



**Stephen Brown (Chief Officer)**  
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Agenda Item: 3

## **IJB Performance and Audit Committee**

Wednesday, 18 June 2025 10:00.

Council Chamber, Council Offices, School Place, Kirkwall.

### **Minute**

#### **Present**

- Rona Gold, Non-Executive Director, NHS Orkney (via Microsoft Teams).
- Councillor Lindsay Hall, Orkney Islands Council.
- Councillor Jean Stevenson, Orkney Islands Council.

#### **Clerk**

- Sandra Craigie, Committees Officer, Orkney Islands Council.

### **In Attendance**

#### **Orkney Health and Social Care Partnership:**

- Stephen Brown, Chief Officer, Integration Joint Board (via Microsoft Teams).
- Lynda Bradford, Head of Health and Community Care.
- John Daniels, Head of Primary Care Services.
- Darren Morrow, Head of Children, Families and Justice Services and Chief Social Work Officer (via Microsoft Teams).
- Shaun Hourston-Wells, Policy and Performance Manager.

#### **Orkney Islands Council:**

- Erik Knight, Head of Finance.
- Andrew Paterson, Chief Internal Auditor.
- Georgette Herd, Solicitor.
- Deborah Langan, Team Manager (Accounting).

### **Chair**

Councillor Lindsay Hall, Orkney Islands Council.

## **1. Apologies**

Apologies for absence had been intimated on behalf of Issy Grieve and Sam Thomas.

## **2. Declarations of Interest**

There were no declarations of interest intimated in respect of items of business to be discussed at this meeting.

## **3. Minute of Previous Meeting**

There had been previously circulated the draft Minute of the Meeting of the Performance and Audit Committee held on 19 March 2025 for consideration, checking for accuracy and approval.

The Minute was **approved** as a true record.

## **4. Matters Arising**

There had been previously circulated the Matters Arising Log from the meeting held on 19 March 2025, for consideration and to enable the Committee to seek assurance on progress, actions due and to consider corrective action, where required.

Stephen Brown confirmed that there were no outstanding matters arising from the meeting held on 19 March 2025. Regarding the financial performance reports and the full risk register detailed on the matters outstanding from previous meetings, he confirmed that discussions would take place with Councillor Lindsay Hall, the newly appointed Chair, following which an update would be brought back to the Committee.

The Performance and Audit Committee thereafter scrutinised the Log and took assurance.

## **5. Draft Annual Accounts**

There had previously been circulated a report presenting the draft Annual Accounts for financial year 2024/25, for scrutiny and approval.

Deborah Langan, Team Manager (Accounting), Orkney Islands Council, presented the draft Annual Accounts for the financial year up to 31 March 2025, confirming that the draft Annual Accounts were required to be presented to the External Auditors by 30 June. She noted that, as well as seeking approval of the draft Annual Accounts, approval of the draft Annual Governance Statement, detailed on pages 21 to 27 of the draft Annual Accounts, was also sought.

Referring to the draft Annual Accounts which were attached as Appendix 1, she highlighted the following:

- The background detail in the Management Commentary on pages 3 to 15.
- The 2023/24 figure for the proportion of care services graded “good” or better in the Care Inspectorate Inspections in the local indicator table on page 6 should read 77.0% and that the percentage of adults with intensive care needs needing care at home should read 64.7%.

- The Financial Performance for 2024/25 detailed on page 10, which indicated the Orkney Integration Joint Board's total outturn spend was £77.6 million against a budget of £73.1 million. This resulted in the Integration Joint Board requiring additional funding of £4.4 million from NHS Orkney and Orkney Islands Council to cover the year-end overspend.
- Following the additional funding from the parties, the final outturn position showed a surplus of £571,000 which was a reflection of the net increase in the reserves.
- The Comprehensive Income and Expenditure Statement detailed on page 29 showed a surplus of £571,999, with the Balance Sheet on page 30 showing the earmarked reserves of £3,286,000.

Following a query from Councillor Jean Stevenson regarding the date on page 16 of the draft Annual Accounts being 25 September 2025, Erik Knight, Head of Finance, Orkney Islands Council, confirmed that, should the draft Annual Accounts be approved, the date the Annual Accounts were approved for signature would be amended.

The Performance and Audit Committee thereafter scrutinised and **resolved** that, subject to the points raised being amended, the draft Annual Governance Statement and draft Annual Accounts for financial year 2024/25, attached as Appendix 1 to the report by the Interim Section 95 Officer, be approved.

## 6. External Audit Actions – Progress Update

There had previously been circulated a report presenting an update on progress with External Audit actions, for scrutiny.

Andrew Paterson, Chief Internal Auditor, informed members:

- That the purpose of the report was to present an update on progress being made with implementation of external audit actions.
- That external audit actions were now monitored through Orkney Islands Council's performance management system, Ideagen Risk Management.
- That Ideagen used a traffic light system to classify progress on actions and the report detailed the number of actions in each category, which was further broken down by individual audit.
- That there were currently nine recommendations on the system, four of which had been completed. Five were past the agreed completion date and were still in progress.
- That the table on Page 3 of the report gave details of the status of the actions and the latest update provided by the action owners.

Referring to the Medium Term Financial Plan due to be presented to the Integration Joint Board in July and the updated recovery plan due to be presented to the Integration Joint Board in September 2025, Rona Gold commented that she was concerned that September was late in the financial year to have a recovery plan and sought clarity regarding when the Plan would be produced and enacted on.

Deborah Langan confirmed that she planned to address the matter after Quarter 1 so that the Plan could be incorporated with the Revenue Expenditure Monitoring report. She continued that the next cycle of meetings fell in September which was why it came to Committee as late as it did.

Stephen Brown gave assurance that officers were actively in the process of looking at what more could be done regarding the agency spend which was a significant contributor to the overspend. He also confirmed that a close eye was being kept on recruitment and substantive posts.

In light of the concerns regarding the recovery plan coming to Committee halfway through the financial year, the Chair suggested that a rolling programme of information be brought to every meeting of the Performance and Audit Committee so members could have sight of how things were progressing with the Recovery Plan.

Erik Knight confirmed that he had had similar concerns to those raised by Rona Gold and commented that due to having several staff changes in the Chief Finance Officer post there had been a lack of continuity. He recommended that as part of the budget monitoring process, a report against the achievement or closing of the gap against the recovery plan be brought quarterly to Committee for members' information. This suggestion was welcomed by members.

The Performance and Audit Committee thereafter scrutinised progress made, to date, in completing actions arising from External Audit reports, as detailed in Appendix 1 attached to the report circulated, and obtained assurance that issues identified during external audits were being actioned and followed up.

## **7. Internal Audit Annual Report and Opinion**

There had previously been circulated a report presenting the Internal Auditor's Annual Report and Opinion for 2024/25, for scrutiny.

Andrew Paterson informed members:

- That, in order to comply with the Global Internal Audit Standards for the UK Public Sector, internal audit had a duty to provide an annual assurance report on the overall accuracy and effectiveness of the framework of governance, risk management and control.
- That the Annual Audit Report and Opinion, attached as Appendix 1 to the report circulated, detailed the level of completion of work achieved in respect of the 2024/25 audit plan.
- That the report provided assurances on the systems examined by Internal Audit during the financial year.
- That, on the basis of the audit work performed in 2024/25 and the review of outstanding audit recommendations, the Chief Internal Auditor's opinion was that the Integration Joint Board had a framework of controls in place that provided Limited assurance regarding the Integration Joint Board's governance framework, related internal controls and the management of key risks.
- That there were no cases of fraud identified from the audit work performed during the financial year.
- That Section 7 of the report contained the planned work performed during the year with the table on page 4 showing auditable areas with the Integration Joint Board and the planned work for the coming year.
- That Section 8 contained information on the quality assurance and improvement assessments that internal audit had in place.

- That Section 9 gave a summary of the findings and current position of audit recommendations made during the year, as well as the position of recommendations made in previous years.
- That all recommendations from the Strategic Commissioning audit from 2024/25 had been completed along with the recommendations from the External Communications audit from 2023/24.
- That the internal communications audit still had four ongoing actions with updates being provided on the progress. There were no other outstanding actions from any audits prior to 2023/24.

Following a query from Rona Gold regarding the term “limited assurance”, Andrew Paterson clarified that the table with the audit plan was included to give an idea of what had been audited during the year, what was planned for the coming year as well as what had been audited in previous years. He continued that the Limited assurance was based on the work that had been done this year. Although the table in the plan did have specific things regarding governance and risk management, those were specific audits. He continued that governance control and risk management were looked at in every audit that was carried out. The Limited assurance this year was based on the Strategic Commissioning Audit which was completed and the Financial Planning, Monitoring and Reporting Audit, which would be discussed later in the meeting.

The Performance and Audit Committee thereafter scrutinised the Internal Audit Annual Report and Opinion, attached as Appendix 1 to the report circulated, and obtained assurance in respect of the overall opinion stated at section 4.2 of the report, namely that the Integration Joint Board (IJB) had a framework of controls in place that provided Limited assurance regarding the IJB's governance framework, related internal controls, and the management of key risks.

## **8. Internal Audit: Financial Planning, Monitoring and Reporting**

There had previously been circulated a report presenting the Financial Planning, Monitoring and Reporting Internal Audit Report, for scrutiny.

Andrew Paterson informed members:

- That the Orkney Integration Joint Board faced significant financial challenges with rising demand for health and social care services, the requirement for achieving savings targets and workforce recruitment and retention problems.
- That the objective of the audit was to review the arrangements for setting and monitoring the Integration Joint Board budget, including variance analysis and variance reporting.
- That the audit provided Limited assurance over the arrangements for setting and monitoring of the Integration Joint Board budget.
- That the internal audit report, attached as Appendix 1 to the report circulated, included five medium priority recommendations regarding financial recovery plans, action plans, tracking external audit actions, business continuity, procedure notes and updating the Integration Scheme.
- That there were no high priority recommendations made as a result of the audit.

Following a query from Councillor Jean Stevenson regarding the number of recommendations and whether the team would be equipped and ready to take them on, Stephen Brown confirmed that when it came to the recommendations and actions required to be taken as a result of audits, consultation and discussion between Internal Audit and officers took place to agree completion dates. He continued that trackers were in place to monitor progress but added that due to capacity issues, it would not be easy, but every effort would be made to meet the agreed dates.

Following a query from the Chair, Erik Knight confirmed that he believed that recommendation 5 referred to the budget setting process for 2024/25 when the budget was presented to the Integration Joint Board in June 2024, due to staffing resource issues, which was after the start of the financial year. He confirmed that the budget had been presented earlier for this financial year and going forward it would be hoped to get a budget up in time.

Stephen Brown confirmed that the budget setting process had been much better this financial year. However, it was recognised that there were challenges for both NHS Orkney and Orkney Islands Council in terms of their own budget setting processes so it could be late in the day before both organisations were able to set their own budget, which then had a knock-on effect for the Integration Joint Board's budget setting process. He confirmed that this was not a unique issue to Orkney.

The Chair asked how recruitment to the substantive post of Chief Finance Officer was progressing. Stephen Brown confirmed that, depending on timescales, they would be looking to recruit to the position within the next couple of months.

Following a query from Rona Gold regarding the frequency of monitoring against the recommendations, Andrew Paterson confirmed that a progress report on internal and external audit actions was produced every six months.

Rona Gold queried whether, given the importance of the recommendations, if the frequency of reporting was enough, as once every six months could potentially be at the end of the financial year with none of the timescales having been met, so was there a risk.

Andrew Paterson confirmed that Ideagen was updated every quarter with the next update being done in July. He confirmed that an update could be brought back to the September meeting however as all but one of the recommendations were due in September 2025 or later, there may not be an update to give. Following a further query from Rona Gold, he confirmed that the next six-monthly update would come to the November meeting.

Following a query from Councillor Jean Stevenson, Andrew Paterson confirmed that the audit did not look at the level of care provided but was a report on the financial aspects of care.

Stephen Brown confirmed that the table in the executive summary on page 1 did not pick up on the level of care needed within the community, but did speak to the funding settlements that came to the wider system. He confirmed that when looking at the figures from Shetland, for example, there was no doubt that their annual budget settlement was greater than Orkney's.

The Performance and Audit Committee thereafter scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report circulated, reviewing the arrangements for setting and monitoring the Integration Joint Board's budget, including variance analysis and reporting, and obtained assurance that action had been taken or agreed where necessary.

## **9. Strategic Plan Priorities Progress Report**

There had previously been circulated a report presenting the Strategic Plan Priorities Progress Update, for scrutiny.

Shaun Hourston-Wells, Policy and Performance Manager, Orkney Health and Social Care Partnership, presented the sixth quarterly update where officers advised on progress made against three of the six Strategic Priorities. Pages 5 to 8 of the report circulated detailed the three Strategic Priorities included in this update which were:

- Mental Health.
- Supporting Older People to Stay in their own Homes.
- Supporting Unpaid Carers.

He continued that this was the last update covering the existing milestones and confirmed that progress with the new Strategic Delivery Plan, which covered a single year and featured a new set of milestones and measures, some of which would continue from the present iteration, would be presented to the September meeting.

He continued that, whilst there were no risk implications directly associated with the report, there was the risk that failure to progress the actions detailed in the tracker could in turn lead to failure to deliver the Strategic Priorities identified in the Strategic Plan 2022 – 2025.

Following a query from Councillor Jean Stevenson regarding what was meant by recycling of care at home, Lynda Bradford confirmed that was when there had been a package which had been in existence to a particular individual but had stopped for a particular reason which was then used to make a new package for a new individual.

Following a further query from Councillor Jean Stevenson, Lynda Bradford confirmed that packages of care were secured for individuals being in hospital for two weeks unless they were advised that discharge was imminent and discharge was going to happen somewhere between a two-to-three-week period, the package would remain open to enable that individual to go home. She continued that elsewhere in Scotland, packages for individuals in hospital would be shut down much quicker than in Orkney.

Councillor Jean Stevenson commented that she had wondered whether this could lead to inadvertently causing a delay of transfer of care and individuals could remain in hospital as they could not return to their previous care packages.

Lynda Bradford agreed that it could be perceived as being counterintuitive, but confirmed that it did keep the whole process more effective as it kept the capacity and demand flowing.

Rona Gold commented that she found the majority of what was being reported were things that were complete and things that were going well. She continued that she felt very assured that the governance system was working and, as Chair of Joint Clinical and Care Governance Committee, she confirmed that they had heard from and scrutinised work around the dental industry recently, which also linked into the report. She felt further assured that the Committee were seeing the information that was needed and confirmed that she was looking forward to reporting under the new Strategic Plan as it was her recollection that care at home packages and unpaid carers were a big part of the new Plan.

Councillor Jean Stevenson agreed with Rona Gold citing that there were lots of successes to be celebrated in the report.

The Performance and Audit Committee thereafter scrutinised progress made against the three Strategic Priorities, as outlined at section 4.3 of the report circulated and detailed in the Strategic Plan Delivery Tracker, attached as Appendix 1, and obtained assurance that those Priorities were being progressed and delivered.

## **10. Registered Services within Orkney Health and Care**

### **Inspection Assurance Report**

There had previously been circulated a report presenting the six-monthly assurance report on inspection activities for registered services within the Orkney Health and Social Care Partnership, for scrutiny.

Darren Morrow, Head of Children, Families and Justice Services and Chief Social Work Officer, informed members that the report outlined the range of services the Care Inspectorate inspected, which was detailed at section 3 of the report circulated. He continued that there had been three inspections in the reporting period of 22 October 2024 to date. The first inspection was Kalisgarth Day Centre, which was a very good inspection primarily being awarded grades of Good across the service and, in one area, Very Good. The Inspection Report was attached as Appendix 1 to the report circulated.

He continued that there were two inspection reports for St Rognvald House. The first inspection took place between 4 and 5 December 2024, with the majority of grades awarded being 2s. To add context, he confirmed that the service had already identified significant areas for improvement and, due to the level of concern, had instigated a Large Scale Investigation under Adult Support and Protection legislation. There were six requirement areas for improvement within the Inspection Report, which was attached as Appendix 2 to the report circulated.

He continued that the follow-up inspection in respect of St Rognvald House was undertaken between 2 and 3 April 2025, with the Inspection Report attached as Appendix 3 to the report circulated. He confirmed that the inspection only looked at one area which was “how good is our staff team” which was graded as Adequate; a notable improvement from the previous inspection. In the earlier inspection, there were six recommendations, two of which had been met and four having an agreed extension to 30 May 2025.

He continued that, in December 2024, there had been a small number of St Rognvald House residents who were subject to Adult Support and Protection Plans. He was happy to report that, as the situation currently stood, progress had been made and there were currently no residents subject to Adult Support and Protection Plans due to the quality of care received. In addition, the service was confident through self-evaluation and support from the Care Inspectorate that the four outstanding recommendations identified should be deemed met and achieved by the next inspection, which was likely to take place in the next six weeks.

He continued that it was hoped they were nearing the point where the large-scale investigation could be stood down and St Rognvald House could open again for admissions. He confirmed that this transition would be supported to ensure a smooth and continued improvement trajectory, with the Care Inspectorate having been fully involved.

The Performance and Audit Committee thereafter scrutinised the inspection activity for registered services within Orkney Health and Care, for the period 22 October 2024 to date, as detailed in section 4 of the report circulated, and obtained assurance.

## **11. Date and Time of Next Meeting**

The Committee agreed that the next meeting should be held on Wednesday, 25 September 2025 at 10:00.

## **12. Conclusion of Meeting**

There being no further business, the Chair declared the meeting concluded at 11:03.