



Draft Annual Accounts

Orkney Integration Joint Board

2018/19



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Orkney Integration Joint Board Members

Orkney Integration Joint Board Members

Voting Members

Jeremy Richardson	NHS Orkney (Chair and Member until 23/08/18)
David Drever	NHS Orkney (Chair 01/09/18 onwards)
Rognvald Johnson	NHS Orkney (until 30/06/18)
David Campbell	NHS Orkney (commenced 24/08/18)
Issy Grieve	NHS Orkney (commenced 24/08/18)
Councillor Rachael King	Orkney Islands Council (Vice-Chair)
Councillor Steve Sankey	Orkney Islands Council
Councillor John Richards	Orkney Islands Council

Non-Voting Members

Caroline Sinclair (left 23/04/18)	Chief Officer
Sally Shaw (commenced 03/09/18)	Chief Officer
Pat Robinson	Chief Finance Officer
Scott Hunter	Chief Social Work Officer
Dr Kirsty Cole	Registered Medical Practitioner who is a GP
Dr Louise Wilson	Registered Medical Practitioner not a GP
David McArthur	Registered Nurse

Non-Voting Members (Stakeholder Members)

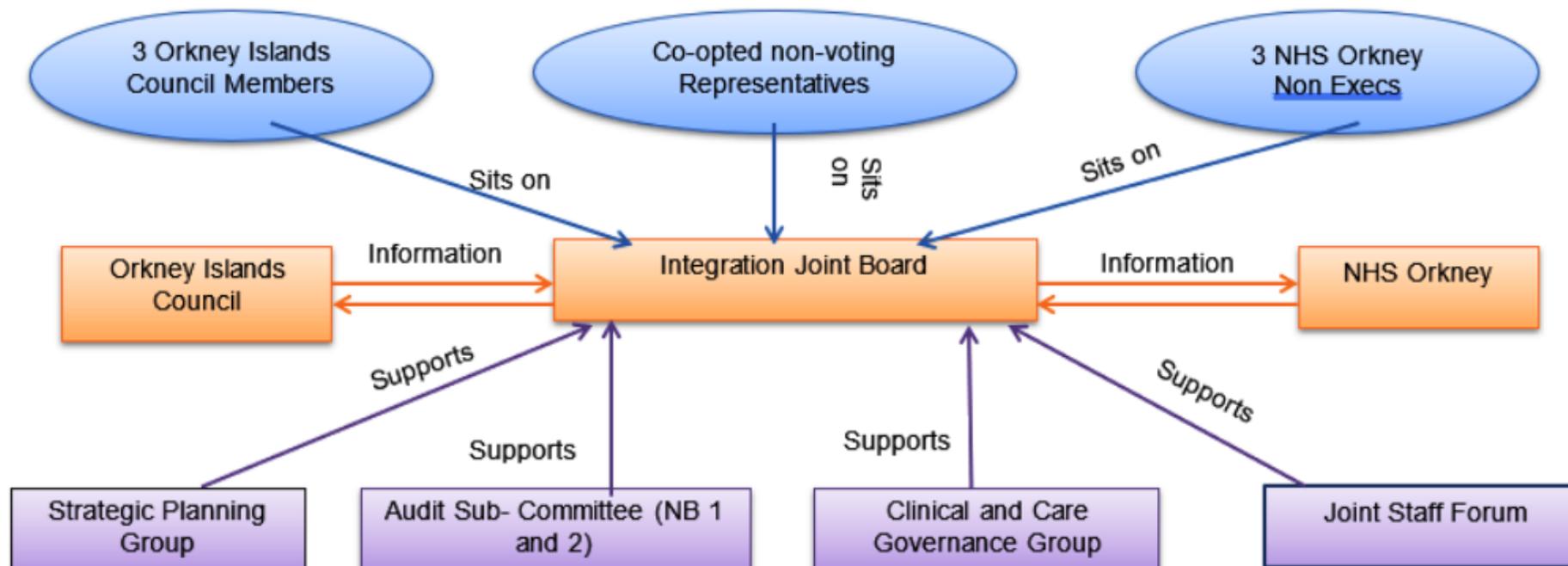
Sally George	Staff Representative - Unison
Gail Anderson	Third Sector Representative
Sandra Deans	Unpaid Carer Representative
Janice Annal	Service User Representative

Additional Non-Voting Members (Locally Agreed in Addition to Requirements)

Fiona MacKellar (NHSO Employee Director)	Additional Staff Representative
Frances Troup	Housing Representative

Structure and Management of the Orkney Integration Joint Board

Orkney IJB – Members Scrutiny Framework



Notes:

NB1) OIC has in house internal audit. Scott Moncrieff provides internal audit services to NHS Orkney.

NB2) Orkney Islands Council's internal audit service provides the services to the Orkney IJB.

- External Scrutiny of Orkney IJB**
- Care Inspectorate
 - Health Improvement Scotland
 - Accounts Commission
 - Auditor General for Scotland
 - Scottish Ministers

Management Commentary

1. Introduction

The Integration Joint Board is a legal entity, created by Parliamentary Order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014. The Orkney Integration Joint Board (Orkney IJB) was established as a Body Corporate by order of Scottish Ministers with effect from 6 February 2016 on approval of an Integration Scheme.

The Orkney IJB is required to prepare annual accounts under the Local Authority Accounts (Scotland) Act 1973 and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

The Management Commentary outlines key messages regarding the objectives and strategy of the IJB, its financial and performance reporting for the 2018/19 financial year and provides an indication of risks which may impact upon the Orkney IJB moving forward.

The Chief Officer (CO), Caroline Sinclair, left the post in April 2018. A new CO Sally Shaw commenced with the IJB in September 2018. In the interim period, CO duties were allocated across the Senior Management Team.

2. Purpose and Objectives

The Orkney IJB is a formal partnership between NHS Orkney and Orkney Islands Council (the Parties) as described in the Orkney Integration Scheme.

The Integration Scheme is a legally binding contract between Orkney Islands Council and NHS Orkney. It sets out the make-up of the Integration Authority and how it will work. It was updated and approved on 22 March 2018 to incorporate the Carers (Scotland) Act 2016. The health and social care functions that have been delegated are included within Annex B of the Scheme.

The Orkney IJB's Strategic Plan for 2016/19 was approved by the Orkney IJB on 21 March 2016 and has been refreshed on an annual basis. The following is an extract from the 2018/19 refreshed plan which was approved on 14 March 2018:

“While there have clearly been challenges in delivering health and social care services, which will continue in the current difficult financial circumstances, we have a good track record in Orkney of working together to deliver efficient and effective services. The Integration Joint Board will aim to commission services that achieve improvements that can be seen locally and that support improvement in the health and wellbeing outcomes, as set by the Scottish Government, and those involved in delivering health and care services will continue to do their best to put the needs of individuals at the heart of what they do.”

There is a new Strategic Plan being developed to cover 2019/22 which will be a more public facing, easy to understand plan. The plan sets out our new approaches to health and social care. Different ways of working are essential as traditional models of support are not able to withstand the increase in demand for services and the current models are labour intensive. Orkney Health and Care (OHAC) will not be

able to support such models with an adequate number of staff to safely operate them in the future.

Alongside this plan there will be a Strategic Commissioning Implementation Plan (SCIP) and Medium-Term Financial Plan, which will hold details of the needs analysis and how we currently spend our money and proposed changes in how services are delivered.

The Orkney IJB provides Community Health and Social Care for the population of the Orkney Islands which is in the region of 22,190 people. This is an increase of 0.9% from 22,000 in 2017. Over the same period, the population of Scotland increased by 0.2% (National Records of Scotland mid-2018 population estimate).

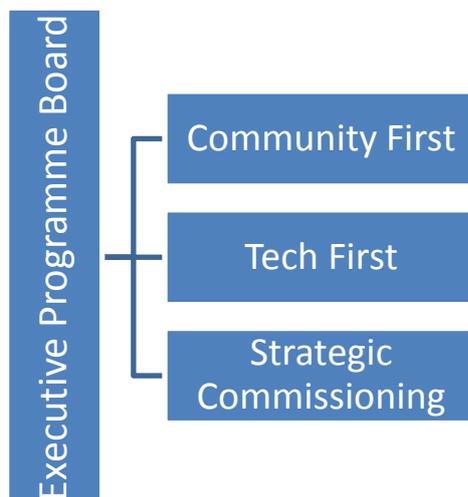
3. Strategic Plan

The Orkney IJB's original Strategic Plan linked its plans to the Scottish Government's nine national health and wellbeing outcomes. Although the plan that was published was a three-year plan, it was agreed that it would be refreshed after each year. The Strategic Plan includes the Housing Contribution Statement.

It has been recognised that the plan was cumbersome and held an incredible amount of information which is sometimes not very user friendly.

The new three-year plan will cover the period 2019/22 and is designed to be public facing and will have more infographics included for ease of reading and understanding.

To support the delivery aims of the plan, it has been agreed to move to a programme board approach to support the various aspects of the plan, those being:



Executive Programme Board – The Executive Programme Board provides the overall direction for OHAC and is accountable for delivery of programme benefits. It provides assurance to the IJB of effective and efficient progress towards delivering the Strategic Priorities as agreed by the IJB, providing leadership, direction, challenge, permission, governance and control, ensuring delivery at pace and at scale. This will include addressing risks and issues that have been escalated from the reporting Programme Boards.

Community First – The principles are:

- Coproduction brings people and organisations together around a shared vision.
- There has to be a culture based on trust and empowerment.
- There is a focus on communities and each will be different.
- People are treated as equals, their strengths and gifts built on.
- Bureaucracy is the absolute minimum it must be.
- People get good advice and information that helps avoid crises.
- The system is responsive, proportionate and delivers good outcomes.

This programme aims to work collaboratively with the local communities and all stakeholders to be able to redesign services that work for everyone, that evolves and is continually refined based on learning.

Tech First – Is defined as “where outcomes for individuals in home or community settings are improved through the application of technology as an integral part of quality, cost-effective care and support”.

These projects have been planned to recognise that Orkney has the highest expected growth rate in numbers of older people and these projects, along with efforts of social work, social care and health staff and services across the whole system, has resulted in good performance against the six indicators that the Scottish Government has ascribed to Integration Authorities to report on.

Strategic Commissioning – This will play a significant role in ensuring the delivery of the nine National Health and Wellbeing Outcomes and the agreed locally set outcomes. This Board will:

- Steer, drive and enable progress at pace with activity relating to the following priority programmes: Strategic Commissioning, Planning of Acute Sector and Self-Directed Support.
- Review and approve Project Proposals.
- Scrutinise working group programmes to provide assurance of progress.
- Identify and enable new tests of change in support of our strategic priorities.
- Ensure identification and delivery of programme benefits. Where these are identified as no longer deliverable, redirect projects/ programmes accordingly.

Legislation is constantly changing and this can have significant impacts on island communities and how services are delivered.

The Performance Report is a standing agenda item at the Orkney IJB meetings and this advises Members on the available performance of the services commissioned by the Orkney IJB.

4. Operational Review

In terms of operational delivery much progress has been made, including:

- Over the past 5 years Orkney has had the lowest percentage of delayed discharges for people over 75 in Scotland. A new protocol is being developed to record and better manage the delays that arise due to patient and family preference. Housing services will be involved in this review.
- A local phototherapy service is now in place which reduces the requirement for people to travel to Aberdeen to access treatment.
- The introduction of the Attend Anywhere clinics could reduce travel time for patients which also enables staff to be more centrally based. This was designed to reduce waiting times for services.
- A local Mental Health Strategy is being developed, taking into consideration the additional issues that we face as a remote and rural area. The strategy will be developed as an all age strategy, it will be an aspirational strategy for how we do things here in Orkney. Whether this is perinatal mental health, supporting children and young people, adults or older people, the strategy will ensure our services are developed to demonstrate that, here in Orkney, you are valued as a member of our community.
- Establishment of a Corporate Parenting Board has been approved which will report through the Orkney Partnership. This Board, comprising senior members and officers from across the community planning partnership, has responsibility for ensuring scrutiny of performance in matters affecting looked after children and care leavers, improving outcomes and responding to the views of care experienced children and care leavers.
- A review of services for children and young people in need of care and protection was undertaken in 2018. The report highlights the need to shift to early intervention so as to improve outcomes for children, young people and their families with the hope to avoid longer term statutory interventions.
- Orkney Islands Council has committed to replace two residential care facilities. The Stromness care facility is scheduled for build completion in August 2019. Although this is a 40 bed care facility it is proposed to open 30 beds in the first instance with alternative proposals for the other 10 beds submitted to the Orkney IJB in September 2019 for consideration. The site for the Kirkwall care facility has been approved and the initial design prepared.
- Within the General Medical Services Contract there is a requirement for Integration Authorities to work with NHS Boards to develop a three-year Primary Care Improvement Plan. An updated plan is due to be submitted to the Orkney IJB in September 2019 which shows progress around the Memorandum of Understanding which was agreed as part of the new GP contract. There could be issues around being able to deliver all services within the funding allocation received from the Scottish Government.
- In April 2019 the National Development Team for Inclusion (NDTi) carried out a two-day readiness check, to ascertain the position for undertaking the Community Led Support programme. The conclusion from NDTi was extremely positive, in that Orkney are deemed 'very much ready' to get started. A programme of community events is being planned over the next 18 months to ensure that Orkney is truly inclusive and will reach all stakeholders.

- Orkney Health and Care will now be a named partner within the Scottish Government initiative and working alongside East Ayrshire who are the Lead Pathfinder taking forward a project called “thinking differently and think TEC first”. This will be invaluable as there will be sharing of information and best practice.
- In September 2017 the Orkney IJB tasked the Strategic Planning Group to take forward three actions with the aim of transforming services which were as follows:
 - Locality/Hub based working – What could locality or hub based working look like in Orkney.
 - Potential for expansion of the role of Generic Worker – To look at whether a worker could work across various services within Health and Social Care.
 - Model of service delivery on the isles – To look at what a service model for the isles look like taking into consideration the differences between each island’s needs.

Although there have been some initial discussions and draft reports submitted to the Strategic Planning Group, there have been delays, mostly owing to registration and regulatory constraints, and staff capacity to drive this forward, owing to competing priorities. These three projects will be under consideration in the new Strategic Plan.

It should be recognised that there is a lack of funding to allow innovation on any major changes. Therefore, there is limited capacity to change services whilst still maintaining current care arrangements to patients/service users.

5. Performance Reporting

Section 42 of the Public Bodies (Joint Working) (Scotland) Act 2014 states that each integration authority must prepare a performance report for the reporting year. The report sets out an assessment of performance in planning and carrying out its integration functions.

What we have achieved in 2018/19

The Orkney IJB receives Performance Report updates. The key information contained in the Orkney IJB’s Annual Performance Report for 2018/19 is noted below:

In the performance reporting we are compared to our six ‘peer group’ areas and the other partnerships in Scotland.

Our peer group includes:

- Aberdeenshire.
- Argyll and Bute.
- Highland.
- Moray.
- Comhairle nan Eilean Siar.
- Shetland Islands.

Our Performance at a Glance:

96%	1. Adults are able to look after their health very well or quite well	17/18 Rank: 1 st	13/14	15/16	17/18
		Orkney Islands	97%	96%	96%
		Peer Group	96%	96%	94%
		Scotland	94%	95%	93%
100%	2. Adults supported at home agreed that they are supported to live as independently as possible	17/18 Rank: 1 st	13/14	15/16	17/18
		Orkney Islands	89%	87%	100%
		Peer Group	83%	81%	84%
		Scotland	83%	83%	81%
83%	3. Adults supported at home agreed they had a say in how their help care or support was provided	17/18 Rank: 3 rd	13/14	15/16	17/18
		Orkney Islands	88%	74%	83%
		Peer Group	82%	76%	77%
		Scotland	83%	79%	76%
91%	4. Adults supported at home agreed that their health and social care services seemed to be well coordinated	17/18 Rank: 1 st	13/14	15/16	17/18
		Orkney Islands	83%	71%	91%
		Peer Group	77%	72%	74%
		Scotland	78%	75%	74%
95%	5. Adults receiving any care or support rated it as excellent or good	17/18 Rank: 1 st	13/14	15/16	17/18
		Orkney Islands	92%	82%	95%
		Peer Group	84%	80%	85%
		Scotland	83%	81%	80%
94%	6. Adults had a positive experience of the care provided by their GP practice	17/18 Rank: 1 st	13/14	15/16	17/18
		Orkney Islands	96%	98%	94%
		Peer Group	87%	89%	85%
		Scotland	85%	85%	83%
96%	7. Adults supported at home agreed their services and support had an impact on improving or maintaining their quality of life	17/18 Rank: 1 st	13/14	15/16	17/18
		Orkney Islands	98%	87%	96%
		Peer Group	87%	85%	82%
		Scotland	85%	83%	80%

49%	8. Carers feel supported to continue in their caring role	17/18 Rank: 1 st	13/14	15/16	17/18
		Orkney Islands	51%	49%	49%
		Peer Group	46%	44%	40%
		Scotland	43%	40%	37%

97%	9. Adults supported at home agreed they felt safe	17/18 Rank: 1 st	13/14	15/16	17/18
		Orkney Islands	89%	82%	97%
		Peer Group	84%	81%	86%
		Scotland	85%	83%	83%

432 per 100,000	11. Premature mortality rate	2017 Rank: 24 th	2013	2014	2015	2016	2017
		Orkney Islands	346	337	379	285	432
		Peer Group	365	374	394	360	374
		Scotland	438	423	441	440	425

10,611 per 100,000	12. Emergency admission rate	18/19 Rank: 13 th	14/15	15/16	16/17	17/18	18/19
		Orkney Islands	11,445	11,049	9,515	9,951	10,611
		Peer Group	10,735	10,791	10,473	10,934	-
		Scotland	12,026	12,281	12,215	12,192	-

82,511 per 100,000	13. Emergency bed day rate	18/19 Rank: 2 nd	14/15	15/16	16/17	17/18	18/19
		Orkney Islands	91,237	93,278	88,223	85,217	82,511
		Peer Group	110,687	107,306	106,517	100,505	-
		Scotland	128,596	128,630	126,945	123,160	-

77 per 1,000	14. Readmission rate to hospital within 28 days	18/19 Rank: 5 th	14/15	15/16	16/17	17/18	18/19
		Orkney Islands	86	79	78	80	77
		Peer Group	82	81	81	88	-
		Scotland	97	98	101	103	-

90%	15. Of the last 6 months of life is spent at home or in a community setting	18/19 Rank: 4 th	14/15	15/16	16/17	17/18	18/19
		Orkney Islands	89%	92%	92%	91%	90%
		Peer Group	89%	90%	90%	90%	91%
		Scotland	86%	87%	87%	88%	89%

16 per 1,000	16. Falls rate (65+)	18/19 Rank: 5 th	14/15	15/16	16/17	17/18	18/19
		Orkney Islands	23	22	21	17	16
		Peer Group	19	19	20	19	-
		Scotland	21	22	22	23	-

78%	17. Care services graded GOOD (4) or better in Care Inspectorate inspections	18/19 Rank: 29 th	14/15	15/16	16/17	17/18	18/19
		Orkney Islands	76%	74%	74%	84%	78%
		Peer Group	78%	78%	82%	85%	-
		Scotland	81%	83%	84%	85%	-

64%	18. Adults with intensive care needs are receiving care at home	2017 Rank: 16 th	2013	2014	2015	2016	2017
		Orkney Islands	69%	73%	73%	70%	64%
		Peer Group	65%	65%	66%	65%	-
		Scotland	62%	61%	61%	62%	-

116 per 1,000	19. The number of days people spend in hospital when they are ready to be discharged	18/19 Rank: 2 nd	14/15	15/16	16/17	17/18	18/19
		Orkney Islands	310	382	434	381	116
		Peer Group	1,256	1,074	1,015	842	889
		Scotland	1,044	915	841	762	805

20%	20. Health and care resource spent on hospital stays where patient was admitted as an emergency	18/19 Rank: 9 th	14/15	15/16	16/17	17/18	18/19
		Orkney Islands	22%	21%	21%	20%	20%
		Peer Group	22%	21%	21%	21%	-
		Scotland	24%	24%	24%	25%	-

Out of the nine Core Suite Indicators, derived from the Scottish Health and Care Experience Survey (2017/18), Orkney outranked every other Health and Social Care Partnership (HSCP) area throughout Scotland in every eight. In the remaining indicators, relating to the percentage of adults supported at home who agree they had a say in how their help, care or support was provided, Orkney ranked third in Scotland and was bettered by only one of its six 'Peer Group' HSCP areas.

Many of the issues around waiting times are due to the inability to recruit and the fact that we are small teams and therefore if a member of staff is absent this can reduce the capacity by 50% in some services.

There is a national shortage in recruiting to specific posts. The Scottish Government has recognised some of these issues and has given additional investment i.e. commitment to increase Mental Health workers.

6. Financial Management

The Orkney IJB's finances are overseen by the Chief Finance Officer who also has the role of Senior Accounting Officer within Orkney Islands Councils Social Care service. There is support from the Finance Teams within NHS Orkney and Orkney Islands Council. There is also support from Corporate Services who provide a range of services such as Finance, Human Resources and Legal Services, with no charges to Orkney IJB.

Within the financial governance of the Orkney IJB, there are financial regulations and members expenses. These are reviewed on a timely basis and any changes are submitted to the Orkney IJB for approval.

7. Analysis of Financial Statements

One of the main objectives of the Annual Accounts is to provide information on the financial position and financial performance of the Orkney IJB that is useful to a wide range of stakeholders in making and evaluating decisions about the allocation of resources.

The 2018/19 Annual Accounts comprise:

a). Movement in Reserves Statement – At the year end there was earmarked funding not fully utilised in relation to the Primary Care Improvement Plan and Alcohol and Drug Partnership. These funds will be utilised in financial year 2019/20.

b). Comprehensive Income and Expenditure Statement – During the year the Orkney IJB received reports setting out projected overspends from the first quarter and throughout the year. Although there was a recovery plan which illustrated some savings, it was unsuccessful in achieving sufficient savings to achieve a balanced budget at year end.

c). Balance Sheet – The Orkney IJB does not hold assets, however the short-term debtors and creditors are in relation to the funds still due in respect of Audit Scotland's fees for the costs of planning, delivering and reporting on the annual audit.

d). Notes – These include a summary of the significant accounting policies, analysis of significant figures within the Annual Accounts and other explanatory information.

8. Financial Performance

Throughout the year, a forecast outturn position of the deficit was communicated with the partners and recovery plans put in place. The year end over/underspend within each partner was as follows.

A breakdown of the overspend for 2018/19 is as follows:

Partner Organisation	Spend £000
Orkney Islands Council	301
NHS Orkney	(117)
Total	184

As the recovery plan had been unable to identify the level of savings required, **an overall overspend of £184k occurred at the financial year end**. As per the Integration Scheme, where an overspend occurs at year end, then the partners are required to make additional payments to the Board.

Additional funds of £301k received from Orkney Islands Council's corporate contingency was received to cover the shortfall as follows:

- Out with Orkney Placements £80,500
- Home Care £220,400

Although the Integration Scheme states that any additional payments made at year end can be deducted from future years funding/payment, both parties have not deducted these additional contributions in the 2019/20 budget process.

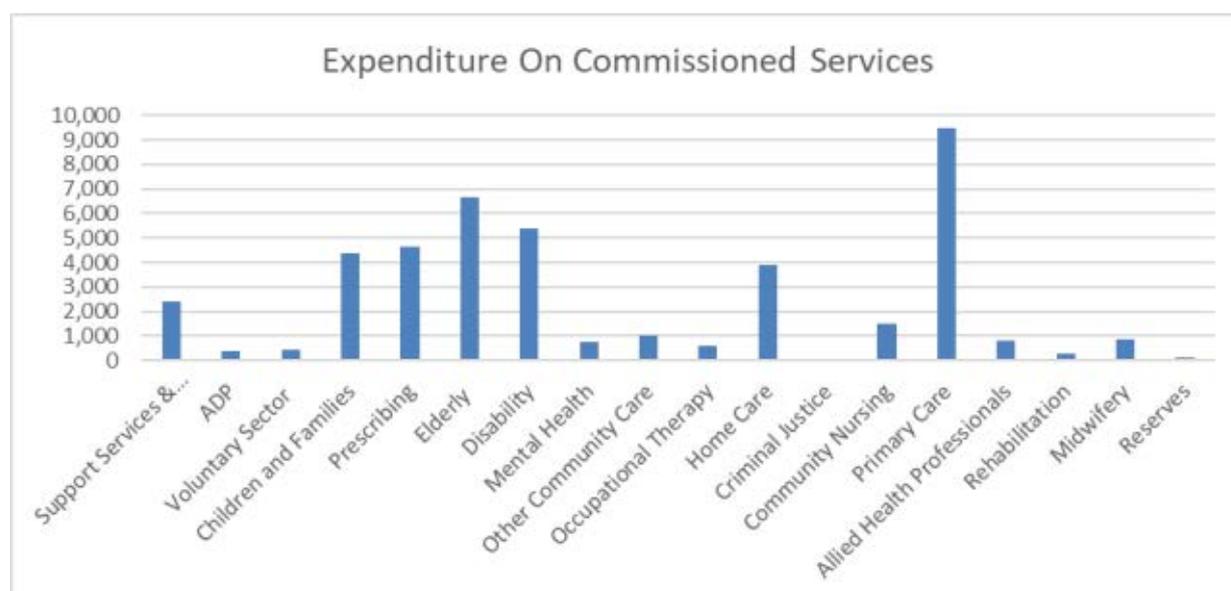
The underspend of £117k within NHS Orkney was in relation to funding received for specific services which was not fully utilised and therefore will be held within ear marked reserves. The split is as follows:

Service	Spend £000
Primary Care Improvement Fund	69
Alcohol and Drug Partnership	48
Total	117

Revenue and Expenditure Monitoring Reports were presented at every Orkney IJB meeting. The purpose of the reports is to set out the current position and projected financial year end out-turn. The year end spend is as follows:

Partner Organisation	Spend £000
Orkney Islands Council	19,389
NHS Orkney	24,258
Set Aside	7,871
Total	51,518

The net funds excluding set aside provided the following services:



The main financial issues reported throughout the year were:

Children and Families – The increased prevalence of issues affecting children, young people and their families has resulted in increased numbers of looked after children, referrals to the Children’s Reporter and Police Scotland child concern reports. At the highest level of intervention this has resulted in the requirement for additional residential child care capacity to be provided locally. There has also been a shortfall in the budget regarding children requiring to be looked after and accommodated away from Orkney. Alongside the immediate direct care issue there are also significant pressures in the capacity that exists to deliver the continuing care agenda as well as capacity in relation to shifting child care services to an early intervention model.

Elderly – There have been significant staff absences with the residential care units. As a result, there has been double running costs and the reliance on agency staff to ensure that the service remains within staffing levels agreed with the Care Inspectorate.

Home Care – Introduction of Self-Directed Support was to enable choice and flexibility in how people receive their care and should not incur additional costs; however, there is an inability to reduce the current, limited, in-house service provision and release cash to fund these packages of care. There will be further work undertaken to highlight the issues.

Although there has been investment in Home Care within the last few years, demand is increasing which is largely as a result to keep people at home for longer and to keep hospital stays to a minimum length of stay.

The Scottish Government has committed to the extension of Free Personal Care to all under 65s who require it, regardless of condition (known as Frank’s Law). This was implemented on 1 April 2019. Although there was additional funding of £26,000 received, this will represent a significant change, not only to how personal care is funded, but could also see an increase in demand for personal care services.

Primary Care – In recent years there has been a significant service pressure, within Primary Care, regarding unavoidable costs for agency and locum cover to ensure safe delivery of services; however, there is more stability within the service following the appointment of key posts. The Primary Care Improvement Plan should enable Primary Care to become more sustainable going forward by ensuring patients see the right professional at the point of need this reducing the workload of General Practitioners. This will continue to be an area of potential budget pressure due to the small size of the Board in Orkney and the continual need for occasional locum cover.

Prescribing – Prescribing can be a difficult budget to manage as it is demand led and this financial year has seen an increase within the unit price and volume. There have also been overspends within dispensing practices. Work is being undertaken to try to understand these costs and will be reported upon once known.

Unscheduled Care – Within the Public Bodies (Joint Working) (Scotland) Act 2014 and regulations there is a requirement that the budget for hospital services used by the partnership population is included within the scope of the Strategic Plan. Where a Health Board and an Integration Authority are coterminous (cover the same area), unscheduled adult inpatient services must be delegated to the Integration Authority, based on the functions included in the legislation. At present the budget is not formally delegated to the IJB, but further work will be required to understand the planning and responsibilities of the IJB and partners.

Introduction of the Living Wage, the Carers Act and other nationally agreed policies also have a significant impact on how the Orkney IJB commissions its services. Although there have been allocations received from Scottish Government it is not yet clear whether it will be sufficient to cover the cost of these services in the future.

9. Financial Outlook

As per the Integration Scheme, the funding available to the Orkney IJB shall be dependent on the funding available to Orkney Islands Council and NHS Orkney and the corporate priorities of both. A budget report was submitted to the Board meeting on 27 March 2019 which illustrated the indicative funding allocations within which the Strategic Commissioning Implementation Plan 2019/20 should be delivered. This was a noting report due to NHS Orkney waiting for its budget to be approved.

A further paper was submitted to the IJB on 25 June 2019 which showed an updated position as follows:

	NHS Orkney	Orkney Islands Council	IJB
	£000	£000	£000
Budget	24,927	19,569	44,479
Savings	-	(17)	-
Total	24,927	19,552	44,479

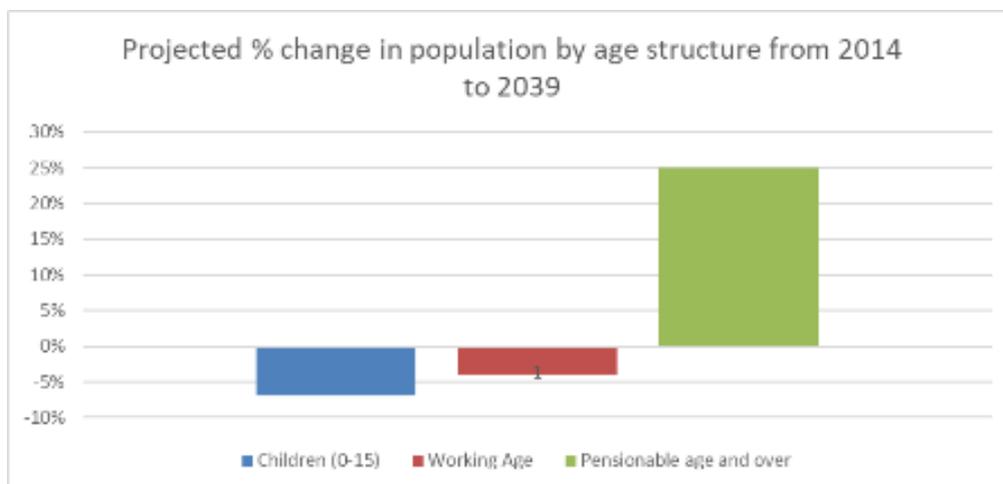
The budget was not approved but received and a request has been made to revisit all baseline budgets. There is no savings target for 2019/20 being applied by NHS

Orkney. Orkney Islands Council have applied a small savings target of £17k. The set aside budget for 2019/20 has not been included within these figures as it has not formally been delegated.

Due to medical advances and improved quality of care individuals, who require or are in receipt of complex care (also known as long-term care or continuing care) have substantial and ongoing health and social care needs. These can be the result of chronic illness, disabilities or following hospital treatment. Social care services previously tended to be more of a general nature, but there is an increasing requirement for specialist input as individuals have the rightful expectation to receive care whilst in their own homes.

Although this challenge is not unique to Orkney, our older population is increasing faster than the national average. In addition, significant numbers of our working age population are leaving the islands, and so fewer people are available to provide the care and support required with the predicted levels of chronic illness and disabilities. This reality is also highlighted in NHS Orkney's Transforming Services Strategy, which states 'if nothing else changes in the way we deliver care, this means that for every 10 people over 85 currently accessing health and social care services, there will be 31 people over 85 accessing it by 2033. Equally, if nothing else changes, for every 10 people providing care to people over 85 we will need 31 people by 2033.'

The National Records of Scotland has produced population projections for Orkney (2014 based). As illustrated below, the older age group is projected to increase by 25% whilst the working age group will decrease by 4%. This will have a significant impact on how we deliver services in the future.



However, alongside the challenges, the contribution that older people make to our society also needs to be recognised. For example, people over 65 years of age deliver more care than they receive – acting as unpaid carers, child minders and volunteers.

10. Management of Risks

The Orkney IJB has an approved Risk Management Strategy and Risk Register which forms part of the wider framework for corporate governance and internal control. There are broadly two types of risks: those which relate to its operation as a separate legal entity; and risks to the quality of service delivery which are

experienced by commissioned services. For the latter risk it will depend to a large extent on these risks being identified, assessed and treated by the partner organisations for commissioned services (mainly Orkney Islands Council and NHS Orkney).

The updated Risk Register presented to the Orkney IJB has 9 risks overall ranging from medium to very high.

The very high risk based on the risk quantification and risk reduction actions is as follows:

Risk	Risk Reduction Action.
There is a risk of IJB financial failure projecting an overspend due to the available budget not being sufficient to meet the costs of the services.	<p>Budgets delegated to cost centre level and being managed by budget holders.</p> <p>Financial information highlighting the issues are reported regularly.</p> <p>Development of Medium-Term Financial Plan.</p>

Further information on the risk register can be found at section 12. This is a working document and it has been recognised further work will be done in regards to target measures. There will be an IJB development session in 2019/20 to develop the Risk Register.

There has also been a change within the voting members of the Board as two of the Non-Executive Board Members have now been replaced by new members who commenced in August 2018.

11. Unscheduled Care

Within the Public Bodies (Joint Working) (Scotland) Act 2014 and regulations there is a requirement that the budget for hospital services used by the partnership population is included within the scope of the Strategic Plan.

There were issues throughout the year relating to whether Set Aside should be included as this primarily related to “large hospitals”. This meant that the functions that a Health Board proposed to delegate under an Integration Scheme was carried out in the Health Board which could cover two or more Local Authorities. Late in financial year 2017/18 a response was received from the Scottish Government stipulating where a Health Board and an Integration Authority are coterminous, unscheduled adult inpatient services require to be delegated to the Integration Authority, based on the functions included in the legislation.

As permitted, transition arrangements have been adopted for inclusion of unscheduled care, where expenditure shown matches the related funding.

Most of our shift in resources was completed prior to implementation of integrated working i.e a ward closed and the Intermediate Care Team was created. Hospital beds are now at minimum levels.

As a geographically small area, Orkney's hospital has a bed count which cannot be reduced further as per the hospital and healthcare facility business case. This presents some of the biggest challenges in Scotland in terms with increasing numbers of elderly residents and having very limited scope to make significant resource shifts from other forms of care.

We have also been working in partnership with Orkney Islands Council and NHS Orkney for many years and have already made several of the changes and shifts that are available. The task at hand therefore presents a significant challenge.

12. Further Information

Orkney IJB Integration Scheme:

http://www.orkney.gov.uk/Files/OHAC/Integration_Scheme_Accessible_Version.pdf.

Orkney IJB Strategic Plan:

<http://www.orkney.gov.uk/Service-Directory/S/ohac-strategic-commissioning-plan.htm>.

Risk Management Strategy:

http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2017/28-06-2017/I13_App1_Revised_Risk_Management_Strategy.pdf.

Risk Register:

http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2019/IJB27-03-2019/I18_Risk_Register.pdf.

Orkney IJB Board Papers:

<http://www.orkney.gov.uk/Council/C/ijb-minutes-agendas-and-papers.htm>.

Orkney IJB Structure and Membership of Groups:

http://www.orkney.gov.uk/Files/OHAC/IJB/IJB_Structure_and_Membership_of_Groups.pdf.

Further information regarding the Annual Accounts can be obtained from:

Chief Finance Officer, Orkney IJB, School Place, Kirkwall, Orkney, KW15 1NY.

13. Conclusion

The IJB's focus will always be on innovation and the continual improvement of the health and wellbeing of all living in Orkney. It will also be about ensuring activities maximise the ability to reduce health inequalities that exist in Orkney's communities.

We all need to ensure we take greater responsibility for our health and wellbeing. The IJB need to work within the communities to develop this responsibility and to ensure that communities are adequately equipped to support the needs of their individual populations.

The Orkney IJB faces many challenges in ensuring that we meet our aim to "help the people of Orkney live longer, healthier and more independent lives within their own homes and communities wherever possible."

The Orkney IJB has an established reputation for good joint working between Orkney Islands Council and NHS Orkney, as well as our wider community planning partners and therefore have a strong foundation to build on to address the challenges that the future brings.

Sally Shaw.
Chief Officer.
29 August 2019.

Davie Campbell.
Chair of IJB Audit Committee.
29 August 2019.

Pat Robinson.
Chief Finance Officer.
29 August 2019.

Statement of Responsibilities

The Integration Joint Board's Responsibilities

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and 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).
- To approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit Committee on 29 August 2019.

Signed on behalf of the Integration Joint Board.

Davie Campbell.

Chair of IJB Audit Committee

29 August 2019.

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Integration Joint 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 Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the local authority Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.

Pat Robinson.

Chief Finance Officer.

29 August 2019.

Remuneration Report

Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No.2014/200) require local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual statutory accounts. It discloses information relating to the remuneration and pension benefits of specific IJB members and staff.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB must be appointed and the employing partner must 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 Chief Officer was employed by Orkney Islands Council and seconded to the Orkney IJB. The post holder left the organisation in April 2018. A new Chief Officer was appointed and took up post in September 2018.

Chief Finance Officer

The Chief Finance Officer is appointed by the Orkney IJB and is employed by Orkney Islands Council and seconded to the Orkney IJB. This post was made permanent in April 2019.

Board Members

Membership of the Orkney IJB comprises voting and non-voting members. The voting members are three Elected Members of Orkney Islands Council and three Non-Executive Directors of the Health Board, although article 3(5) of the Integration Joint Board Order permits otherwise if necessary.

The remuneration of the Chief Officer and Chief Finance Officer is as follows:

Name	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £
Sally Shaw, Chief Officer (from 03/09/18)	47,791	0	47,791
Caroline Sinclair, Chief Officer (01/04/18 to 22/04/18)	9,151	0	9,151
Pat Robinson, Chief Finance Officer *	44,148 (FTE)	0	44,148 (FTE)

* The 0.5FTE Chief Finance Officer also retains responsibility as Senior Accounting Officer within Social Care, Orkney Islands Council.

Remuneration: Orkney IJB Chair and Vice Chair

The voting members of the Orkney IJB are appointed by Orkney Islands Council and NHS Orkney. The Orkney IJB Chair and Vice Chair post holders alternate between a Councillor and a Health Board representative.

The Orkney IJB does not provide any additional remuneration to the Chair, Vice Chair or any other Board Members relating to their role on the Orkney IJB. The Orkney IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner.

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

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 Orkney IJB balance sheet for the Chief Officer or any other officers.

The Orkney 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 Orkney IJB. The following table shows the Orkney 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.

Name	Accrued pension benefits as at 31 March 2019		Change in accrued pension benefits since 31 March 2018		Pension contributions made during 2018/19
	Pension £	Lump Sum £	Pension £	Lump Sum £	
Sally Shaw, Chief Officer (from 03/09/18).	975	0	971	0	8,698
Caroline Sinclair, Chief Officer (01/04/18 to 22/04/18).	26,082	34,395	348	1	1,665
Pat Robinson, Chief Finance Officer.	9,796	7,369	8,499	7,369	8,035

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year £50,000 or above, in bands of £5,000.

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Bands 2018/19
1	£85,000 - £89,999	1

Sally Shaw.
Chief Officer.
29 August 2019.

Davie Campbell.
Chair of IJB Audit Committee.
29 August 2019.

Annual Governance Statement

Introduction

The Orkney IJB was established as a body corporate by order of Scottish Ministers with effect from 6 February 2016 on approval of an Integration Scheme. The Orkney IJB took over delegated responsibility on 1 April 2016 and the Annual Governance Statement reflects these responsibilities.

Scope of Responsibility

The Orkney IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

To meet this responsibility the Orkney IJB has established governance arrangements which include a system of internal control. The system is intended to manage risk to support the achievement of the Orkney IJB's policies, aims and objectives. Reliance is also placed on NHS Orkney and Orkney Islands Council's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the Orkney IJB.

The CIPFA/ SOLACE framework for "Delivering Good Governance in Local Government Framework (2016 Edition)" provides a structured approach in defining the principles that should underpin the governance arrangements. Whilst the framework is specifically for Local Government, the principles are applicable to Integration Authorities.

The system can only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework and Internal Control System

The key elements of the Orkney IJB's governance arrangements are described in terms of the seven principles of good governance defined in the Framework, summarised as follows:

Governance Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

The Orkney IJB's Code of Conduct is applicable to all Members of the Orkney IJB and requires them to exercise leadership in establishing specific operating principles and values, ensuring they are communicated and understood throughout the organisation.

The Members and Officers demonstrate their commitment to ethical values in many ways including robust preparation for meetings, regular attendance at meetings, active participation in decision making, and registering and declaring their interests.

The Standards Officer was reappointed until October 2020 and is responsible for advising and guiding members on issues of conduct and propriety. They also act as the Liaison Officer between the Orkney IJB and the Standards Commission.

The Chief Officer was in post until April 2018 and the Chief Executives of both partner organisations were accountable until the new Chief Officer commenced their post in September of the same year.

The Chief Finance Officer remained in post in line with the legislative requirements and to ensure accountability for the proper administration of the Boards financial affairs. This post was made permanent in April 2019.

Governance Principle B - Ensure openness and comprehensive stakeholder engagement.

The Orkney IJB's Standing Orders ensures that board meetings are open to the public and only where there is a requirement to do so will an item be considered in private. The Chief Officer is responsible for giving public notice of the time and place of each meeting of the Orkney IJB by posting on the website not less than five clear days before the date of each meeting. Further information on the agenda, reports and minutes of all committees can be found at section 12. These meetings are also audio cast so can be accessed at the time of the meeting or are recorded for listening later.

The Community and Engagement Strategy was approved on 6 December 2017. As well as more traditional methods of communication, Orkney IJB is developing innovative new approaches to communication, active participation and community engagement. Examples of this is 'The Place Standards Survey' tool which aims to gain a greater understanding of service priorities and lifestyles choices of communities. The 'Orkney Opinions' survey also asked a random selection of the population on service specific questions. A further review of the strategy will take place in 2020.

The Locality Planning Strategy has evolved over the last year in response to input from all stakeholder groups, especially communities. It was acknowledged that the role of the GP surgeries and community councils as community leaders and deployment of their local knowledge would be the best way to engage with the island / parish.

The Chief Officer was also available to meet with staff, third sector and the public throughout the year at various locations.

Governance Principle C - Define outcomes in terms of sustainable economic, social, and environmental benefits.

The Orkney IJB's Strategic Plan for 2016 to 2019, and subsequent yearly refreshed plans are the basis on how the Orkney IJB plans and commissions future services that deliver improvements in each of the nine health and wellbeing outcomes as defined by the Scottish Government. Further details can be found in the management commentary on page six.

Finance and performance reports are submitted to the Orkney IJB on a quarterly basis which highlights the financial position and projections to the year end, together with any significant variances and areas of concern.

To support the deliverables of the plan, it has been agreed to move to a programme board approach to support the various aspects of the plan which is further explained in the management commentary.

The next three-year Strategic Plan is currently being developed and out for consultation. This will involve the OHAC senior team attending various events and work locations before the plan is submitted to the Orkney IJB in late summer 2019 for scrutiny before final approval.

A Medium-Term Financial Plan has been developed to provide an overview of the key messages in relation to the IJB's financial planning for 2019/20 to 2021/22, which coincides with the new Strategic Plan. It also provides an indication of the challenges and risks which may impact upon the finances of the IJB in the future as we strive to meet the health and social care needs of the people of Orkney.

The funding settlements for both Health Boards and Local Authorities are going to have a significant impact on being able to maintain current levels of service in the current and future years.

Governance Principle D - Determine the interventions necessary to optimise the achievement of the intended outcomes.

The Programme Boards will support and inform the development process for the Partnership's Strategic Commissioning Implementation Plan, together with ongoing iterative review. These boards will have responsibility for the annual review of the strategic planning process, including responding to Scottish Government and other stakeholder feedback.

The Clinical and Care Governance Committee meets at least quarterly and fulfils the function of providing the Orkney IJB with assurance that robust clinical and care governance controls and management systems are in place and effective for the services that NHS Orkney and Orkney Islands Council have delegated to it.

The Orkney IJB Members are fully aware of the ongoing issues that remain as funding continues to reduce in real terms. A Medium-Term Financial Plan has been developed which will coincide with the new three-year Strategic Implementation Commissioning Plan for years 2019 to 2022.

Governance Principle E - Develop the entity’s capacity, including the capability of its leadership and the individuals within it.

There have been various development sessions delivered throughout the year for members as follows:

Orkney IJB Development Session	25/04/18 06/11/18
Third Sector Interface Information Session	16/05/19

As there was no Chief Officer in post from April to September 2018 and absences within the senior management team, some of the sessions had to be postponed due to work load capacity.

Briefing notes are routinely prepared and distributed to provide Members with up to date information on key strategic and operational issues.

Many of the issues around waiting times are due to the inability to recruit. The fact is, we are small teams and therefore, if a member of staff is absent capacity can reduce by 50% in some services.

The Scottish Government has recognised some of these issues and has given additional investment, i.e. commitment to increase mental health workers.

Some of the issues are out with the control of the Orkney IJB such as Information Technology which can inhibit co location working. However, the Orkney IJB plans to include a member of the IT team to all future Orkney IJB meetings.

Several members of Orkney Health and Care attended the national Health and Social Care Partnership event which shared good practice amongst partnerships in other areas.

The Chief Officer had regular meetings with the Chief Executives of both partner organisations which provided an opportunity to raise any issues that had arisen. There is an Orkney IJB Discussion Forum which includes the Leader and Depute Leader of Orkney Islands Council, Chair of NHS Orkney both Chief Executives from partner bodies, Executive Director of Corporate Services, Orkney IJB Chair, Orkney IJB Vice Chair and Chief Officer.

The Chief Officer represented the Orkney IJB in a variety of different groups which included being part of the Chief Officer network and associated sub groups, the Vice Chair of the Alcohol and Drug Partnership, member of the Mental Health Strategic Delivery Group and Chair of the Community Justice Partnership.

The Chair and Vice Chair of the Orkney IJB are part of the Scotland wide network of Chairs and Vice Chairs of IJB’s Executive Group of which one member is on the Ministerial Strategy Group.

The Orkney IJB voting members meet on a regular basis.

As the National Development Team for Inclusion (NDTi) has stated, Orkney is very much ready in regards to the Community Led Support programme; there are community events planned over the next 18 months to ensure that Orkney is truly inclusive and will reach all stakeholders.

Governance Principle F – Managing risks and performance through robust internal control and strong public financial management.

The Orkney IJB has a risk management strategy and the management of risks are included within the management commentary on page 18. The risk register will be a standing agenda item on the quarterly Board meetings.

The Chief Officer has overall accountability for Risk Management and has delegated responsibility for reporting on risk to the Chief Finance Officer. The Chief Finance Officer is responsible for formally reporting on a quarterly basis to the Orkney IJB on the development and progress of Risk Management, and for ensuring that the Risk Management Strategy is implemented and evaluated effectively.

The Performance Framework uses various measures to show how well the services commissioned by the Orkney IJB are performing during a period. Further information on performance can be found on page nine.

The Orkney IJB's system of internal control is based on a framework of financial regulations, regular management information and management supervision.

The Audit Committee, through its consideration of reports by internal and external auditors, monitors the effectiveness of internal control procedures.

The Chief Finance Officer is the appointed Section 95 Officer and provides advice on all financial matters and the effective system of internal financial control under the terms of the Financial Regulations and ensures timely production and reporting of budget monitoring and annual accounts.

Governance Principle G - Implement good practices in transparency, reporting and audit to deliver effective accountability.

The Orkney IJB's business is conducted through a quarterly cycle of board meetings held in public, unless exempt under statutory provision, with principle committee meetings audio-cast live, with recordings available thereafter for download from Orkney Islands Council's public website. One week prior to a committee meeting, the agenda and associated reports are issued to all Board Members and the public via Orkney Islands Council's website. There is a standard reporting format in place to ensure consistency of approach and consideration by Members to provide transparency in decision making.

The published Annual Accounts is the statutory summary of the Orkney IJB's financial affairs for the financial year 2018/19. The purpose is to provide clear information on the income and expenditure, the operational and performance review, the key risks and uncertainties and the financial outlook moving forward.

The Chief Internal Auditor reports directly to the Orkney IJB Audit Committee with the right of access to the Chief Finance Officer, the Chief Officer and/or the Chair of

the Orkney IJB's Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment and is approved by the Orkney IJB Audit Committee.

The internal audit function will change from the Council's internal audit team to Scott Moncrieff who are the internal auditors for NHS Orkney. This was approved at the Audit Committee on 26 June 2019.

Review of Adequacy and Effectiveness

The Orkney IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Senior Management Team who have responsibility for development and maintenance of the governance environment.

The appointed Internal Auditor reports directly to the Orkney IJB Audit Committee on all audit matters, with the right of access to the Chief Officer, the Chief Finance Officer and/or the Chair of the Audit Committee on any matter. In accordance with the principles of the Code of Corporate Governance, regular governance reports will be made to the Orkney IJB's Audit Committee.

The Orkney IJB's appointed Internal Auditor issued the Internal Audit Annual Report and Assurance Statement for 2018/19 which confirmed that, for areas subject to audit review during 2018/19 there are adequate and effective controls operating, subject to the following exclusions which were identified as high priority improvement actions:

- There was no medium-term financial plan.
- There was no approved budget in place for 2018/19.
- The recovery plan did not detail how savings were to be achieved.

These actions were specific to strategic planning and do not impact on the overall governance arrangements of the IJB.

Furthermore, the Chief Internal Auditor confirmed that there were no fraud issues to report to the external auditors for the financial year.

An internal audit of compliance to the Integration Scheme found that the Orkney IJB had strong governance processes to provide effective oversight of IJB activities and that the Integration Scheme had been designed in a manner that enabled any changes required to the Scheme or its operational approach to be implemented in a timely manner. There were no areas for improvement identified during the course of this review.

Within the Partnership Working audit, the internal auditor gained assurance that procedures reflect good practice in a number of areas. However, the two areas of improvement are the delay in publication of the 2019/2022 Strategic Plan and as a result there would be a similar delay in setting key delivery targets.

Assurances can also be taken from internal audit opinions given by the internal auditors of Orkney Islands Council and NHS Orkney in respect of the internal

controls operating within the partner organisations. The internal audit opinion given for Orkney Islands Council confirmed that, for the areas subject to audit review during 2018/19, there are adequate and effective controls operating, subject to exclusions which were noted. The exclusions referred to procedural matters within specific Orkney Islands Council services and do not affect the opinion given within this report.

The overall opinion from the NHS Orkney internal auditors is that a framework of controls is in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.

Conclusion and Opinion on Assurance

While recognising that improvements are required, it is our opinion that by following the "Delivering Good Governance in Local Government Framework (2016)" reasonable assurance can be placed upon the adequacy and effectiveness of the Orkney IJB's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the Orkney IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment.

Sally Shaw.
Chief Officer.
29 August 2019.

Davie Campbell.
Chair of IJB Audit Committee.
29 August 2019.

Independent Auditor's Report

Independent auditor's report to the members of the Orkney Integration Joint Board and the Accounts Commission.

Movement In Reserves Statement

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

2018/19	General Fund Balance	Earmarked Reserves	Total Reserves
	£000	£000	£000
Balance at 1 April	0	0	0
Other Comprehensive Income and Expenditure	0	(117)	(117)
Total Comprehensive Income and Expenditure	0	(117)	(117)
Balance at 31 March 2019	0	(117)	(117)

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.

Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices.

2017/18				2018/19		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£000	£000	£000		£000	£000	£000
202	0	202	Corporate Services (note 2)	161	0	161
2,398	(212)	2,186	Support Services and Overheads	5,388	(3,126)	2,262
425	0	425	Alcohol and Drug Partnership	394	0	394
557	(74)	483	Voluntary Sector by SLAS excluding commissioned Services	553	(94)	459
4,413	(54)	4,359	Children and Families	4,444	(75)	4,369
4,649	(1)	4,648	Prescribing	4,674	(7)	4,667
8,621	(2,363)	6,258	Elderly Residential, Supported and Day Care	8,744	(2,117)	6,627
5,481	(376)	5,105	Disability.	5,610	(228)	5,382
858	(157)	701	Mental Health	934	(171)	763
1,118	(137)	981	Other Community Care	1,193	(161)	1,032
597	(16)	581	Occupational Therapy	615	(8)	607
3,789	(144)	3,645	Home Care	4,025	(136)	3,889
315	(322)	(7)	Criminal Justice	361	(300)	61
1,542	0	1,542	Community Nursing	1,507	(18)	1,489
9,867	(432)	9,435	Primary Care	9,991	(502)	9,489
798	(7)	791	Allied Health Professionals	838	0	838
285	(36)	249	Rehabilitation	304	(18)	286
683	0	683	Midwifery	872	0	872
7,361	0	7,361	Set Aside (note 3)	7,911	(40)	7,871
53,959	(4,331)	49,628	Cost of Services	58,519	(7,001)	51,518
0	(49,628)	(49,628)	Taxation and Non-Specific Grant Income (note 4)	0	(51,635)	51,635
53,959	(53,959)	0	Surplus or Deficit on Provision of Services	58,519	(58,636)	(117)
53,959	(53,959)	0	Total Comprehensive Income and Expenditure	58,519	(58,636)	(117)

Additional funding was received from Orkney Islands Council at year end which amounted to £301k. Further information can be found on page 10 within the management commentary.

There are no statutory or presentation adjustments that affect the Orkney 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.

Balance Sheet

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

2017/18		Notes	2018/19
£000			£000
16	Short term Debtors	5	134
16	Current Assets		134
(16)	Short term Creditors	6	(17)
(16)	Current Liabilities		(17)
0	Net Assets		117
0	Earmarked Reserves		117
0	Total Reserves		117

The unaudited accounts were issued on 26 June 2019 and the audited Annual Accounts were authorised for issue on 25 August 2019.

Pat Robinson.

Chief Finance Officer.

29 August 2019.

Notes to the Core Financial Statements

Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2019 have been prepared in accordance with proper accounting practice as per Section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Orkney IJB and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The following accounting concepts have been considered in the application of accounting policies:

- **Accruals basis** - the accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which payment is made or income received.
- **Going concern** - the going concern concept assumes that the Orkney IJB will continue in existence for the foreseeable future.
- **Understandability** – users of the financial statements are assumed to have a reasonable knowledge of accounting and local government.
- **Relevance** – the information in the financial statements is useful for assessing the Orkney IJB's stewardship of public funds and for making economic decisions.
- **Materiality** - information is included in the financial statements where the information is of such significance that it could influence the decisions or assessments of users of the information.
- **Reliability** – information included in the financial statements faithfully represents the substance of transactions, is free from bias and material error, is complete within the bounds of materiality and cost, and has been prudently prepared.
- **Primacy of legislative requirements** - legislative requirements have priority over accounting principles in the event of conflict between legislation and the Accounting Code.

The Accounts have been prepared under the historic cost convention.

Accruals of Expenditure and Income

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

- Revenue from the provision of services is recognised when the Orkney IJB can measure reliably the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Orkney IJB.

- Supplies are recorded as expenditure when they are consumed. 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 those rendered by the Orkney IJB's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Where income 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

VAT status

The Orkney IJB is a non-taxable person and does not charge or recover VAT on its functions as long as it does not deliver any supplies and services that fall within the scope of VAT.

The VAT treatment of expenditure in the Orkney IJB's accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where Orkney Islands Council is the provider, income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. Where NHS Orkney is the provider, expenditure incurred will include irrecoverable VAT as generally NHS Orkney cannot recover VAT paid as input tax and NHS Orkney will charge the full cost to the Orkney IJB.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements but are disclosed as a note to the accounts where they are deemed material. There was no contingent assets and liabilities in 2018/19.

Events after the Balance Sheet date

The audited annual accounts reflect events after 31 March 2019 up to the date the audited accounts were authorised for issue. 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 respects to reflect the impact of this information. For 2018/19, no such adjustments have been required.

Service Expenditure Analysis and Segment Reporting

The Comprehensive Income and Expenditure Statement is presented in accordance with the CIPFA Service Reporting Code of Practice, and the analysis of service income and expenditure is based on this Code. However, decisions taken about

resource allocation are taken by the Orkney IJB on the basis of financial information analysed across services.

Employee Benefits

The Orkney 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 Orkney IJB therefore does not present a Pensions Liability on its Balance Sheet.

The Orkney IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March 2019 is accrued, for example in relation to annual leave earned but not yet taken.

Charges from funding partners for other staff are treated as administration costs.

Post-employment benefits

The Orkney IJB does not participate in a formal pension scheme. The Chief Officer participates in the Local Government Pension Scheme which is managed by Orkney Islands Council who makes the relevant contributions.

Funding

The Orkney IJB is primarily funded through funding contributions from the statutory funding partners, Orkney Islands Council and NHS Orkney. Expenditure is incurred as the Orkney IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Orkney.

Cash and Cash Equivalents

The Orkney IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the Orkney IJB by the funding partners. Consequently, the Orkney 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 2019 is represented as a debtor or creditor on the Orkney IJB's Balance Sheet.

Indemnity Insurance

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

There were no claims in 2018/19.

Note 2 Corporate Services

The corporate services costs are as follows:

2017/18		2018/19
£000		£000
172	Staff Costs	126
6	Other Costs	10
24	Audit Fees	25
202	Total	161

The Chief Officer post was vacant from April to September 2018.

Note 3 Critical Judgements and Estimation Uncertainty

Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however, a summary of those with the most significant effect is detailed below.

There were no critical judgements for the 2018/19 Annual Accounts as the unscheduled care budget was not formally delegated to the Orkney IJB. Moving forward there has only recently been clarification that this is now a requirement regarding coterminous Health Boards. Further work must be carried out in regards to unscheduled care in financial year 2019/20 to determine the breakdown of resources to be delegated to the Orkney IJB.

Note 4 Taxation and Non-Specific Grant Income

2017/18		2018/19
£000		£000
18,270	Funding contribution from Orkney Islands Council	19,389
31,358	Funding contribution from NHS Orkney	32,246
49,628	Taxation and Non-specific Grant Income	51,635

The funding from NHS Orkney shown above includes £7.871m in respect of unscheduled care resources relating to acute hospital resources. The associated services are provided by NHS Orkney, which retains responsibility for managing the costs of providing the services. However, the Orkney IJB has responsibility for the consumption of, and level of demand placed on, these resources.

Note 5 Debtors

2017/18		2018/19
£000		£000
8	NHS Orkney	117
8	Orkney Islands Council	17
16	Total	134

Note 6 Creditors

2017/18		2018/19
£000		£000
8	NHS Orkney	0
8	Orkney Islands Council	17
16	Total	17

Note 7 External Audit Costs

Audit Scotland is the appointed external auditor for the 2018/19 audit. The fee is £25k. This fee covers the costs of planning, delivering and reporting the annual audit including auditors' attendance at committees.

Note 8 Related Party Transactions

The Orkney IJB has related party relationships with the NHS Orkney and Orkney Islands Council. The nature of the partnership means that the Orkney IJB may influence, and be influenced by, its partners. The following transactions and balances included in the Orkney IJB's accounts are presented to provide additional information on the relationships.

Transactions with NHS Orkney

2017/18		2018/19
£000		£000
31,358	Funding contributions received from NHS Orkney	32,246
31,358	Net Transactions with NHS Orkney	32,246

Transactions with Orkney Islands Council

2017/18		2018/19
£000		£000
18,270	Funding contributions received from Orkney Islands Council	19,389
18,270	Net Transactions with Orkney Islands Council	19,389

There are also a range of support services for the Orkney IJB including legal services, audit services, personnel services and finance services whereby there is no charge from either partner.