



# **Annual Accounts**

## **Orkney Integration Joint Board**

### **2017/2018**



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## **Orkney Integration Joint Board Members**

### **Voting Members**

Jeremy Richardson	NHS Orkney (Chair & Member until 23/08/18)
David Drever	NHS Orkney (Chair 24/08/18 onwards)
Ronnie Johnson	NHS Orkney (until 30/06/18)
Davie Campbell	NHS Orkney (commenced 24/08/18)
Issy Grieve	NHS Orkney (commenced 24/08/18)
Councillor Rachael King (Vice-Chair)	Orkney Islands Council
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 Financial 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)**

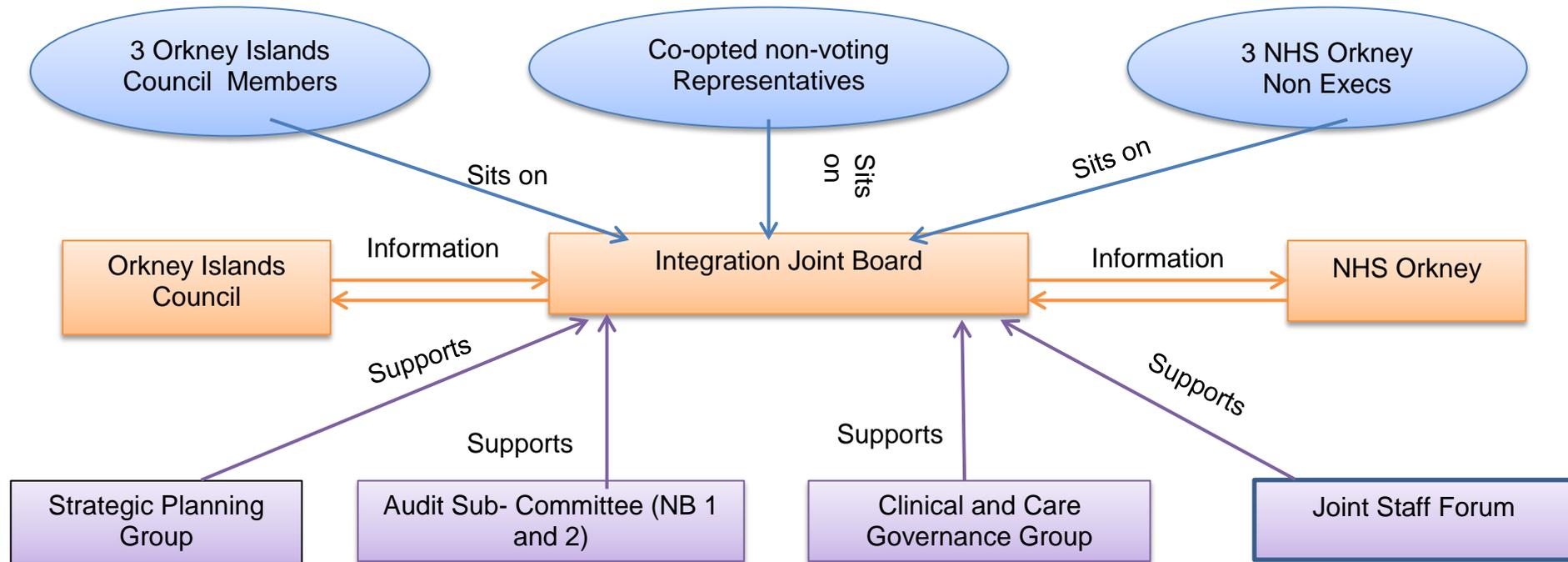
Sally George	Staff Representative - Unison
Sandra Deans	Unpaid Carer Representative
Janice Annal	Service User Representative

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

Fiona McKellar (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 2017/18 financial year and provides an indication of risks which may impact upon the Orkney IJB moving forward.

## 2. Purpose & 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 2016-2019 was approved by the Orkney IJB on the 21 March 2016 and has been refreshed on an annual basis. The following is an extract of the 2017/18 refreshed plan:

*“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.”*

The Orkney IJB provides Community Health and Social Care for the population of Orkney Islands which is in the region of 22,000 people. This is an increase of 0.7% from 21,850 in 2016. Over the same period, the population of Scotland increased by 0.4% (National Records of Scotland mid-2017 population estimate).

### 3. Strategic Plan

The Orkney IJB's strategic plan has 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, recognising that this type of planning was a new way of working in Orkney and as such it would evolve and change, and would need to be updated for the remaining period of the plan.

The direction that the Orkney IJB sees services in Orkney taking focuses on

- **People** - to have sufficient levels of service to meet need, staff to have ready access to information and to have familiarity with their care team.
- **Place** - to have services locally available and not travel unnecessarily to access services.
- **Purpose** - to have services that are well aligned to local health and care needs, rather than national models that only work well at large scale or traditional distribution and types of service.

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: -

- There has been work undertaken with communications colleagues to develop articles and video material to promote Home Care as a career.
- The local eligibility criteria for adult social care services was revised to ensure the most effective arrangements are in place to manage and prioritise its services and resources.
- The Carers eligibility criteria was approved on the 6<sup>th</sup> December 2017 in relation to the legislative requirement to assess and support carers' health and wellbeing needs.
- 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.
- We have been offering alternatives to admission to hospital by commissioning a step up/down community facility delivered by the third sector. Although there has been a great deal of seasonal variation, it is providing good value for money and meeting desired outcomes for individuals.
- The Rapid Mobile Community Responder Service has enabled many people to remain within their own homes and is valued by those who use it. It has also demonstrated success in the objectives that were set. However, as with the step up/step down this does not release any savings from acute services. It was agreed to reduce the service from 24 hours per day to an 18 hour day provision, which would save around £0.026m. The Community Mobile Responder team who install and respond to community alarms will still operate a 24 hour per day service.

- A review of the Community Mental Health services in Orkney is currently being undertaken, led by NHS Orkney, to ensure it continues to develop in a way that best supports people in Orkney. As part of this service the Community Mental Health Services Framework is being developed and will be presented for consideration in the future.
- The Intensive Fostering Service has now completed its three year project which increases the range and quality of foster care placements in Orkney, ultimately enhancing our provision for Looked After and Accommodated Children. This has given an overall financial saving of £836,000 for Orkney Islands Council and delivered good outcomes by retaining children within the county in a family based setting. A baseline increase of £264,000 has been received in the budget setting process for 2018/2019.
- Orkney Islands Council has committed to replace two residential care homes. Work has begun on the Stromness Care Home and is scheduled for completion in May 2019, with the facility anticipated to be operational by August 2019. The site has been approved and the initial design has been prepared regarding the Kirkwall care home.
- 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. The draft was submitted to the Board on 27 June 2018.
- There has also been joint working across the Orkney IJB and with third sector partners to develop exercise programmes for individuals with chronic diseases.
- Work has commenced to look at how services are planned and provided for people who are comparatively high volume users of secondary care health resources. An ambitious project has commenced on developing an electronic source of protocols and guidelines to provide best evidence of good practice and support appropriate referrals to care requirements.
- In September 2017 the Orkney IJB approved and tasked the Strategic Planning Group to take forward three actions in 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 & 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 islands needs.

Although there have been some initial discussions and draft reports submitted to the Strategic Planning Group, there have been delays due to registration and regulatory constraints and capacity within staffing to drive this forward due to competing priorities. These actions will be brought forward into 2018/19.

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 have ascribed to Integration Authorities to report on.

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 2017/18**

The Orkney IJB receives quarterly Performance Report updates. The key information contained in the Orkney IJB's Strategic Annual Performance Report for 2017/18 is noted below:

- The Universal Health Visiting Pathway is fully implemented, this sets out the minimum core home visiting programme offered to all families by Health Visitors.
- Speech and Therapy service delivery model has been revised and new pathways formulated.
- Permanence and Care Excellence (PACE) work continues with emphasis on placement stability. Placements continue to be reviewed within statutory timescales.
- The Community Justice Outcome Improvement Plan has been signed off and there has been a high percentage of successfully completed Community Payback Orders (CPOs) compared to the national average, and a higher than average percentage of CPO unpaid work placements commencing within seven working days of the imposition of the CPO.
- The Falls Prevention Pathway is now in place and work to promote its use within community teams and Scottish Ambulance Service is ongoing.
- Additional services commissioned from GP practices through the Local Enhanced Services (LES) now have enhanced contracts in place.
- A local phototherapy service is now in place which reduces the requirement for people to travel to Aberdeen to access treatment.
- There has been a restructure of the Intermediate Care and Occupational Therapy provision to come under a single lead to ensure that reablement continues across the service boundaries and has increased frontline capacity and delivered savings.
- There has been a pilot project in paediatric Occupational Therapy which screens all primary ones to identify any issues with gross motor skills which can be given the relevant service enabling more independence growing up.
- There introduction of the Attend Anywhere clinics reduces travel time for patients which enables staff to be more centrally based. This was designed to reduce waiting times for services.
- A pathway has been developed and circulated to professional advisory groups in relation to supporting people with neurodevelopmental conditions.

There are increasing recruitment challenges whereby it is becoming more difficult to recruit to posts as there are national shortages of qualified staff. There has also been feedback that due to shortages within the rental market some successful candidates have had to decline positions within the partner organisations.

Table 1 shows the summary of Orkney IJB's 2017/18 performance in relation to the Scottish (2017/18) performance across a range of indicators.

**Table 1: Orkney's Ranked Performance for national indicators and local indicators**

Indicator	Description	Scotland 2016/2017	Orkney 2016/2017	Scotland 2017/2018	Orkney 2017/2018
Adult Health.	Percentage of adults able to look after their health very well or quite well.	94%	95%	93%	96%
Independence.	Percentage of adults supported at home who agreed that they are supported to live as independently as possible.	84%	89%	81%	100%
Engagement.	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided.	77%	75%	83%	76%
Coordination of Services.	Percentage of adults supported at home who agreed that their health and social care services seemed to be well coordinated.	75%	77%	74%	91%
Adult Support.	Total percentage of adults receiving any care or support who rated it as excellent or good.	81%	86%	80%	94%
GP Care.	Percentage of people with positive experience of the care provided by their GP practice.	87%	97%	83%	94%
Quality of Life.	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life.	84%	87%	80%	97%
Carers' Support.	Total combined percentage of carers who feel supported to continue in their caring role.	41%	43%	37%	49%
Feeling Safe.	Percentage of adults supported at home who agreed they felt safe.	84%	85%	83%	98%
Premature Mortality.	Premature mortality rate per 100,000 persons.	441	379	440	285
Emergency Admissions.	Emergency admission rate (per 100,000 population). Local target reduction of 264 total for 2017/2018.	12,037	9,174	11,959	9,683

Indicator	Description	Scotland 2016/2017	Orkney 2016/2017	Scotland 2017/2018	Orkney 2017/2018
Emergency Bed Days.	Emergency bed day rate (per 100,000 population). Local target reduction of 1311 total for 2017/2018 for emergency bed days across all acute specialties.	119,649	79,968	115,518	78,210
Readmissions.	Readmission to hospital within 28 days (per 1,000 population).	95	71	97	76
End of Life – Care Setting.	Proportion of last 6 months of life spent at home or in a community setting. No specific improvement target set for this area.	88%	92%	91%	98%
Falls Rate.	Falls rate per 1,000 population aged 65+.	21	20	22	16
Quality of Services – Care Inspectorate.	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections.	83%	74%	85%	97%
Intensive Care Needs.	Percentage of adults with intensive care needs receiving care at home.	62%	73%	62%	70%
Delayed Discharge.	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population). The target will initially be to reduce non code 9 reason delays by 50%, from 882 in 2016 to 441 in 2017, a reduction of 441.	842	434	772	399
Emergency Admission Costs.	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency.	22%	19%	23%	17%

However, there are significant concerns regarding the following areas

Indicator	Description	Orkney 2016/2017	Orkney 2017/2018
Children and Adolescent Mental Health Services.	90% of young people to commence treatment for specialist Child and Adolescent Mental Health service within 18 weeks of referral.	100%	61.1%
Psychological Therapies.	90% of patients to commence Psychological therapy based treatment within 18 weeks of referral.	N/A	61.1%
12 weeks for first outpatient appointment.	95% of patients of services Commissioned by Orkney Health and Care to wait no longer than 12 weeks from referral (all sources) to first outpatient appointment.	93.8%	59.41%

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 have 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 are useful to a wide range of stakeholders in making and evaluating decisions about the allocation of resources.

The 2017/18 Annual Accounts comprise:

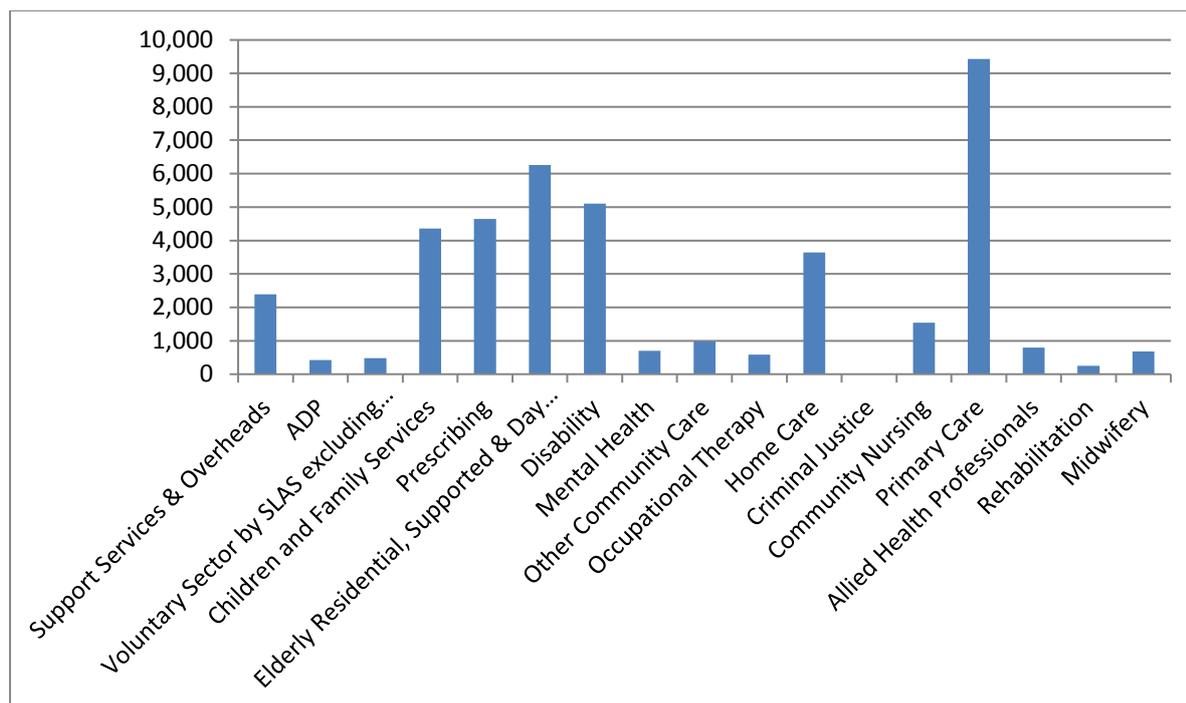
- a) Comprehensive Income & Expenditure Statement – During the year the Orkney IJB received reports setting out projected overspends from the first quarter and all throughout the year. Although there was a recovery plan which illustrated some savings, it was unsuccessful in achieving sufficient savings to achieve a balanced budget at year end.
- b) Balance Sheet – The Orkney IJB does not hold assets, however the short term debtors and creditors are in relation to the funds still due to Audit Scotland's fees for covering the costs of planning, delivering and reporting on the annual audit.
- c) 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

A Revenue and Expenditure Monitoring Report was presented at every Orkney IJB meeting. These reports set out the current position and projected financial year out-turn for the financial year. The report submitted in June 2018 illustrates the actual year end as follows:

<b>Partner Organisation</b>	<b>Spend</b>
	<b>£000</b>
<b>Orkney Islands Council</b>	18,270
<b>NHS Orkney</b>	31,358
<b>Total</b>	<b>49,628</b>

The net funds provided the following services:



Throughout the year, a forecast outturn position of the deficit was communicated with the partners and recovery plans put in place. As the recovery plan had been unable to identify the level of savings required, an overspend of £662k 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.

A breakdown of the overspend for 2017/18 is as follows:

- NHS Orkney funded the outturn deficit of £478k to cover the shortfall within services commissioned by the Orkney IJB, which was due to staffing issues and deficit on community prescribing.
- Additional funds of £184k received from Orkney Islands Council's corporate contingency was received to cover the shortfall within children's residential placements outwith Orkney.

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 2018/2019 budget process.

The main financial issues reported throughout the year were:

**Children and Families** – An increase in young people requiring to be looked after has required the ongoing provision of an unfunded residential accommodation placement within Orkney. There have also been shortfalls regarding children requiring a more specialist service placed outwith Orkney.

**Home Care** - Although there was a baseline increase of £156k, the service continues to experience growth in demand/complexity of required packages of care for in-house provided services and for self-directed packages of care. This service provides mainly free personal care to people over the age of 65 who meet the eligibility criteria.

**Self-Directed Support** - Geographical constraints mean that this is an ongoing cost pressure due to the inability to reduce the current limited in-house service provision and release cash to fund these packages of care.

**Mental Health** - There are a lack of practitioners to provide Child and Adolescent Mental Health service across Scotland and therefore this has resulted in a lack of progress within the service as well as an increased demand for services. The service has been trying to mitigate this by utilising staff with complementary skills to fill gaps in the short term, until recruitment was achieved.

**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.

**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 has also been overspends within dispensing practices. Work is being undertaken to try to understand these costs and will be reported back once known.

The 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.

There are also future considerations such as Franks Law (free personal care for everyone who requires it regardless of age) which will now come into force on 1 April 2019.

## 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 14 March 2018 which illustrated the indicative funding allocations within which the Joint Strategic Commissioning Plan 2018/19 should be delivered. This was a noting report due to the uncertainty of how the savings targets could be achieved within the financial year 2018/19.

A further paper will be submitted to the October 2018 Orkney IJB which will show an updated position as follows:

	NHS Orkney	Orkney Islands Council	Orkney IJB
	£000	£000	£000
Budget	24,268	18,570	<b>42,838</b>
Savings	(1,060)	(388)	<b>(1,448)</b>
Total	23,208	18,182	<b>41,390</b>

The savings target for 2018/2019 being applied by Orkney Islands Council is 2.1% and the Health Board is 4.4%. The set aside budget for 2018/19 has not been included within these figures as they still require approval.

In relation to the savings of £1.448m the current recovery plan is stating:

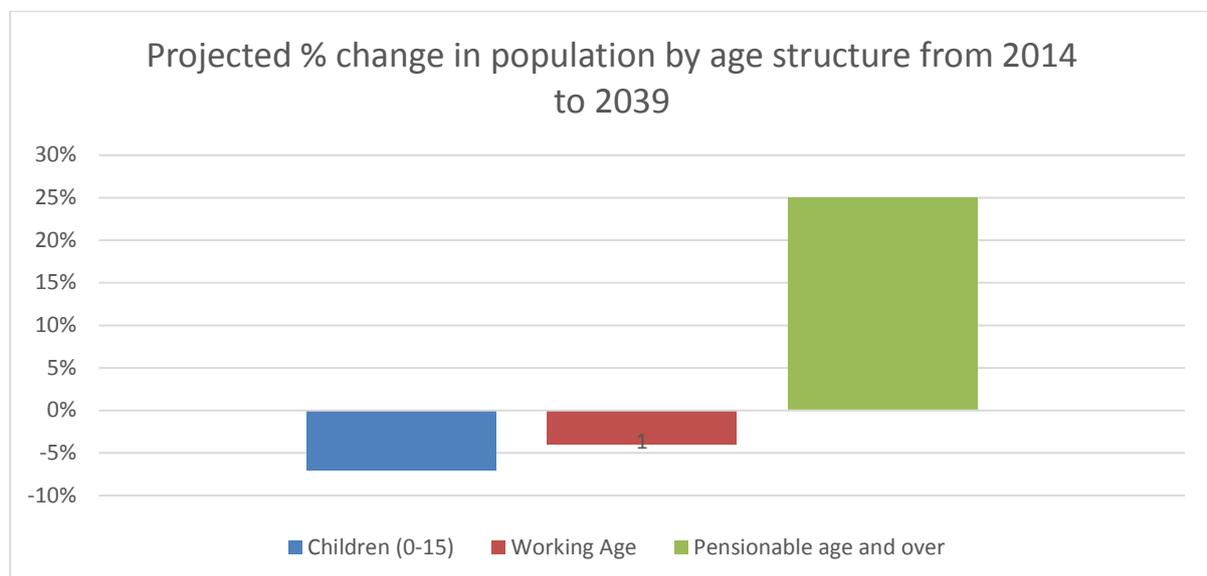
	£000
Orkney IJB Savings Target	1,448
Recurring Savings	(236)
Non-Recurring Savings	(74)
<b>Unidentified Savings</b>	<b>1,138</b>

Based on current activity and expenditure levels this will be significantly challenging to achieve a balanced budget by the end of financial year 2018/19.

The recent Scottish budget announcement sets out funding pressures for future years. Orkney Islands Council and NHS Orkney only have one year funding agreed but as a prudent approach we are expecting a 3% reduction in real terms of which there is a presumption that the Orkney IJB will not be ring fenced in future funding allocations.

Demand is rising significantly because of changing demographics, whilst in real terms, available public spending is reducing. Over the next few years the Orkney IJB will require to balance its commissioning decisions to support change alongside its decommissioning decisions which will enable NHS Orkney and Orkney Islands Council to deliver year on year efficiencies to sustain priority services.

People in the older age group are the ones most often in need of health and social care services. 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.



The Orkney IJB will need to balance its ambitious commissioning decisions, to support change alongside some decommissioning decisions that enables NHS Orkney and Orkney Islands Council to deliver year on year efficiencies to sustain priority services.

## 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 relates 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 19 risks overall ranging from medium to very high.

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

Risk	Risk Reduction actions
There is a risk of a lack of no strategic oversight and management to the services.	Duties are currently being split among the Senior Management Team.
There is a risk that there will be a lack of capacity to support the development and work of the Orkney IJB	Clear direction and leadership from both organisations. Dependant on good will of delivery bodies to support the overall work. Peaks of work will at times impact on ability to strategically plan and redesign services.
There is a risk that the recovery plan will not ensure that the Board will break even at year end.	Managers are working to identify in-year savings and present these in the recovery plan for the current year. The Chief Finance Officer is in discussion with Orkney Islands Council and NHS Orkney. Heads of Finance in relation to this issue. A budget monitoring statement is issued on some monthly basis highlighting pressure areas to ensure members are informed.

Further information on the risk register can be found at section twelve.

The Chief Officer post became vacant in April 2018. In addition, there have also been vacancies and sickness within the management structure which has meant some of the proposed work and projects have not progressed as quickly as first anticipated. The new appointment of the Chief Officer was approved and the post holder commenced with Orkney IJB in early September 2018. There was also other interim arrangements put in place regarding ensuring robust management arrangements were in place.

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 have commenced in August.

## 11. Unplanned Admissions (Set Aside)

Within the Act and regulations there is a requirement that the budget for hospital services used by the partnership population are included within the scope of the Strategic Plan.

There were issues throughout the year relating to whether a set aside should be included as this primarily related to "large hospitals". This meant that the functions that a Health Board proposed to delegate to under an integration scheme was carried out in the Health Board and provided two or more local authorities. Late in the financial year 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.

Figures have been received from the Health Board for inclusion in this financial year but further work will be required to understand the breakdown of budget and the financial pressures that are included within this.

Most of our shift in resources was completed prior to the implementation of integrated working i.e a ward closed and the integrated care team was created. The reduction in hospital beds are now at minimum levels as agreed in the new hospital business case.

As a very small area with a hospital that cannot be further reduced in size and a demographic profile and geography that presents some of the biggest challenges in Scotland, in terms of increasing number of older age and older people, we have very limited scope to make significant resource shifts from hospital to 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](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](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/IJB2018/27-06-2018/I06\\_IJB\\_Risk\\_Register.pdf](http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/27-06-2018/I06_IJB_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](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 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.”

Orkney IJB has established a 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.

**Gerry O’Brien**

**On behalf of Chief Officer  
CE NHS Orkney**

**26 September 2018**

**Steve Sankey**

**Chair**

**26 September 2018**

**Pat Robinson**

**Chief Finance Officer**

**26 September 2018**

## **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 26 September 2018.

Signed on behalf of the Integration Joint Board.

**Steve Sankey**

**Chair**

**26 September 2018**

## **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 2018 and the transactions for the year then ended.

**Pat Robinson**

**Chief Finance Officer**

**26 September 2018**

# Remuneration Report

## Introduction

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No.2014/200) require local authorities and IJB's 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 specified 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.

## 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.

## 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 set by the Orkney IJB.

Name	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £
Caroline Sinclair, Chief Officer	88,995	0	88,995
Pat Robinson, Chief Finance Officer *	41,889 (FYE)	0	41,889 (FYE)

\*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 through nomination by Orkney Islands Council and NHS Orkney. Nomination of the Orkney IJB Chair and Vice Chair post holders alternates 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 2018		Change in accrued pension benefits since 31 March 2017		Pension contributions made during 2017-2018  £
	Pension  £.	Lump Sum  £	Pension  £	Lump Sum  £	
Caroline Sinclair, Chief Officer	25,734	34,394	2,029	361	17,087
Pat Robinson, Chief Finance Officer	1,297	0	873	0	8,043

#### 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 2016/2017	Remuneration Band	Number of Employees in Band 2017/2018
1	£85,000 - £89,999	1

**Gerry O'Brien**  
**On behalf of Chief Officer**  
**CE NHS Orkney**  
**26 September 2018**

**Steve Sankey**  
**Chair**  
  
**26 September 2018**

# 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 arrangements for governance which includes 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 the 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 this code 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 April 2019 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 a new appointment was made in September 2018.

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.

## **Governance Principe 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 websites of constituent bodies 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 twelve. 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 the 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 ask a random selection of the population on service specific questions.

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 throughout the year at various locations. These were not overly well attended and therefore there are other options being explored, one of which is the use of social media. There is also a Chief Officer blog on the website.

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

The Orkney IJB's strategic plan for 2016/2019, and subsequent yearly refreshed plans are the basis on how the Orkney IJB plan and commission 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 four.

A Finance and Performance Officer Working Group meets on a quarterly basis to give assurances that Service Managers are kept updated with the overall financial position of the Orkney IJB and that measures are in place to ensure that performance can be captured. There are finance and performance reports submitted to the Orkney IJB on a quarterly basis which highlights any significant variances and areas of concern.

The Strategic Planning Group receives clear direction from the Orkney IJB to ensure they meet the strategic priorities set, within agreed timescales.

In September 2017 the Orkney IJB approved and tasked the Strategic Planning Group to take forward three actions in relation to transformation of services which is described further within the management commentary on page five.

The next three-year strategic plan is currently being developed and will be submitted to the December 2018 Orkney IJB for scrutiny before final approval.

Due to the funding settlement, 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 Strategic Planning Group supports and informs the development process for the Partnership’s Strategic Commissioning Plan, together with ongoing iterative review. The group have responsibility for the annual review of the strategic planning process, including responding to Scottish Government and other stakeholder feedback. They have been scrutinising the work on localities and the actions in the aim of transforming services which are detailed on page 6 and the localities.

The Clinical and Care Governance Group 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 Strategy will be developed to coincide with the new three-year strategic plan for years 2019/2022. This will outline how the resources will be allocated to deliver the priorities as set out in the Strategic Plan.

**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 which is as follows:

Orkney IJB Induction Session	13/06/17
Orkney IJB Development Sessions	02/08/17 06/12/17 25/04/18
Orkney IJB Risk Register	08/11/17
Strategic Commissioning Plan Refresh, Mental Health and Carers Act	31/01/18

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

A workforce plan was approved on 10<sup>th</sup> March 2017 to help to recruit and retain staff, cultivate a collaborative workforce, develop a clear career pathway, support culture change and improving information sharing. In 2017/18 this has resulted in additional joint posts which is working well across health and social care and achieving more streamlined approaches. There has been a recruitment drive regarding Home Carers and although modern apprenticeships have been offered the uptake was not as successful as anticipated.

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

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 a Joint Discussion Forum which includes the Leader, Deputy Leader Orkney Islands Council, Chair of NHS Orkney both Chief Executives from partner bodies, 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 and Chair of Community Justice.

### **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 fourteen. The risk register is 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 Financial 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 the performance can be found on page seven.

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 the relevant Board Members and to 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 2017/18. 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 Head of Internal Audit reports directly to the Orkney IJB Audit Committee with the right of access to the Chief Finance Officer, Chief Officer and 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.

## **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 Chief Internal Auditor reports directly to the Orkney IJB Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Finance Officer and 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 Chief Internal Auditor issued the Internal Audit Annual Report and Assurance Statement for 2017/2018 which confirmed that, for areas subject to audit review there are adequate and effective controls operating, subject to the following exclusion where there is further work required to have in place appropriate recovery plans where it is forecast that there is a likely overspend on the budget.

An update report on integration assurance was also issued during the year which noted that good progress had been made with making improvements to the governance arrangements.

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 2017/18, 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 in place to achieve their objectives and manage key risks whilst promoting value for money and delivering best value.

## **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.

**Gerry O'Brien**  
**On behalf of Chief Officer**  
**CE NHS Orkney**  
**26 September 2018**

**Steve Sankey**  
**Chair**

**26 September 2018**

## **Independent Auditor's Report**

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

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

### **Report on the audit of the financial statement**

## Comprehensive Income and Expenditure Statement

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

2016/2017				2017/2018		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
171	0	171	Corporate Services (note 2)	202	0	202
2,212	(162)	2,050	Support Services and Overheads	2,398	(212)	2,186
465	0	465	Alcohol and Drug Partnership	425	0	425
556	(100)	456	Voluntary Sector by SLAS excluding Commissioned Services	557	(74)	483
4,211	(82)	4,129	Children and Families Services	4,413	(54)	4,359
0	0	0	Prescribing	4,649	(1)	4,648
8,131	(2,223)	5,908	Elderly Residential, Supported and Day Care	8,621	(2,363)	6,258
4,960	(279)	4,681	Disability	5,481	(376)	5,105
878	(178)	700	Mental Health	858	(157)	701
1,026	(52)	974	Other Community Care	1,118	(137)	981
635	(29)	606	Occupational Therapy	597	(16)	581
3,621	(150)	3,471	Home Care	3,789	(144)	3,645
369	(330)	39	Criminal Justice	315	(322)	(7)
1,360	4	1,364	Community Nursing	1,542	0	1,542
8,136	(145)	7,991	Primary Care	9,867	(432)	9,435
789	(3)	786	Allied Health Professionals	798	(7)	791
242	(1)	241	Rehabilitation	285	(36)	249
644	0	644	Midwifery	683	0	683
0	0	0	Set Aside (note 3)	7,361	0	7,361
<b>38,406</b>	<b>(3,730)</b>	<b>34,676</b>	<b>Cost of Services.</b>	<b>53,959</b>	<b>(4,331)</b>	<b>49,628</b>
	(34,676)		Taxation and Non-Specific Grant Income (note 4)	0	(49,628)	(49,628)
<b>38,406</b>	<b>(38,406)</b>	<b>0</b>	<b>Surplus or Deficit on Provision of Services.</b>	<b>53,959</b>	<b>(53,959)</b>	<b>0</b>
		<b>0</b>	<b>Total Comprehensive Income and Expenditure.</b>			<b>0</b>

Prescribing and Set Aside was not included within the financial statements for 2016/2017 and this reflects within the expenditure (£12.009m)

Additional funding was received from the partners at year end which amounted to £662k. Further information can be found on page 9 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.

<b>2016/2017</b>		<b>Notes</b>	<b>2017/2018</b>
<b>£000</b>			<b>£000</b>
12.	Short term Debtors	<b>5</b>	16
	<b>Current Assets</b>		
12.	Short-term Creditors	<b>6</b>	16
	<b>Current Liabilities</b>		

The unaudited accounts were issued on 29 June 2018 and the audited annual accounts were authorised for issue on 26 September 2018.

**Pat Robinson**  
**Chief Finance Officer**  
**26 September 2018**

## Notes to the Core Financial Statements

### Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2018 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) and the Service Reporting Code of Practice (SeRCOP), 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 2017/18.

### **Events after the Balance Sheet date**

The audited annual accounts reflect events after the 31<sup>st</sup> March 2018 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<sup>st</sup> March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. For 2017/18, 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 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 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 2017/18.

## Note 2 Corporate Services

The corporate services costs are as follows;

<b>2016/2017</b>		<b>2017/2018</b>
<b>£000</b>		<b>£000</b>
144	Staff Costs	172
7	Other Costs	6
3	CNORIS Insurance	0
17	Audit Fees	24
<b>171</b>	<b>Total</b>	<b>202</b>

The Chief Finance Officer was included as 0.5FTE for 2016/2017 but the 1.0FTE equivalent was included for 2017/18. The post holder also retains responsibility as Senior Accounting Officer, Social Care, Orkney Islands Council.

## 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 2016/17 Annual Accounts as it was agreed that the set aside was not required to be included. Moving forward there has only recently been clarification that this is now a requirement regarding coterminous Health Boards. The calculation regarding will need further scrutiny and breakdowns regarding expenditure moving forward.

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

2016/2017		2017/2018
£000		£000
17,836	Funding contribution from Orkney Islands Council	18,270
16,840	Funding contribution from NHS Orkney	31,358
<b>34,676</b>	<b>Taxation and Non-specific Grant Income</b>	<b>49,628</b>

The funding from NHS Orkney shown above includes £7.361m in respect of 'set aside' 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

2016/2017		2017/2018
£000		£000
6	NHS Orkney	8
6	Orkney Islands Council	8
<b>12</b>	<b>Total</b>	<b>16</b>

#### Note 6 Creditors

2016/2017		2017/2018
£000		£000
6	NHS Orkney	8
6	Orkney Islands Council	8
<b>12</b>	<b>Total</b>	<b>16</b>

#### Note 7 External Audit Costs

Audit Scotland is the appointed external auditor for the 2017/2018 audit. The fee is £24,000. This fee covers the costs of planning, delivering and reporting the annual audit including auditor's 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

<b>2016/2017</b>		<b>2017/2018</b>
<b>£000</b>		<b>£000</b>
16,840	Funding contributions received from NHS Orkney	31,358
<b>16,840</b>	<b>Net Transaction with NHS Orkney</b>	<b>31,358</b>

### Transactions with Orkney Islands Council

<b>2016/2017</b>		<b>2017/2018</b>
<b>£000</b>		<b>£000</b>
17,836	Funding contributions received from Orkney Islands Council	18,270
<b>17,836</b>	<b>Net Transactions with Orkney Islands Council</b>	<b>18,270</b>

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.