB on 23 June 2017. The report highlights that the Shetland Islands Health and Social Care Partnership performs well and secures good results across many of the Health and Wellbeing Outcomes. The Partnership has achieved 'first in Scotland' results in four of the Government's key measures on data available for (2015-16):

- Number of unplanned admissions for those aged over 75
- Number of delayed discharges
- Proportion of the last six months of life spent at home or in a community setting
- The number of bed days used in the last six months of life

The report states that it considers the Annual Performance Report meets the minimum reporting requirements of the legislation, regulations and guidance but, in future years, could be strengthened with regard to the analysis of performance on: best value; inequalities and human rights; staff engagement; and arrangements within localities.

The themes which the Annual Performance Report considers are:

- Key achievements, and what didn't work so well
- Financial performance
- Service performance, with a focus on Health and Wellbeing Outcomes
- What service users think
- Workforce review and staff surveys
- What changes were made to service models, and any impacts
- What risks did we carry and how well were they managed
- External view of what we do, through audits, inspections, studies etc.
- What's happening in each local area, known as localities
- What are the plans for the future

Report CC-41-17 states that the IJB has in place, well established arrangements for regularly reporting on the performance of resources (management accounts), service delivery (Performance reports) and risk.

Report CC-48-17 F – Joint Strategic Commissioning Plan, Refresh 2018-2021 refers to a set of key indicators the Scottish Government has indicated it is focussing attention on to measure progress under integration:

- 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

Each integration authority was invited by the Scottish Government to set out local objectives for each of these indicators for 2017/18. Initial high level data covering a number of the indicator areas shows Shetland IJB as the top performer in 4 of the 8 graphs provided by the government; top 5 in 2 others and the top half in the other two. This appears to indicate strong performance against government measured priorities. The report stated that these 6 key indicators will become a key part of the performance reporting arrangements and have been included in the Annual Performance Report 2016-17.

The Chief Officer stated that he believes the performance reporting requirements of the IJB have been satisfactorily addressed for 2016-17.

There are various documents that inform and supplement the work of one and other, as follows:

Joint Strategic Commissioning Plan  
Shetland Community Partnership's Local Outcome Improvement Plan  
Shetland Islands Council's Corporate Plan  
NHS Shetland's 2020 Vision  
NHS Shetland Local Delivery Plan

## **INTEGRATION JOINT BOARD – ANNEX C - PERFORMANCE**

### **FINDINGS**

There has been various work and planning carried out to address the gap in funding on the NHSS arm of the IJB delegated services. The ten Strategic Priority Projects detailed in the SCP have been moving forward slowly. The NHSS Head of Planning and Modernisation stated that a number of building blocks have been put in place during 2017/18 to drive forward plans and whilst there was an ambition to achieve the efficiency savings from the projects this has not been fully realised. She stated that 2017/18 has been a learning curve and whilst the projects have not moved forward significantly there is now the foundations in place to move forward with more realistic targets and timescales.

All parties are aware that recurrent savings are needed urgently, however, due to the very nature of health care this requires extensive consideration to ensure savings achieved in one service are not passed onto another service and all this requires time to implement and time to start seeing those savings materialise. Trying to achieve recurrent savings of this magnitude in one year is imprudent and unrealistic, however, it is imperative that tangible progress to close the gap continues to be at the forefront of management objectives and to set a truly realistic timeframe to achieve this.

Currently savings appear to be fortuitous in nature and there are no detailed plans, as yet, to provide assurance that the funding gap will improve in future. However, it is noted from the reports presented to the IJB and the meetings held by Internal Audit with the Chief Officer, Chief Financial Officer and the Head of Planning and Modernisation that the Strategic Priority Projects continue to be a work-in-progress. Annex A - Financial Recovery Plan contains further information in relation to this test.

It is evident from reports and discussions, that officers are working towards proposals and are optimistic that these will achieve the savings required over the medium to long-term.

There are a number of these reports which link into the progress being made to address the Strategic Priority Projects:

#### Transformational Change Programme Board

Report **CC-28-17 D1 - Management Arrangements for Strategic Change Programmes** was presented to the IJB on 13 July 2017. The IJB approved the proposed arrangements for managing the Strategic Change Programmes.

The report stated that formal project management arrangements had been developed to support the implementation of the programmes, however, Internal Audit were not provided with specific evidence of this. In addition, a Transformational Change Programme Board (TCP Board) has been established to direct and co-ordinate the work; the focus is on developing a

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whole system approach to redesigning health and care services within the constraints of the financial plan.

The Board is supported by a number of advisors, Executive Leads have been appointed to lead on each of the programmes; supported by Programme Managers to assist in co-ordinating the work and helping deliver the overall objectives of the programme.

Project Leads are responsible for ensuring the necessary project documentation is in place; project teams or working groups are convened and reports are produced for review at Programme Board meetings.

A timetable for the Sustainable Service Models had been agreed as part of this report; for the developing projects, the dates indicate the point at which it is estimated that sustainable service models will have been modelled and the process of sharing the ideas through the decision making routes will have begun. See table below:

	June 2017	July 2017	August 2017	Sept 2017	Oct 2017	Progress
Extending Intermediate Care	✓					Implementation Phase; on schedule
Unscheduled Care Hub	✓	✓	✓	✓		Options identified; on schedule
Primary Care		✓				
North Isles Co-production		✓				
Adult Services			✓			
Community Nursing			✓			
Medical Workforce			✓			
Social Care				✓		
Scenario Planning					✓	

The expected outputs from the Sustainable Service Models programme of work are set out in a separate document attached to report CC-28-17 D1 <http://www.shetland.gov.uk/coins/viewSelectedDocument.asp?c=e%97%9Dd%97o%80%8F> as Appendix 1.

There does not appear to have been any progression of PIDs for the ten Strategic Priority Projects, however, it is acknowledged that work has been focusing on Scenario Planning and investing time in making sure proposals are developed with input from all necessary stakeholders. Whilst PIDs would represent 'best practice', Internal Audit have been advised that the disciplined nature of PIDs does not fit with the continually changing nature of a health service and this strategy had not received the buy-in from stakeholders which is ultimately essential to move forward.

NHSS are required annually to prepare a Local Development Plan (LDP) (Report **CC-29-17 F**); it sets out the strategic priorities which NHSS is committed to. It is complementary to the IJB SCP for 2017-20; the LDP is more focused on the ongoing delivery of services and detailed service improvements, whereas the SCP does not address any operational matters. The NHSS LDP sets out the strategic overview and key delivery mechanisms



for health and care in Shetland and is therefore part of the core suite of planning documents which support the integration arrangements for health and social care services.

The NHSS LDP includes a section which summarises the key financial issues facing NHSS; this is supported by detailed Financial Planning Templates, which form the basis of the financial performance reporting throughout 2017-18.

The LDP's Financial Planning section states that *"As the Board are in recurring financial deficit it continues to focus upon an Efficiency and Productivity agenda over a five-year period rather than the minimum three-year period. The Board's immediate focus has been on developing recurrent proposals for 2017-18 to bridge the in-year gap. As a consequence, proposals for years three to five include high levels of unidentified savings"*.

The Efficiency and Redesign Projects identified in the LDS identifies an overall total of recurring efficiency savings proposals of £3,386,370, of these £1,290,684 relate to services delegated to the IJB.

Minutes from the TCP Board were provided by the Head of Planning and Modernisation for the meeting held on 18 January 2018. The Minutes discuss progress with Sustainable Service Models and the challenges identified. It also has a table which details projects that have been identified under the three strategic programme areas.

Report **CC-41-17 F – Quarterly Performance Overview April – June 2017** section 4.3 explores the key issues identified, extract as follows:

Key Issues Apr-Jun 17	Description of Key Issues / Progress
Delivery of Strategic Plan	
Strategic Change Programme Board	The programme and project management arrangements have been established through the Chief Executive of NHS Shetland to support the delivery of the projects included in the Strategic Commissioning Plan. Work is progressing on determining interconnections and dependencies to firm up the reporting timescales. The list of projects is included at Appendix 2, together with a note on progress.
Use of Resources	
Savings targets	A significant amount of work has been done to identify efficiencies within services, and put forward potential savings options in order to bridge the funding gap on NHS Shetland funded services. (See separate report).

The SCP sets out several strategic change programmes. This work is intended to put in place service models which are equitable, affordable and sustainable, during the life of the Plan. This work is in recognition of the increasing demand for services, alongside reducing resources and staff recruitment challenges.

Appendix 2 of the report provided a summary of the North Isles Co-production Project, the project looks at how best to design and deliver services across a geographical area, rather than looking at things from an individual service

perspective. This project needs to work alongside: Out of Hours; Primary Care (GPs); Oral Health; Community Nursing and Social Care Resources. These projects are considering service delivery models from a service specific perspective; the co-production project considers options from a community / geographical perspective using a multi-disciplinary, localities based approach.

Appendix 3 of the report refers to the 'whole systems' approach to Sustainable Service Models and the various projects.

Report **CC-48-17 F – Joint Strategic Commissioning Plan Refresh 2018-2021** states that:

"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."

"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."

## **Strategic Planning**

### Update of the Strategic Plan

"The Strategic Plan for 2018-19 has been updated in line with the consultation feedback: to strengthen the purpose and direction; to be the basis upon which decisions can be made; to be clearer on the changes required and implementation plans; and to be aligned to the financial envelope within which we have to operate. It is considered appropriate to put the Strategic Plan update 'on hold' in order to capture the key issues from Scenario Planning."

### Scenario Planning

A programme of scenario planning started in November 2017 and comprised of 'how to live within a budget which takes out all savings over 5 years', the Head of Planning and Modernisation stated that 'we have to be clear on what is affordable and completely transparent and honest with the Community'.

A programme of workshops was established early in 2018. "Recognising the issues and challenges that we face, the process of scenario planning will create the opportunity to take time out to review our models of care. The process will also explore opportunities, for example from technology or regional working, to think about which models of care will most appropriately address the needs of our population."

The first session took place on 24 January 2018, where over 70 participants took part. There were participants from a wide range of organisations and services.

The discussion was split into four sessions:

1. An explanation of the scenario planning process and how it can be used as a tool to inform the update of our Strategic Plan;
2. An overview of how services are currently delivered in Shetland and the challenges we face;
3. Hearing about other models of health and social care, including:
  - The benefits and ambitions of a regional planning approach;
  - An overview of remote and rural models of hospital care across Scotland;
  - The Canterbury Model (New Zealand) and the key learning and application to remote and rural care; and
  - Lessons learned from models of care in NHS Orkney
4. Facilitated group sessions to identify the top five factors that inform and shape the future of services

When the workshop concluded, it was reported that there were clear themes emerging regarding the most significant factors that will impact on the scenario planning exercise.

The top three emerging themes were:

- the role of self-management and prevention;
- changes being clinician-led and management enabled; and
- the importance of good communication and community engagement.

The next session was planned for Wednesday 28 February where the purpose was:

- a review of the key issues;
- to start to develop scenarios; and
- to start to consider the impact of the scenarios on our current service models.

An initial timeline of how each of the processes could come together was set out:

<b>Date</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr +</b>
<b>Strategic Plan</b>	Identify key issues	Work up Scenarios	Agree Scenario and Revised Strategic Objectives	Draft Plan for approval
<b>Financial Challenges</b>		Cost Scenarios	Clarify 'Financial Ask' of each service	2018-19 Approve Budget
<b>Strategic Change Programmes</b>			Refine the Outputs and Financial 'Asks' of each project	Revised Implementation Plan for Approval
<b>Service Plans</b>			Refresh Service Plans to reflect Strategic Change	Approve Service Plans with strategic changes (as required)

Further reports encompassing the Scenario Planning workshops are expected to be presented to the IJB early in 2018/19, which will hopefully provide further detail on how the Strategic Priority Projects will be taken forward.

In order to deliver further changes in a planned and timely way, there needs to be a willingness from all parties and stakeholders to support redesign and change. The IJB will need to present the tangible challenges to the wider community, along with credible plans to deliver safe and sustainable alternatives.

There is a need to maintain the pace of work in releasing efficiencies, however, a longer term and more strategic approach is required if the IJB are to deliver safe and effective services into the future. The competing priorities of rapidly realising savings to narrow the gap in available funding versus the time and resources that needs to be invested into developing and delivering sustainable service models in-line with the strategic programmes means the IJB needs to direct the Parties to deliver realistic short term decisions to bridge the immediate funding gap whilst the strategic work progresses.

# Shetland Islands Health and Social Care Partnership

Agenda Item

**3**



<b>Meeting(s):</b>	Integration Joint Board Audit Committee	20 June 2018
<b>Report Title:</b>	Chief Internal Auditor - Annual Report 2017/18 / Planned Work 2018/19	
<b>Reference Number:</b>	CC-27-18-F	
<b>Author / Job Title:</b>	Crawford McIntyre - Executive Manager - Audit, Risk & Improvement	

<b>1.0</b>	<b>Decisions / Action required:</b>
1.1	The IJB Audit Committee is asked to note the contents of the annual report and comment accordingly.
1.2	The IJB Audit Committee is asked to approve the work planned for 2018/19.
<b>2.0</b>	<b>High Level Summary:</b>
2.1	This report presents the IJB Audit Committee with the Chief Internal Auditor's annual report for 2017/18 together with brief detail of planned work for 2018/19.
2.2	Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance.
<b>3.0</b>	<b>Corporate Priorities and Joint Working:</b>
3.1	The audit process plays a key role in helping the IJB to maintain good governance, accountability and can provide some assurance around financial stewardship.
3.2	The Council's Head of Internal Audit, the Executive Manager – Audit, Risk & Improvement was formally appointed Chief Internal Auditor of the IJB on 25 August 2015.
<b>4.0</b>	<b>Key Issues:</b>
	<u>Annual Report 2017/18</u>
4.1	The work undertaken by SIC Internal Audit for 2017/18 focused on: the Financial Recovery Plan, the Strategic Priority Projects and Performance Reporting requirements.
4.2	The key area of concern remains focused on the carried forward funding gap and ongoing Savings and Efficiency targets. The 2017/18 Financial Recovery Plan did

not succeed in achieving the IJBs aspiration to “develop a Strategic Commissioning Plan which minimises, or ideally eliminates, the need for a Financial Recovery Plan in 2017/18”. The Chief Financial Officer has confirmed the shortfall on the 17/18 Recovery Plan is £1.605m (FYE is £1.716m) but the overall shortfall on the NHSS arm of the budget is £2.838m, which will be met by NHS Shetland (NHSS) from non-recurrent savings.

- 4.3 Whilst Savings and Efficiency Project work continues to be progressed there is a palpable concern that momentum will be lost if more detailed / strategic outcomes are not agreed and progressed. The IJB needs to be realistic with the timescales required to deliver savings and efficiencies, a more strategic medium to long-term outlook is required.
- 4.4 The 2016/17 audit report stated that it was vital that lessons are learned with regard to the growing level of savings needed to fund the gap. It is evident from the continued need for a Recovery Plan that collaborative and cooperative working between the partners requires focus and this is now the time for redesign to be progressed and implemented rather than talked about. Whilst, it is acknowledged that there is continued and committed work by the Parties there appears to be a disparity between these that means redesign cannot progress.
- 4.5 There does not appear to have been any progression of PIDs for the ten Strategic Priority Projects, however, it is acknowledged that work has been focusing on Scenario Planning and investing time in making sure proposals are developed with input from all necessary stakeholders. Whilst PIDs would represent ‘best practice’, Internal Audit have been advised that the disciplined nature of PIDs does not fit with the continually changing nature of a health service and this strategy had not received the buy-in from stakeholders which is ultimately essential to move forward.
- 4.6 The NHSS Head of Planning & Modernisation has however advised a project management process is in place, which will be developed further once the Scenario Planning exercise is completed. Thereafter the Strategic Commissioning plan and financial matters require synchronised to maximising the likelihood of a positive financial outcome
- 4.7 It is however important to recognise the positive outputs of the IJB:
- Good outcomes continue to be achieved;
  - A proportion of recurrent Savings and Efficiencies were realised
  - A balanced budget was ultimately achieved.
  - Performance reporting requirements were substantially met
  - A programme of scenario planning has commenced
  - Strategic commissioning Plan improvements

#### 2018/19 Planned work

- 4.8 It is intended that for 2018/19 our work will centre on:
- Savings and efficiency targets progress
  - Directions
  - Self Directed Support
  - Shetland specific Audit Scotland case study report findings from national audit of Health and Social Care Integration

4.9	Twenty days have been allocated by Shetland Islands Council within the SIC Annual Audit plan for internal audit work in relation to the IJB. The work will be largely undertaken during the final quarter of the financial year.	
	<u>Conclusion</u>	
4.10	Subject to satisfactory arrangements being put in place to address matters identified, Internal Audit concluded that the IJB's systems of internal control, governance and risk management were generally adequate and effective to provide reasonable assurance that the assets were safeguarded, reliable financial information could be produced and that value for money was generally sought.	
4.11	Any system of internal control can only provide reasonable assurance against loss. Internal Audit can only provide reasonable comment that there are no major weaknesses in the systems they have reviewed.	
<b>5.0</b>	<b>Exempt and/or confidential information:</b>	
5.1	None.	
<b>6.0</b>	<b>Implications:</b>	
<b>6.1 Service Users, Patients and Communities:</b>	The work of Internal audit and the IJB Audit Committee can help provide assurance to service users, patients and communities in relation to governance matters.	
<b>6.2 Human Resources and Organisational Development:</b>	Proposals for change that impact on the workforce will be reported to the Joint Staff Forum for consultation with staff representatives.	
<b>6.3 Equality, Diversity and Human Rights:</b>	None arising directly from this report.	
<b>6.4 Legal:</b>	The IJB were required to appoint a Chief Internal Auditor and have appointed the Executive Manager – Audit, Risk & Improvement.	
<b>6.5 Finance:</b>	There are no direct financial implications however the Financial Recovery Plan requires to be robustly progressed.	
<b>6.6 Assets and Property:</b>	None arising directly from this report.	
<b>6.7 ICT and new technologies:</b>	None arising directly from this report.	
<b>6.8 Environmental:</b>	None arising directly from this report.	
<b>6.9 Risk Management:</b>	Whilst no specific risk can be attributed to this report, Internal Audit facilitates reduction of risks identified as a result of work undertaken.	
<b>6.10 Policy and Delegated Authority:</b>	The IJB Audit Committee is required to consider reports from the IJB Chief Internal Auditor as set out in its terms of reference.	

<b>6.11 Previously considered by:</b>	None	N/A

**Contact Details:**

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5 June 2018





<b>Meeting(s):</b>	Integration Joint Board Audit Committee	20 June 2018
<b>Report Title:</b>	IJB Audit Committee Business Programme 2018/19	
<b>Reference Number:</b>	CC-28-18-F	
<b>Author / Job Title:</b>	Simon Bokor-Ingram, IJB Chief Officer	

## 1.0 Decisions / Action required:

- 1.1 That the IJB Audit Committee RESOLVES to consider and approve its business planned for the financial year to 31 March 2019, including any changes or additions identified.

## 2.0 High Level Summary:

- 2.1 The purpose of this report is to inform the IJB Audit Committee of the planned business to be presented over the financial year to 31 March 2019, and discuss with Officers any changes or additions required to that programme.

## 3.0 Corporate Priorities and Joint Working:

- 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 In order to fulfil the statutory duties with regard to the functions delegated to the IJB Audit Committee by the Shetland Islands Council (the Council) and Shetland NHS Board (the Health Board), and in order to meet public governance principles, the IJB Audit Committee must make sure its Business Programme supports its role in the planning and direction of services to meet the needs of some of the most vulnerable people in our community, and to set its business in accordance with local and national reporting frameworks.

## 4.0 Key Issues:

- 4.1 The IJB Audit Committee's governance documents contain the legislative requirements and matters of best practice and standards, and the Business Programme enhances these by publicising the plans for decision making and other public reporting requirements, in keeping with the principles of good governance.

4.2	There is a strong link between strategic planning and financial planning, to provide the best possible environment to ensure that the strategic direction, service models and resources to deliver services are aligned.
<b>5.0 Exempt and/or confidential information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	The Business Programme provides the community and other stakeholders with important information, along with the Strategic Commission Plans, as to the planned business for the coming year.
<b>6.2 Human Resources and Organisational Development:</b>	There are no direct impacts on staffing or organisational development matters with regard to approval of the Business Programme. However approval of the Business Programme will give direction and assurances to staff with regard to the timing and requirements for decisions and public reporting that the IJB has agreed.
<b>6.3 Equality, Diversity and Human Rights:</b>	There are no direct impacts on equality, diversity or human rights with regard to approval of the Business Programme, although individual items will have to have regard to those in terms of any outcomes and associated risks. The recommendation in this report does not require an Equalities Impact Assessment.
<b>6.4 Legal:</b>	<p>The IJB Audit Committee is advised to establish a Business Programme, but there are no legal requirements to do so.</p> <p>There are no direct legal impacts with regard to approval of the Business Programme, although individual reports will have to have regard to current and impending legislation and the impact on the IJB, and the services which the NHS and SIC deliver, in terms of outcomes and legal risks.</p>
<b>6.5 Finance:</b>	<p>There are no direct financial implications by approving the Business Programme, but indirect costs may be avoided by optimising time spent by officers and members of the IJB at scheduled meetings. Regular financial and performance reporting will ensure that the IJB fulfils the terms of the Integration Scheme.</p> <p>Any costs associated with the development and maintenance of the IJB Audit Committee</p>

	Business Programme will be met from within existing budgets of the Council and the Health Board.	
<b>6.6 Assets and Property:</b>	There are no implications for major assets and property. It is proposed that all meetings of the IJB Audit Committee will be held in either the premises of the Council or the Health Board and that the costs will be covered accordingly by the Council and the Health Board.	
<b>6.7 ICT and new technologies:</b>	There are no ICT and new technology issues arising from this report.	
<b>6.8 Environmental:</b>	There are no environmental issues arising from this report.	
<b>6.9 Risk Management:</b>	The risks associated with setting the Business Programme are around the challenges for officers meeting the timescales required, and any part of the Business Programme slipping and causing reputational damage to the IJB, the Council or the NHS. Equally, not applying the Business Programme would result in decision making being unplanned and haphazard and aligning the IJB's Business Programme with the objectives and actions contained in its Strategic Plans could mitigate against those risks.	
<b>6.10 Policy and Delegated Authority:</b>	As a separate legal entity the IJB has full autonomy and capacity to act on its own behalf. Having in place a structured approach to considering key planning, policy and performance documents at the right time is a key element of good governance. Regular Business Planning reports are already prepared for each IJB meeting.	
<b>6.11 Previously considered by:</b>	IJB (Min. Ref. 02/18)	27 February 2018

**Contact Details:**

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31 May 2018

**Appendices:**

Appendix 1 Business Programme 2018/19





Shetland NHS  
Board



Shetland Islands  
Council

Shetland Health and Social Care Partnership  
**Integration Joint Board Audit Committee**  
**Meeting Dates and Business Programme 2018/19**  
as at Friday, 08 June 2018

IJB Audit Committee		
Quarter 1	Date of Meeting	Business
1 April 2018 to 30 June 2018	Wednesday 20 June 2018 at 2 p.m..	<ul style="list-style-type: none"> <li>• 2017/18 Unaudited Annual Accounts</li> <li>• Internal Audit Report 2017/18</li> <li>• Chief Internal Auditor Annual Report - 2017/18 &amp; Planned Work 2018/19</li> </ul>
Quarter 2 – 1 July 2018 to 30 September 2018	Friday 21 September 2018 at 10 a.m.	<ul style="list-style-type: none"> <li>• Final 2017/18 Accounts</li> </ul>
Quarter 3 - 1 October to 31 December 2018	Thursday 8 November 2018 at 2 p.m..	<ul style="list-style-type: none"> <li>• <i>To be confirmed</i></li> </ul>
Quarter 4 1 January 2019 to 31 March 2019	Thursday 28 February 2019 at 10 a.m.	<ul style="list-style-type: none"> <li>• <i>To be confirmed</i></li> </ul>

END OF BUSINESS PROGRAMME as at Friday, 08 June 2018