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Agenda Item: 6

Performance and Audit Committee

Date of Meeting: 28 September 2022.

Subject: Annual Accounts for Financial Year 2021/22.

1. Purpose

1.1. To present the Annual Accounts for financial year 2021/22 for members approval.

2. Recommendations

The Performance and Audit Committee is invited to note:

2.1. That the Integration Joint Board is required to produce its own statutory accounts in terms of the Local Authority Accounts (Scotland) Regulations 2014 and Section 106 of the Local Government (Scotland) Act 1973. The minimum reporting requirements contained in the legislation include:

- To consider and approve the audited Annual Accounts for signature no later than 30 September immediately following the financial year to which the accounts relate.
- To publish the accounts on a website by 31 October.

2.2. The management commentary, comprising pages 3 to 22 of the Annual Accounts, attached as Appendix 1 to this report, which provides an overview of the most significant matters reported in the Annual Accounts for financial year ended 31 March 2022, with the key facts and figures summarised at section 4.3 of this report.

It is recommended:

2.3. That the Annual Accounts for financial year 2021/22, attached as Appendix 1 to this report, be approved.

3. Background

3.1. A requirement exists for each Integration Joint Board to prepare an annual set of accounts which are to be lodged with Audit Scotland by 30 June 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.

3.3. The Chief Finance Officer is responsible for the preparation of the Orkney Integration Joint Board'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 Integration Joint Board at the financial year end and its income and expenditure for the year ended 31 March.

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

3.5. The draft Annual Governance Statement and accounts were submitted to the Integration Joint Board on 29 June 2022 for scrutiny and approval.

3.6. The Integration Joint Board reviewed and thereafter approved the draft Annual Governance Statement and draft Annual Accounts.

4. Main Issues

4.1. The Annual Accounts for the year ended 31 March 2022, attached as Appendix 1 to this report, have been prepared in accordance with proper accounting practice as required by sections 12 and 14 of the Local Government in Scotland Act 2003.

4.2. Proper accounting practices include compliance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee.

4.3. The management commentary, comprising pages 3 to 22 of the Annual Accounts, provides an overview of the most significant matters reported in the Annual Accounts for financial year ended 31 March 2022. These issues can be summarised as follows:

4.3.1. As a direct consequence of the COVID-19 pandemic, 2021/22 has continued to be a very challenging and complex financial year but all costs were funded with additional resources from Scottish Government. With the introduction of the vaccines, it is anticipated that the likelihood of future spikes in demand for services will decrease. However, throughout financial year 2022/23 there will continue to be some additional delivery and financial pressures as well as the constant impacts on the need for more strategic planning, transformation activity and savings plans, which will require ongoing review and realignment.

4.3.2. In regard to financial year 2022/23 the savings target to be achieved for services commissioned to NHS Orkney is now £2.4 million. Within the Orkney Islands Council settlement there has been a recognition of the exceptionally difficult second year of the pandemic and the acute pressure that services have been under

to maintain existing provision, therefore no efficiency savings were requested in the preparation for the 2022/23 budget.

4.3.3. By year end, ear-marked reserves increased by £1.981 million from £2.323 million to £6.124 million. A breakdown of these can be found on page 43 of Annual Accounts attached as Appendix 1.

5. Contribution to quality

Please indicate which of the Orkney Community Plan 2021 to 2023 visions are supported in this report adding Yes or No to the relevant area(s):

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

6. Resource and financial implications

6.1. There are no resource or financial implications arising directly from this report.

7. Risk and equality implications

7.1. The Orkney Integration Joint Board 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.

8. Direction required

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

NHS Orkney.	No.
Orkney Islands Council.	No.

9. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

10. Author and contact information

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11. Supporting documents

11.1. Appendix 1: Annual Accounts 2021/22.



Annual Accounts

Orkney Integration Joint Board

2021/22

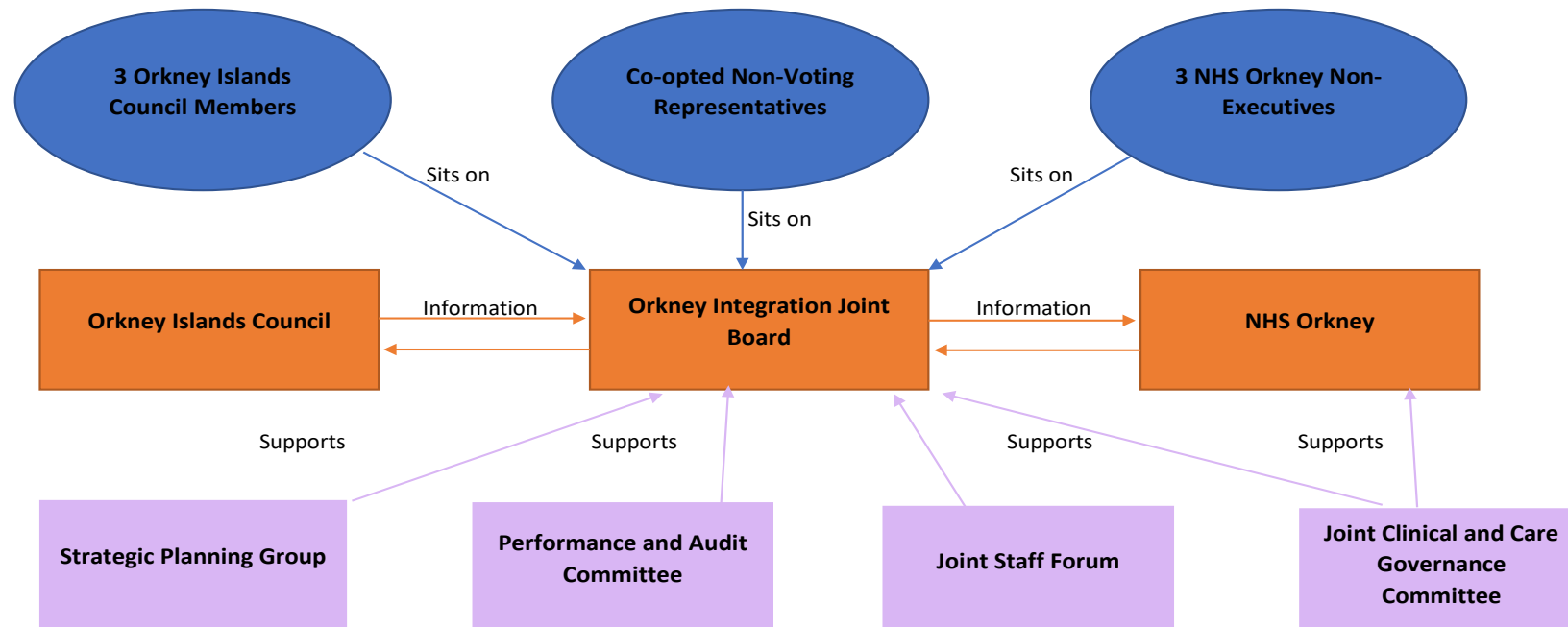


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Management Commentary

Structure and Management of the Orkney Integration Joint Board



Notes:

NB 1) OIC provided the internal audit services to the Orkney IJB for financial year 2021/22.

External Scrutiny of Orkney IJB

- Care Inspectorate
- Healthcare Improvement Scotland
- Accounts Commission
- Auditor General for Scotland
- Scottish Ministers

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 2021/22.

The Management Commentary outlines key messages regarding the objectives and strategy of the Orkney IJB, its financial and performance reporting for the 2021/22 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 5 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, which details the needs analysis of how we currently spend our money and proposed changes in how services are delivered, has been updated and was approved 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 objectives are to be achieved over the lifetime of the Plan.

The Orkney IJB commissions community health services, 'set-aside' services and social care from the Parties, for the population of the Orkney Islands, which is in the region of 22,400 people. This is an increase of 0.6% from 22,270 in 2019. Over the same period, the population of Scotland increased by 0.0% (National Records of Scotland mid-2020 population estimate).

3. Strategic Plan

The Orkney IJB's Strategic Plan 2022 – 2025 is designed to be public facing and includes infographics for ease of reading and understanding.

This Plan sets out the improvement priorities and outcomes, both national and local, for the Orkney IJB in relation to the health and social care delegated functions in the Integration Scheme.

Progress will be reported quarterly to the Performance and Audit Committee.

The Joint Strategic Needs Assessment (JSNA) is an assessment of the current and future health and social care needs of the local community, which could be met by the

local authority, health board and/or third sector parties, with the purpose of improving the health and wellbeing of the local community and to reduce inequalities for all ages. As there is no defined structure or guidance for producing JSNAs, organisations can use their discretion to decide how best to present the information in a clear and meaningful format. The Orkney IJB approved its local JSNA on 15 December 2021.

4. COVID-19

As a direct consequence of the COVID-19 pandemic, 2021/22 has continued to be a very challenging and complex financial year.

All costs in regard to COVID-19 were fully reimbursed by Scottish Government for financial year 2021/22.

At the end of February 2022, it was announced that there was further funding to Integration Authorities to meet COVID-19 costs and to support the continuing impact of the pandemic. The breakdown can be shown as follows:

COVID-19 Funding	£000	£000
Total Funding Received		6,250
Less COVID-19 Spend Within Services	2,010	
Less Unachieved Savings	<u>1,877</u>	
		<u>3,887</u>
Funding Carried Forward		2,363

Any proposed utilisation of the earmarked reserves (£2,363) to meet new expenditure that has not been funded in 2021/22 will require agreement from the Scottish Government, and it will remain important that reserves are not used to fund recurring expenditure, given the non-recurring nature of COVID-19 funding.

Recent communication from the UK Government has indicated that in 2022/23 there will be no further specific consequential to meet the ongoing cost pressures emerging from COVID-19. This represents a departure from the approach of the last two years and creates a significant financial risk given the ongoing nature of some costs associated with our pandemic response.

As a result, a concerted focus will be required to reduce the significant additional COVID-19 costs that have built up over the last two years. There is a proposal of establishing a Covid Cost Improvement Programme to support this work nationally.

With the introduction of the vaccines, it is anticipated that the likelihood of future spikes in demand for services will decrease. However throughout financial year 2022/23 there will continue to be some additional delivery and financial pressures as well as the constant impacts on the need for more strategic planning, transformation activity and savings plans, which will require ongoing review and realignment.

The budget proposals for 2022/23 were presented based on “business as usual”, to the Orkney IJB in April 2022.

Key Priorities for Recovery:

Implementation of recovery plans are underway, following carefully planned approaches in how services can begin to reopen in line with government guidance.

Staff have now largely moved back to their own substantive posts as services have reopened, in the context of the continued delivery of statutory services which have been prioritised throughout the emergency phase.

Services have been capturing all the information, lessons learned and new ways of working so that they are prepared for further emergency responses should they arise.

Day care services have resumed. However due to the requirement to meet physical distancing requirements, more limited attendance is permitted. Some people have opted to have different day supports during lockdown and it is hoped that where these have worked well and are more personalised to the individual, this support can continue rather than resuming traditional service delivery if the former is preferred. This will require considerable service redesign for both older people and those with learning disabilities and will require consultation with all stakeholders to determine what future services might look like.

5. Operational Review

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

- The Orkney IJB approved a statement of intent in respect of the Pledge of Support in regard to the National Trauma Training Programme. This is intended to provide a signal of leadership to the workforce that delivery of trauma informed care and practice across all services and sectors is a public health priority. The Pledge will demonstrate a shared commitment to adopting and embedding a long term, trauma informed culture in Scotland to support anyone affected by psychological trauma.
- The approval of the Children's Services Plan 2021 – 2023, in so far as it relates to the remit of the Orkney IJB. This Plan contains a suite of performance indicators which will enable partner agencies to measure their collective progress towards the eight target outcomes of the 'Getting it Right for Every Child' framework.
- The approval of a 40-bed residential care facility in Kirkwall and completion is anticipated in December 2023. The facility is expected to be operational in early 2024.
- Approval of the outcomes contained within the Equality Outcomes Report and the Mainstreaming Report, in so far as they relate to the remit of the Orkney IJB. The Scottish Government added Integration Joint Boards to Schedule 19 of the Equality Act 2010 and to the Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2015. The Act places a single equality duty on public authorities, covering the nine 'protected characteristics' of race, sex, disability, sexual orientation, religion and belief, age, gender reassignment, pregnancy and maternity and marriage and civil partnership.

- There was further progress on implementation of the Primary Care Improvement Plan. In June 2021 the Orkney IJB approved the commissioning of additional services within Pharmacotherapy, Community Treatment and Care, additional Community Link Workers and approval of the establishment of a Vaccine Transformation Programme.
- A pilot project was approved for two years in regard to developing Distress Brief Intervention (DBI) locally. DBIs are an innovative way of supporting people in distress. It is proposed that through the multiagency/organisation collaboration and coproduction in Orkney a direct referral pathway from the Emergency Department, Primary Care, Police Scotland and Scottish Ambulance Service is developed and tested, using a phased approach across Orkney Mainland and the Isles.
- In regard to the National Mental Health Strategy Action 15 funding it was recognised that some of the original proposals submitted in October 2018 needed to be amended. After consultation with GPs, there was an agreement for the final year of funding to be used differently. The aim of this funding is to try and increase mental health staffing by 800 across Scotland.
- The Orkney IJB approved a number of posts for Child and Adolescent Mental Health Services (CAMHS) through the Mental Health Recovery and Renewal Fund. This fund is to be used for the implementation of the CAMHS specification, expanding CAMHS up to age 25 and year 1 of 2-year funding to support clearing waiting times backlogs for CAMHS and Psychological Therapies.
- MacMillan Cancer Support has approached the Orkney, Shetland and Western Isles Health and Social Care Partnerships, seeking to implement the Improving Cancer Journey model. This is a partnership arrangement between MacMillan and the three island Health and Social Care Partnerships, through the investment of £900,000 covering a three-year programme.
- The evaluation of the Home First Service project was extremely positive and therefore was approved as a permanent service in March 2022. This service is a discharge to assess model offering up to six weeks of reablement support to enable timely discharge from the hospital and the opportunity to assess patients in their own home.
- Following on from the inspection report in 2019 relating to children and young people in need of care and protection in Orkney, there have been regular reports to the Orkney IJB on progress that has been made on the core areas of the improvement plan.
- A significant number of governance documents were refreshed throughout the year which include the refreshed Risk Management Strategy, an updated Role Descriptor for IJB Members and appointment of new Stakeholder Members, a revised Complaints Handling Procedure, appointment of new Chief Internal Auditor, Communications and Engagement Strategy, Orkney Alcohol and Drugs Partnership Strategy and Operational Framework and Scheme of Delegation, Performance Management Framework, Climate Change Duties, Review of Sub Committees, Records Management Plan and Code of Conduct.

Created and Future Workstreams.

- The Scottish Government announced a £120 million Recovery and Renewal Fund to support implementation of the Scotland's Mental Health Transition and Recovery Plan which was published on 8 October 2020. It was recognised that if this funding is to be truly transformational, some investments will ultimately need to be made on a recurring basis. It is encouraged to plan on the basis that funding for staff will become recurring at a future date, recognising that there may need to be some reprioritisation in the event this was not fully achieved in the next Spending Review. A report was presented to the Orkney IJB, at its meeting held on 27 October 2021, with funding proposals which had a full year cost of £798,247.
- There has been an announcement in regard to additional funding which is part of measures being put in place to support current system pressures. It is expected that NHS Boards, Integration Authorities and Local Authorities will work collaboratively to ensure a whole system response. In particular, this funding is available for the following purposes:
 - Standing up interim care provision to support significant reductions in the number of people delayed in their discharge from hospital.
 - Enhancing multi-disciplinary working, including strengthening Multi-Disciplinary Teams and recruiting 1,000 band 3s and 4s.
 - Expanding Care at Home capacity.

A report was presented to the Orkney IJB, at its meeting held on 22 March 2022, with funding proposals which had a cost of £460,000. This funding will increase to £950,000 in 2022/23 of which £90,000 will be non-recurring.

- An improving outcomes paper was presented to the IJB in October 2021 which highlighted the financial challenge faced by public services is likely to be greater than ever as the nation emerges from the pandemic. For health and social care, managing limited budgets in the context of ageing demographics 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. 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 proposed 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. Independent Review of Adult Social Care

The independent review of adult social care was published on 3 February 2021. The principal aim of the review was to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people who use services, their carers and families; and the experience of people who work in adult social care.

The report suggests a bold vision for adult social care support in Scotland building on the opportunity for meaningful change as we move beyond the COVID-19 pandemic.

Everyone in Scotland will get the social care support they need to live their lives as they choose and to be active citizens. Everyone will all work together to promote and ensure human rights, wellbeing, independent living and equity.

It calls for new thinking and a new positive narrative around the role of social care support, recognising its 'foundational' importance in society and moving towards a human rights based approach. It also argues that we must strengthen the foundations of the social care system. This means fully implementing positive approaches such as self-directed support and the integration of health and social care; as well as nurturing and strengthening our workforce and supporting unpaid carers.

The independent review calls for some structural changes such as the establishment of a National Care Service (NCS) with accountability for social care support moving from local government to Scottish Ministers. The proposed NCS would oversee improvements in the consistency, quality and equity of care and support. The report also suggests a reformed role for IJBs in implementing the social care vision outcome measures, and delivering planning, commissioning/procurement, managing local GP contracts, as well as local planning and engagement.

It is expected that the findings from the review will have significant impacts for the delivery of social care and wider supports moving forward.

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, identical to that for the Parties. Therefore, the report relates to 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 2020 was approved at the Orkney IJB on 27 October 2021.

8. 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 Performance Management Framework which was approved at the June 2021 meeting of the Orkney IJB, will enable the Orkney IJB to undertake an improved scrutiny function, and for the Orkney Health and Social Care Partnership to enhance its performance culture focused on quality and continuous improvement, this being critical when demand for services is growing and resources are tightening.

The Orkney IJB is compared to six 'peer group' areas and the other partnerships in Scotland. The peer group includes:

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

Nine National Health and Wellbeing Outcomes

These indicators are only released every two years. The published information available is as follows:

Indicator	Description	Scotland 2017/18	Orkney 2017/18	Scotland 2019/20	Orkney 2019/20
Adult Health	Percentage of adults able to look after their health very well or quite well	93%	95%	93%	95%
Independence	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	81%	100%	81%	98%
Engagement	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided	76%	83%	75%	86%
Coordinator of Services	Percentage of adults supported at home who agreed that their health and social care services seemed to be well coordinated	74%	91%	74%	83%
Adult Support	Total percentage of adults receiving any care or support who rated it as excellent or good	80%	95%	80%	90%
GP Care	Percentage of people with positive experience of the care provided by their GP practice	83%	94%	79%	94%
Quality of Life	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life	80%	96%	80%	87%
Carers' Support	Total combined percentage of carers who feel supported to continue in their caring role	37%	49%	34%	41%
Feeling Safe	Percentage of adults supported at home who agreed they felt safe	83%	97%	83%	99%

The latest available data for the Scottish Health and Care Experience Survey is for 2019/20 however there have been continued delays with in-depth analysis of this data which has not yet been made available to Health and Social Care Partnerships (HSCP), in part this is due to realignment with traditional reporting over the financial year.

To assist partnerships over the pandemic, some measures were reported as calendar years to support planning, although financial and calendar years are difficult to compare, it meant that data could be released in a timely manner to assist HSCP planning and manage the workflow of national data analysis and limiting delays in data releases throughout the end of the most recent phase of the pandemic.

Within the 2019/20 survey Orkney performed well when compared to all other HSCPs throughout Scotland by placing within the top five performers in all nine outcomes.

However, the Carer's Support indicator needs to be highlighted. Although Orkney is ranked first, it is in fact not a good news story. This indicator relates to how well carers feel supported to continue in their caring role. Only 41% of carers report that they feel supported to continue within their caring role. This is now one of the main priorities that is within the Strategic Plan 2022-25 which highlights what plans are being done to support unpaid carers to ensure they are accessing services and support when and as required.

Many of the issues around waiting times are due to the inability to recruit. Where there are small teams any staff absence could reduce the capacity by 50% in some services.

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

Local Indicators

The way these figures have been recorded over the COVID-19 period had changed with previous figures shared as annual records for 2020. In the most recent release, these figures have been updated to allow financial year comparison as within the last year it was based on a calendar year:

Indicator	Description.	Scotland 2019/20	Orkney 2019/20	Scotland 2020	Orkney 2020	Scotland 2020/21	Orkney 2020/21
Premature Mortality Rate	Premature mortality rate (per 100,000 persons by calendar year)	426	319	457	308	-	-
Emergency Admissions	Emergency admission rate (per 100,000 persons)	12,522	10,002	11,100	9,443	10,951	9,675
Emergency Bed Days	Emergency bed day rate (per 100,000 population)	118,288	88,776	101,852	71,594	100,710	73,459
Readmissions	Readmission to hospital within 28 days (per 1,000 population)	105	67	114	75	120	76
End of Life – Care Setting	Proportion of last 6 months of life spent at home or in a community setting	89%	90%	90%	92%	90%	93%
Falls Rate	Falls rate per 1,000 population aged 65+	23	17	22	17	22	16
Quality of Services – Care Inspectorate	Proportion of care services graded ‘good’ (4) or better in Care Inspectorate Inspections	82%	74%	83%	83%	83%	76%
Intensive Care Needs at Home	Percentage of adults with intensive care needs receiving care at home	63%	73%	63%	76%	-	-
Delayed Discharge	Number of days people spend in hospital when they are ready to be discharged for people aged 75+ (per 1,000 population)	774	467	488	381	484	368
Emergency Admission Costs	Percentage of health and care resources spent on hospital stays where the patient was admitted in an emergency	24%	19%	21%	17%	21%	18%

9. 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 corporate services who provide a range of services such as Human Resources and Legal Services.

Within the financial governance of the Orkney IJB, there are various policies which include financial regulations, stakeholders' expenses, reserves policy and a Medium Term Financial Plan, which support the governance process. These are reviewed on a timely basis and any changes are submitted to the Orkney IJB for approval.

10. 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 2021/22 Annual Accounts comprise:

a). Movement in Reserves Statement – At the year end there was earmarked funding not fully utilised in relation to various services. These funds will be utilised in financial year 2022/23.

b). Comprehensive Income and Expenditure Statement – During the year the Orkney IJB received reports setting out projected overspends/underspends throughout the year.

c). Balance Sheet – The Orkney IJB does not hold assets. There is funding due from partners in regard to the earmarked reserves.

d). 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.

11. Financial Performance

Revenue Expenditure Monitoring Reports were presented at Orkney IJB meetings 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 Allocations	Full Year Budget	Full Year Spend	Variance
	£000	£000	£000	£000	£000
Orkney Islands Council	20,699	1,638	22,337	21,891	(446)
NHS Orkney	26,760	8,257	35,017	31,662	(3,355)
NHS Orkney Set Aside	7,435	1,648	9,083	9,083	(0)
Total Allocation	54,894	11,543	66,437	62,636	(3,801)

The outturn position showed **an overall underspend of £3.801 million at the financial year end.**

The underspend of £3.801 million in addition to the reserves of £2.323 million from 2020/21 was in relation to funding received for specific services, some at a late stage, which was not fully utilised and therefore will be held within earmarked reserves. Within this figure there is unutilised COVID-19 funding which will be carried forward for use in 2022/23. A full breakdown can be found at note 10.

Throughout the 2021/22 financial year there was significant financial pressures highlighted within the Revenue Expenditure Monitoring Reports as follows:

Children and Families – Social Work services have been experiencing high levels of sickness absence for a considerable length of time, including key leadership and management roles, all of which has had a significant impact on the service's ability to deliver effective and statutory social work services to children, young people and their families. Some of this is related to the need for staff members to remain at home due to initial COVID-19 restrictions. However, it is anticipated some sickness absence will be long term and combined with significant recruitment challenges, this has resulted in the need to employ locum staff.

Most importantly, the statutory requirement to provide social work services for children and young people, particularly in the field of Child Protection, requires the ability to respond to need quickly. Temporary arrangements to ensure this capacity have incurred significant, additional, unfunded expenditure.

These additional posts are essential at this time to ensure proper review planning and improvement work is undertaken following the findings of the Joint Inspection Report, from February 2020, of Services for Children and Young People in Need of Care and Protection in Orkney.

There are also additional costs for residential care within Orkney due to the children's house being at full capacity. The requirement for placements outwith the local authority have also increased for children who require a more specialist service, that cannot be provided in Orkney.

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 there are other options to receive the 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.

Prescribing – Prescribing can be a difficult budget to manage as it is demand led and this financial year has seen an increase within the unit price and volume. The exit of the European Union has also caused more uncertainty.

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

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 (cover the same area), unscheduled adult inpatient services must be delegated to the Integration Authority, based on the functions included in the legislation. High levels of absence through COVID-19 and an inability to recruit 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 have been greater than the inflationary uplift. The increase in budget throughout the year can be shown as follows:

Budget Reconciliation	£000
Opening Budget	7,435
Pay and Other Uplifts	299
Medical Staffing and Locums	668
Staffing Transfer	624
Open University Backfill	57
Revised Budget	9,083

12. 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 20 April 2022 to illustrate the funding allocations within which the Strategic Plan should be delivered.

The financial contributions from each of the Parties for 2022/23 are as follows:

	NHS Orkney	NHS Orkney Set Aside	Orkney Islands Council	Orkney IJB
	£000	£000s	£000	£000
Budget	27,661	8,032	23,180	58,873

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

At a meeting with the Parties, it was suggested that a three-year savings target be applied which would give the Orkney IJB a set figure to work towards over a three-year period. In total there was a savings target of £4.2 million to be achieved by the end of 2022/23 which is split as follows:

	NHS Orkney	Orkney Islands Council	Orkney IJB
	£000	£000	£000
Savings	2,400	1,800	4,200

To date there has only been £259,000 identified as recurring savings.

In regard to financial year 2022/23 the savings target to be achieved for services commissioned to NHS Orkney is now £2.4 million. Within the Orkney Islands Council settlement there has been a recognition of the exceptionally difficult second year of the pandemic and the acute pressure that services have been under to maintain existing provision, therefore no efficiency savings were requested in the preparation for the 2022/23 budget.

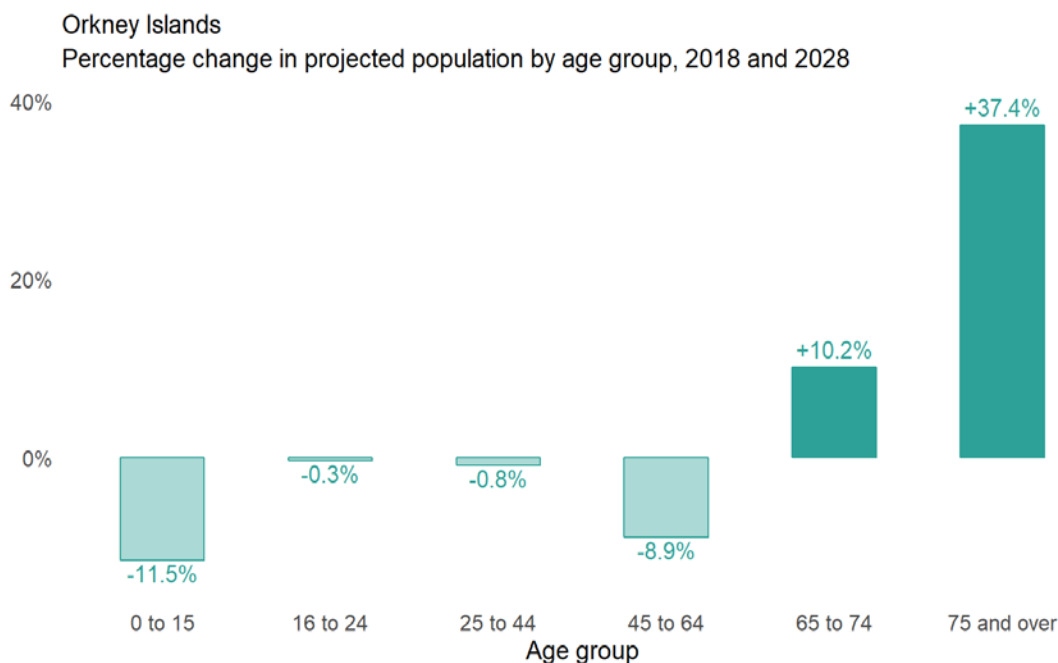
An improving outcomes paper was presented to the Orkney IJB in October 2021 which highlighted the financial challenge faced by public services which is likely to be greater than ever as the nation emerges from the pandemic. For health and social care, managing limited budgets in the context of ageing demographics 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. It was agreed that an approach to service transformation presents the greatest opportunity to find longer term financial sustainability.

13. 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 have 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.

14. Management of Risks

Within the financial year, the Orkney IJB approved the revised Risk Register, which 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 to a large extent 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 health and social care delivery partnership).

The review of the Risk Register saw a reduction in the number of risks, from 20 to 8 risks overall, ranging from medium to very high. The report presented in December 2021 also gave explanations to all amendments and updates to previous risks identified.

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

Risk	Mitigating Actions
<p>IJB Financial Sustainability Services commissioned will not be able to meet all of the statutory services for those with assessed need. Unable to deliver in full the existing savings and achieve new savings to deliver a balanced budget.</p>	<p>Financial information is reported regularly to the Orkney IJB, NHS Finance and Performance Committee, the now disestablished Orkney Health and Care Committee, and the Council's Policy and Resources Committee which highlights pressure areas. Review and revise the Medium Term Financial Plan. Orkney IJB budget planning processes and scrutiny. Some contingency arrangements in place in regard to operational service pressures within partner bodies.</p>
<p>Recruitment and Retention of Workforce Insufficient workforce planning actions underway to shape future workforce through redeployment and training etc. Capacity issues make it difficult for the service to realise its priorities. Failure to recruit and retain appropriately skilled workforce.</p>	<p>Service Workforce Plan is now approved which complements the NHS Orkney and Orkney Islands Council Workforce Plans. This anticipates, as far as possible, the areas of greatest risk in shortfall of employees. Consideration of enhanced approach to redeployment and retraining as appropriate. Careful consideration to the release of staff by voluntary means to ensure required skills are retained. More proactive approach to recruitment, succession planning and attraction of people to live and work in Orkney and 'Grow our own' initiatives.</p>
<p>COVID-19 Vulnerable service users/patients and staff may be affected by the effects of the Coronavirus, particularly residents in our care homes. Implications of COVID-19 means that work on the strategic priorities has been postponed. There is a significant financial implication to the Orkney IJB if the costs of the response to the</p>	<p>Well communicated instruction for health and social care staff appropriate to professional role by Public Health. All national and local measures including social distancing, frequent handwashing, appropriate PPE, staff and service user/resident screening, self-isolation. Additional staff recruited to vaccination programme. Vaccination programmes starting with those most at risk.</p>

Risk	Mitigating Actions
<p>crisis are not fully funded. There may be longer term implications that may have financial impact. The need to provide the largest scale vaccination programme within tight timescales and the need for the programme to potentially be delivered over the next 9 months has the potential to overwhelm staff.</p>	<p>Close partnership working with local resilience partnership and Community Planning partners.</p> <p>Conformance with all performance monitoring by Scottish Government and Care Inspectorate.</p> <p>Detailed financial planning and monitoring on COVID-19 is in place and costs are considered by the Scottish Government as part of the Orkney Mobilisation Plan response.</p> <p>Risk assessment is an integral part of the assessment process.</p> <p>Rolling programme of refresher training concerning statutory compliance for all frontline managers.</p>
<p>Public Protection</p> <p>Findings of Children’s and Adult’s Services Inspection and Review Reports 2021.</p> <p>Potential of Adults Inspection and Review in next 18 months.</p>	<p>Improvement Plans for Children’s and Adult’s Services in place. Children’s Services Progress review by Care Inspectorate, August 2021, indicates we are heading in the right direction.</p> <p>Chief Officers Group (COG) Action Planning arrangements to address organisational public protection working arrangements and resource considerations.</p>
<p>Analogue to Digital Switchover</p> <p>Vulnerable adults left without access to Telecare as a means of support due to cost implications of an accelerated switch from analogue to digital phone lines.</p>	<p>There is funding available for implementation for £71,400 from Scottish Government TEC to test implementation.</p> <p>Ongoing support work with national groups such as connecting Scotland has been undertaken through services.</p> <p>Programme Board to ensure a functional central system capable of handling digital technology is implemented in timeframe.</p>
<p>Budget Setting</p> <p>Budgets are not set and approved prior to start of financial year and Orkney IJB will be operating without a formally agreed budget.</p>	<p>Ongoing discussions with partner bodies on more joined up working.</p> <p>Updated Integration Scheme to agree on how future budgets will be allocated.</p>
<p>Isles Primary Care Model</p> <p>There is a risk that the Orkney IJB will fail to deliver and meet the population needs of the Isles.</p>	<p>Urgent initial discussion around potential review of Model of Care to be undertaken.</p> <p>Decision to make around whether introduction of NHS24 for isles communities is required.</p> <p>Review of Emergency Response responsibility with Scottish Ambulance Service.</p> <p>Visit to Island Communities to discuss their needs.</p>

Further information on the risk register can be found within the link at section 16. As the Strategic Plan 2022 – 2025 is now approved, the Risk Register will be reviewed to incorporate the risks of outcomes not being achieved.

15. 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 number of older people requiring increased health and social care services, 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 on in a hospital setting for the shortest period of time as it is recognised that recovery is best in a homely setting.

Orkney's demographic profile and geography presents some of the biggest challenges in Scotland. As a very small area, with a hospital that cannot be further reduced in size,

16. Further Information

Further information in relation to the Orkney IJB can be found at:

<https://www.orkney.gov.uk/Service-Directory/S/integration-joint-board.htm>

The section that is dedicated to the Orkney IJB Finance can be found at:

<https://www.orkney.gov.uk/Service-Directory/S/ijb-finance.htm>

Further information regarding the Annual Accounts can be obtained from:

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

17. 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.

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

The Orkney IJB faces many challenges moving forward in ensuring that we meet our strategic priorities 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 our 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

Isobel Grieve
Chair of Orkney IJB

Pat Robinson
Chief Finance Officer

Statement of Responsibilities

The Integration Joint Board's Responsibilities

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- To approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the Performance and Audit Committee on 28 September 2022.

Signed on behalf of the Integration Joint Board.

Isobel Grieve

Chair of Orkney IJB

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.

I certify that the financial statements give a true and fair view of the financial position of the Integration Joint Board as at 31 March 2022 and the transactions for the year then ended.

Pat Robinson

Chief Finance Officer

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 2021, the role of Chair of Orkney IJB alternated to NHS Orkney, following the two-year period of Chair by a Councillor of Orkney Islands Council.

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 2021/22.

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 Interim Chief Officer was employed by Orkney Islands Council and seconded to the Orkney IJB. 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 Integration Joint Board Order permits otherwise if necessary.

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

Name	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration 2021/22 £	Total Remuneration 2020/21 £
Gillian Morrison, Interim Chief Officer*	37,170	0	37,170	52,235
Stephen Brown, Chief Officer**	92,385	0	92,385	0
Pat Robinson, Chief Finance Officer	60,060	0	60,060	57,113

* The Interim Chief Officer was in post from 31 August 2020 until 31 July 2021. (FYE £98,140).

** The Chief Officer commenced post on 24 May 2021. (FYE £106,949).

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 officers' pension benefits. The table also shows the total value of accrued pension benefits, which may include benefits earned in other employment positions and from each officer's own contributions.

Name	In Year Pension Contributions		Accrued Pension Benefit		
	For Year to 31/03/21	For Year to 31/03/22		Difference from 31/03/21	As at 31/03/22
Gillian Morrison, Interim Chief Officer	£8,880	£6,155	Pension	£744	£1,810
			Lump Sum	£0	£0
Stephen Brown, Chief Officer	£0	£19,074	Pension	£1,960	£1,960
			Lump Sum	£0	£0
Pat Robinson, Chief Finance Officer	£9,709	£10,125	Pension	£1,621	£15,470
			Lump Sum	£433	£9,632

Disclosure by Pay Bands

Pay band information is not separately provided as all relevant employee 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.

Exit Package Cost Band	Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2020/21	2021/22	2020/21	2021/22
			£000	£000
£40,000 - £59,999	1	0	52	0
Total	1	0	52	0

Stephen Brown
Chief Officer

Isobel Grieve
Chair of Orkney IJB

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

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

The Orkney IJB's Code of Conduct which was reviewed and approved by Orkney IJB in April 2022 and subject to approval by Scottish Government, is applicable to all Members of the Orkney IJB and requires them to exercise leadership in establishing specific operating principles and values, ensuring they are communicated and understood throughout the organisation. This is circulated on an annual basis to all Orkney IJB members with a Declaration of Interest form to be completed if there are any changes applicable. A list of the Orkney IJB Members can be found at [Orkney IJB Members](#).

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

The Standards Officer was reappointed until September 2023 and is responsible for advising and guiding members on issues of conduct and propriety. They also act as the Liaison Officer between the Orkney IJB and the Standards Commission.

The Chief Finance Officer post is in line with the legislative requirements to ensure accountability for the proper administration of the Board's financial affairs.

Governance Principle B – Ensure openness and comprehensive stakeholder engagement.

The Orkney IJB's Standing Orders, which were approved in March 2016, ensure that board meetings are open to the public and only where there is a requirement to do so will an item be considered in private. However, due to the COVID-19 pandemic all meetings were held virtually via Microsoft Teams and recorded until October 2021. After this date there was live audio-casting of meetings. These audio recordings can be available for a period of 12 months after the meeting. The Standing Orders have been updated which has been sent to Scottish Government for comment. The review of the Integration Scheme has been approved by the Scottish Government. The Orkney IJB Chair is responsible for giving public notice of the time and place of each meeting of the Orkney IJB by posting on the website not less than three clear days before the date of each meeting. Further information on the agenda, reports and minutes can here: <https://www.orkney.gov.uk/council-meetings.htm>.

The Community and Engagement Strategy was updated and approved on 21 April 2021. This is to ensure the voices of the most vulnerable people are heard in Orkney, and that the proactive involvement of service users, their families, carers, staff and partners is recognised as a key priority in informing and guiding the work that the Orkney IJB will commission from the Parties.

In recognition of the importance of the work done by third sector colleagues and to strengthen links, the third sector has regular engagement with the Orkney Health and Social Care Partnership's Senior Management Team, as well as being involved in smaller workstreams i.e. draft Strategic Plan writing group.

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

The Orkney IJB's Strategic Plan illustrates how the Orkney IJB plans and commissions future services. The Strategic Plan 2022 – 2025 was approved in June 2022.

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

A Medium Term Financial Plan, which was approved in June 2022, provides an overview of the key messages in relation to the Orkney IJB's financial planning for 2022 – 2025 and links with the Strategic Plan. It also provides an indication of the challenges and risks that may impact upon the finances of the Orkney IJB in the future as we strive to meet the health and social care needs of the people of Orkney.

There was regular reporting in regard to the costs of COVID-19 which was submitted to the Scottish Government via Health Boards.

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

The Strategic Planning Group which was reconvened throughout this year will support and inform the development process for the Partnership's Strategic Plan.

This group has the responsibility for the annual review of the strategic planning process, including responding to Scottish Government and other stakeholder feedback.

The Joint Clinical and Care Governance Committee meets at least quarterly and fulfils the function of providing the Orkney IJB, 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 have delegated to it.

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

There have been various Orkney IJB development sessions delivered for members as follows:

Audit Scotland Presentation	06/07/21
Improving Outcomes	24/08/21
National Care Service Consultation	28/09/21
Update of Care at Home, Strategic Plan, Financial Challenges	13/12/21
Understanding Set Aside	01/02/22

Briefing notes are routinely prepared and distributed to provide Members with up-to-date information on key strategic and operational issues such as National Care Service updates, Chair and Vice Chair updates from national meetings.

Some of the issues are outwith the control of the Orkney IJB such as Information Technology, which can inhibit co-location working.

The Chief Officer has regular meetings with the interim Chief Executives of both partner organisations, and this provides an opportunity to raise any issues.

The Chief Officer represents the Orkney IJB on a variety of different groups, including the Chief Officers’ network and associated sub groups, is the Chair of both the Alcohol and Drugs Partnership and the Community Justice Partnership.

The Chair and Vice Chair of the Orkney IJB are part of the Scotland wide network of Chairs and Vice Chairs of IJBs’ Executive Group and on the Ministerial Strategy Group.

The Chief Finance Officer is part of the national Chief Finance Officer group, and inputs to national issues when required.

After a successful recruitment campaign, a permanent Chief Officer, Stephen Brown, commenced in post on 24 May 2021.

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

The Orkney IJB has a Risk Management Strategy and the management of risks are included within section 14 of the management commentary. It has been agreed that the Risk Register will be updated once the Strategic Plan has been approved.

The Chief Finance Officer is responsible for formally reporting on a quarterly basis to the Orkney IJB Performance and Audit Committee on the development and progress of

Risk Management and for ensuring that the Risk Management Strategy is implemented and evaluated effectively. The Risk Management Strategy was updated and approved in February 2021. The Risk Register was subsequently updated and approved in December 2021.

The Performance Framework uses various measures to show how well the services commissioned by the Orkney IJB are performing. Further information on performance can be found in section 8 of the management commentary.

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

The Orkney IJB Performance and Audit Committee, through its consideration of reports in relation to performance, internal and external auditors, monitors the effectiveness of internal control procedures.

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

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

Under normal circumstances, the Orkney IJB's business is conducted through a bimonthly cycle of board meetings that are held in public, unless exempt under statutory provision, with the Orkney IJB and Performance and Audit Committee meetings audio-cast live and recordings available thereafter for download from Orkney Islands Council's public website for a period of 12 months. One week prior to a committee meeting the agenda and associated reports are issued to all Board Members via email and/or hard copy and the public via Orkney Islands Council's website. There is a standard reporting format in place to ensure consistency of approach and consideration by Members to provide transparency in decision making. From April 2020 due to COVID-19 these meetings have been held virtually and recorded. At the end of the meeting the recording is uploaded online.

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

The Chief Internal Auditor reports directly to the Orkney IJB Performance and Audit Committee with the right of access to the Chief Finance Officer, the Chief Officer and/or the Chair of the Performance and Audit Committee on any matter. The annual programme of internal audit work is based on a strategic risk assessment and is approved by the Performance and Audit Committee.

The internal audit function for financial year 2021/22 was provided by Orkney Islands Council's Chief Internal Auditor as the Chief Internal Auditor of the Orkney IJB. This appointment is for the period 2021 to 2026.

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 Audit Committee (renamed the Performance and Audit Committee with effect from 22 March 2022) conducts its business in line with CIPFA's "Audit Committees: Practical Guidance for Local Authorities and Police" guidance.

The Audit Committee approved the Internal Audit Strategy and Plan for 2021/22 on 23 June 2021, which approved the following audit areas:

- Risk Management – Review of arrangements for Orkney IJB risk management and how this links to NHS Orkney and Orkney Islands Council.
- Information Governance and Data Sharing – Review of data handling procedures and data sharing agreements.

These internal audit reports were presented to the Audit Committee on 16 March 2022.

The overall conclusion of the risk management internal audit stated there is gained assurance that the Orkney IJB's controls in relation to risk management in the areas reviewed are generally well designed and implemented. There are clear processes for identifying and classifying risks, and the way in which risks are documented and monitored.

In respect of information governance and data sharing, the internal audit provides substantial assurance that the processes and procedures relating to Information Governance and Data Sharing are well controlled and managed.

Action Plan 2021/22

The risk management and information governance and data sharing audits identified six actions, which are being addressed as follows:

Risk	Management Action
Either excessive or insufficient frequency of risk monitoring occurs, resulting in either inefficient use of resource or risks not being identified in a timely fashion.	The Risk Management Strategy will be updated to remove inconsistencies to ensure that appropriate, timely review processes are implemented and confirm the approach to ensure risk approach, analysis and relevant mutual risks are shared appropriately with and by the Orkney IJB to provide for effective partnership working on risk.

Risk	Management Action
The resources expended to mitigate identified risks may be either inefficient (drawing too much resource) or ineffective (not sufficiently mitigating the risk) if they do not align to the agreed risk appetite/response.	Mitigating actions will be as SMART as possible, with clear statement of and alignment to the Orkney IJB's defined appetite.
The contact details of the Orkney IJB's Data Protection Officer should be more prominent on the partners respective websites.	The digital communications officers at each of the respective organisations will be contacted to update this information on the partners websites.
A service agreement should be put in place between the Orkney IJB and its Data Protection Officer.	A service agreement will be established between the Chief Officer and the Data Protection Officer.
The Orkney IJB should maintain a register of its data sharing agreements, memorandums of understanding, or any other relevant documents, together with their respective due dates of review.	This task will be carried out by the Secretary to Chief Officer within the Orkney Health and Social Care Partnership.

In regard to the action plan from the 2020/21 Annual Accounts the following have been addressed:

Risk	Management Action
The proceedings of the committees may be impaired if not operating under up to date and periodically reviewed structure and membership of groups. This could lead to issues around authorities and role/responsibilities.	A document has been produced by the Chief Officer illustrating when governance documents need to be reviewed as parts of matters arising log. The Orkney IJB Sub Committees were refreshed and approved in March 2022.
Actions may not be demonstrably addressed in a timely manner without a suitable monitoring system, resulting in the Orkney IJB not mitigating the associated risks in an efficient and effective manner.	For ongoing monitoring all actions are reviewed and updated within the Pentana system.
There is a risk that the Orkney IJB members do not perform their role effectively due to the lack of tailored knowledge of how the Orkney IJB operates. This could result in a lack of robust oversight and challenge of management's actions.	There are various development sessions which are tailored to enhance knowledge and understanding of the different services commissioned. There is also an attendance log to monitor members attendance which is shared with Chair, Vice Chair and Chief Officer on a regular basis.

Orkney Islands Council

There were two internal audits presented to the Audit Committee during the year for noting.

The first internal audit was in relation to implementing the requirements of the Carers (Scotland) Act 2016 which was presented on 23 June 2021. The audit provided adequate assurance around progress made in implementation. The report included six medium and five low priority recommendations within the action plan.

The second internal audit was in relation to procedures and controls relating to adoption allowances and kinship payments which was presented on 17 November 2021. The audit provided adequate assurance that these are well controlled and managed and included four medium priority actions.

NHS Orkney

Azets, who are the internal auditor for NHS Orkney, have stated that in their opinion NHS Orkney has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.

Chief Internal Auditor

On the basis of the audit work performed in 2021/22, the opinion from the Chief Internal Auditor is that the Orkney IJB has a framework of controls in place that provides adequate 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.

Conclusion and Opinion on Assurance

The work undertaken in 2022/23 considered the risk management and information governance of the Orkney Integration Joint Board and the associated efficient and effective operation of related key controls. On the basis of the specific work performed, in our opinion the Orkney Integration Joint Board has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, related internal controls, effective and efficient achievement of objectives and the management of key risks.

Stephen Brown
Chief Officer

Isobel Grieve
Chair of Orkney IJB

Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual accounts of Orkney Integration Joint Board for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of Orkney Integration Joint Board as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is 6 years. I am independent of Orkney Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to Orkney Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Orkney Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on Orkney Integration Joint Board's current or future financial sustainability. However, I report on Orkney Integration Joint Board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Chief Finance Officer and the Performance and Audit Committee of Orkney Integration Joint Board for the financial statements

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

In preparing the financial statements, the Chief Finance Officer is responsible for assessing Orkney Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue Orkney Integration Joint Board's operations.

The Performance and Audit Committee of Orkney Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how Orkney Integration Joint Board is complying with that framework;
- identifying which laws and regulations are significant in the context of Orkney Integration Joint Board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Orkney Integration Joint Board's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on other requirements

Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Other information

The Chief Finance Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

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

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

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Gillian Woolman MA FCA CPFA
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Comprehensive Income and Expenditure Statement

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

2020/21				2021/22		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£000	£000	£000		£000	£000	£000
319	0	319	Corporate Services (note 2)	260	0	260
2,892	(314)	2,578	Support Services and Overheads	2,961	(324)	2,637
449	0	449	Alcohol and Drugs Partnership	415	0	415
495	(90)	405	Voluntary Sector by SLAS excluding commissioned services	552	(110)	442
5,874	(419)	5,455	Children and Families	6,215	(287)	5,928
5,288	(1)	5,287	Prescribing	5,255	(10)	5,245
10,803	(4,384)	6,419	Elderly Residential, Supported and Day Care	11,721	(4,044)	7,677
8,021	(2,359)	5,662	Disability	8,597	(2,332)	6,265
1,609	(214)	1,395	Mental Health	1,687	(212)	1,475
1,201	(172)	1,029	Other Community Care	1,231	(167)	1,064
682	(22)	660	Occupational Therapy	729	(53)	676
5,414	(1,058)	4,356	Care at Home	6,934	(1,758)	5,176
269	(266)	3	Criminal Justice	299	(296)	3
1,815	(19)	1,796	Community Nursing	1,888	(18)	1,870
13,727	(90)	13,637	Primary Care	12,408	(241)	12,167
977	0	977	Allied Health Professionals	1,021	0	1,021
285	(57)	228	Rehabilitation	274	(59)	215
1,114	3	1,117	Midwifery	1,020	(3)	1,017
8,572	0	8,572	Unscheduled Care	9,083	0	9,083
69,806	(9,462)	60,344	Cost of Services	72,550	(9,914)	62,636
0	(62,325)	(62,325)	Taxation and Non-Specific Grant Income (note 4)	0	(66,437)	(66,437)
69,806	(71,787)	(1,981)	(Surplus) or Deficit on Provision of Services	72,550	(76,351)	(3,801)
69,806	(71,787)	(1,981)	Total Comprehensive (Income) and Expenditure	72,550	(76,351)	(3,801)

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

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.

2021/22	General Fund Balance	Earmarked Reserves	Total Reserves
	£000	£000	£000
Balance at 1 April 2021	0	(2,323)	(2,323)
Other Comprehensive Income and Expenditure	0	(3,801)	(3,801)
Balance at 31 March 2022	0	(6,124)	(6,124)

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.

2020/21		Notes	2021/22
£000			£000
2,323	Short term Debtors	5	6,530
2,323	Current Assets		6,530
0	Short term Creditors	6	406
(0)	Current Liabilities		406
2,323	Net Assets		6,124
2,323	Earmarked Reserves		6,124
2,323	Total Reserves		6,124

The unaudited accounts were issued on 29 June 2022 and the audited Annual Accounts will be authorised for issue on 28 September 2022.

Pat Robinson
Chief Finance Officer

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2022 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 2021/22.

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 and Chief Finance Officer's absence entitlement as at 31 March 2022 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 Interim Chief Officer participated in the Local Government Pension Scheme which is managed by Orkney Islands Council who makes the relevant contributions. The Chief Officer participates in the NHS Pension Scheme which is managed by NHS Orkney who makes the relevant contributions. The Chief Finance Officer participates in the Local Government Pension Scheme which is managed by Orkney Islands Council who makes the relevant contributions.

Funding

The Orkney IJB is primarily funded through funding contributions from the statutory funding partners, 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 2022 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 2021/22.

Note 2 Corporate Services

The corporate services costs are as follows:

2020/21		2021/22
£000		£000
284	Staff Costs	226
8	Other Costs	6
27	Audit Fees	28
319	Total	260

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 2021/22 Annual Accounts.

Note 4 Taxation and Non-Specific Grant Income

2020/21		2021/22
£000		£000
20,452	Funding contribution from Orkney Islands Council	22,337
41,873	Funding contribution from NHS Orkney	44,100
62,325	Taxation and Non-specific Grant Income	66,437

The funding from NHS Orkney shown above includes £9,083k 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

2020/21		2021/22
£000		£000
2,323	NHS Orkney	6,084
0	Orkney Islands Council	446
2,323	Total	6,530

Note 6 Creditors

2020/21		2021/22
£000		£000
0	NHS Orkney	0
0	Orkney Islands Council	406
0	Total	406

Note 7 External Audit Costs

Audit Scotland is the appointed external auditor for the 2021/22 audit. The fee is £27,960 (£27,330 2021/22). 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 and balances 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 the majority 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.

Transactions with NHS Orkney

2020/21		2021/22
£000		£000
39,892	Expenditure on Services	40,745
39,892	Net Transactions with NHS Orkney	40,745

Transactions with Orkney Islands Council

2020/21		2021/22
£000		£000
20,452	Expenditure on Services	21,891
20,452	Net Transactions with Orkney Islands Council	21,891

The funding received from each party can be found at note 4. The expenditure incurred is less than the funding received which represents the Orkney IJB's reserves held within both organisations.

Note 9 Events after the Balance Sheet date

The audited Annual Accounts reflect events after 31 March 2022 up to the date the audited accounts were authorised for issue. Where events taking place before this date provided information about conditions existing as at 31 March 2022, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. For 2021/22, no such adjustments have been required.

Note 10 Reserves

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

- a working balance to help cushion the impact of uneven cash flows.
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves; and
- 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.

	2020/21					2021/22		
As at 01/04/20	Funds In	Funds Out	Balance 31/03/21		As At 01/04/21	Funds In	Funds Out	Balance 31/03/22
£000	£000	£000	£000			£000	£000	£000
247	948	(351)	844	Primary Care	844	805	(559)	1,090
0	671	0	671	COVID-19	671	5,579	(3,887)	2,363
0	0	0	0	Hospital At Home	0	381	(63)	318
0	407	0	407	Integration Support/System Pressures	407	362	(407)	362
95	71	0	166	Alcohol and Drugs Prevention	166	214	(16)	364
0	84	0	84	Winter Plan	84	0	(84)	0
0	81	0	81	Community Living Change	81	0	(81)	0
0	135	(81)	54	Mental Health	54	1,228	(390)	892
0	0	0	0	Children and Family Services	0	209	(15)	194
0	0	0	0	Care At Home	0	271	0	271
0	0	0	0	Interim Care	0	175	0	175
0	906	(890)	16	Other*	16	100	(21)	95
342	3,303	(1,322)	2,323	Total Earmarked Reserves	2,323	9,324	(5,523)	6,124

* This is in relation to smaller funding streams that gets allocated to cost centre once costs are known.

At March 2022, the IJB is reporting a number of “earmarked” reserves that have significantly increased in size. This partly reflects revised Scottish Government policies that now allow IJBs to retain funds in regard to specific funds.

The Scottish Government has agreed that any unused Scottish Government COVID-19 funds held by IJBs at the year end should be retained for future use in Orkney IJB reserves. For Orkney IJB this is £2.363 million. It is expected that there will be no further funding for COVID-19 costs within the next financial year.