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Agenda Item: 5

## **Performance and Audit Committee**

**Date of Meeting: 18 June 2025.**

**Subject: Draft Annual Accounts.**

### **1. Purpose**

1.1. To scrutinise and thereafter approve the draft accounts for submission to KPMG.

### **2. Recommendations**

**It is recommended:**

2.1. That the Performance and Audit Committee scrutinises and thereafter approves the draft Annual Governance Statement and the draft Annual Accounts for financial year 2024/25, attached as Appendix 1 to this report.

### **3. Background**

3.1. A requirement exists for each Integration Joint Board (IJB) to prepare an annual set of accounts which need to be available for public inspection which cannot be later than 1 July each year.

3.2. The accounts are then subject to an external audit verification process which concludes with an independent opinion being expressed on the accuracy and/or quality of the financial statements themselves. The statement of accounts, together with an appropriate audit certificate, must be published on its website no later than 31 October each year.

3.3. The Chief Finance Officer is responsible for the preparation of the Orkney IJB's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"), are required to give a true and fair view of the financial position of the Orkney IJB at the financial year end and its income and expenditure for the year ended 31 March 2025.

3.4. Local Authorities and Health Boards should continue to use the existing guidance in the preparation of their financial statements as well as consolidate the IJB as a joint arrangement.

## 4. Contribution to quality

Please indicate which of the Orkney Community Plan 2025 to 2030 values are supported in this report adding Yes or No to the relevant area(s):

<b>Resilience:</b> To support and promote our strong communities.	No.
<b>Enterprise:</b> To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
<b>Equality:</b> To encourage services to provide equal opportunities for everyone.	No.
<b>Fairness:</b> To make sure socio-economic and social factors are balanced.	No.
<b>Innovation:</b> To overcome issues more effectively through partnership working.	No.
<b>Leadership:</b> To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	No.
<b>Sustainability:</b> To make sure economic and environmental factors are balanced.	No.

## 5. Resource and financial implications

5.1. For the 2024/25 financial year the total Orkney IJB outturn spend was £77.6m (2023/24 £73.2m) against a budget of £73.1m (2023/24 £67.6m). This resulted in the IJB requiring an additional £4.4m funding from the Parties to cover the year-end overspend.

5.2. The options available to Orkney Islands Council and NHS Orkney (the Parties), as stated in the Integrated Resource Advisory Group Finance Guidance, include the following:

5.2.1. Make additional one-off payments to the Integration Joint Board.

5.2.2. Provide additional resources to the Integration Joint Board which are then recovered in future years, subject to scrutiny of the reasons for the overspend and assurance that there is a plan in place to address this.

5.3. The Parties have agreed that “subject to scrutiny of the reasons for the overspend and assurance that there is a plan in place to address the overspend, to provide additional resources to the IJB which are then recovered in future years where an underspend position is achieved”.

5.4. It should be further noted that the Revenue Expenditure Monitoring report, presented to the Board at its meeting of 6 November 2024, resolved the utilisation of reserves totalling £500k to improve the year-end position, as previously agreed with NHS Orkney and as part of the wider financial plan agreed with Scottish Government. The Movement in Reserves Statement, on page 31 of the appendix, shows an overall increase in reserves of £571k. It is unclear whether the previously agreed utilisation of reserves has been implemented.

## 6. Risk, equality and climate change implications

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

6.2. There are no climate change implications directly arising from this report.

## 7. Direction required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.

## 8. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

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## 10. Supporting documents

10.1. Appendix 1: Draft Annual Accounts.



# Orkney Integration Joint Board Annual Accounts 2024/25



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# Management Commentary

## 1. Introduction

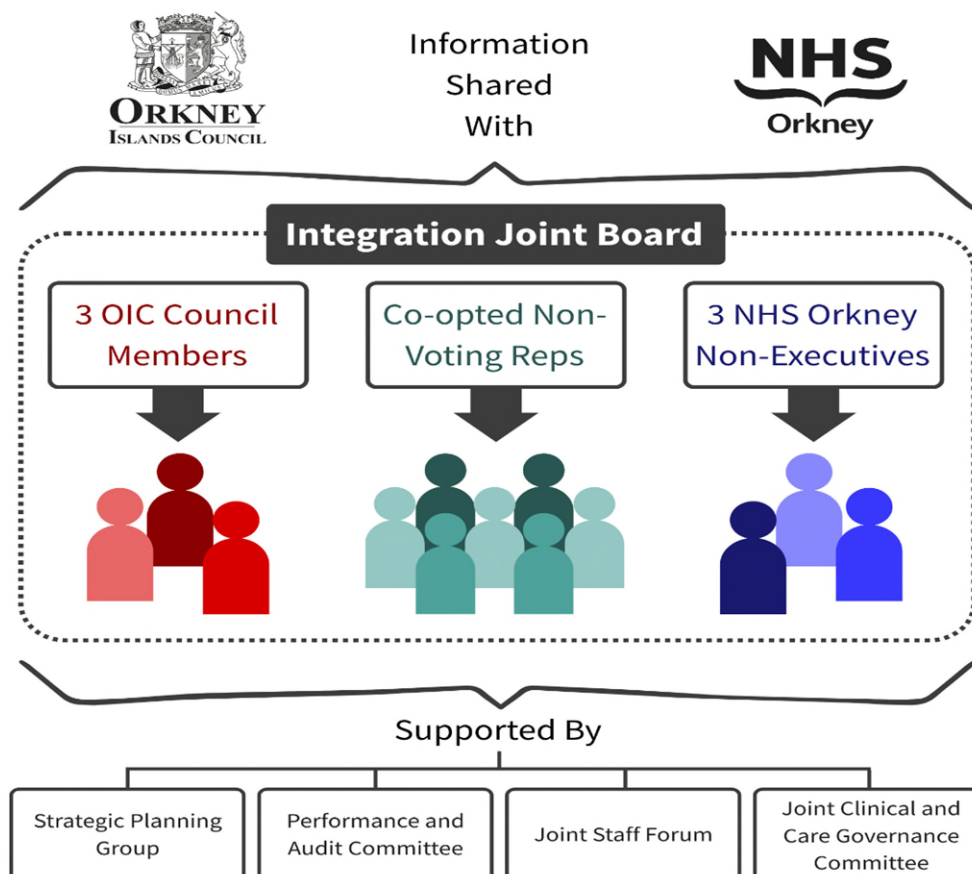
The Orkney Integration Joint Board (IJB) is required to prepare annual accounts under the Local Government (Scotland) Act 1973 and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

The Management Commentary outlines key messages regarding the objectives and strategy of the Orkney Integration Joint Board (IJB), its financial and performance reporting for the 2024/25 financial year and provides an indication of risks which may impact upon the Orkney IJB moving forward.

## 2. Purpose and Objectives

The Orkney IJB is a legal entity established through 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 the Parties. It sets out the make-up of the Integration Authority and how it will work.



Section 44 of The Public Bodies (Joint Working) (Scotland) Act 2014 requires the Local Authority and the Health Board to carry out a review of the scheme within a five-year period for the purpose of identifying whether any changes to the scheme are required.

A comprehensive review of the Integration Scheme was undertaken which was approved by NHS Orkney and Orkney Islands Council. The revised [Integration Scheme](#) was approved by Scottish Government in May 2022.

The [Medium Term Financial Plan 2022 – 2025](#), provides an overview of the key messages in relation to the IJB's financial planning for 2022/23 to 2024/25. It also provides an indication of the challenges and risks which may impact upon the finances of the IJB in the future. It was updated and considered by the Orkney IJB in June 2022.

The [Strategic Plan 2022 – 2025](#) was approved by the Orkney IJB in June 2022. This Plan sets out the detail of how the vision and strategic priorities are to be achieved over the lifetime of the Plan.

From the Parties, Orkney IJB commissions community health services, 'set aside' services and social care for its population of 22,500 (as at 2 February 2023).

[Appendix 1](#) details the Membership of the Orkney IJB as at 31 March 2025. It is worth noting that Joanna Kenny was appointed to Chair of the Orkney IJB from 14 May 2025.

### **3. Strategic Plan**

The [Strategic Plan 2022 – 2025](#) identified six priority areas to address the most pressing health and social care issues in Orkney:

1. Unpaid Carers.
2. Supporting Older People to Stay in Their Homes.
3. Community Led Support.
4. Mental Health and Wellbeing.
5. Early Intervention and Prevention.
6. Tackling Inequalities and Disadvantage

The Performance and Audit Committee receives quarterly progress updates via the Strategic Plan Priorities' Progress Update report. Each quarter three Strategic Priorities are updated to enable members to see progress every six months on each Priority.

More detailed outcomes and the actions required to achieve the ambitions of the Strategic Plan are contained within a Strategic Plan Delivery Plan. The [Strategic Plan Delivery Plan 2022 – 2025](#) contains SMART objectives to accomplish and monitor progress towards addressing each of the six priority areas.

The [Strategic Plan Delivery Plan 2022 – 2025](#) delivers an outline of the six Strategic Priorities, adopted by the Orkney IJB, as well as the intention of each Priority. The Strategic Plan Delivery Plan goes on to articulate specific outcomes, or milestones, relating to each Strategic Priority and, crucially, details of how the respective milestones will be measured. The Strategic Plan Delivery Plan was approved by the Strategic Planning Group on 9 November 2023.

In April 2025, the Orkney IJB approved the new three-year [Strategic Plan](#), for the period 2025 – 2028, and the annual [Strategic Plan Delivery Plan](#) 2025/26.

Following engagement with communities and stakeholders, the six previous Strategic Priorities were still felt to be relevant and required continuing into the next Strategic Plan. Throughout discussion it was felt that the "Supporting Older People to Remain in Their Own Homes" Priority should be renamed "Supporting People to Age Well".



The Orkney IJB [Annual Performance Report](#) for 2024/25 provides updates of the Strategic Plan's progress.

#### 4. 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.

The IJB is working to ensure the content of the performance report is meaningful and useful for members. Performance reports are presented to the Performance and Audit Committee to analyse the data to check the root causes of the changes in performance rankings.

#### Nine National Health and Wellbeing Outcomes

Nine National Health and Wellbeing Outcomes have been set by the Scottish Government and each IJB uses these outcomes to set their local priorities. Underpinning the National Health and Wellbeing Outcomes sits a core suite of integration indicators, which all HSCPs report their performance against. The published information available, which is available every two years, is as follows:

Indicator Description	Area	2019/20	2021/22	2023/24
Percentage of adults able to look after their health very well or quite well.	Orkney	95%	93%	93.7%
	Scotland	93%	91%	90.7%
Percentage of adults supported at home who agreed that they are supported to live as independently as possible.	Orkney	98%	90%	77.7%
	Scotland	81%	79%	72.4%
Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided.	Orkney	86%	61%	68.1%
	Scotland	75%	71%	59.6%
Percentage of adults supported at home who agreed that their health and social care services seemed to be well coordinated.	Orkney	83%	57%	68.2%
	Scotland	74%	66%	61.4%
Total percentage of adults receiving any care or support who rated it as excellent or good.	Orkney	90%	91%	82.5%
	Scotland	80%	75%	70.0%
Percentage of people with positive experience of the care provided by their GP practice.	Orkney	94%	88%	90.1%
	Scotland	79%	67%	68.5%
Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life.	Orkney	87%	81%	79.6%
	Scotland	80%	78%	69.8%
Total combined percentage of carers who feel supported to continue in their caring role.	Orkney	41%	43%	34.0%
	Scotland	34%	30%	31.2%
Percentage of adults supported at home who agreed they felt safe.	Orkney	99%	85%	84.1%
	Scotland	83%	80%	72.7%

Within the 2023/24 survey Orkney performed well in all of the nine indicators when compared to all other HSCPs throughout Scotland. Orkney performed the best in the country for percentage of people with positive experience of care at their GP practice. Orkney performance reduced in the percentage of carers who feel supported to continue in their caring role. Orkney performed in the top five of the country in six indicators.



Although Orkney performed better than the Scottish average in respect of the Carer's Support indicator, it should be recognised that only 34% of responders report that they feel well supported to continue within their caring role. This is now one of the main priorities within the Strategic Plan 2025 – 2028, which highlights what plans are being done to support unpaid carers to ensure they are accessing services and support when and as required.

## Local Indicators

Indicator Description	Area	2021/22	2022/23	2023/24
Premature mortality rate (per 100,000 persons by calendar year).	Orkney	290*	393	N/A.
	Scotland	466*	442	
Emergency admission rate (per 100,000 persons).	Orkney	10,789*	9,117	9,975*
	Scotland	11,656*		11,446*
Emergency bed day rate (per 100,000 population).	Orkney	86,123*	92,819	81,589*
	Scotland	100,718*		109,823*
Readmission to hospital within 28 days (per 1,000 population).	Orkney	76*	65	64*
	Scotland	110*		103*
Proportion of last 6 months of life spent at home or in a community setting.	Orkney	93%*	90.4%	91.4%*
	Scotland	90%*		89.4%*
Falls rate per 1,000 population aged 65+.	Orkney	15*	18.2	13.6*
	Scotland	23*		22.4*
Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections.	Orkney	71%	77.9%	70.7%
	Scotland	76%		64.7%
Percentage of adults with intensive care needs receiving care at home.	Orkney	61%*	69.5%	64.0%
	Scotland	65%*		952
Number of days people spend in hospital when they are ready to be discharged for people aged 75+ (per 1,000 population).	Orkney	470	1,002	1,023
	Scotland	761		952

Note: \* Values relate to the main calendar year rather than the financial year.

## 5. Operational Review

Throughout the 2024/25 financial year, there continued to be various staffing challenges and capacity levels, resulting in senior managers needing to focus their time more on ensuring safe operational delivery rather than strategic planning. However, despite this, progress continued to be made, including:

- Significant progress has been made on the 40-bed replacement residential care facility in Kirkwall, Kirkjuvagr House. It is anticipated that this will be completed and operational in early 2026 at the latest.
- The Psychological Therapies and Child and Adolescent Mental Health Service continues to meet the Local Delivery Plan (LDP) 18-week waiting times.
- Increase in Care at Home hours delivered/number of service users.
- Continued progress in the shift from analogue to digital for telecare systems.

- During 2024/25 we continued to commission services from a number of Third Sector partners to assist us in progressing our early intervention agenda.
- In 2024, following the announcement by the Partners at Daisy Villa Medical Practice of their intention to retire, a successful tender process was undertaken, with the new Partners, Heilendi Practice, taking on a second practice.
- In April 2024, Age Scotland Orkney took over providing the Independent Living Support Service.
- In January 2025, the Care Inspectorate published a progress report on the Joint Inspection of Adult Support and Protection which highlighted that, of the six areas reviewed, significant progress had been made to each area.
- In September 2024, the IJB approved the establishment of the All-Age Nurse Led Psychiatric Liaison Team. Work has progressed to enable these posts to go out to advert.
- The Strategic Planning Group developed the Strategic Plan 2025 – 2028 and the Strategic Plan Delivery Plan 2025/26 with a range of engagement with key stakeholders.
- The strategic partnership with the Open University continues, with a number of individuals progressing through the Social Work sponsorship scheme. Two individuals qualified in Autumn 2024 and a further two individuals have successfully secured a place in 2024/25. Discussions are underway to look at admissions for 2025/26.
- The Council's "Growing A Sustainable Social Care Workforce" project has seen an increased interest in care posts with one Service being recruited to for the first time in many years.
- In partnership with UHI Orkney, an Introduction to a Career in Care six-week course continues to run with students being guaranteed an interview within a care setting. 24 students have completed the course within the last year.
- Significant work has been done to reduce oral surgery waiting times within the Public Dental Service and work within Public Dental Service continues as improvement opportunities associated with a new structure, revised skillset and improved partnership working with General Dental Services partners are looked at.
- In March 2025, the Council approved the amended Financial Policy for Foster Carers and Kinship Carers and the Adoption Allowances Scheme. An informal recruitment drive was triggered before the formal recruitment drive commenced in Spring 2025. If successful, this will provide a greater pool of Foster Carers in Orkney which will enable more young people to remain in their communities.

#### **Created and Future Workstreams:**

- The Medium-Term Financial Plan 2025 – 2028 is currently being developed as well as a robust and comprehensive financial recovery plan.
- There is a comprehensive mental health action plan which will improve service delivery and address issues highlighted both locally and by the Mental Welfare Commission.
- A Respiratory Project has commenced through NHS Orkney's improvement work which aims to provide speciality diagnostic, assessment and treatment for individuals within the community living with respiratory disease.
- The PHIO app, an innovative digital assessment tool which allows patients with musculoskeletal conditions to access support for their conditions at any time, is

due to go live in June 2025. The roll out of this project will make a significant difference in improving service available to the community.

- For health and social care, managing limited budgets in the context of ageing demographics, increased levels of need, and increasing population will be hugely challenging. It will not be sufficient to simply consider year on year budget allocations and, instead, the Orkney IJB will need to plan for transformation that can bring longer-term safe and sustainable services for the people of Orkney. The Orkney IJB agreed that an approach to service transformation presents the greatest opportunity to find longer-term financial sustainability. There was also agreement to the following four areas for focusing efforts in improving outcomes and being more efficient:
  - Adopt an Asset-Based Community Led approach to supports and services.
  - Work with communities to transform Primary Care provision.
  - Develop the workforce plans to reduce reliance on agency staff.
  - Embed the approach to realistic medicine and prescribing.

## **6. National Care Service**

The National Care Service (Scotland) Bill, published in June 2022, provided for the establishment of a National Care Service, under the responsibility of Scottish Ministers, as well as the transfer of listed social care and social work local authority functions, staff and assets to Scottish Ministers or newly established local care boards.

The usual parliamentary process for a Scottish Parliament Bill consists of three stages:

- Stage 1 - consideration of the general principles of the Bill by parliamentary committee(s), and a debate and decision on these by the Parliament.
- Stage 2 - detailed consideration of the Bill by parliamentary committee(s).
- Stage 3 - final consideration of the Bill by the Parliament and a decision whether it should be passed or rejected. After a Bill has been passed and received royal assent, it becomes an Act of the Scottish Parliament.

In June 2024, the Scottish Government published the National Care Service Stage 2 – Draft Amendments for consultation, with responses required by 20 September 2024. A draft consultation response was shared with all IJB members on 16 September 2024, for approval and submission.

In January 2025, the Minister for Social Care, Mental Wellbeing and Sport announced to Parliament that Part 1 would be removed from the Bill. The planned structural reform, which would have seen the creation of a National Care Service as a public body, with direct accountability to Scottish Government, has now been removed from the Bill. Integration Joint Boards will no longer be replaced by Local Care Boards and accountability for delivery will remain at a local level.

Within the announcement was the intention to establish a non-statutory National Care Service Advisory Board with the initial meeting to be held before 31 March 2025.

Orkney continues to engage with Scottish Government.

## 7. Climate Change

The Climate Change (Scotland) Act 2009 and the subsequent Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 require public bodies to prepare a report on their compliance with climate change duties. This includes 'An integration joint board established by order under section 9(2) of the Public Bodies (Joint Working) (Scotland) Act 2014'.

The Climate Change Duties report is prepared on a Scottish Government prescribed standard template, including policies and emissions associated with the employment of staff, ownership and occupation of buildings, plant and vehicles, and the delivery of services.

As a consequence, the content of the report is very limited as the Orkney IJB does not directly deliver these services. The Scottish Government recognises this in the Guidance issued to Health and Social Care Partnerships, and a representation has been made at the request of the Orkney IJB to make this reporting more meaningful.

The Climate Changes Duties report for 2024 was presented to the Orkney IJB in February 2025. Following a request in November 2022, both the NHS Orkney and Orkney Islands Council returns were noted along with the Orkney IJB to provide some additional context for members.

Following discussion at the February 2025 meeting, the Orkney IJB and Performance and Audit Committee report template has been amended to include climate change implications to enable members to see where decisions can impact climate change.

## 8. Financial Management

The Orkney IJB's finances are overseen by the Chief Finance Officer. There is support from the Finance teams within NHS Orkney and Orkney Islands Council. There is also support from the Council's corporate services, who provide a range of services such as Human Resources, Governance and Legal Services.

Within the financial governance of the Orkney IJB, there are various policies which include Financial Regulations, Stakeholder Representatives' Expenses, Reserves Policy and a Medium-Term Financial Plan, which support the governance process.

In August 2023, the Orkney IJB approved refreshed copies of the Financial Regulations, Stakeholder Representatives' Expenses and Reserves Policy. In August 2023, the Orkney IJB was presented with a Financial Assurance paper.

## 9. 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. This is useful to a wide range of stakeholders to allow them to make and evaluate decisions about the allocation of resources.

The 2024/25 Annual Accounts comprise:

- **Comprehensive Income and Expenditure Statement** – During the year the Orkney IJB received reports setting out projected over/underspends throughout the year.

- **Movement in Reserves Statement** – At the year-end there was earmarked funding not fully utilised in relation to various services. These funds are anticipated to be utilised in financial year 2025/26.
- **Balance Sheet** – The Orkney IJB does not hold non-current assets for long term use. The short-term debtors are earmarked reserves due from partners.
- **Notes** – These include a summary of the significant accounting policies and analysis of significant figures within the Annual Accounts, as well as other explanatory information.

## 10. Financial Performance

Revenue Expenditure Monitoring reports were presented to the Orkney IJB throughout the year. The purpose of the reports is to set out the current position and projected financial year end out-turn.

The year-end over/underspend within each Party was as follows:

Partner Organisation	Opening Budget	Additional Allocation	Full Year Budget	Full Year Spend	Variance
	£000	£000	£000	£000	£000
NHS Orkney	29,369	2,376	31,745	32,637	892
NHS Orkney Set Aside	8,639	1,197	12,028	12,028	0
Orkney Islands Council	28,698	665	29,363	32,919	3,556
<b>Total Allocation</b>	<b>66,706</b>	<b>4,238</b>	<b>73,136</b>	<b>77,584</b>	<b>4,448</b>

For the 2024/25 financial year the total Orkney IJB outturn spend was £77.6m (2023/24 £73.2m) against a budget of £73.1m (2023/24 £67.6m). This resulted in the IJB requiring an additional £4.4m funding from the Parties to cover the year-end overspend.

The final outturn position showed a surplus of £571k after the additional funding was received by both Parties and utilisation of reserves. See the [Movement in Reserves Statement](#) for further information.

Throughout the 2024/25 financial year there were significant financial pressures highlighted within the Revenue Expenditure Monitoring reports as follows:

**Workforce** – There continues to be increasing recruitment challenges, whereby it is becoming more difficult to recruit to posts, as there are national shortages of qualified staff in a range of disciplines. Locally, there has also been feedback that due to shortages within the housing rental market, some successful candidates have had to decline positions within the partner organisations. Consequently, agency and locum staff costs continue to be the largest cause of overspend against budget.

Permanent recruitment to management and social work frontline teams, including recruitment incentives via the Growing a Sustainable Social Care Workforce project and Growing our own Social Work schemes continue.

**Children and Families** – The overspend was due to several children being placed in foster care out with Orkney.

There is a need to recruit more foster carers. To support this, a review of the fostering allowance and fee structure has been undertaken, as well as the intention to run a recruitment campaign to identify additional local foster carers, kinship carers and

adopters. It is hoped that through this process the level of placements out with Orkney can be reduced.

**Disability** – As well as agency staff pressures there was also some unavoidable unfunded service delivery.

**Prescribing** – The trend of overspend against budget for prescribing has continued from 2023/24. Prescribing can be a difficult budget to manage due to being demand led. The cost of medication continues to increase due to gaps in supplies of raw materials, spiralling manufacturing and freight costs, exacerbated by a weaker pound.

**Care At Home/Day Care** – The demand for Care at Home continues to grow as the ageing population is continuing to increase. Once an assessed need has been identified and agreed, budget availability cannot be a deciding factor on provision of service due to the current eligibility criteria. The introduction of self-directed support became an enabler for service users whereby they can choose to either have an in-house service, funding to employ their own personal assistant or ask for another agency to provide the care. This means that there is more choice for service users and where an in-house service is at full capacity other options have to be sought for provision of care. Unfortunately, due to the high demand there has been no ability to reduce the in-house provision and no significant investment within the last few years to meet the pressures within the service.

**Allied Health Professionals** – There are posts within the service with no allocated funding.

**Primary Care, Community Nursing and Mental Health** – Underspends were due to staff vacancies.

**Set Aside** – Within the Act and Regulations there is a requirement that the budget for hospital services used by the partnership population is included within the scope of the Strategic Plan. Where a Health Board and an Integration Authority are coterminous, unscheduled adult inpatient services must be delegated to the Integration Authority, based on the functions included in the legislation. The need to employ locum and high levels of absence through COVID-19 and challenges faced in recruiting to permanent medical posts has increased costs in relation to locums and agency staff. Significant effort has been given to recruitment with some progress made very recently in filling some long-standing medical vacancies on a permanent basis.

The main financial pressures within the Set Aside budget are in relation to unfunded posts and increases in drug prices and growth. The increase in budget throughout the year can be shown as follows:

Budget Reconciliation	£000
Opening Budget	8,639
Pay and Other Uplifts	695
Medical Staffing and Locums	233
Urgent Unscheduled Care	91
Scottish Government Funding	62
Other Cost Pressures	2,308
<b>Revised Budget</b>	<b>12,028</b>

## 11. Financial Outlook

As per the Integration Scheme, the funding available to the Orkney IJB shall be dependent on the funding available to NHS Orkney and Orkney Islands Council and the corporate priorities of both. A budget report was approved by the Orkney IJB on 30 April 2025 to illustrate the funding allocations within which the Strategic Plan should be delivered.

The original baseline financial contributions from each of the Parties for 2025/26 were as follows:

	NHS Orkney	NHS Orkney Set Aside	Orkney Islands Council	Orkney IJB
	£000	£000	£000	£000
Budget	32,579	10,258	31,575	<b>74,412</b>

There will continue to be additional funding received from the Scottish Government to meet various commitments to social care and integration needs which will be transferred by the Parties once known.

The Orkney IJB holds financial reserves, most of which are earmarked for the Primary Care Improvement Fund, Winter Planning Fund, Mental Health and the Alcohol and Drugs Partnership Fund which are underspent but are needed in future financial years.

Although no additional recurring savings target have been set against the NHS Orkney delegated service budgets for 2025/26 the Orkney IJB is expected to deliver, as a minimum, £2.4 million of the unachieved recurring savings for NHS Orkney commissioned services over the next five years, which commenced in 2023/24 on its delegated budgets.

For services commissioned from Orkney Islands Council in financial year 2025/26, £170k of savings were applied to the budget in respect of income from the introduction of Day Care and Telecare charges.

For Orkney Islands Council commissioned services, to assist in achieving balanced budgets for 2025/26, 2026/27 and 2027/28, indicative efficiency targets of £469k, £704k and £938k respectively have been set.

For health and social care, managing limited budgets in the context of ageing demographics, providing care at home in a rural location and increased levels of need, will be hugely challenging. It will not be sufficient to simply consider year on year budget allocations and, instead, the Orkney IJB will need to plan for transformation that can bring longer term safe and sustainable services for the people of Orkney.

In addition to these budgetary targets, the Orkney Islands Council commissioned services have also been tasked with taking affirmative action to return to operating within its approved revenue budget.

A Financial Recovery Plan is required to be submitted to the Board to provide assurance that there are robust plans in place to align spend with the funding available. Once approved, the recovery plan should be regularly reported against, to give the Board confidence that progress is being made towards achieving a balanced financial position.

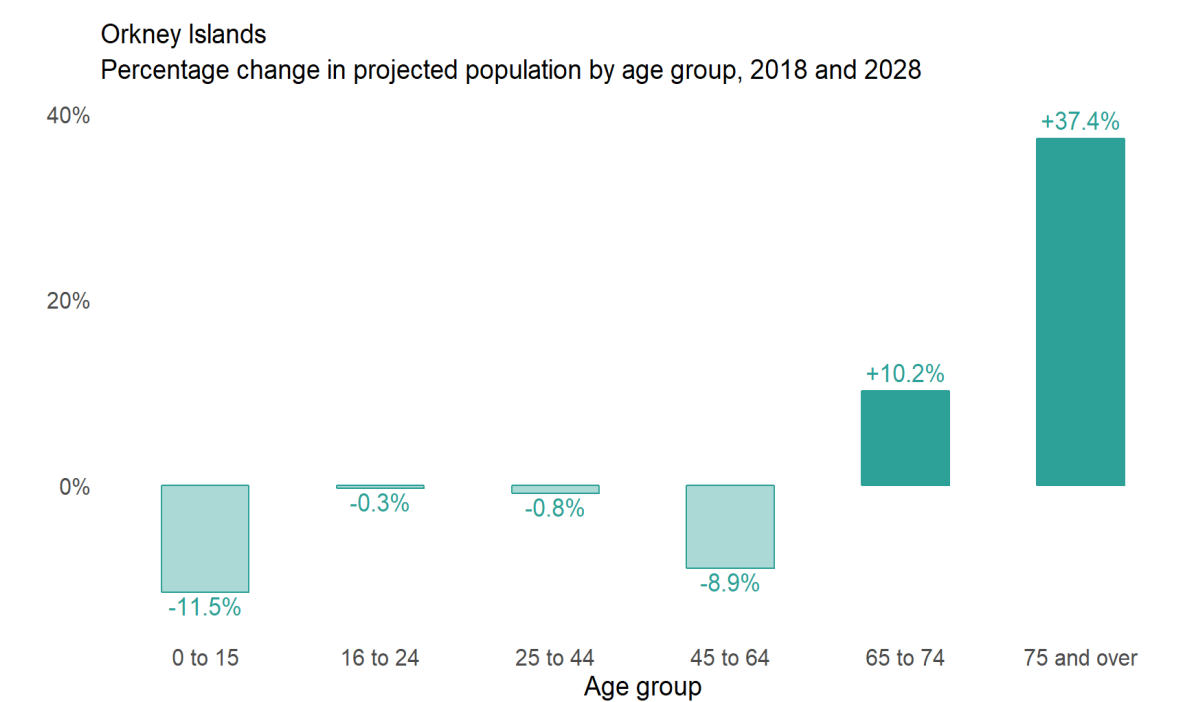


## 12. Sustainability Challenges

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

Although this challenge is not unique to Orkney, our older population is increasing faster than the national average. In addition, significant numbers of our working age population are leaving the islands and so fewer people are available to provide the care and support required with the predicted levels of chronic illness and disabilities.

People in the older age group are most often in need of health and social care services. The National Records of Scotland has produced population projections for Orkney. The graph below illustrates the percentage change in projected population by age group between 2018 and 2028. The 0 to 15 age group is projected to see the largest percentage decrease (-11.5%) and the 75 and over age group is projected to see the largest percentage increase (+37.4%). In terms of size, however, 45 to 64 is projected to remain the largest age group. This will have a significant impact on how we deliver services in the future.



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

## 13. Management of Risks

The Orkney IJB approved the revised [Risk Register](#) on 4 September 2024. The Risk Register forms part of the wider framework for corporate governance and internal control. There are broadly two types of risks: those that relate to the Orkney IJB's operation as a separate legal entity; and risks to the quality-of-service delivery, which

are experienced by commissioned services. For the latter, it will depend largely on these risks being identified, assessed and mitigated by the partner organisations for commissioned services (mainly NHS Orkney and Orkney Islands Council through the Orkney Health and Social Care Partnership).

The Risk Register will be further revised to ensure greater alignment to the new Strategic Plan 2025 – 2028, the Strategic Plan Delivery Plan 2025/26 and the revised Risk Management Strategy. It will also look to incorporate the risks of outcomes not being achieved.

#### **14. Unscheduled Care (Set Aside)**

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

The budget was formally delegated to the Orkney IJB in September 2020 and the spend is reported on a quarterly basis. There have been further development sessions on the Set Aside budget for Orkney IJB Members.

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 numbers of older age and older people, we have very limited scope to make significant resource shifts from hospital to other forms of care. However, there has been progress in ensuring that people are in a hospital setting for the shortest period of time as it is recognised that recovery is best in a homely setting.

#### **15. Further Information**

Further information in relation to the Orkney IJB can be found [here](#).

The section that is dedicated to the Orkney IJB Finance can be found [here](#).

Further information regarding the Annual Accounts can be obtained from:  
Chief Finance Officer, Orkney IJB, School Place, Kirkwall, Orkney, KW15 1NY.

#### **16. Conclusion**

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

The Orkney IJB needs to work within communities to support people taking greater responsibility for their own health and wellbeing and to ensure that communities are adequately equipped to meet the needs of their individual populations.

The Orkney IJB faces many challenges moving forward to ensure the continual improvement of the health and wellbeing of all living in Orkney.

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

**Stephen Brown**  
**Chief Officer**  
**18 June 2025**

**Joanna Kenny**  
**Chair of Orkney IJB**  
**18 June 2025**

**Erik Knight**  
**Interim Section 95 Officer**  
**18 June 2025**

# **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 the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021, 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 Orkney IJB Performance and Audit Committee on 25 September 2025.

Signed on behalf of the Integration Joint Board.

**Joanna Kenny**

**Chair of Orkney IJB**

**18 June 2025**

## **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 Accounting 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.

There was no Chief Finance Officer in post between 3 February and 8 April 2024 and 13 December 2024 to date.

I certify that the financial statements give a true and fair view of the financial position of the Orkney Integration Joint Board as at 31 March 2025 and the transactions for the year then ended.

**Erik Knight**

**Interim Section 95 Officer**

**18 June 2025.**

# Remuneration Report

## Introduction

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

## Orkney IJB Chair and Vice Chair

The voting members of the Orkney IJB are appointed by NHS Orkney and Orkney Islands Council. In accordance with the Integration Scheme, the posts of Orkney IJB Chair and Vice Chair alternate between a Councillor and a Non-Executive Director of the Health Board. In May 2023, the role of Chair of the Orkney IJB alternated to Orkney Islands Council following the two-year period of Chair by a Non-Executive Director of the Health Board. In May 2025, the role of Chair reverted to NHS Orkney.

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. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the Orkney IJB in 2024/25.

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.

## 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 is employed by NHS Orkney and seconded to the Orkney IJB.

## Chief Finance Officer

The Chief Finance Officer 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 Non-Executive Directors of NHS Orkney and three Elected Members of Orkney Islands Council, although Article 3(5) of the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 permits otherwise if necessary.

The remuneration of the Chief Officers is as follows:

Name	Salary, Fees and Allowances	Taxable Expenses	Total Remuneration 2024/25	Total Remuneration 2023/24
	£	£	£	£
Stephen Brown, Chief Officer	121,192	0	121,192	114,242
Peter Thomas, Chief Finance Officer*	0	0	0	50,206

\* Peter Thomas was in post as Chief Finance Officer from 17 April 2023 to 2 February 2024. The post was then filled part-time from 8 April to 13 December 2024 through an agency.

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 pension liability reflected on the Orkney IJB balance sheet for the Chief Officer or any other officers.

The Orkney IJB 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 the Chief Officer's 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	Pension contributions made by Orkney IJB		Accrued pension benefits as at 31 March 2025		Change in accrued pension benefits since 31 March 2024	
	2023-2024	2024-2025	Pension	Lump Sum	Pension	Lump Sum
	£	£	£	£	£	£
Stephen Brown, Chief Officer	23,877	27,268	6,988	0	2,461	0
Peter Thomas, Chief Finance Officer*	8,523	0	0	0	0	0
	<b>23,877</b>	<b>27,268</b>	<b>6,988</b>	<b>0</b>	<b>2,461</b>	<b>0</b>

\* Peter Thomas was in post as Chief Finance Officer from 17 April 2023 to 2 February 2024. The post was then filled part-time from 8 April to 13 December 2024 through an agency.

### Disclosure by Pay Bands

Pay band information is not separately provided as all relevant employees' pay information has been disclosed in the table above.

### Exit Packages

The Regulations require the Remuneration Report to provide information on the number of exit packages awarded, in bandings of £20,000 up to £100,000 and thereafter in bandings of £50,000, along with the total cost of the exit packages within each band.



The regulations also require disclosure of the number of compulsory redundancies and other agreed departures.

No exit packages were awarded in either the current or previous financial year.

**Stephen Brown**

**Chief Officer**

**18 June 2025.**

**Joanna Kenny**

**Chair of Orkney IJB**

**18 June 2025.**

# Annual Governance Statement

## Introduction

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

## Scope of Responsibility

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

To meet this responsibility the Orkney IJB has established governance arrangements, which include a system of internal control. The system is intended to manage risk to support the achievement of the Orkney IJB's policies, aims and objectives. Reliance is also placed on NHS Orkney and Orkney Islands Council's systems of internal control that support compliance with both organisations' policies and promote 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 IJB's governance arrangements are described in terms of the Frameworks seven principles of good governance, which are summarised as follows:

<b>Governance Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b>	
Code of Conduct.	<ul style="list-style-type: none"><li>• Approved <a href="#">Code of Conduct</a>.</li><li>• Members receive an annual request to update their Register of Interest.</li><li>• Members are reminded to update their Register of Interest if there are any changes.</li><li>• All new Members are issued with the Code of Conduct and asked to complete the Register of Interest as part of their 'Welcome' email.</li></ul>
Participation in Meetings.	<ul style="list-style-type: none"><li>• 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.</li></ul>
Standards Officer.	<ul style="list-style-type: none"><li>• In September 2023, the Standards Officer was reappointed until September 2026, with a Depute Standards Officer appointed until September 2026.</li></ul>

	<ul style="list-style-type: none"> <li>This role acts as the liaison between the Board and the Standards Commission.</li> </ul>
Chief Finance Officer.	<ul style="list-style-type: none"> <li>The post is in line with legislative requirements to ensure accountability for the proper administration of the Board's financial affairs.</li> </ul>
<b>Governance Principle B: Ensure openness and comprehensive stakeholder engagement.</b>	
Standing Orders.	<ul style="list-style-type: none"> <li>Approved <a href="#">Standing Orders</a>.</li> <li>In November 2024, the Voting Members met with the Standards Officer and Depute to review the Standing Orders.</li> <li>A Development Session focussed on training on the Standing Orders was provided.</li> </ul>
Public Meetings.	<ul style="list-style-type: none"> <li>All Board and Performance and Audit Committee meetings are open to the public and live audio cast.</li> <li>All efforts are made to discuss Committee papers in public; a motion must be passed to exclude the public.</li> <li>Recordings of all Board and Performance and Audit Committee meetings are available for 12 months after the meeting.</li> <li>Board and Performance and Audit Committee agenda and papers are available on the Council's website not less than three clear working days prior to the meeting.</li> </ul>
Integration Scheme	<ul style="list-style-type: none"> <li>The <a href="#">Orkney Integration Scheme</a> was approved by Scottish Ministers on 13 May 2022.</li> </ul>
Communication and Engagement.	<ul style="list-style-type: none"> <li>Approved 2023 – 2025 <a href="#">Communication and Engagement Strategy</a>.</li> <li>The Orkney IJB approved the 2025 – 2028 Communication and Engagement Strategy in April 2025.</li> <li>The Strategic Plan, the Strategic Plan Delivery Plan and the Communication and Engagement Strategy are all written in plain English and easy to understand.</li> <li>Regular meetings between the Senior Management Team and Community Council representatives (Isles Chairs/Vice Chairs/ Health and Social Care representatives and the Mainland Chairs/Vice Chairs/Health and Social Care representatives).</li> </ul>
Third Sector Involvement.	<ul style="list-style-type: none"> <li>There is regular engagement with the Third Sector and the Senior Management Team including developing new Plans and Strategies such as the Strategic Plan, Strategic Plan Delivery Plan.</li> </ul>
Unpaid Carer Involvement.	<ul style="list-style-type: none"> <li>The Board increased the Carer Representatives on the Board from one to two.</li> <li>How to get in touch with the Carer Representatives is available <a href="#">here</a>.</li> </ul>
<b>Governance Principle C: Define outcomes in terms of sustainable economic, social, and environmental benefits.</b>	
Strategic Plan.	<ul style="list-style-type: none"> <li>The Plan illustrates the three-year plan and commissions future services.</li> </ul>

	<ul style="list-style-type: none"> <li>• Approved <a href="#">Strategic Plan 2022 – 2025</a>.</li> <li>• Approved <a href="#">Strategic Plan Delivery Plan 2022 – 2025</a>.</li> <li>• The Orkney IJB approved the <a href="#">Strategic Plan 2025 - 2028</a> in April 2025.</li> <li>• The Orkney IJB approved the <a href="#">Strategic Plan Delivery Plan 2025/26</a> in April 2025.</li> </ul>
Financial Reports.	<ul style="list-style-type: none"> <li>• Revenue Expenditure Monitoring Reports are reported to the IJB quarterly.</li> </ul>
Medium Term Financial Plan.	<ul style="list-style-type: none"> <li>• Approved <a href="#">Medium Term Financial Plan 2022 – 2025</a>.</li> <li>• Provides an overview of key messages for financial planning and links with the Strategic Plan.</li> <li>• The new three-year Medium Term Financial Plan will be presented to the Board in July 2025.</li> </ul>
<b>Governance Principle D: Determine the interventions necessary to optimise the achievement of the intended outcomes.</b>	
Strategic Planning Group.	<ul style="list-style-type: none"> <li>• Provides and informs the development process for the Strategic Plan.</li> <li>• Has responsibility for the annual review of the strategic planning process including responding to Scottish Government and other stakeholder feedback.</li> </ul>
Joint Clinical and Care Governance Committee.	<ul style="list-style-type: none"> <li>• Fulfils the function of providing the Board, and NHS Orkney, with assurance that robust clinical and care governance controls and management systems are in place and are effective for the services that NHS Orkney has delegated to the IJB.</li> </ul>
Performance and Audit Committee.	<ul style="list-style-type: none"> <li>• Scrutinises performance on progress with the Strategic Priorities within the Strategic Plan.</li> <li>• Scrutinises matters arising from Internal and External Audit reports and actions taken on recommendations made.</li> <li>• Scrutinises and approves the draft and final Annual Accounts.</li> </ul>
<b>Governance Principle E: Develop the entity’s capacity, including the capability of its leadership and the individuals within it.</b>	
Induction.	<ul style="list-style-type: none"> <li>• Members are provided a welcome email detailing key documents and information.</li> <li>• Members are offered a ‘buddy’ once appointed to the Board.</li> <li>• An Induction Pack has been developed providing an overview of the Orkney IJB and where to find more detailed information to assist the members in fulfilling their roles.</li> </ul>
Development Sessions.	<ul style="list-style-type: none"> <li>• 2 May 2024: Risk Appetite Follow Up Session.</li> <li>• 2 October 2024: Audit Scotland: Finance and Performance Session.</li> <li>• 19 November 2024: Standing Orders Review / Audit Scotland Finance and Performance Session.</li> <li>• 30 January 2025: Key Service Updates.</li> </ul>

Informal Sessions.	<ul style="list-style-type: none"> <li>• The Board has regular informal sessions where Members can raise questions and be provided with updates throughout the Year.</li> <li>• The Chair, Vice Chair and Chief Officer have monthly meetings.</li> <li>• The Chief Officer has regular meetings with the two Chief Executives.</li> </ul>
Briefing Notes.	<ul style="list-style-type: none"> <li>• Orkney IJB - New Kirkwall Care Facility (Kirkjuvagr House) Update, 18.06.24.</li> <li>• Performance and Audit Committee – Draft Annual Accounts, 28.06.24.</li> <li>• Orkney IJB - Healthcare Purchasing Contracts, 05.09.24.</li> <li>• Orkney IJB - Sub-committees of the Integration Joint Board, 05.09.24.</li> <li>• Orkney IJB – Annual Performance Report, 04.11.24.</li> <li>• Orkney IJB – Recent Publication, 04.11.24.</li> <li>• Performance and Audit Committee – Orkney Islands Council’s Communication and Engagement Strategy, 11.12.24.</li> <li>• Orkney IJB – Annual Accounts, 11.12.24.</li> <li>• Joint Orkney IJB and Elected Members – St Rognvald House – Large Scale Investigation, 11.12.24.</li> <li>• Orkney IJB - Distress Brief Intervention – Extension of Referral Pathways, 12.02.25.and Engagement Strategy, 11.12.24.</li> </ul>
Orkney IJB Representation on Local and National Groups.	<ul style="list-style-type: none"> <li>• The Chief Officer sits on a variety of different groups, including the Chief Officers’ network and associated subgroups, and is the Chair of both the Alcohol and Drugs Partnership and the Community Justice Partnership.</li> <li>• The Chair and Vice Chair of the Orkney IJB are part of the Scotland wide network of Chairs and Vice Chairs of IJBs’ Executive Group. The Chair/Vice Chair (when that is an Elected Member of Orkney Islands Council) is also on the Health and Social Care Board at CoSLA.</li> <li>• The Chief Finance Officer is part of the national Chief Finance Officer group, and inputs to national issues when required.</li> </ul>
<b>Governance Principle F: Managing risks and performance through robust internal control and strong public financial management.</b>	
Risk Management Strategy.	<ul style="list-style-type: none"> <li>• Approved <a href="#">Risk Management Strategy</a> 2023 – 2025.</li> <li>• Approved <a href="#">Risk Management Strategy</a> 2025 – 2027 was presented to the Board in April 2025.</li> </ul>
Risk Register.	<ul style="list-style-type: none"> <li>• The <a href="#">Risk Register</a> was presented to the Board in September 2024.</li> <li>• A revised version will be presented to the Board in July 2025.</li> </ul>
Performance Management Strategy.	<ul style="list-style-type: none"> <li>• Approved <a href="#">Performance Management Framework</a>.</li> <li>• The Framework uses various measures to show how well the services commissioned by the Orkney IJB are performing.</li> </ul>

	Further information on performance can be found in section 7, Management Commentary, above.
Strategic Plan Delivery Plan.	<ul style="list-style-type: none"> <li>Approved <a href="#">Strategic Plan Delivery Plan 2022 – 2025</a>.</li> <li>Quarterly Strategic Plan Priorities Progress Reports are presented to the Performance and Audit Committee.</li> <li>The Strategic Plan Delivery Plan articulate specific outcomes, or Milestones, relating to each Strategic Priority and, crucially, details how the respective Milestones will be measured.</li> <li>In April 2025, the Orkney IJB approved the new three-year <a href="#">Strategic Plan</a>, for the period 2025 – 2028, and the annual <a href="#">Strategic Plan Delivery Plan</a> 2025/26.</li> </ul>
Internal Controls.	<ul style="list-style-type: none"> <li>The Orkney IJB's system of internal control is based on a framework of Financial Regulations, regular management information and management supervision.</li> </ul>
Joint Clinical and Care Governance Committee.	<ul style="list-style-type: none"> <li>The Committee, through consideration of clinical and care governance reports, is able to provide assurance that services are being delivered safely and effectively.</li> <li>Where risks are identified, actions are being taken to mitigate these.</li> <li>Examples include the six-monthly Mental Health Assurance Report and Children's Health Services Assurance report.</li> </ul>
Performance and Audit Committee.	<ul style="list-style-type: none"> <li>The Committee, through its consideration of reports in relation to performance, and from internal and external audits, monitors the effectiveness of internal control procedures.</li> <li>Examples include the six-monthly Audit Action Progress Report and Registered Services with Orkney Health and Care – Inspection Assurance Report.</li> </ul>
Section 95 Officer.	<ul style="list-style-type: none"> <li>The Chief Finance Officer is the appointed Section 95 Officer.</li> <li>The role provides advice on all financial matters and the effective system of internal financial control in terms of the <a href="#">Financial Regulations</a>, while ensuring timely production and reporting of budget monitoring and annual accounts.</li> </ul>
<b>Governance Principle G: Implement good practices in transparency, reporting and audit to deliver effective accountability.</b>	
Committee Meetings.	<ul style="list-style-type: none"> <li>The Orkney IJB and the Strategic Planning Group meets on a bi-monthly basis.</li> <li>The Performance and Audit Committee, the Joint Clinical and Care Governance Committee and the Joint Staff Forum meets on a quarterly basis.</li> <li>Both the Orkney IJB and the Performance and Audit Committee agenda and papers are available on the Council website three clear days in advance of the meeting.</li> <li>Both the Orkney IJB and the Performance and Audit Committee are open to the public and are audio cast live, with the recordings available for at least 12 months after the meeting and can be found <a href="#">here</a>.</li> </ul>

	<ul style="list-style-type: none"> <li>• The Joint Clinical and Care Governance Committee's agenda is available on the NHS Orkney website <a href="#">here</a>.</li> <li>• All Orkney IJB and its Sub-committee agenda and papers are issued to Members one week before the meeting.</li> <li>• All Orkney IJB Sub-committee minutes are available as part of the Orkney IJB papers.</li> <li>• There are standard reporting formats in place to ensure consistency of approach and consideration by Members to provide transparency in decision making.</li> <li>• A revised Sub-committee of the Orkney IJB document was approved by Members in September 2024, which details all the Sub-committee Terms of References.</li> </ul>
Annual Accounts.	<ul style="list-style-type: none"> <li>• The published Annual Accounts is the statutory summary of the Orkney IJB's financial affairs for the financial year.</li> <li>• 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.</li> <li>• Previous Annual Accounts can be found <a href="#">here</a>.</li> </ul>
Annual Performance Report.	<ul style="list-style-type: none"> <li>• The Annual Performance Report details the performance of the Orkney IJB.</li> <li>• As part of this there are details of External and Internal Audit progress reports issued within the reporting period.</li> <li>• Previous Annual Performance Reports can be found <a href="#">here</a>.</li> </ul>
Chief Internal Auditor.	<ul style="list-style-type: none"> <li>• The Chief Internal Auditor reports directly to the Performance and Audit Committee with a direct right of access to the Chief Finance Officer, the Chief Officer and/or the Chair of the Orkney IJB Performance and Audit Committee on any matter.</li> <li>• The annual programme of internal audit work is based on a strategic risk assessment and is approved by the Performance and Audit Committee.</li> <li>• The internal audit function for financial year 2024/25 was provided by Orkney Islands Council's Chief Internal Auditor as the Chief Internal Auditor of the Orkney IJB.</li> <li>• This appointment is for the period 2021 to 2026.</li> </ul>

## 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 Orkney IJB Performance and Audit Committee conducts its business in line with CIPFA's "Audit Committees: Practical Guidance for Local Authorities and Police" guidance.



The Performance and Audit Committee approved the Internal Audit Strategy and Plan for 2024/25 on 13 March 2024, which approved the following audit areas:

- Strategic Commissioning – Review arrangements for providing directions to NHS Orkney and Orkney Islands Council, and that compliance with these is monitored and reported.
- Financial Planning Monitoring and Reporting - Review arrangements in place for overall financial planning of the IJB. Review the reporting framework. And how financial performance is monitored against budgets.

The Annual Internal Audit Report and Opinion for 2024/25 will be presented to the Orkney IJB Performance and Audit Committee on 18 June 2025. The Orkney IJB's Chief Internal Auditor's overall opinion is:

"On the basis of the audit work performed in 2024/25, my opinion is that the IJB has a framework of controls in place that provides Limited assurance regarding the IJB's governance framework, related internal controls, and the management of key risks.

Significant weaknesses in the framework of governance and control were identified during an audit of Financial Planning, Monitoring and Reporting, performed during 2024/25.

I confirm that there were no instances of fraud identified from the audit work conducted for the IJB during the year.

My opinion has not been limited by any shortfall in resources, absence of skills, or any limitation of scope of internal audit activity that would adversely affect my ability to form an opinion."

### **Conclusion and Opinion on Assurance**

On the basis of the audit work performed in 2024/25, the opinion from the Chief Internal Auditor is that the Orkney IJB has a framework of controls in place that provides Limited assurance regarding the organisation's governance framework, related internal controls, and the management of key risks.

The actions identified during the audit work did not impact on the overall governance arrangements of the Orkney IJB.

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

The opinion has not been limited by any shortfall in resources, absence of skills, or any limitation of scope of internal audit activity that would adversely affect their ability to form an opinion.

**Stephen Brown**  
**Chief Officer**  
**18 June 2025.**

**Joanna Kenny**  
**Chair of Orkney IJB**  
**18 June 2025.**

## **DRAFT Independent Auditor's Report**

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

## Comprehensive Income and Expenditure Statement

		2023-2024			2024-2025		
		£000	£000	£000	£000	£000	£000
	Note	Gross Spend	Gross Income	Net	Gross Spend	Gross Income	Net
Corporate Services	2	190	0	190	222	0	222
Support Services and Overheads		6,610	(2,646)	3,964	4,397	(579)	3,819
Alcohol and Drugs Partnership		367	0	367	691	0	691
Voluntary Sector by SLAs excluding commissioned services		45	0	45	37	0	37
Children and Families		8,344	(256)	8,088	8,225	(190)	8,035
Prescribing		5,938	(2)	5,936	5,866	0	5,866
Elderly Residential, Supported and Day Care		12,280	(2,150)	10,130	13,433	(2,332)	11,101
Disability		7,769	(395)	7,374	8,007	(378)	7,629
Mental Health		2,320	(238)	2,082	2,374	(309)	2,065
Other Community Care		1,633	(70)	1,563	1,625	(1)	1,624
Occupational Therapy		1,010	(50)	960	1,052	(62)	990
Care at Home		5,975	(24)	5,951	6,308	(14)	6,294
Criminal Justice		603	(472)	131	571	(396)	175
Community Nursing		1,850	(36)	1,814	1,787	(20)	1,767
Primary Care		12,235	(289)	11,946	13,365	(331)	13,034
Allied Health Professions		1,111	(13)	1,098	1,360	(10)	1,350
Rehabilitation		354	(26)	328	359	(73)	286
Unscheduled Care		11,062	0	11,062	12,028	0	12,028
<b>(Surplus)/Deficit on Continuing Operations</b>		<b>79,696</b>	<b>(6,667)</b>	<b>73,029</b>	<b>81,707</b>	<b>(4,694)</b>	<b>77,013</b>
Taxation and Non-Specific Grant Income	4			(73,221)			(77,584)
<b>(Surplus)/Deficit on Provision of Services</b>				<b>(192)</b>			<b>(571)</b>
<b>Total Comprehensive Income and Expenditure (Surplus)/Deficit</b>				<b>(192)</b>			<b>(571)</b>

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

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.

## Movement In Reserves Statement

	Earmarked Reserves	Total Reserves
	£000	£000
<b>Balance as at 1 April 2023</b>	<b>(2,523)</b>	<b>(2,523)</b>
<b>Movement in reserves during the year</b>		
(Surplus) or deficit on the provision of services	(192)	(192)
<b>Total Comprehensive Income and Expenditure</b>	<b>(192)</b>	<b>(192)</b>
<b>Balance as at 31 March 2024</b>	<b>(2,715)</b>	<b>(2,715)</b>
<b>Movement in reserves during the year</b>		
(Surplus) or deficit on provision of services	(571)	(571)
<b>Total Comprehensive Income and Expenditure</b>	<b>(571)</b>	<b>(571)</b>
<b>Balance as at 31 March 2025</b>	<b>(3,286)</b>	<b>(3,286)</b>

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

## Balance Sheet

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

31 March 2024		Note	31 March 2025
£000			£000
2,715	Short Term Debtors	5	3,286
<b>2,715</b>	<b>Current Assets</b>		<b>3,286</b>
0	Short Term Creditors	6	0
<b>0</b>	<b>Current Liabilities</b>		<b>0</b>
<b>2,715</b>	<b>Net Assets</b>		<b>3,286</b>
2,715	Earmarked Reserves		3,286
<b>2,715</b>	<b>Total Reserves</b>		<b>3,286</b>

The unaudited accounts were issued on 18 June 2025, and the audited Annual Accounts will be authorised for issue on 25 September 2025.

**Erik Knight**  
**Interim Section 95 Officer**  
**18 June 2025.**

# Notes to the Financial Statements

## Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2025 have been prepared in accordance with proper accounting practice as per Section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Orkney IJB and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

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

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

The Accounts have been prepared under the historic cost convention.

### Accruals of Expenditure and Income

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

- Expenditure is recognised when goods or services are received, and their benefits are used by the Orkney IJB.
- Income is recognised when the Orkney IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

## **VAT status**

The Orkney IJB is a non-taxable entity 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 were no contingent assets and liabilities in 2024/25.

## **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 2025 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 NHS Pension Scheme which is managed by NHS Orkney who makes the relevant contributions. The Chief Finance Officer normally participates in the Local Government Pension Scheme which is managed by Orkney Islands Council who makes the relevant contributions. However, for 2024/25 the Chief Finance Officer was recruited through an agency and therefore did not participate in the Local Government Pension Scheme on this occasion.

## **Funding**

The Orkney IJB is primarily funded through funding contributions from the statutory funding partners, NHS Orkney and Orkney Islands Council. 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 2025 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 2024/25.

## Note 2 Corporate Services

The corporate services costs are as follows:

2023/24		2024/25
£000		£000
154	Staff Costs	168
3	Other Costs	16
33	Audit Fees	38
190	<b>Total</b>	<b>222</b>

## Note 3 Critical Judgements and Estimation Uncertainty

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

There were no critical judgements for the 2024/25 Annual Accounts.

## Note 4 Taxation and Non-Specific Grant Income

2023/24		2024/25
£000		£000
30,885	Funding contribution from Orkney Islands Council	32,919
42,336	Funding contribution from NHS Orkney	44,665
73,221	<b>Taxation and Non-specific Grant Income</b>	<b>77,584</b>

The funding from NHS Orkney shown above includes £12,028k in respect of unscheduled care resources relating to acute hospital resources. The associated services are provided by NHS Orkney, which retains responsibility for managing the costs of providing the services. However, the Orkney IJB has responsibility for the consumption of, and level of demand placed on, these resources.



## Note 5 Debtors

2023/24		2024/25
£000		£000
2,715	NHS Orkney	3,286
0	Orkney Islands Council	0
<b>2,715</b>	<b>Total</b>	<b>3,286</b>

## Related Party Debtors

The Orkney IJB has related party relationships with NHS Orkney and Orkney Islands Council. The nature of the partnership means that the Orkney IJB may influence, and be influenced by, its partners.

## Note 6 Creditors

The Orkney IJB has no creditor balances.

## Note 7 External Audit Costs

KPMG is the appointed external auditor for the 2024/25 audit. The fee is £34,000 (£33,360 2023/24). This fee covers the costs of planning, delivering and reporting the annual audit including auditors' attendance at committees.

## Note 8 Related Party Transactions

The Orkney IJB is required to disclose material transactions with related parties/bodies or individuals that have the potential to control or influence the Orkney IJB or to be controlled or influenced by the Orkney IJB. Disclosure of these transactions allows readers to assess the extent to which the Orkney IJB might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Orkney IJB.

The Orkney IJB has related party relationships with 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 included in the Orkney IJB's accounts are presented to provide additional information on the relationships.

The Scottish Government has significant influence over the general activities of the Orkney IJB. It is responsible for providing the statutory framework within which the Orkney IJB is constituted and will operate; through partner agencies, provides most of the Orkney IJB's funding and prescribes the terms of many of the transactions that the Orkney IJB has with other parties (e.g. NHS Orkney, Orkney Islands Council).

Members of the Orkney IJB have control over the Orkney IJB's financial and operating policies to the extent they are transacted through the Orkney IJB.

2023/24	Transactions with NHS Orkney	2024/25
£000		£000
42,144	Expenditure on Services	44,094
<b>42,144</b>	<b>Net Transactions with NHS Orkney</b>	<b>44,094</b>

## Transactions with Orkney Islands Council

2023/24	Transactions with Orkney Islands Council	2024/25
£000		£000
30,885	Expenditure on Services	32,919
<b>30,885</b>	<b>Net Transactions with Orkney Islands Council</b>	<b>32,919</b>

The funding received from each party can be found at Note 4.

The balance due from each party can be found at Note 5.

## Note 9 Events after the Balance Sheet date

The audited Annual Accounts reflect events after 31 March 2025 up to the date the audited accounts were authorised for issue. Where events taking place after this date provided information about conditions existing as at 31 March 2025, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. For 2024/25, no such adjustments have been required.

## Note 10 Reserves

Reserves are established as part of good financial management. These funds are held for five main purposes as follows:

- A working balance to help cushion the impact of uneven cash flows.
- Avoid unnecessary temporary borrowing – this forms part of general reserves.
- A contingency to cushion the impact of unexpected events.
- Emergencies – this also forms part of general reserves.
- A means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

Within the Reserves Policy and in regard to the size and scale of the Orkney IJB's responsibilities, over the medium term it is proposed that a prudent level of general reserves will represent approximately 2% of net expenditure. This value of reserves must be reviewed annually as part of the Orkney IJB budget and Strategic Plan, and in light of the financial environment at that time. The level of other earmarked funds will be established as part of the annual financial accounting process.

There are no general reserves balances due to requiring additional funds at the end of the financial year to have a balanced year end position.

		2023/24			2024/25		
	Balance as at 01/04/23	Funds In	Funds Out	Balance as at 31/03/23	Funds In	Funds Out	Balance as at 31/03/24
		£000	£000	£000	£000	£000	£000
Primary Care	670	795	(843)	622	735	(782)	575
COVID-19	68	70	0	138	0	(126)	12
Hospital At Home	304	0	(85)	219	0	(69)	150
Integration Support/System Pressures	660	382	(655)	387	349	(112)	624
Alcohol and Drugs Prevention	354	242	0	596	242	(28)	810
Mental Health	453	941	(1,088)	306	1,666	(996)	976
Children and Family Services	4	68	(64)	8	4	(12)	0
Other	10	495	(66)	439	254	(554)	139
Uplifts	0	456	(456)	0	0	0	0
<b>Total Earmarked Reserves</b>	<b>2,523</b>	<b>3,449</b>	<b>(3,257)</b>	<b>2,715</b>	<b>3,250</b>	<b>(2,679)</b>	<b>3,286</b>

At 31 March 2025, the Orkney IJB is reporting a net increase of £571k movement in reserves.

## Appendix 1: Orkney IJB Members

Members as at 31 March 2025.

<b>Voting Members.</b>	
Isobel Grieve.	NHS Orkney (Vice Chair).
David Campbell.	NHS Orkney (Proxy Member).
Joanna Kenny.	NHS Orkney (Voting Member from 14/12/23).
Rona Gold.	NHS Orkney (Proxy Member until 23/05/24, Voting Member from 24/05/24).
Meghan McEwen.	NHS Orkney (Voting Member until 23/05/24, Proxy from 24/05/24).
Councillor Rachael King.	Orkney Islands Council (Chair).
Councillor Ivan Taylor.	Orkney Islands Council (Voting Member until 13/05/24, Proxy Member from 14/05/24).
Councillor Jean Stevenson.	Orkney Islands Council (Voting Member).
Councillor Lindsay Hall.	Orkney Islands Council (Proxy until 13/05/24, Voting Member from 14/05/24).
Councillor Melissa Thomson.	Orkney Islands Council (Proxy Member).
Councillor Heather Woodbridge.	Orkney Islands Council (Proxy Member).
<b>Non-Voting Members.</b>	
Stephen Brown.	Chief Officer.
Vacant.	Chief Finance Officer.
Sharon-Ann Paget	Interim Chief Social Work Officer (until 21/04/24).
Darren Morrow.	Chief Social Work Officer (from 22/04/24).
Dr Kirsty Cole.	Registered Medical Practitioner who is a GP.
Dr Louise Wilson.	Registered Medical Practitioner not a GP.
Samantha Thomas.	Registered Nurse.
<b>Non-Voting Members (Stakeholder Members).</b>	
Danny Oliver.	Staff Representative, Orkney Islands Council.
Ryan McLaughlin.	Staff Representative, NHS Orkney.
Morven Brooks.	Third Sector Representative.
Jim Love.	Unpaid Carer Representative (until 09/09/24).
Willie Neish.	Unpaid Carer Representative (from 19/02/25).
Srah Kennedy.	Unpaid Carer Representative (from 19/02/25).
Janice Annal	Service User Representative.
<b>Additional Non-Voting Members (Locally agreed in addition to requirements).</b>	
Frances Troup.	Housing Representative.