

Annual Accounts **2018/19**



NHS
Shetland



Shetland Islands
Integration Joint Board

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Introduction

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

The Parties:

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

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

The Parties agreed the Integration Scheme of Shetland Islands Health and Social Care Partnership, which sets out the delegation of functions by the Parties to the Integration Joint Board. The Integration Scheme is due to be formally reviewed prior to 31 March 2020.

The Shetland Health and Social Care Partnership Members for 2018/19, and up to date of signing these accounts, were as follows:

Voting Members:

- Mr A Duncan (Vice Chairperson – SIC)
- Ms N Cornick (Chairperson – NHSS) – appointed as Chairperson 13 March 2019
- Ms J Haswell (NHSS) – appointed 13 March 2019
- Ms S Manson (NHSS)
- Mr R McGregor (SIC)
- Ms E MacDonald (SIC)
- Mrs M Williamson (Chairperson - NHSS) – resigned 13 March 2019

Non-Voting Members:

- Mr S Bokor-Ingram (Chief Officer) – Resigned 13 May 2019
- Dr S Bowie (GP Representative) –Resigned 17 October 2018
- Ms M Gemmill (Patient / Service User Representative) – Resigned 30 August 2019
- Ms S Gens (Staff Representative)
- Mr J Guyan (Carers’ Representative)
- Mrs C Hughson (Third Sector Representative)
- Mrs M Nicolson (Chief Social Work Officer)
- Ms J Robinson (Interim Chief Officer) – Appointed 13 May 2019
- Mr I Sandilands (Staff Representative)
- Mrs E Watson (Lead Nurse for the Community)
- Mr K Williamson (Chief Financial Officer)
- Dr P Wilson (Senior Consultant: Local Acute Sector) – Appointed 5 September 2018
- Vacant (GP Representative)
- Vacant (Patient / Service User Representative)

Post Year End Changes to Voting Membership

Since 1 April 2019 there have been no further changes to membership.

Management Commentary

The purpose of the Management Commentary is to inform all users of these Accounts and help them to understand the most significant aspects of Shetland Islands Health and Social Care Partnership's financial performance for the year to 31 March 2019 ("period", "year") and its financial position as at 31 March 2019.

The Management Commentary has been prepared in accordance with the requirements of the Local Authority Accounts (Scotland) Regulations 2014 (SSI 2014/20) and the statutory guidance in Finance Circular 5/2015 which is based on Companies Act legislation and Financial Reporting Council guidance.

Background

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

Under the Body Corporate model, NHSS and SIC delegate the responsibility for planning and resourcing service provision of adult health and social care services to the IJB.

As a separate legal entity, the IJB has full autonomy and capacity to act on its own behalf and can make decisions about the exercise of its functions and responsibilities within its allocated funding, as it sees fit.

The IJB is responsible for the strategic planning of the functions delegated to it by SIC and NHSS and for the preparation of the Strategic Commissioning Plan. The SIC delegate responsibility for all adult social care services to the IJB. NHSS delegate responsibility for all community based health services plus an element of acute services relating to unscheduled care. The Strategic Commissioning Plan specifies the services to be delivered by the Parties. The IJB is also responsible for ensuring the delivery of its functions through the locally agreed operational arrangements set out within its Integration Scheme, which can be found at; http://www.shetland.gov.uk/Health_Social_Care_Integration/documents/SHSOPartnershipIntegrationScheme15May2015_000.pdf

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

Purpose and Objectives

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

National Health and Wellbeing Outcomes

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

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information, support, care and treatment they provide.

9. Resources are used effectively and efficiently in the provision of health and social care.

The Scottish Government 2020 Vision is that, “By 2020, everybody is able to live longer, healthier lives, at home or in a homely setting”.

Shetland’s Partnership Plan

The Shetland Partnership is a wide range of partners and community bodies who collectively make up the Community Planning Partnership (CPP) for Shetland. A CPP should have a clear and ambitious vision for its local area.

The Partnership and the key partners within it, including the IJB, SIC & NHSS, have a statutory duty to produce Shetland’s Partnership Plan and ensure it is delivered and resourced.

Extracts from Shetland’s Partnership Plan 2018-2028:

Our shared vision

“Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges”

Our shared priorities

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

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

The focus for the IJB with regard to delivery of the LOIP outcomes will be ‘People’ and ‘Participation’ with specific focus on:

- Tackling alcohol misuse
- Healthy weight and physical activity
- Low income/poverty
- Satisfaction with public services
- People’s ability to influence and be involved in decisions which affect them

The IJB, SIC and NHSS have jointly developed the Performance Management Framework 2019-24 (PMF). The PMF was approved for implementation by the 3 bodies at meetings in June/July 2019. The intention of the PMF is to provide a consistent “Once for Shetland” approach and a clear focus on improving outcomes. This is in line with the principles of Shetland’s Partnership Plan.

The implementation of the PMF will allow the IJB to monitor and report on improvement against the LOIP outcomes as part of its overall performance reporting.

Strategic Commissioning Plan

The IJB put the preparation of its Strategic Commissioning Plan on hold during 2018/19, while NHS Shetland facilitated a ‘Scenario Planning’ exercise to understand more fully the issues the Board faced and look at ways to address these. This identified some key themes that are likely to impact on health and social care services in the future:

- Demand
- Prevention
- Economics
- Workforce
- Integration
- Technology

During 2018/19, the IJB continued to work towards the vision and objectives in its Strategic Commissioning Plan 2017-2020.

The IJB approved its Strategic Commissioning Plan 2019-2022 on 13 March 2019 (<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=23847>).

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

The Strategic Commissioning Plan 2019-2022 now sets out an ambitious plan for health and social care services in the future, with aspirations for seamless services, wrapped around the needs of individuals, their families and communities.

The Plan sets out the IJB's priorities for the next 3 years taking into account all the national, regional and local drivers for change. The IJB intends to work to manage the various demand and issues it faces and continue to evolve its services models to:

Develop a single health and care system - We will have in place seamless services, wrapped around the needs of individuals, their families and communities, which are not restricted by organisational or professional boundaries. Where possible we aim to deliver a 'one stop shop' approach to health and care.

Maximise population health and wellbeing – people will be supported to look after and improve their own health and well-being, helping them to prevent ill health and live in good health for longer

Develop a unified primary care service with multi-disciplinary teams working together to respond to the needs of local populations

Streamline the patient's journey in hospital – we will work to make sure that people get the right care in the right place at the right time by maximising outpatient, ambulatory, day care services and minimising in-patient stays

Achieve a sustainable financial position by 2023

Performance Overview

On 23 January 2019, the IJB approved some specific targets and objectives to make sure that health and social care services in Shetland provide the best possible outcomes for the community within available resources. The measures used are the same as those used by the Scottish Government to check that the system is working as a whole and focus on some key aspects which are important to patients, service users and unpaid carers. The indicators cover:

- Number of emergency admissions;
- Admissions from Accident and Emergency;
- Number of unscheduled hospital bed days - acute specialities;
- Number of unscheduled hospital bed days - long stay specialities;
- Accident and Emergency Attendances;
- Percentage of attendances at Accident and Emergency seen within 4 hours;
- Delayed discharge bed days;
- Percentage of last six month of life by setting;
- Number of days by setting during the last six month of life; and
- Balance of care: Percentage of population in community or institutional settings.

Shetland performs well in most of these indicators. The IJB reviews its overall performance using a wide range of performance indicators on a quarterly basis. An example of this can be seen in the report presented on 23 January, "Quarterly Performance Overview Report, Quarter 2: July – September 2018" which sought approval of the targets and objectives above and set out improvement plans for the coming year (<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=23528>).

The principal change projects that the IJB aim to deliver to maintain or improve its overall performance include:

- working with individuals to help them to look after their own health and care needs;
- modernising primary care;
- repatriation of care back to Shetland where it is safe to do so;

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- reviewing our approach to unscheduled, or emergency care;
- managing long term conditions, such as diabetes, respiratory disease and stroke; and
- working with people to maintain or increase independence and quality of life.

The IJB approved its Annual Performance Report 2018/19 (APR) on 27 June 2019. This report enabled the IJB and its stakeholders to review performance during 2018/19 and reflect on what worked well and not so well.

In addition to providing an overview of the IJB's performance during the year, the APR also considered the views of service users and the staff delivering services, and reflected on external feedback through audits and inspections. It can be difficult to demonstrate the intended impact of the Strategic Commissioning Plan purely through performance indicators. The IJB therefore needs this broad overview in considering whether intended outcomes have been met, or at likely to be met in the future.

The APR outlined the findings of a recent evaluation exercise requested by the Scottish Government looking at key areas considered necessary to make an IJB work successfully. While some of the factors were considered to be embedded in the IJB, there is still work to be done. The APR recognised that the IJB's approach to participation and engagement could be improved to build better working relationships with carers, service users and the local community generally.

The APR highlighted that the IJB continues to perform well and deliver a high level of service, securing good results across many of the National Health and Wellbeing Outcomes (detailed on page 2) in the year. Delivery costs are also often high, however, which is reflected in the financial challenges facing the IJB and can limit service users' choice and flexibility in meeting their particular demand.

The full APR can be found at <http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=24180>.

Operational Review

In 2018/19 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.

Our achievements during 2018/19 include:

1. The Adult Mental Health redesign project has been progressed, with a focus on creating multi-disciplinary teams and appropriate referrals and care pathways;
2. The Social Care programme of work reinforced our approach to 'care at home' being the principle objective of how we care for our service users, with several 'tests of change' being developed around prevention and 24 hour care support. Innovative approaches to workforce recruitment and retention is supporting this work;
3. Development of our approach to implementing the Primary Care Improvement Plan, to support how we organise ourselves to ensure that our service users get seen by the right person, in the right place to address their health and social care needs;
4. A reinvigorated approach to Self Directed Support, with a significant investment in training and coaching to support our staff to have good conversations around choice and flexibility of services, and to help them find ways to meet that need through innovative approaches and 'tests of change';
5. The Intermediate Care Team is now firmly embedded to support reablement and we invested in the Otago Falls Prevention programme to help avoid people injuring themselves and requiring treatment;
6. The community pharmacy work has been developed to provide support to people to manage their own medicines in community settings and provide services within care homes to ensure residents are receiving medicines safely and that waste is avoided;
7. A community co-production project has been undertaken with the support of the Scottish Health Council on the island of Bressay to explore and implement solutions to providing health and social care services to a community with no resident health staff;
8. Rolling out training on an asset based approach to a wide range of stakeholders - including to people outwith the health and social care sectors;

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9. The Domestic Abuse and Sexual Violence Strategy was refreshed and endorsed by the IJB, NHSS and SIC with a strong platform of development work to tackle the root causes, as well as addressing acute and ongoing support needs for people affected by abuse;
10. The IJB strengthened its approach to financial planning with the establishment of a Medium Term Financial Plan 2018-2023 (MTFP).

Managing performance is part of the 'commissioning cycle' which seeks to provide good evidence to ensure that services are prioritised, designed and delivered to meet need.

The overall purpose of recording and reporting on performance is to use that evidence to deliver good quality services, and to improve how we do things.

The Public Bodies (Joint Working) (Scotland) Act 2014 requires Integration Authorities to report against the National Health and Wellbeing Outcomes (detailed on page 2-3), which draw on a mix of qualitative and quantitative measures. The qualitative measures come from the annual Care Experience and Staff survey administered by the Scottish Government. In terms of system measures, Shetland has performed well against the national benchmarks, as show below.

National Outcome Indicators	Shetland Performance	Comparison to Scotland Average	Scotland Average Performance
Premature mortality rate (per 100,000)	323	better than	425
Rate of emergency admissions for adults (per 100,000)	10,350	better than	12,183
Rate of emergency bed days for adults (per 100,000)	65,137	better than	123,035
Readmissions to hospital within 28 days of discharge (per 1,000)	69	better than	102
Proportion of last 6 months of life spent at home or in a community setting	94.20%	better than	89.20%
Falls rate per 1,000 population in over 65s	18	better than	22
Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections	97%	N/A	Not Known
Number of days people (75+) spend in hospital when they are ready to be discharged (rate per 1,000)	505	better than	762
Percentage of total health and care spend on hospital stays where the patient was admitted in an emergency	14%	better than	25%

The above indicators relate to 2017/18. These statistics are made available on a biennial basis, so comparatives have not been provided.

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

Financial Performance Indicator	2018/19	2017/18
Percentage of Recovery Plan savings target achieved in year	19%	37%
Percentage of recurrent savings achieved against Recovery Plan savings target in year	11%	30%

Financial Statements

The Financial Statements detail the IJB's transactions for the year and its year-end position as at 31 March 2019. The Financial Statements are prepared in accordance with the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements (IASB Framework) as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom.

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

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

The primary financial statements and notes to the accounts, including the accounting policies, form the relevant financial statements for the purpose of the auditor's certificate and opinion. The remuneration of the Chief Officer of the Partnership is disclosed in the Remuneration Report.

Financial Review

At its meeting on 22 February 2018 the IJB noted its 2018/19 indicative budget of £44.099m (2017/18: £43.202m). Subsequently budget revisions have been made during the year for additional funding allocations and application of contingency and cost pressure budgets with the total budget delegated from the IJB to the Parties for 2018/19 being £46.226m (2017/18: £44.222m).

The purpose of the Financial Statements is to present a public statement on the stewardship of funds for the benefit of both Members of the IJB and the public. The IJB is funded by SIC and NHSS in line with the Integration Scheme.

The Comprehensive Income and Expenditure Statement presents the full economic cost of providing the Board's service in 2018/19.

For the year-ended 31 March 2019, the IJB generated a surplus of £0.541m (2017/18: £0.239m), after adjustment has been made for additional contributions made by SIC and NHSS.

The surplus of £0.541m represents the underspend of Scottish Government Additionality Funding and other specific funding allocations during the year. This funding will be carried forward and the IJB can then make decisions on how best it can be utilised to further its objectives, in line with its Strategic Commissioning Plan.

The outturn position at 31 March 2019 for the IJB is an overall deficit against budget of £3.116m (2017/18: £2.392m), which represents an overspend in relation to services commissioned from SIC of £0.157m (2017/18: underspend £0.446m) and an overspend in relation to services commissioned from NHSS of £2.959m (2017/18: overspend £2.838m). The £3.116m deficit (which includes 'set aside budget') is detailed in Row 3 in the following table.

The SIC and NHSS made one-off additional contributions of £0.144m and £3.513m in order to achieve the final IJB surplus for the year of £0.541m. The contributions will not be repayable to the Parties in future years.

Financial Transactions 2018/19

		2018/19			2017/18		
		SIC £000	NHSS £000	TOTAL £000	SIC £000	NHSS £000	TOTAL £000
1	Budgets delegated to the Parties from the IJB	22,396	23,830	46,226	22,154	22,068	44,222
2	Contribution from the Parties to the IJB (against delegated budgets)	(22,553)	(26,789)	(49,342)	(21,708)	(24,906)	(46,614)
3	Surplus/(Deficit)	(157)	(2,959)	(3,116)	446	(2,838)	(2,392)
4	Additional contributions from Parties to meet IJB Direct Costs	(15)	(14)	(29)	(14)	(14)	(28)
5	IJB Direct Costs (Audit fee, Insurance & Members Expenses)	15	14	29	14	14	28
6	Additional contributions (to)/from SIC and NHS to IJB	144	3,513	3,657	(310)	2,941	2,631
7	Final Surplus/(Deficit) of IJB	(13)	554	541	136	103	239

Significant Budget Variances

The table below (page 10), provides the details of the significant budget variances for the year which contributed to the overall £3.116m overspend. There are a number of factors which contributed towards the year-end position.

Locum Costs

Difficulty was experienced in recruiting to specialist posts in the year, necessitating the use of locums to continue delivering services, notably in Mental Health, Primary Care and Unscheduled Care

A Mental Health

The main reason for the budget variance in Mental Health was the cost (including flights and accommodation) of a Consultant Mental Health locum (£0.652m) (2017/18: (£0.312m)). It was possible to partially offset this cost due an underspend against NHS Grampian Mental Health SLA, £0.146m due to reduced activity.

Unfortunately, an international recruitment drive early in 2019/20 has been unsuccessful, but efforts continue to find ways to reduce the requirement for expensive locums within the Mental Health service.

B Primary Care

The underspend in Primary Care belies overspending on locum cover for General Practitioners during the year in Health Centres where it was not possible to fill vacant posts, with notable overspend against budgets at, Yell (£0.127m) (2017/18: (£0.145m), Whalsay (£0.080m) (2017/18: (£0.092m), Unst (£0.093m) (2017/18: (£0.103m) and Brae (£0.128m) (2017/18: (£0.044m)). There was also a further overspend as a result of in-year cost pressure following the TUPE transfer of staff at the Scalloway Practice (£0.160m) (2017/18: £0.190m), combined with (£0.070m) locum cost.

The overspending above has been off-set by £1.2m additional primary care, island harmonisation funding received from the Scottish Government in January 2019.

NHS Shetland are engaged in a partnership project with their counterparts in Orkney, Western Isles and Highland to encourage GPs at any point in their career to work in remote areas of Scotland for fixed periods of time. Phase 1 of the project has been successful in recruiting 28 GPs who will work across the Boards. NHS Shetland are current in negotiation around Phase 2 Scotland wide and Phase 3 International.

C Unscheduled Care

The majority of the budget variance in Unscheduled Care during the year was also due

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to locum costs. Cover was required for two vacant medical consultant posts during the year (£0.732m) (2017/18: (£0.394m)) and there was further overspend in Community Nursing due to some nursing bank usage and the cover for an Allied Health Practitioner being provided by a GP locum from May to July 2018, including travel costs.

Good progress was made in filling junior doctor vacancies during 2018/19 and developing junior doctor opportunities in remote and rural settings through the Clinical Development Fellowship programme.

Recruitment to consultant and junior doctor posts actively continues, working closely with the Deanery, Universities and NHS Education for Scotland to look at ways in which training can be developed to support remote and rural practice and encourage doctors to take up posts in Shetland.

Agency Staffing Costs

Difficulty has been experienced in recent years in recruiting and retaining social care staff. Staff sickness, notably several cases of long-term sickness have also impacted in the year. In order to continue to safely deliver residential care services, it has therefore been necessary to use agency staff, leading to an overspend of (£0.534m) (2017/18: (£0.198m)) in Community Care Resources.

In previous years, it has been possible to largely offset agency costs against underspend in employee cost budgets, but employee cost budgets in Community Care Resources were all almost on budget in 2018/19. Underspend due to vacant posts and temporary reduction of bed capacity, was offset by relief cover costs, combined with increased rotas in the early months of the year within two care homes as a result of specific care packages.

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

The shared priorities of the LOIP include attracting people to live and work in Shetland,

recognising that the population of Shetland is ageing at a faster rate than the rest of Scotland. It is hoped that a trial recruitment exercise will take place early in 2019/20, initially looking to recruit six social care workers from out with Shetland through the offer of relocation packages.

There are a number of "Test of Change" projects being explored within Community Care Resources with a view to looking at how staffing resources can be used more effectively and different models of care developed. These projects will require additional funding, so work continues to build up information necessary to apply to the SIC's Spend To Save Fund. It is hoped that these pilot projects can be started in 2019/20.

The use of Agency staff has continued into 2019/20, to ensure the safe delivery of care services, but it is hoped this can be reduced or ceased through the actions above.

Overachievement of Charging Income

There was an overachievement of Board and Accommodation income in the year, £0.504m (2017/18: (£0.069m)), within Community Care Resources. Charging income can vary significantly dependent on the financial circumstances of those receiving care and allowance was made in the year for the anticipated level of waived charges as a result of legislation, such as the Carers Act, expected in the year.

Scottish Government Additionality Funding

The IJB recognises an underspend in this funding of £0.080m, a small underspend in Reablement Programme in Care Homes, £0.002m, and underspend in employee costs due to vacant posts within the Intermediate Care Team during the year, £0.078m.

NHSS Specific Funding

At the year-end, NHSS identified a number of specific funding allocations it had not been possible to spend in full during the year. These allocations were only confirmed late in 2018/19 and amounted to £0.474m overall.

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Until NHSS funding allocations are confirmed, they are held in General NHSS Contingency, so during the year were not reflected in IJB delegated budget. NHSS made an additional funding allocation to the IJB at the year-end of £3.513m (see table on page 7), which included the transfer of these specific funding allocations.

The IJB will carry-forward these sums in the IJB Reserve as an Earmarked element against the projects listed below:

- Additional Alcohol and Drugs Partnership Funding - £0.127m;
- Rediscover the job in GP – reflect and rejuvenate - £0.171m;
- Screening inequalities – Year 1 Funding - £0.028m;
- Primary Care Funding: Dispensing Practices per GP Contract - £0.029m;
- Section 28 -£0.011m;
- Attend Anywhere - £0.020m;
- Action 15 - £0.039m;
- Primary Care Improvement Fund - £0.011m;

- GP Sub Committee - £0.037m.

Efficiency Target

An efficiency savings target of £2.276m was identified within the 2018/19 IJB Budget, necessitating a Recovery Plan to be implemented during the year. As at 31 March 2019, there was an underachievement of £1.850m (2017/18: £1.605m) against the Recovery Plan.

Of the £0.426m savings achieved, £0.247m represented recurring savings and £0.179m were non-recurrent.

NHSS have rolled forward their unachieved savings from 2018/19 and combined this with their 2019/20 savings target.

Significant Budget Variance Table

Service Heading	2018/19			2017/18		
	Revised Budget £000	Budget Variance £000	Budget Variance %	Revised Budget £000	Budget Variance £000	Budget Variance %
Mental Health	2,071	(463)	(22.4%)	2,090	(173)	(8.3%)
Primary Care	5,676	139	2.4%	4,497	(821)	(18.3%)
Community Nursing	2,862	(172)	(6.0%)	2,669	(41)	(1.5%)
Community Care Resources	11,350	(398)	(3.5%)	10,972	(305)	(2.8%)
Unscheduled Care	2,964	(823)	(27.8%)	2,976	(558)	(18.8%)
Scottish Government Additionality Funding	592	80	13.5%	622	239	38.4%
Other Services	22,561	371	1.6%	22,451	872	3.9%
Efficiency Target	(1,850)	(1,850)	100.0%	(2,055)	(1,605)	78.1%
Total	46,226	(3,116)		44,222	(2,392)	

The Balance Sheet as at 31 March 2019

The IJB carried a General Reserve of £0.364m as at 1 April 2018. This reserve was created from underspending in the Scottish Government Additionality Funding in previous years.

It was agreed in 2018/19, that the Reserve would be used to fund a £0.051m investment in the Falls Prevention Programme, over 3 years, this represents a reduction to the Reserve of £0.013m, in respect of actual cost incurred on Falls Prevention Programme in the year.

Further underspending in the Scottish Additionality Funding and other specific NHSS

funding allocations in 2018/19 of £0.554m have been added to the Reserve, leaving a closing General Reserve balance as at 31 March 2019 of £0.905m.

2019/20 Budget and Medium Term Financial Outlook

The IJB Board approved the proposed budget for 2019/20 of £45.649m, on 13 March 2019, subject to assurance that contingency budgets of £0.386m and £0.8m had been set aside by SIC and NHSS, respectively, and that savings proposals to address the identified funding gap of £2.533m can be achieved in year.

The IJB were advised at their meeting on 14 May that the overall funding gap has reduced to £2.331m against the 2019/20 delegated budgets after taking account of 2018/19 efficiency savings made. Proposals have been made where management believe recurring savings can be achieved in year of £1.806m, with a remaining gap of £0.525m which will be closed by additional non-recurrent actions.

General Reserve is also available to support the strategic objectives of the IJB, as detailed in Note 7 to the Accounts (page 27). Proposals to utilise £0.110m of the General Reserve were agreed by the IJB on 14 May 2019. It is hoped that the projects will assist in achieving the efficiency saving required in 2019/20. The funds will be used for the following projects;

Project	Objective	Link to National Outcome	Cost
Stress Control	Greater community resilience	1	£25,000 (over 3 years)
Alternative to residential care accommodation	Greater choice and control for individual	2	£12,172 (delivered over 3 years)
MSK Physiotherapy	Faster access to the most appropriate professional	9	£51,000 (2019/20 only)
Community Nursing Continence Service	Better quality and more efficient service	4	£8,750 (2019/20 only)
Community Led Support Programme	Greater choice and control for individual	2	£13,230 (2019/20 only)
Total agreed use of General Reserve			£110,152

A Financial Recovery Plan will continue to be required in 2019/20 to address the efficiency savings required and regular updates on the Recovery Plan will be presented as part of the quarterly financial monitoring reports prepared by the Chief Financial Officer for the Board.

The Shetland IJB, like many others, faces significant financial challenges and is required to operate within tight fiscal constraints for the foreseeable future due to the continuing difficult national economic outlook and increasing demand for services. Additional funding for Health and Social Care Partnerships was made available from the Scottish Government. Despite this additional funding, pressure continues on public sector expenditure at a UK and Scottish level with further reductions in government funding predicted in future years.

The IJB approved its MTFP 2019/20 to 2023/24 on 13 March 2019. Based on the current planning assumptions the Plan identifies a likely funding shortfall over the next five year of £7.7m if no action is taken to mitigate the impact of rising costs and reducing funding. The role of the IJB in planning and directing services will be key to addressing this estimated shortfall.

Principal Risks and Uncertainties

The key risks and uncertainties for the IJB during 2018/19 continue into 2019/20.

Risks and Uncertainties	Actions to Mitigate
Continued staffing vacancies across IJB services, with difficulty in recruiting to both health and social care roles, resulting in significant expenditure on locum costs.	Explained above under "Significant Budget Variances" (page 8 & 9).
Failure to deliver recurring efficiency savings through service redesign proposals leaving a funding gap for the IJB.	The IJB has a Recovery Plan in place for 2019/20 which will be monitored closing by the IJB Members to ensure efficiency savings are delivered.
The continued need to make efficiency savings hindering the future development of services. The IJB will need to manage immediate cost pressures and any planned investment in services within available budgets.	Work continues to align the Strategic Commissioning Plan to the MTFP. The General Reserve is also available to support the strategic objectives of the IJB.
In order to maintain financial balance significant changes in current practise or service models may be required. It is important that proposals are evidence based on current and emerging best practice and represent the optimum balance between cost, quality and safety.	Investments are assessed using building better business cases methodology to ensure they align to strategic planning and demonstrate best value. Clinical, Care and Professional Governance arrangements agreed by the IJB ensure sound clinical and care governance are embedded.
The age demographics of Shetland's population is changing. This is expected to put increasing demand on health and social care services.	The Strategic Commissioning Plan 2019-2022 has been developed taking into account the expected demographic changes in the future.
Limited digital connectivity due to remote location, restricting the potential for use of information technology in service delivery.	The Strategic Commissioning Plan 2017-2020 identified "Technology" as one of its key themes in developing an integrated health and social care system. Activity is ongoing to secure funding and prioritise Shetland's digital requirements.
Uncertainty around the impact of withdrawal of the United Kingdom from the European Union.	Active monitoring and planning by SIC and NHSS to mitigate issues where possible and ensure service continuity.

Acknowledgement

We would like to acknowledge the significant effort of all the staff across the IJB who contributed to the preparation of the Annual Accounts and to the budget managers and support staff who have ensured delivery of the outcomes of the Strategic Commissioning Plan within the adjusted financial resources available to the IJB for the year ended 31 March 2019



Jo Robinson
Chief Officer
26 September 2019



Natasha Cornick
Chair
26 September 2019



Karl Williamson
Chief Financial Officer
26 September 2019

Annual Governance Statement

Introduction

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

Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure Best Value.

In discharging these responsibilities, the Chief Officer has a reliance on the systems of internal control of both NHSS and SIC that support compliance with both organisations' policies and promote achievement of each organisation's aims and objectives, as well as those of the IJB.

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

Purpose of Internal Control

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

The system of internal control has been in place at the IJB for the financial year ended 31 March

2019 and up to the date of the approval of the Annual Accounts.

The Governance Framework and Internal Control System

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

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

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

planning networks. The IJB publishes information about its performance regularly as part of its public performance reporting.

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

officers are supported by appropriate training and development.

- Staff of both NHSS and SIC are made aware of their obligations to protect client, patient and staff data. The NHS Scotland *Code of Practice on Protecting Patient Confidentiality* has been issued to all NHSS staff working in IJB directed services and all staff employed by SIC working in IJB directed services have been issued with the Scottish Social Services Council Codes of Practice.

Review of Adequacy and Effectiveness

The IJB has responsibility for conducting at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Service Managers within SIC and NHSS (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors, 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. The IJB directs SIC and NHSS to provide services on its behalf and does not provide services directly. Therefore, the review of the effectiveness of the governance arrangements and systems of internal control within the IJB places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

Issue and Actions

There were two significant changes to the voting membership of the IJB during the year and up to the date of signing the annual accounts. A new Chair was appointed in March 2019 and a new Interim Chief Officer was appointed in May 2019. The previous Chair had completed their maximum permitted term as a member of NHS Shetland's Board and the previous Chief Officer was appointed to the Interim Chief Executive role in NHS Shetland. The change in membership is not considered a significant issue as thorough handovers and assurances have been received from the previous post holders. The new Chair has been a voting member of the IJB from

Shetland Islands Integration Joint Board

September 2017 and the new Interim Chief Officer has worked as an Executive Manager in Shetland's Community Health & Social Care Services from 2011. Both have extensive knowledge of the IJB and its delegated functions.

There remains one significant governance issues which continues to be highlighted by both Internal and External Audit. The key area of concern remains focused on the carried forward funding gap and ongoing Savings and Efficiency targets. Since the inception of the IJB in 2015 the Financial Recovery Plan has not succeeded in achieving the IJBs aspiration to "develop a Strategic Commissioning Plan which minimises, or ideally eliminates, the need for a Financial Recovery Plan".

There has been recent progress as evidenced in the 2019/20 IJB Budget which has identified £1.979m savings from an initial target of £2.533m. The remaining gap of £0.554m will be sought from non-recurrent measures which there is a good track record in achieving.

An IJB MTFP has been developed during the year and the ambition is to align this plan with the Strategic Commissioning Plan so that sustainable services can be delivered within the funding allocation available.

As savings plans are developed and refined the MTFP, which will be updated annually, will begin to incorporate the financial projections of these schemes and minimise or eliminate the need for a Recovery Plan.

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. During 2018/19 the strategic internal audit management was passed to Audit Glasgow (part of Glasgow City Council's internal audit function). Reliance is therefore placed on the audit work undertaken prior to and following the appointment of Audit Glasgow.

The internal audit plan for 2018/19 included Self Directed Support Shetland Specific responses to Audit Scotland's national reports on health and social care integration, and Directions. The review of Self Directed Support was paused due to the Care Inspectorate review of the same area. The response to Audit Scotland's national reports was the subject of a self-assessment by management, which was reported to the Board in May 2019. Internal Audit will follow up that self-assessment during 2019/20. The fieldwork on Directions is being finalised and will be reported to the September 2019 meeting of the IJB's audit committee. The Chief Internal Auditor has also conducted a review of all matters arising from NHSS Internal Audit reports issued in the financial year by Scott Moncrieff, and those for SIC, and confirmed there are no significant matters arising specific to the IJB.

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

Shetland Islands Integration Joint Board

Chief Financial Officer has direct access to the Director of Finance for NHSS and the Executive Manager – Finance for SIC to address financial issues and is a member of the Local Partnership Finance Team.

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

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.



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Jo Robinson
Chief officer
26 September 2019



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Natasha Cornick
Chair
26 September 2019

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 comprise three persons appointed by NHSS, and three persons appointed by the SIC. Nomination of the IJB Chair and Vice Chair post holders alternates between a SIC Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board Members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The Chair and Vice Chair did not receive any taxable expenses paid by the IJB in 2018/19 or 2017/18.

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

Remuneration: Officers of the IJB

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

Chief Officer

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

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

Other Officers

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

All Partnership officers are employed by either NHSS or SIC, and remuneration to senior staff is reported through the employing organisation.

The IJB approved the appointment of the Chief Financial Officer at its meeting on 20 July 2015. The role of Chief Financial Officer for the IJB is carried out by the NHSS Head of Finance & Procurement, Karl Williamson, with NHSS meeting his full cost.

Disclosure by Pay Bands

Pay band information is not separately provided as all staff pay information has been disclosed in the information that follows on page 18.

Remuneration

The Chief Officer received the following remuneration during 2018/19:

Senior Employees	Designation	2018/19	2017/18
		*Total Remuneration £	*Total Remuneration £
Simon Bokor-Ingram	Chief Officer	95,006	93,698

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

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.

The Shetland Islands Council Pension Scheme is still assessing the impact of the McCloud judgement in relation to benefits in 2015. The benefits and related cash equivalent transfer values disclosed do not allow for any potential future adjustments that may arise from this judgement.

Pension entitlement for the Chief Officer for the year to 31 March 2019 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			
		2018/19 £	2017/18 £	As at 31 March 2019		Increase from 31 March 2018	
				Pension £	Lump Sum £	Pension £	Lump Sum £
Simon Bokor-Ingram	Chief Officer	13,889	13,677	31,979	73,646	2,381	1,126



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Jo Robinson
Chief Officer
26 September 2019



.....
Natasha Cornick
Chair
26 September 2019

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 Audited Annual Accounts were approved for signature by the Integration Joint Board on 26 September 2019.

Signed on behalf of Shetland Islands Integration Joint Board.



.....
Natasha Cornick
Chair
26 September 2019

The Chief Financial Officer's Responsibilities

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

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the local authority Accounting Code (in so far as it is compatible with legislation).
- kept adequate accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Annual Accounts give a true and fair view of the financial position of the Integration Joint Board at the reporting date and the transactions of the Integration Joint Board for the year ended 31 March 2019.



.....
Karl Williamson
Chief Financial Officer
26 September 2019

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

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Shetland Islands Integration Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the Shetland Islands Integration Joint Board as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the

Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is three years. We are independent of the Shetland Islands Integration Joint Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Shetland Islands Integration Joint Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

Responsibilities of the Chief Financial Officer and Shetland Islands Integration Joint Board for the financial statements

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

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Shetland Islands Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Shetland Islands Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such

as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other information in the annual accounts

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

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

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In our opinion, the audited part of the Remuneration Report has been properly prepared

Shetland Islands Integration Joint Board

in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

Use of our report

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



.....
Pat Kenny, CPFA (for and on behalf of Deloitte
LLP)
110 Queen Street
Glasgow
G1 3BX
United Kingdom
26 September 2019

Comprehensive Income and Expenditure Statement for year ended 31 March 2019

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

2017/18 Net Expenditure £000	Notes	2018/19 Gross Expenditure £000	2018/19 Gross Income £000	2018/19 Net Expenditure £000
25,354	Health Services	26,789	-	26,789
21,708	Social Care Services	22,553	-	22,553
28	Corporate Services	29	-	29
47,090	Cost of Services	49,371	0	49,371
(47,329)	Taxation and non-specific grant income 5	-	(49,912)	(49,912)
(239)	(Surplus) / Deficit on Provision of Services	49,371	(49,912)	(541)
(239)	Total Comprehensive Income and Expenditure			(541)

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

Movement in Reserves Statement

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

2018/19	General Fund Balance £000
Balance at 1 April 2018	(364)
Total Comprehensive Income	(541)
(Increase) / Decrease in 2018/19	(541)
Balance at 31 March 2019	(905)

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

Balance Sheet as at 31 March 2019

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 2018		Notes	As at 31 March 2019
£000			£000
364	Other Current Assets	6	905
364	Current Assets		905
364	Net Assets		905
	Represented by:		
364	Usable Reserves	7	905
364	Total Reserves		905

The unaudited financial statements were issued on 27 June 2019 and the audited financial statements were authorised for issue by Karl Williamson on 26 September 2019.

The Annual Accounts presents a true and fair view of the financial position of the Integration Joint Board as at 31 March 2019 and its income and expenditure for the year then ended.



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Karl Williamson
Chief Financial Officer
26 September 2019

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: Accounting Standards Adopted In The Year

The IJB has adopted IFRS 15 “Revenue from Contracts with Customers” for the first time in 2018/19. The IJB has considered this new standard and no adjustments are deemed necessary in the current or prior year as the IJB does not have any contracts with customers.

The IJB also considered whether adjustments are deemed necessary in respect of IFRS 9 “Financial Instruments” in the current or prior year and concluded that there were no transactions within the Accounts which are relevant to this accounting standard.

Note 3: Critical Judgements and Estimation Uncertainty

There are no material critical judgements or sources of estimation uncertainty included in the Financial Statements.

Note 4: Events After the Reporting Period

The Annual Accounts were authorised for issue by the Chief Financial Officer on 26 September 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respect to reflect the impact of this information.

Note 5: Taxation and Non-Specific Grant Income

2017/18 £000		2018/19 £000
20,550	Funding contribution from Shetland Islands Council	21,277
24,895	Funding contribution from NHS Shetland	26,751
1,884	Other Non-ringfenced grants and contributions	1,884
47,329	Total	49,912

The funding contribution from NHSS shown above includes £4.890m in respect of ‘set aside’ resources. These are provided by NHSS which retains responsibility for managing the costs of providing the services. The IJB has responsibility for the consumption of, and level of demand placed on these resources.

Other non-ring fenced grants and contributions represents Scottish Government funding provided for the IJB. As the IJB does not have its own bank account, this funding was paid to NHSS as part of their annual funding settlement and transferred to the IJB by NHSS, together with their funding contribution.

Note 6: Other Current Assets

As at 31 March 2018 £000		As at 31 March 2019 £000
183	Shetland Islands Council	170
181	NHS Shetland	735
364	Total	905

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

The IJB does not have a bank account. Underspends recorded by SIC and NHSS that are carried forward are therefore held in their own

bank accounts and reflected as Other Current Assets by the IJB.

Note 7: Usable Reserve: General Fund

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

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

2017/18 £000	General Fund	2018/19 £000
(125)	Balance at 1 April	(364)
	Transfers in:	
(239)	Scottish Government Additionality Funding Underspend	(67)
(364)	Sub-total	(431)
-	Earmarked element of Reserve: NHSS Specific Funding Underspend	(474)
(364)	Balance at 31 March	(905)

Note 8: Related Party Transactions

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

The funding contributions made by the SIC and NHSS are detailed in Note 5. The debtor balances of the SIC and NHSS with the IJB as at 31 March 2019 are detailed in Note 6.

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

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

Note 9: Post Balance Sheet Event

Simon Bokor-Ingram was appointed Interim Chief Executive of NHS Shetland on 22 April 2019, so it was necessary to appoint an interim Director of Community Health and Social Care to cover the expected 6 month period he will be unable to cover his permanent post, which includes his role as Chief Officer of the IJB.

Jo Robinson was appointed as Interim Director of Community Health and Social Care and Chief Officer of the IJB from 13 May 2019.

These annual accounts differ from the published unaudited annual accounts due to amendments arising from audit.

Note 10: Summary of Significant Accounting Policies

A General Principles

The Annual Accounts summarise the IJB's transactions for the 2018/19 financial year and its position as at 31 March 2019.

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

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

B Accruals of income and expenditure

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

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

C Funding

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

D Cash and Cash Equivalents

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

E 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.

F Reserves

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

The IJB Reserve includes an earmarked element which is set aside for a specific purpose in line with the IJB's Reserves Policy.

G Indemnity Insurance

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

Unlike NHS Boards, the IJB does not have any "shared risk" exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

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

H 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.

I 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.