

**Stephen Brown (Chief Officer)**

Orkney Health and Social Care Partnership

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Agenda Item: 11

## **Performance and Audit Committee**

**Date of Meeting: 28 June 2023.**

**Subject: Draft Annual Accounts.**

### **1. Purpose**

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

### **2. Recommendations**

The Performance and Audit Committee is invited to note:

2.1. That, as Integration Joint Boards (IJBs) are specified in legislation as “section 106” bodies in terms of the Local Government (Scotland) Act 1973, consequently they are expected to prepare their financial statements in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.

2.2. The Management Commentary, comprising pages 3 to 26 of the draft 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 2023.

2.3. The draft Annual Governance Statement, comprising pages 31 to 35 of the draft Annual Accounts, attached as Appendix 1 to this report.

**It is recommended:**

2.4. That the Performance and Audit Committee scrutinise and thereafter approves the draft Annual Governance Statement and the draft Annual Accounts for financial year 2022/23, attached as Appendix 1 to this report.

### **3. Background**

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

3.2. The accounts are then subject to an external audit verification process which concludes with an independent opinion being expressed on the accuracy and/or

quality of the financial statements themselves. The statement of accounts, together with an appropriate audit certificate, must be published on its website no later than 31 October each year.

3.3. The Chief Finance Officer is responsible for the preparation of the Orkney 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 2023.

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

## 4. Contribution to quality

Please indicate which of the Orkney Community Plan 2023 to 2030 values are supported in this report adding Yes or No to the relevant area(s):

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

## 5. Resource and financial implications

5.1. There are no resource and financial implications arising from this report.

## 6. Risk and equality implications

6.1. 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.

## 7. Direction required

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

NHS Orkney.	No.
Orkney Islands Council.	No.

## 8. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

## 9. Author and contact information

9.1. Peter Thomas (Chief Finance Officer), Integration Joint Board. Email: [peter.thomas@orkney.gov.uk](mailto:peter.thomas@orkney.gov.uk), telephone: 01856873535 extension 2611.

## 10. Supporting documents

10.1. Appendix 1: Draft Annual Accounts.



# Annual Accounts

**Orkney Integration Joint Board**

**2022/23**



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# Management Commentary

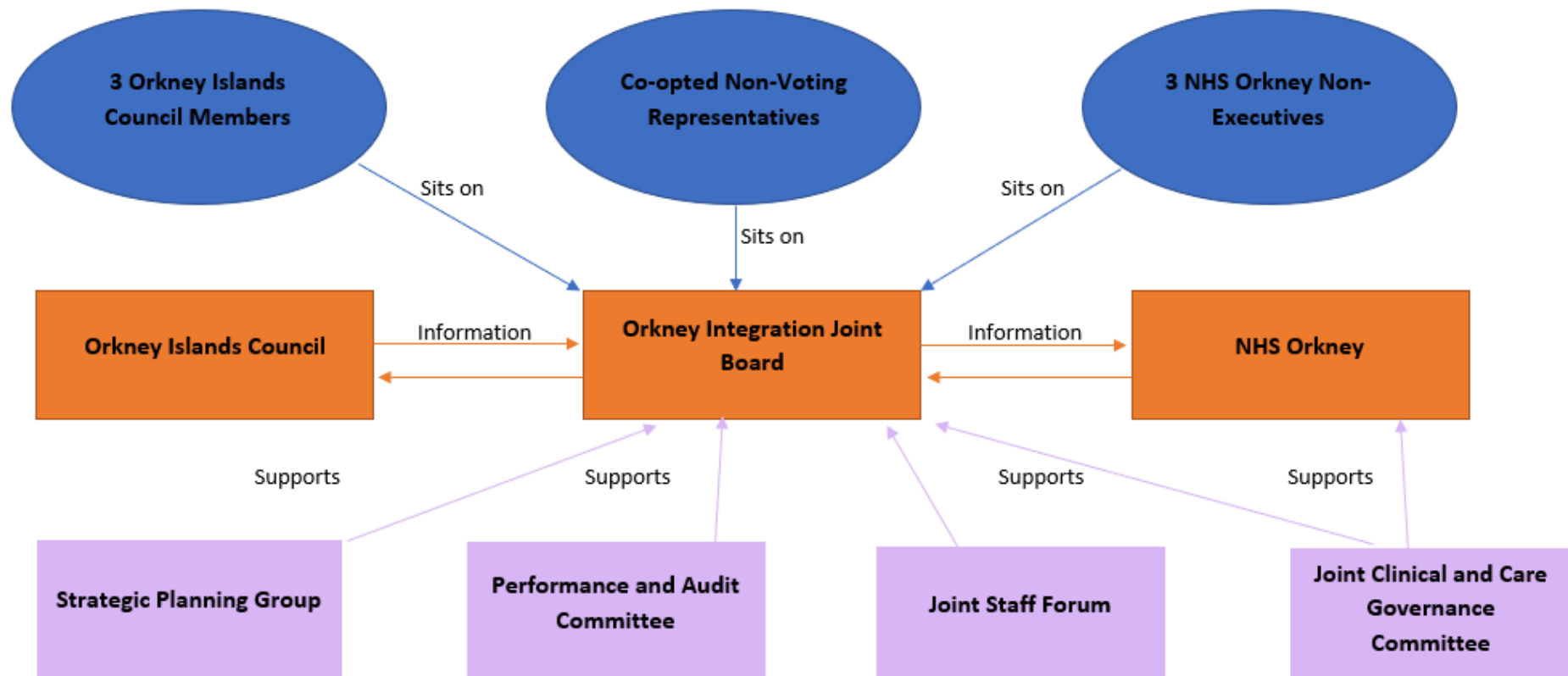
## Orkney Integration Joint Board Members

<b>Voting Members.</b>	
Isobel Grieve	NHS Orkney (Chair until 13 May 2023, Vice Chair from 14 May 2023)
David Campbell	NHS Orkney
Joanna Kenny	NHS Orkney (from 01/02/22 to 30/04/22)
Ceri Dare	NHS Orkney (from 01/05/22 to 15/12/2022)
Meghan McEwen	NHS Orkney (16/12/2022)
Councillor Rachael King	Orkney Islands Council (Vice Chair until 13/05/23, Chair from 14/05/23)
Councillor John Richards	Orkney Islands Council (until 05/05/22)
Councillor Stephen Sankey	Orkney Islands Council (until 05/05/22)
Councillor Ivan Taylor	Orkney Islands Council (from 16/05/22)
Councillor Jean Stevenson	Orkney Islands Council (from 16/05/22)
<b>Non-Voting Members.</b>	
Stephen Brown	Chief Officer
Pat Robinson.	Chief Finance Officer (until 29/09/22)
Peter Thomas	Chief Finance Officer (from 17/4/23)
Jim Lyon	Interim Chief Social Work Officer (until 20/03/23)
Sharon-Ann Paget	Interim Chief Social Work Officer (from 20/03/23)
Dr Kirsty Cole.	Registered Medical Practitioner who is a GP
Dr Louise Wilson.	Registered Medical Practitioner not a GP
Mary Moore	Registered Nurse (from 01/04/22 to 21/02/23)
Samantha Thomas.	Registered Nurse (from 22/02/23)
<b>Non-Voting Members (Stakeholder Members).</b>	
Danny Oliver	Staff Representative, Orkney Islands Council
Martha Gill	Staff Representative, NHS Orkney (appointed 01/04/22 until 31/01/2023)
Ryan McLaughlin	Staff Representative, NHS Orkney (appointed 22/02/23)
Gail Anderson	Third Sector Representative (until 31/10/2023)
Morven Brooks.	Third Sector Representative (from 30/11/2022).
Joyce Harcus	Unpaid Carer Representative (until 29/11/2022)
Jim Love.	Unpaid Carer Representative (from 30/11/2022).
Janice Annal.	Service User Representative

<b>Additional Non-Voting Members (Locally Agreed in Addition to Requirements).</b>	
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Frances Troup	Housing Representative
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## Structure and Management of the Orkney Integration Joint Board



### Notes:

NB 1) OIC and Azets provided the internal audit services to the Orkney IJB for financial year 2022/23.

NB 2) OIC provided Chief Internal Audit services in 2022/23 which commenced on 01/04/21 for a 5-year appointment.

### External Scrutiny of Orkney IJB

- Care Inspectorate
- Healthcare Improvement Scotland
- External Auditors - KPMG
- 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 2022/23.

The Management Commentary outlines key messages regarding the objectives and strategy of the Orkney IJB, its financial and performance reporting for the 2022/23 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, was updated and considered by the Orkney IJB in June 2022.

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

The Orkney IJB commissions community health services, 'set-aside' services and social care from the Parties, for the population of the Orkney Islands, which was 22,500 on 2 February 2023, which was an increase of 100 compared to the previous year. This is an increase of 1,080 (5%) from 21,420 in 2011.

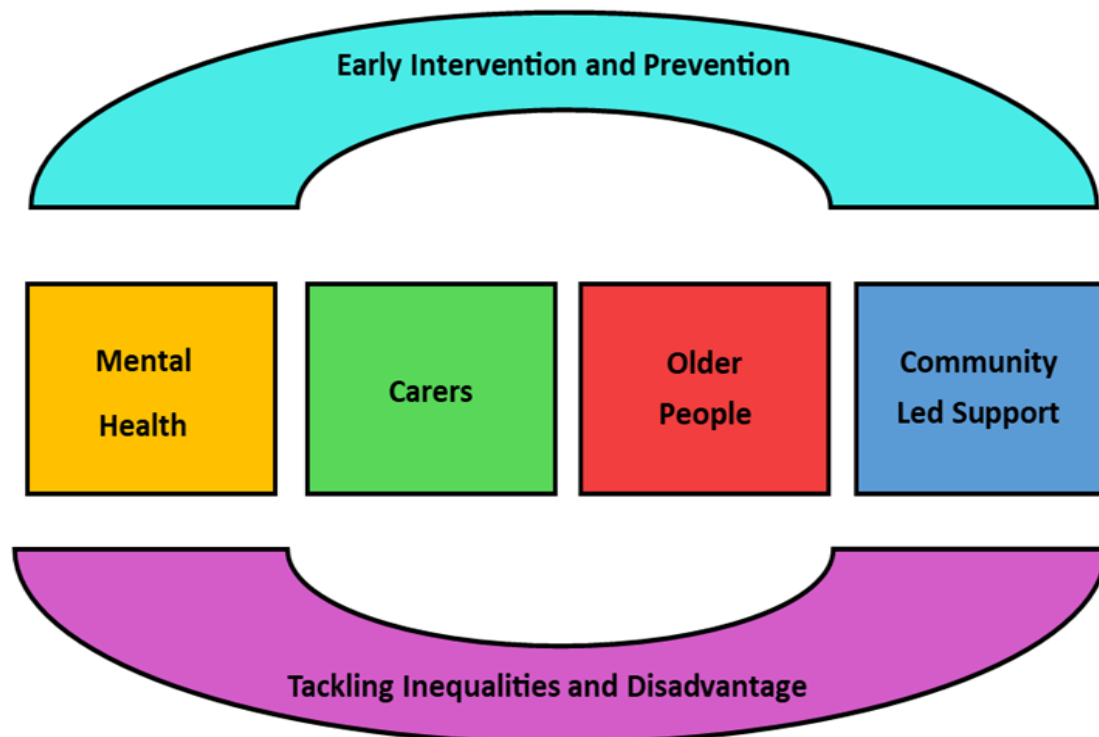
## **3. Strategic Plan**

The Orkney IJB adopted its Strategic Plan for the 3-year period between 2022 – 2025 on 29 June 2022.

The draft Plan was developed by a Strategic Writers' Group, following direction from the Strategic Planning Group, and included representation from the third sector.

Four priorities, with a further two overarching priorities, were identified through a number of consultations, an island wellbeing survey and a health and social care Joint Strategic Needs Assessment.

The four priorities focused on mental health, carers, older people and community led support. The two overarching priorities are early intervention and prevention and tackling inequalities and disadvantages, that impact on the other four.



More detailed outcomes and the actions required to achieve the ambitions of the strategic plan are contained within the Action Plan that was developed following the Strategic Plan. The Strategic Plan and Action Plan sets SMART objectives to accomplish and monitor progress towards meeting each of the objectives.

The Strategic Plan can be accessed [here](#).

The first quarterly performance report following the adoption of the Strategic Plan was presented to the Performance and Audit Committee on 6 July 2022 which allowed members to scrutinise performance data within the Orkney Health and Social Care Partnership for the reporting period 1 April 2021 to 31 March 2022.

Following a Development Session in August 2022 where Performance Monitoring was discussed a revised Performance Management Framework and quarterly Performance Monitoring report was presented to the Performance and Audit Committee in December 2023 taking into consideration comments from Members.

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.

The Orkney IJB JSNA can be accessed from the following link. To follow

The Orkney IJB Annual Performance Report for 2022/23 can be accessed [here](#).

#### **4. Operational Review**

Throughout the 2022/23 financial year, there continued to be various staffing challenges and capacity levels, resulting in senior managers needing to focus their time more on ensuring safe operational delivery rather than strategic planning. However, despite this, strategic planning progress continued to be made, including:

- A contractor has been appointed to build the 40 bed residential care facility in Kirkwall and the build is now well underway. Completion of the care facility is expected in July 2024 and the site being operational from the Autumn of 2024.
- During 2022/23 we commissioned services from a number of Third Sector partners to assist us in progressing our early intervention agenda.
- We successfully bid for a range of external funding opportunities to enhance our local service provision and to allow us to test innovative ideas, such as using the Whole Family Wellbeing Fund to expand the Family Support Team.
- All vaccination services have successfully transferred from GP practices to the Primary Care Vaccination Service.
- 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. In August 2021, the Care Inspectorate published the Progress Review following a joint inspection of services for children and young people in need of care and protection in Orkney. In early March 2022, the Care Inspectorate began to undertake file reading, interviews and focus groups as part of the second Progress Review, with Inspectors in Orkney during the week of 21 March 2022 to meet with children, young people, and families to hear first-hand accounts of their experiences of children's services. The Second Progress review was published in May 2022 and scrutinised by the IJB at its meeting held on 29 June 2022. The Care Inspectorate's key findings were that:
  - Leaders were working hard to address the findings of the full inspection and the first progress review.
  - Membership of key groups driving improvements had been refreshed and additional capacity and resources had been identified to support change.
  - Young people's views were beginning to influence strategic developments.
  - Practitioners were similarly committed to improving their own practice and outcomes for the children and families with whom they work.
  - There was compelling evidence that what the Partnership has accomplished to date is resulting in increased safety for children and there are early signs of increasing confidence from families.
  - It was noted that the Care Inspectorate is not recommending the need for a further Progress Review and has asked for a further Position Statement to be submitted in spring 2023.
- The Child Poverty Strategy 2022 to 2026, insofar as it applies to the Orkney IJB, was approved by the Board at its meeting held on 29 June 2022. This document was drafted by the Child Poverty Task Force for the coherent planning,

monitoring, reporting and scrutiny of partnership activity to combat child poverty from 2022/23 onwards.

- The lifting of lockdown restrictions has given the Orkney IJB the opportunity to refresh its approach to Community Led Support (CLS). The CLS Implementation Plan 2022/23 was designed to provide detail on how CLS would be approached over the coming year, as well as complement the nascent Strategic Plan 2022 – 2025. The refreshed implementation plan was structured around:
  - Connect, Co-produce, and Collaborate.
  - Evolution and Flexibility.
  - Own Your Local Programme.
  - Lead and Communicate.
  - Expanding the Innovation Team and Activity.
  - Evaluation and Measurement.
- The Integrated Workforce Plan for 2022 to 2025 was approved by both the IJB and NHS Orkney.
- During the 2022/23 financial year the IJB also approved a salary increase for the Care at Home Assistants in recognition of the increasing complexity of the role and to ensure that a career in care remains financially competitive with the leisure and retail sectors on the island. Orkney College continues to deliver a six-week Introduction to a Career in Care course. The subscription rates continue to be high and approximately 60% of students who undertake the course have successfully secured employment in the care sector across statutory and third sector organisations. Whilst there are still significant vacancies across the care sector, these initiative have assisted in bolstering the workforce and helping to minimise the requirement for agency staff.
- Despite the recruitment challenges in social care, and the continuing COVID-19 outbreaks in the three Care Homes, the demands through the winter period were successfully managed via the whole system.
- The Distress Brief Interventions service, commissioned via Penumbra and Orkney Blide Trust, is now fully operational and has begun to support a number of individuals struggling with poor mental health. The demand for mental health services continues to grow, however, and there has been increased usage of the mental health transfer bed. Over the year, 32 individuals have required inpatient services and have spent time in the transfer bed awaiting a bed in a mainland inpatient ward. The pressures on all mental health inpatient resources across Scotland has led to Orkney patients spending longer periods of time in the transfer bed. The result of this has meant that the Community Mental Health Nursing team has been particularly pressurised.
- A hugely successful recruitment campaign around the Child and Adolescent Mental Health Service, has witnessed the recruitment of almost all of the newly created posts, utilising Scottish Government funding, with the team growing from two to nine members, and further posts in the process of being recruited to.
- There has been the successful appointment to the post of Consultant Psychiatrist for Adults.
- A strategic partnership with the Open University has been established to create a Social Work sponsorship scheme. This is designed to support individuals with first degrees in relevant disciplines, and appropriate experience, to complete their social work qualification. The first two individuals have begun their course, and

both will be qualified within the next 18-24 months. The scheme will be progressed via cohorts over the next few years and is aimed at stabilising the workforce, improving the continuity of care and reducing the reliance on agency staff.

- In regard to governance arrangements there was recognition that some of the documents needed to be refreshed which included an updated Code of Conduct, an Induction Pack for IJB Members, a new Strategic Plan, an updated Medium Term Financial Plan, Community Led Support Implementation Plan, Child Poverty Strategy, a refreshed Freedom of Information and Publication Scheme, Integrated Health and Social Care Workforce Plan.

### **Created and Future Workstreams.**

- For health and social care, managing limited budgets in the context of ageing demographics, increased levels of need, and increasing population will be hugely challenging. It will not be sufficient to simply consider year on year budget allocations and, instead, the Orkney IJB will need to plan for transformation that can bring longer-term safe and sustainable services for the people of Orkney. The Orkney IJB agreed that an approach to service transformation presents the greatest opportunity to find longer-term financial sustainability. There was also agreement to the following four 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.

## **5. National Care Service**

Following the independent review of adult social care and the subsequent introduction of draft legislation for a National Care Service, the Orkney IJB, alongside partners Orkney Islands Council, NHS Orkney and Voluntary Action Orkney, co-ordinated individual agency responses and a joint response. Whilst there is much to be welcomed within the proposed legislation, there remain concerns about what the impact of a new, and additional, national public body will be on local delivery of services across the Orkney Islands.

A programme of meetings is scheduled, between 20 June and 29 August 2023, inviting people across Scotland to have a say on how a new National Care Service should work. The First Minister, Humza Yousaf, is committed to engaging with trade unions and local government to seek “compromise” and would return in the autumn with a revised financial memorandum. Comments from the public, care providers, trade unions and the third sector during the Bill scrutiny process will help inform future stages of the Bill as it progresses through the Parliamentary process.

## **6. 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 Change Duties report for 2021 was approved at the Orkney IJB on 30 November 2022.

## **7. 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 updated Performance Management Framework, which was presented to the approved at the December 2022 meeting of the Orkney IJB Performance and Audit Committee, 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.

## 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	Scotland 2021/22	Orkney 2021/22
Adult Health	Percentage of adults able to look after their health very well or quite well	93%	95%	93%	95%	91%	93%
Independence	Percentage of adults supported at home who agreed that they are supported to live as independently as possible	81%	100%	81%	98%	79%	90%
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%	71%	61%
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%	66%	57%
Adult Support	Total percentage of adults receiving any care or support who rated it as excellent or good	80%	95%	80%	90%	75%	91%
GP Care	Percentage of people with positive experience of the care provided by their GP practice	83%	94%	79%	94%	67%	88%

Indicator	Description	Scotland 2017/18	Orkney 2017/18	Scotland 2019/20	Orkney 2019/20	Scotland 2021/22	Orkney 2021/22
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%	78%	81%
Carers' Support	Total combined percentage of carers who feel supported to continue in their caring role	37%	49%	34%	41%	30%	43%
Feeling Safe	Percentage of adults supported at home who agreed they felt safe	83%	97%	83%	99%	80%	85%

Within the 2021/22 survey Orkney performed well in seven of the nine indicators when compared to all other HSCPs throughout Scotland. In three instances, namely (1) the percentage of adults who responded that they either strongly agreed or agreed that they are supported to live as independently as possible, (2) the percentage of adults who rated their care or support as excellent or good and (3) the percentage of adults who rated the care provided by their GP practice as excellent or good, Orkney received the highest satisfaction percentages within Scotland. For two other indicators Orkney was placed within the top five performers.

Orkney performed poorly in two of nine indicators when compared to other HSCPs throughout Scotland, and was placed within the bottom five performers in these categories, these being (1) the percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided and (2) the percentage of adults supported at home who agreed that their health and social care services seemed to be well co-ordinated.

Although Orkney is ranked second in the second Carer's Support indicator, it should be recognised that only 43% of responders report that they feel well supported to continue within their caring role. This is now one of the main priorities within the Strategic Plan 2022 – 2025, which highlights what plans are being done to support unpaid carers to ensure they are accessing services and support when and as required.

## Local Indicators

Indicator.	Description.	Scotland 2019/20.	Orkney 2019/20.	Scotland 2020/21.	Orkney 2020/21.	Scotland 2021/22	Orkney 2021/22
Premature Mortality Rate.	Premature mortality rate (per 100,000 persons by calendar year).	426*.	319*.	457*.	308*.	466*.	290*.
Emergency Admissions.	Emergency admission rate (per 100,000 persons).	12,522.	10,002.	10,953.	9,675.	11656*.	10789*.
Emergency Bed Days.	Emergency bed day rate (per 100,000 population).	118,574.	88,776.	101,166.	73,459.	100,710*.	86,123*.
Readmissions.	Readmission to hospital within 28 days (per 1,000 population).	105.	67.	120.	76.	110*.	76*.
End of Life – Care Setting.	Proportion of last 6 months of life spent at home or in a community setting.	88%.	90%.	90%.	93%.	90%*.	93%*.
Falls Rate.	Falls rate per 1,000 population aged 65+.	23.	17.	22.	16.	23*.	15*.
Quality of Services – Care Inspectorate.	Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections.	82%.	74%.	83%.	76%.	76%.	71%.
Intensive Care Needs at Home.	Percentage of adults with intensive care needs receiving care at home.	63%*.	73%*.	63%*.	75.7%*.	65%*.	61%*.

Indicator.	Description.	Scotland 2019/20.	Orkney 2019/20.	Scotland 2020/21.	Orkney 2020/21.	Scotland 2021/22	Orkney 2021/22
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.	484.	368.	761.	470.
Emergency Admission Costs.	Percentage of health and care resources spent on hospital stays where the patient was admitted in an emergency.	24%.	20.	Not available.	Not available.	Not available.	Not available.
Note: * Values relate to the main calendar year rather than the financial year.							

## 8. Financial Management

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

Within the financial governance of the Orkney IJB, there are various policies which include Financial Regulations, Stakeholder Representatives' Expenses, Reserves Policy and a Medium Term Financial Plan, which support the governance process. These are reviewed on a timely basis and any changes are submitted to the Orkney IJB for approval.

## 9. Analysis of Financial Statements

One of the main objectives of the Annual Accounts is to provide information on the financial position and financial performance of the Orkney IJB. This is useful to a wide range of stakeholders to allow them to make and evaluate decisions about the allocation of resources.

The 2022/23 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 are anticipated to be utilised in financial year 2023/24.

**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, however the short-term debtors and creditors are in relation to the funds still due in respect of Audit Scotland's fees for the costs of planning, delivering and reporting on the annual audit. There is also 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.

## 10. 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.
NHS Orkney	27,661	(457)	27,204	27,204	0
NHS Orkney Set Aside	8,032	2,338	10,370	10,370	0
Orkney Islands Council	23,180	3,760	30,834	30,834	0
Total Allocation	58,873	5,641	68,408	68,408	0

The outturn position showed a break even position after additional funding was received by both partners and utilisation of £3,223,000 of reserves, see Note 10.

Throughout the 2022/23 financial year there were significant financial pressures highlighted within the Revenue Expenditure Monitoring reports as follows:

**Children and Families** – Social Work services have been experiencing high levels of vacancies and 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. Unfilled positions, combined with significant recruitment challenges, 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.

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 other options have to be sought for

provision of care. Unfortunately, due to the high demand there has been no ability to reduce the in-house provision and no significant investment within the last few years to meet the pressures within the service.

**Prescribing** – Prescribing can be a difficult budget to manage due to being demand led. The cost of medication continues to increase due to gaps in supplies of raw materials, spiralling manufacturing and freight costs, exacerbated by a weaker pound.

**Workforce** – There are increasing recruitment challenges, whereby it is becoming more difficult to recruit to posts, as there are national shortages of qualified staff. The effects of Brexit continue to impact upon the availability of home nurses and care workers nationally. Locally, there has also been feedback that due to shortages within the housing rental market, some successful candidates have had to decline positions within the partner organisations.

**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. The need to employ locum and high levels of absence through COVID-19 and challenges faced in recruiting to permanent medical posts has increased costs in relation to locums and agency staff. Significant effort has been given to recruitment with some progress made very recently in filling some long-standing medical vacancies on a permanent basis.

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

<b>Budget Reconciliation</b>	<b>£000</b>
Opening Budget	8,032
Pay and Other Uplifts	443
Medical Staffing and Locums	673
Urgent Unscheduled Care	175
Achieved Savings	(330)
Other Cost Pressures	1,377
<b>Revised Budget</b>	<b>10,370</b>

## 11. Financial Outlook

As per the Integration Scheme, the funding available to the Orkney IJB shall be dependent on the funding available to NHS Orkney and Orkney Islands Council and the corporate priorities of both. A budget report was approved by the Orkney IJB on 19 April 2023 to illustrate the funding allocations within which the Strategic Plan should be delivered.

The original baseline financial contributions from each of the Parties for 2023/24 were as follows:

	<b>NHS Orkney</b>	<b>NHS Orkney Set Aside</b>	<b>Orkney Islands Council</b>	<b>Orkney IJB</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Budget	26,860	7,953	26,460	<b>61,273</b>

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

The Orkney IJB holds a financial reserve, most of which will be earmarked for the Primary Care Improvement Fund, Winter Planning Fund, Action 15 and the Alcohol and Drugs Partnership Funds which are underspent but are needed in future financial years.

Originally 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 the 2022/23 financial year.

To date there has only been £259,400 identified on a recurring basis within services commissioned to Orkney Islands Council.

In regard to financial year 2023/24 and the acute pressure that services have been under to maintain and improve existing provision, together with increasing volume of service user care needs, no efficiency savings were requested by either funding partner in the 2023/24 budget.

Although no additional recurring savings target have been set against the NHS delegated service budgets for 2023/24, the Orkney IJB is expected to deliver, as a minimum, £2.4 million of the unachieved recurring savings for NHS Orkney commissioned services over the next 5 years commencing in 2023/24 on its delegated budgets.

An improving outcomes paper was presented to the Orkney IJB in October 2021 which highlighted the financial challenge faced by public services which have been greater than ever as the nation emerges from the pandemic.

In January 2023, a letter was received from the Scottish Government intending to claw back £1.0 million of COVID-19 reserves held within the Orkney IJB. The Orkney IJB has no remaining COVID-19 reserve being carried forward into future financial years.

There is no additional funding for COVID-19 anticipated for 2023/24 with the exception of Vaccinations, Personal Protective Equipment and Test and Protect. Any ongoing COVID-19 costs outwith the areas mentioned will need to be managed within baseline budgets.

For health and social care, managing limited budgets in the context of ageing demographics, providing care at home in a rural location and increased levels of need, will be hugely challenging. It will not be sufficient to simply consider year on year budget

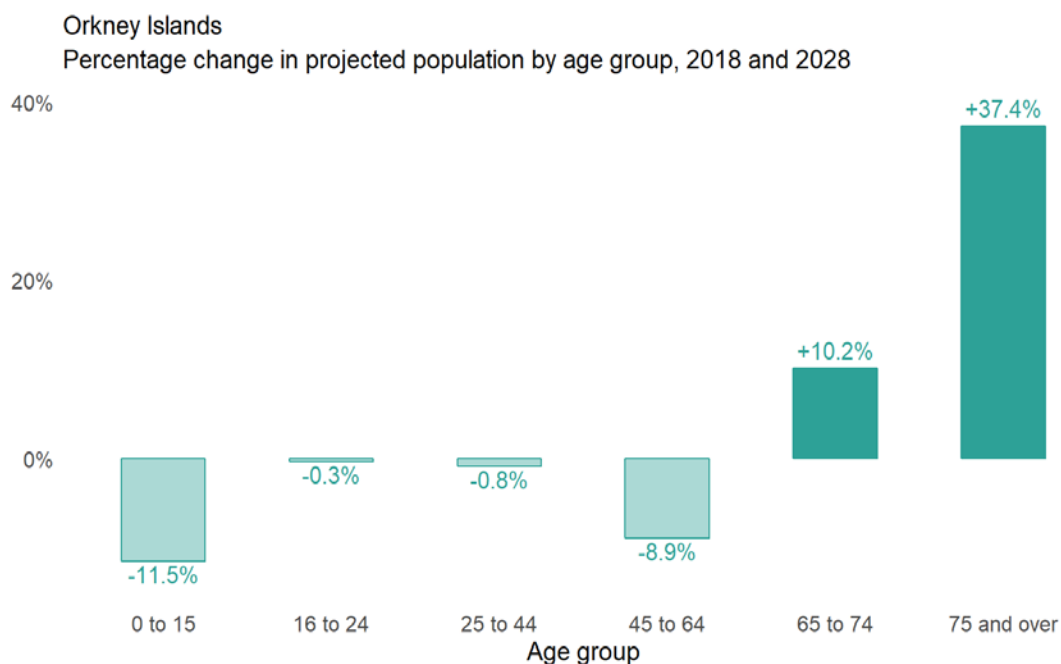
allocations and, instead, the Orkney IJB will need to plan for transformation that can bring longer term safe and sustainable services for the people of Orkney.

## 12. Sustainability Challenges

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

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

People in the older age group are most often in need of health and social care services. The National Records of Scotland 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.

## 13. Management of Risks

The Orkney IJB approved the revised Risk Register on 22 February 2023. The Risk Register forms part of the wider framework for corporate governance and internal control. There are broadly two types of risks: those that relate to the Orkney IJB's

operation as a separate legal entity; and risks to the quality of service delivery, which are experienced by commissioned services. For the latter, it will depend 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 HSCP).

Risks, risk reduction actions and risk quantification on the risk register are as follows:

Risk	Mitigating Actions
<p><b>IJB Financial Sustainability</b></p> <p>There is a risk that if financial and demographic pressures are not effectively planned for and managed over the medium to longer term, this could result in a potential failure to meet legislation and an impact on the ability of IJB to commission services to the most vulnerable people in Orkney.</p> <p>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 IJB Board which highlights pressure areas.</p> <p>Medium Term Financial Plan in place.</p> <p>IJB budget planning processes and scrutiny.</p> <p>Some contingency arrangements in place regarding operational service pressures within partner bodies. Regular meetings with the Financial Sustainability Office in place.</p> <p>The Scottish Government has recognised the pressures regarding specific elements of the service and have allocated additional funding.</p> <p>Eligibility criteria in place.</p> <p>Three-year Strategic Plan which includes transformation of services to ensure sustainability.</p> <p>Performance reporting on a regular basis identifies targets that are either met or unmet.</p> <p>Additional funding from Scottish Government for Health and Social Care on managing pressures.</p> <p>Progress with the actions from the Joint Working and IJB Adjustments internal audits.</p> <p><b>Risk Quantification: Very High.</b></p>
<p><b>Recruitment and Retention of Workforce</b></p> <p>Insufficient workforce planning actions underway to shape future workforce through redeployment and training etc.</p>	<p>The service Workforce Plan has now been completed and is approved.</p> <p>The Health and Social Care Three Year Workforce Plan submitted to Scottish Government on 31 July 2022. Further work required in relation to social care / social work</p>

Risk	Mitigating Actions
<p>Capacity issues make it difficult for the service to realise its priorities.</p> <p>Failure to recruit and retain appropriately skilled workforce.</p>	<p>elements. Quarterly meetings in place with Council, Health Board and Third Sector Interface to discuss workforce planning as a whole system approach.</p> <p>Workload tools will be employed to define current need against current position, as well as projecting future required workforce. It is anticipated this will be rolled out during the 2024 calendar year.</p> <p>This anticipates, as far as possible, the areas of greatest risk in shortfall of employees.</p> <p>More proactive approach to recruitment, succession planning and attraction of people to live and work in Orkney and 'Grow our own initiatives.</p> <p>Launching of a Sponsorship and Trainee Social Work Partnership with Open University to produce qualified Social Workers over next 2,4, 6 and 10 years.</p> <p>The Learning Needs Analysis will show the gaps that the service needs to address. Once completed the Action Plan will detail what is needed to arm employees with the skills, knowledge and tools to be able to fulfil their roles and feel supported to do so. The first phase covers social care and will focus on learning and training gaps, to help retain staff.</p> <p>Progress the actions from the 7 Vulnerability Trigger.</p> <p><b>Risk Quantification: Very High.</b></p>
<p><b>Public Protection.</b></p> <p>Findings of Children's subsequent Progress Reviews.</p> <p>Findings of the Adult Support and Protection Inspection in 2023</p>	<p>Progress Improvement Plan from the Joint Children Service's inspection.</p> <p>Significant preparation activity prior to announcement of Adult Support and Protection inspection.</p> <p>Chief Officer's Group Action Planning arrangements to address organisational public protection working arrangements and resource considerations.</p>

Risk	Mitigating Actions
	<p>Recruitment of Public Protection Lead Officer and Learning and Development under way.</p> <p><b>Risk Quantification: Very High</b></p>
<p><b>Analogue to Digital Switchover</b> 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>Funding of £71,400 is available from the Scottish Government to test new equipment now available both in terms of efficacy and connectivity issues.</p> <p>Regular meetings with Scottish Government colleagues ensures sharing of information both flowing from and into Orkney.</p> <p>Ongoing support work with national groups such as Connecting Scotland has been undertaken through services.</p> <p>Progress development and recruitment of Telecare Development Officer.</p> <p><b>Risk Quantification: Very High.</b></p>
<p><b>Budget Setting</b> 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>Progress the actions from the Internal Audit on Joint Working.</p> <p>Joint correspondence to Scottish Government on the budget setting process to ensure ability to have budget setting discussions in a timely fashion.</p> <p><b>Risk Quantification: Very High.</b></p>
<p><b>Implications of National Care Service.</b> The Scottish Government's intention to create a National Care Service and to amend the functions of Integration Joint Boards may affect the provision of care in Orkney.</p>	<p>Engage with the Scottish Government through COSLA, the Chairs' and Vice Chairs' national meetings, and through the Chief Officers' Group to ensure there is a full understanding of Orkney's challenges.</p> <p>Utilise local ministerial visits to ensure the Orkney perspective is heard.</p> <p><b>Risk Quantification: Very High.</b></p>

Risk	Mitigating Actions
<p><b>Unpaid Carers</b></p> <p>There is a risk that support for unpaid carers is not effectively planned for and managed.</p> <p>This could result in a potential failure to meet legislation and impact on the valuable service unpaid carers are providing within the community. Increasing reliance on unpaid carers may become unsustainable.</p>	<p>Working with partners, such as Crossroads, OIC in communications to identify as an unpaid carer.</p> <p>Establishing an unpaid carers conference.</p> <p>Investigate opportunities to work with employers (initially NHS Orkney and Orkney Islands Council) to develop carer-friendly employment policies.</p> <p>Maximise innovative respite care / short breaks options and opportunities.</p> <p>Develop specific strategies to identify and support young carers.</p>

Further information on the risk register can be found within the link at section 15. The Risk Register will be further revised to ensure greater alignment to the Strategic Plan 2022 – 2025 and to incorporate the risks of outcomes not being achieved.

## 14. Unscheduled Care (Set Aside)

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

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

As a very small area, with a hospital that cannot be further reduced in size and a demographic profile and geography that presents some of the biggest challenges in Scotland, in terms of increasing numbers of older age and older people, we have very limited scope to make significant resource shifts from hospital to other forms of care. However, there has been progress in ensuring that people are in a hospital setting for the shortest period of time as it is recognised that recovery is best in a homely setting.

## 15. Further Information

Further information in relation to the Orkney IJB can be found 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.

## **16. Conclusion**

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

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 focus on innovation and the continual improvement of the health and wellbeing of all living in Orkney.

The Orkney IJB has an established reputation for good joint working with NHS Orkney and Orkney Islands Council, as well as 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**  
**27 September 2023.**

**Rachael King**  
**Chair of Orkney IJB**  
**27 September 2023.**

**Peter Thomas.**  
**Chief Finance Officer**  
**27 September 2023.**

# **Statement of Responsibilities**

## **The Integration Joint Board's Responsibilities**

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- To approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the Performance and Audit Committee on 27 September 2023.

Signed on behalf of the Integration Joint Board.

**Rachael King**  
**Chair of Orkney IJB**  
**27 September 2023.**

## **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 2023 and the transactions for the year then ended.

**Peter Thomas**

**Chief Finance Officer**

**27 September 2023.**

# 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. In May 2023, the role of Chair of the Orkney IJB alternated to 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 2022/23.

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 is as follows:

<b>Name</b>	<b>Salary, Fees and Allowances £</b>	<b>Taxable Expenses £</b>	<b>Total Remuneration 2022/23. £</b>	<b>Total Remuneration 2021/22 £</b>
Stephen Brown, Chief Officer.	111,480	0	111,480	92,385.

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pension liability reflected on the Orkney IJB balance sheet for the Chief Officer or any other officers.

The Orkney IJB has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the Orkney IJB. The following table shows the Orkney IJB's funding during the year to support the Chief Officer's pension benefits. The table also shows the total value of accrued pension benefits, which may include benefits earned in other employment positions and from each officer's own contributions.

<b>Name</b>	<b>In Year Pension Contributions</b>		<b>Accrued Pension Benefit</b>		
	<b>For Year to 31/03/22</b>	<b>For Year to 31/03/23</b>		<b>Difference from 31/03/22</b>	<b>As at 31/03/23</b>
Stephen Brown, Chief Officer	£0	£0	Pension	£1,960	£1,960
			Lump Sum	£0	£0

### 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.

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

**Stephen Brown**  
**Chief Officer**  
**27 September 2023.**

**Rachael King**  
**Chair of Orkney IJB**  
**27 September 2023.**

# 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.

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. Audio recordings of board meetings are available for a period of 12 months after the meeting. 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 be found here:

<https://www.orkney.gov.uk/council-meetings.htm>.

The Communication and Engagement Strategy was updated and approved on 21 April 2023. This is to ensure the voices of the most vulnerable people in Orkney are heard, 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 Strategic Plan illustrates how the Orkney IJB plans and commissions future services. The Strategic Plan 2022 – 2025 was approved by the IJB on 29 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 approved on 29 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.

### **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.**

An induction pack, which gives an overview of the Orkney IJB and where to find out more detailed information to enable all Members to fulfil their role and the different elements of the Orkney IJB, was presented to the Board at its meeting held on 29 June 2022.

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

Orkney IJB Development Session: Introduction to the Orkney IJB and Orkney Health and Social Care Partnership.	14.06.22.
Orkney IJB Development Session: Performance Monitoring.	23.08.22.
Orkney IJB Development Session: Prescribing/Pharmacy.	02.11.22.
Joint Orkney IJB and Elected Member: Orkney Health and Social Care Partnership Briefing Session - Recruitment Issues.	15.11.22.
Joint Orkney IJB and Elected Member: Orkney Health and Social Care Partnership Briefing Session – Fostering, Adoption and Kinship.	28.02.23.
Orkney IJB Development Session: Additional Investment.	13.03.23.
Joint Orkney IJB, NHS Orkney Board and Elected Member Session: Joint Inspection of Adult Support and Protection.	04.04.23.
Joint Orkney IJB, NHS Orkney Board and Elected Member: Orkney Health and Social Care Partnership and NHS Orkney Briefing Session.	16.05.23

Monthly informal sessions where all Orkney IJB members can be provided updates and raise questions have been held throughout the year. The Chief Officer, Chair and Vice Chair also meet on a monthly basis.

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 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, and 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.

**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 13 of the management commentary. It has been agreed that the Risk Register will be updated to reflect the priorities of the Strategic Plan.

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 on 19 April 2023. The revised Risk Register was reviewed by the Board on 21 June 2023.

The Performance Management 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 7 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, and from 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.**

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 meeting of the Orkney IJB and the Performance and Audit Committee audio-cast live, with 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.

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 2022/23 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 Performance and Audit Committee 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 2022/23 on 16 March 2022, which approved the following audit areas:

- Performance Management – Review the annual performance reporting procedures.
- Workforce Planning - Review the position with workforce planning in relation to partners and the Strategic Plan.

The Performance Management internal report audit was presented to the Performance and Audit Committee on 28 June 2023. The report identified that the internal auditor's have gained assurance that Orkney Integration Joint Board (OIJB) broadly has systems and controls in place for monitoring and reporting of performance. However, the organisation would benefit from more specific efforts to define and monitor key performance indicators. The main areas of improvement identified from the review includes.

- OIJB does not have sufficiently defined key performance indicators which directly align with objectives.
- Action plans related to identified issues should be monitored more overtly to track progress.
- OIJB should work with partners to develop an integrated approach to recording performance data.

The workforce planning internal audit report, which was presented to the Performance and Audit Committee on 22 March 2023, found several areas of active workforce planning initiatives being implemented by managers within OHSCP and also identified some of the areas where input from OHSCP and Orkney Islands Council could be developed for inclusion within future annual revisions to the workforce plan.

### Action Plan 2022/23

The workforce planning audit identified nine actions, which are being addressed as follows:

Action	Management Action
An action plan should be developed as a result of the workforce priorities referred to within the workforce plan, setting out: Specific, Measurable, Achievable, Relevant and Time-Bound (SMART) goals, and included within future revisions of the workforce plan.	Action plan will be created following the Workforce Plan being agreed by IJB in February 2023.

Action	Management Action
Engagement should be carried out between OHSCP and the third sector, in a planned manner to establish and incorporate the third sector's detailed planning needs in preparation for future annual reviews of the workforce plan	Discussions with Third Sector organisations are ongoing, and this issue will be incorporated into the regular cycle. This will prepare the sector for engagement in future iterations of the report.
Engagement should be carried out between OHSCP and representatives of unpaid carers within Orkney and their detailed needs incorporated within the annual reviews of the workforce plan	This will be incorporated into discussions through the Carers Strategy Group and with Crossroads locally
Key actions to addressing the workforce gender and age imbalance, such as grow your own, liaising with the third sector, speaking directly with young people and particularly males about a career in social care should be further detailed for OHSCP and clearly linked to the data statistics within the workforce plan	This will be addressed through the action plan described in recommendation 1 and will be reported on in future iterations of the Workforce Plan.
The extent of working long hours should be monitored and the impact to staff health and wellbeing should be risk assessed.	The Partnership Senior Management Team already discuss sickness absence on a quarterly basis including contributory factors such as persistent overtime requirements. Risk assessment will be incorporated into these discussions going forward and Heads of Services will carry out risk assessment where appropriate where issues are identified
Enhanced reporting of sickness absence rates and analysis of their causes within the workforce plan would be beneficial	This will easily be incorporated into future iterations using the Partnership Senior Management data.
Enhanced reporting of staff turnover rates and analysis of their causes made within the workforce plan could provide valuable information	Chief Officer and Head of Strategic Planning and Performance will work with the NHS and Council HR teams to report more consistently on exit interviews and will review outputs on a six-monthly basis through the Partnership Senior Management Team
Future iterations of the workforce plan should be considered by the IJB and other relevant groups within OHSCP	The workforce plan will be considered by the IJB and the Partnership Senior Management Team.

Action	Management Action
An update to the progress made to the action plan within the 2020/22 workforce plan should be reported to the IJB	The Head of Strategic Planning and Performance will work with colleague Heads of Service to incorporate the update within the report presenting the new workforce plan to IJB.

In regard to the action plan from the 2021/22 Annual Accounts the following have been addressed:

Risk	Management Action
<p>The financial statements were not advertised in accordance with the Local Authority Accounts (Scotland) Regulations 2014.</p> <p>There is a risk that the public does not have the ability to inspect and object to the accounts as appropriate.</p>	<p>This has been incorporated within the audit planning stages to adhere to the timescales.</p>
<p>The four year Medium term Financial Plan identified a cumulative funding gap of between £0.6 million to £7.9 million based on different assumed scenarios. There are no proposed actions included in the plan and the IJB is yet to develop savings options.</p> <p>There is a risk that the IJB does not achieve financial balance across the medium term.</p>	<p>There is ongoing discussions on how to ensure that services can be delivered within the available financial envelope.</p> <p>Ongoing work with Heads of Service and Financial Sustainability Office. These plans will be detailed within future iteration of Medium Term Financial Plan.</p>
<p>The medium term financial plan and savings targets were developed prior to the emergence of Covid-19. The increased costs of Covid-19 are therefore not yet reflected.</p> <p>There is a risk that the IJB will not be able to deliver services over the medium term.</p>	<p>An updated medium term financial plan was presented to the IJB in June 2022.</p>
<p>A number of the governing documents have not been reviewed since 2018 and are difficult to find on the website.</p> <p>There is a risk that the governing documents do not reflect current arrangements nor</p>	<p>There is an action log to highlight all documents to ensure they are updated and will be on website</p>

Risk	Management Action
meet the IJB's commitment to openness and transparency.	
<p>Arrangements for the set aside budget for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance. From April 2020 it is anticipated the IJB will have control over the set aside budget.</p> <p>There is a risk that set aside budgets do not operate in line with Scottish Government Guidance.</p>	<p>We are satisfied there is appropriate engagement with NHS Orkney over the set aside budget.</p>
<p>The IJB has planned to undertake a review of their integration scheme over the past two years however, the commencement of the new Chief Officer in September 2018 and then the Covid-19 pandemic has resulted in the this being delayed. An area which we have highlighted in previous years that requires to be reviewed is that Integration Scheme currently includes a section (2.10.7.5) which states that any additional payments paid by partner bodies may be deducted from future years funding.</p> <p>There is a risk that complying with this paragraph in the Integration Scheme could jeopardise the financial sustainability of the IJB.</p>	<p>The revised Integration Scheme was approved by the IJB in December 2021 and by Scottish Ministers in May 2022.</p>
<p>The IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. However, performance management information was not provided to those charged with governance throughout the financial year.</p> <p>There is a risk that performance failures are not identified in sufficient time to take corrective action.</p>	<p>A performance management framework has been developed.</p> <p>The Terms of Reference of the Performance and Audit Committee has been updated to include performance within its remit.</p> <p>The Performance and Audit Committee meet quarterly with a performance report brought to every committee. The IJB are working to ensure the content of the performance report is meaningful and useful for members.</p>

## **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.

## **Orkney Islands Council (OIC)**

There was one internal audit commissioned by OIC presented to the Performance and Audit Committee within the financial year which in accordance with the joint protocol, is also reported to the IJB for noting.

The internal audit was in relation to OHAC Contract Managed Services which was presented to the Committee on 22 March 2023. The audit provided limited assurance around contract management within Orkney Health and Care (OHAC). The report identified several areas where recent progress has been made to the governance and processes for contractual management within OHAC as well as concluding that there remains a need for continued progression in ensuring that current contracts are in place and key documentation is held within OHAC for all active services above Orkney Islands Council's procurement threshold of £10,000. The report included three medium and three low priority recommendations within the action plan.

## **National Health Service Orkney (NHSO)**

There were three internal audit reports, commissioned by NHSO during the financial year.

An internal audit report, entitled IJB Adjustments, was presented to the Performance and Audit Committee on 22 March 2023 for noting, in accordance with the joint protocol. The report concluded the most significant and notable issue creating the challenge of dealing with the additional care staffing costs in 2021/22 appears to be the timing of communication to NHS Orkney from health and social care partners.

The report provides key areas which would benefit from improvement which are:

- Appropriate, timely monitoring of costs of services commissioned by OIJB in a holistic manner, considering the impact of known variables such as increased sickness levels to the extent they will impact costs. This reflects good risk and sensitivity analysis of key and variable cost drivers (such as sickness absence impact).
- Establishment of clear escalation processes to ensure actual and potential increased costs are identified and shared with partners in a timely manner, with agreed processes to work to resolution.

The remaining two internal Audit reports, entitled "Safeguarding: Adult Support and Protection" and "Joint Working Arrangements" were reported to the Performance and Audit Committee on 28 June 2023.

The review of NHS Orkney's Adult Support and Protection arrangements found that in general, appropriate procedures are in place which outline the process to be followed, roles and responsibilities and links to relevant legislation. However, the report noted areas of material weakness related to (i) training, (ii) reporting of outcomes of referrals, and (iii) compliance with adult support and protection procedures.

The internal audit report to Joint Working Agreements assessed the effectiveness of NHS Orkney's control framework in relation to the joint working arrangements with key partners. The Integration Joint Board (IJB) were identified as the key partner to NHS Orkney, with the responsibility of providing strategic direction to both the Health Board and Orkney Islands Council in the delivery of health and social care services.

The report concluded that the Orkney Health and Social Care Partnership's Strategic Plan sets out the direction of how the partnerships operate, but this plan, alongside the Strategic Delivery Plan, has not been approved (by the time of the review) and implemented in the expected timeframe, resulting in a lack of clarity of action to be taken to deliver services being communicated to NHS Orkney.

Further, the review identified that there is a lack of monitoring and reporting of Strategic Performance in relation to the shared objectives of the partnership, which is a potential consequence of delays in the agreement of the Strategic Delivery Plan.

## **Conclusion and Opinion on Assurance**

On the basis of the audit work performed in 2022/23, 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.

**Stephen Brown**  
**Chief Officer**  
**27 September 2023.**

**Rachael King**  
**Chair of Orkney IJB**  
**27 September 2023.**

## **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**

To be completed at end with findings from external audit process.

## Comprehensive Income and Expenditure Statement

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

2021/22				2022/23		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£000	£000	£000		£000	£000	£000
269	0	269	Corporate Services (note 2)	226		226
2,954	(324)	2,630	Support Services and Overheads	6,436	(269)	6,167
415	0	415	Alcohol and Drugs Partnership	529		529
552	(110)	442	Voluntary Sector by SLAS excluding commissioned services	183	0	183
6,215	(287)	5,928	Children and Families	7,077	(472)	6,605
5,255	(10)	5,245	Prescribing	5583	(5)	5,578
11,721	(4,044)	7,677	Elderly Residential, Supported and Day Care	12,399	(3,906)	8,493
8,597	(2,332)	6,265	Disability	8,921	(2,300)	6,621
1,687	(212)	1,475	Mental Health	1,415	(327)	1,088
1,231	(167)	1,064	Other Community Care	1,335	(155)	1,180
729	(53)	676	Occupational Therapy	959	(72)	887
6,934	(1,758)	5,176	Care at Home	6,798	(1,062)	5,736
299	(296)	3	Criminal Justice	447	(363)	84
1,888	(18)	1,870	Community Nursing	1,804	0	1,804
12,408	(241)	12,167	Primary Care	11,904	(291)	11,613
1,021	0	1,021	Allied Health Professionals	1,009	0	1,009
274	(59)	215	Rehabilitation	300	(65)	235
1,020	(3)	1,017	Midwifery	0	0	0
9,083	0	9,083	Unscheduled Care	10,370	0	10,370
<b>72,550</b>	<b>(9,914)</b>	<b>62,636</b>	<b>Cost of Services</b>	<b>77,695</b>	<b>(9,287)</b>	<b>68,408</b>
0	(66,437)	(66,437)	Taxation and Non-Specific Grant Income (note 4)	0	(68,408)	(68,408)
72,550	(76,351)	(3,801)	(Surplus) or Deficit on Provision of Services	77,695	(77,695)	0
72,550	(76,351)	(3,801)	Total Comprehensive (Income) and Expenditure	77,695	(77,695)	0

NB1 Following approval by the IJB and update of the Integration Scheme in September 2022, midwifery services were transferred back to NHS Orkney along with the relevant reserves previously held by the Health and Social Care Partnership.

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.

<b>2022/23</b>	<b>General Fund Balance</b>	<b>Earmarked Reserves</b>	<b>Total Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April 2022	0	(6,124)	(6,124)
Other Comprehensive Income and Expenditure		3,223	3,223
<b>Balance at 31 March 2023</b>	<b>0</b>	<b>(2,901)</b>	<b>(2,901)</b>

## 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.

<b>2021/22</b>		<b>Notes</b>	<b>2022/23</b>
<b>£000</b>			<b>£000</b>
6,124	Short term Debtors	<b>5</b>	2,901
<b>6,124</b>	<b>Current Assets</b>		<b>2,901</b>
0	Short term Creditors	<b>6</b>	
<b>(0)</b>	<b>Current Liabilities</b>		
<b>6,124</b>	<b>Net Assets</b>		<b>2,901</b>
6,124	Earmarked Reserves		2,901
<b>6,124</b>	<b>Total Reserves</b>		<b>2,901</b>

The unaudited accounts were issued on 16 June 2023 and the audited Annual Accounts will be authorised for issue on 27 September 2023.

**Peter Thomas**  
**Chief Finance Officer**  
**27 September 2023.**

# Notes to the Financial Statements

## Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2023 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 2022/23.

## **Employee Benefits**

The Orkney IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The Orkney IJB therefore does not present a Pensions Liability on its Balance Sheet.

The Orkney IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as employee costs. Where material the Chief Officer's absence entitlement as at 31 March 2023 is accrued, for example in relation to annual leave earned but not yet taken.

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

## **Post-employment benefits**

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

## **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 2023 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 2022/23.

## Note 2 Corporate Services

The corporate services costs are as follows:

2021/22		2022/23
£000		£000
226	Staff Costs	176
15	Other Costs	19
28	Audit Fees	31
<b>269</b>	<b>Total</b>	<b>226</b>

## Note 3 Critical Judgements and Estimation Uncertainty

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

There were no critical judgements for the 2022/23 Annual Accounts.

## Note 4 Taxation and Non-Specific Grant Income

2021/22		2022/23
£000		£000
22,337	Funding contribution from Orkney Islands Council	30,834
44,100	Funding contribution from NHS Orkney	37,574
<b>66,437</b>	<b>Taxation and Non-specific Grant Income</b>	<b>68,408</b>

The funding from NHS Orkney shown above includes £10,370k 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

2021/22		2022/23
£000		£000
5,678	NHS Orkney	2,455
446	Orkney Islands Council	446
<b>6,124</b>	<b>Total</b>	<b>2,901</b>

## Note 6 Creditors

The Orkney IJB has no creditor balances.

## Note 7 External Audit Costs

KPMG is the appointed external auditor for the 2022/23 audit. The fee is £31,470 (£27,960 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

2021/22		2022/23
£000		£000
40,745	Expenditure on Services	37,574
<b>40,745</b>	<b>Net Transactions with NHS Orkney</b>	<b>37,574</b>

## Transactions with Orkney Islands Council

2021/22		2022/23
£000		£000
21,891	Expenditure on Services	30,834
<b>21,891</b>	<b>Net Transactions with Orkney Islands Council</b>	<b>30,834</b>

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 2023 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 2023, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. For 2022/23, no such adjustments have been required.

## Note 10 Reserves

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

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

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

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

	2021/22					2022/23		
As At 01/04/21	Funds In	Funds Out	Balance 31/03/22		As At 01/04/22	Funds In	Funds Out	Balance 31/03/23
	£000	£000	£000			£000	£000	£000
844	805	(559)	1,090	Primary Care	1,090	151	(571)	670
671	5,579	(3,887)	2,363	COVID-19	2,363	0	(2,363)	0
0	381	(63)	318	Hospital At Home	318	0	(14)	304
407	362	(407)	362	Integration Support/System Pressures	362	418	(120)	660
166	214	(16)	364	Alcohol and Drugs Prevention	364	69	(79)	354
84	0	(84)	0	Winter Plan	0	0	0	0
81	0	(81)	0	Community Living Change	0	0	0	0
54	1,228	(390)	892	Mental Health	892	48	(487)	453
0	209	(15)	194	Children and Family Services	194	4	(194)	4
0	271	0	271	Care At Home	271	0	0	271
0	175	0	175	Interim Care	175	0	0	175
16	100	(21)	95	Other*	95	673	(758)	10
<b>2,323</b>	<b>9,324</b>	<b>(5,523)</b>	<b>6,124</b>	<b>Total Earmarked Reserves</b>	<b>6,124</b>	<b>1,363</b>	<b>(4,586)</b>	<b>2,901</b>

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

At March 2023, the Orkney IJB is reporting a number of “ear-marked” 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 Orkney IJB did not receive any further funding from the Scottish Government for COVID-19 costs during the financial year ending 31 March 2023.

The Scottish Government has indicated an intention to recover £1 million of COVID-19 reserves from the Orkney IJB. At the time of the annual accounts, we will continue to assess correspondence from the Scottish Government whether, and by which method, this recovery will take place.