

Sally Shaw (Chief Officer)

Orkney Health and Care

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Agenda Item: 6.

Integration Joint Board – Audit Committee

Date of Meeting: 23 June 2020.

Subject: Annual Accounts for Financial Year 2019/20.

1. Summary

1.1. The Annual Accounts cover the period from 1 April 2019 to 31 March 2020.

2. Purpose

2.1. The purpose of the annual accounts is to demonstrate proper stewardship of the IJB's financial affairs.

3. Recommendations

The Audit Committee is invited to note:

3.1. 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.

3.2. The Management Commentary, comprising pages 6 to 25 of the draft annual accounts, attached as at 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 2020.

It is recommended:

3.3. That the Audit Committee reviews and thereafter approves the draft Annual Governance Statement, comprising pages 30 to 35 of the draft Annual Accounts for financial year 2019 to 2020, attached as Appendix 1 to this report.

3.4. That the Audit Committee reviews and thereafter approves the draft Annual Accounts for financial year 2019/20, attached as Appendix 1 to this report.

4. Background

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

4.2. 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 by 31 October each year.

4.3. The Chief Finance Officer is responsible for the preparation of the Orkney IJB's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"), are required to give a true and fair view of the financial position of the Orkney IJB at the financial year end and its income and expenditure for the year ended 31 March 2020.

5. Timeline

5.1. The external audit plan for 2019/20, which was noted by the Audit Committee on 18 March 2020, outlined the work the external auditors required to undertake as part of the annual audit of the Integration Joint Board for 2019/20.

Agreement of transactions and balances with relevant local authority and health board.	As required.
Consideration of unaudited financial statements by those charged with governance.	23/06/20.
Latest submission date of unaudited financial statements with complete working papers package.	26/06/20.
Latest date for final clearance meeting with Chief Finance Officer.	24/07/20.
Agreement of audited unsigned financial statements, and issue of Annual Audit Report to those charged with governance.	16/08/20.
Independent audit's report signed.	27/08/20.

6. Contribution to quality

Please indicate which of the Council Plan 2018 to 2023 and 2020 vision/quality ambitions are supported in this report adding Yes or No to the relevant area(s):

Promoting survival: To support our communities.	Yes.
Promoting sustainability: To make sure economic, environmental and social factors are balanced.	Yes.
Promoting equality: To encourage services to provide equal opportunities for everyone.	No.
Working together: To overcome issues more effectively through partnership working.	Yes.

Working with communities: To involve community councils, community groups, voluntary groups and individuals in the process.	Yes.
Working to provide better services: To improve the planning and delivery of services.	No.
Safe: Avoiding injuries to patients from healthcare that is intended to help them.	No.
Effective: Providing services based on scientific knowledge.	No.
Efficient: Avoiding waste, including waste of equipment, supplies, ideas, and energy.	No.

7. Resource implications and identified source of funding

7.1. Existing staff resources are deployed as part of the annual financial year and closedown process to prepare the annual accounts for the Orkney IJB.

8. Risk and Equality assessment

8.1. The 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.

9. Direction Required

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

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

10. Escalation Required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

11. Author

11.1. Pat Robinson (Chief Finance Officer), Integration Joint Board

12. Contact details

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13. Supporting documents

13.1. Appendix 1: Draft Annual Accounts 2019/20.



Annual Accounts

**Orkney Integration Joint Board
2019/20**



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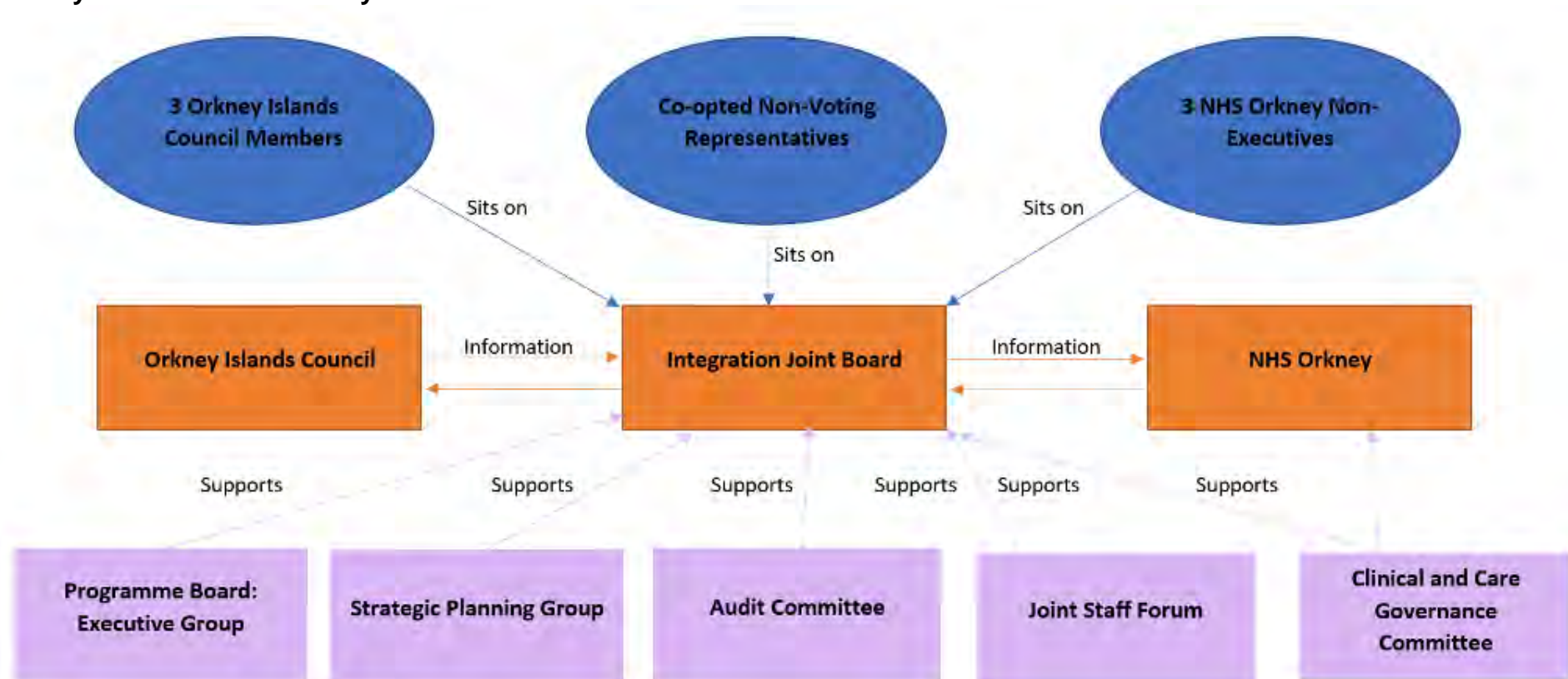
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Orkney Integration Joint Board Members

Voting Members.	
David Drever.	NHS Orkney (Chair until 13.05.19, Vice from 14.05.19 onwards).
David Campbell.	NHS Orkney.
Issy Grieve.	NHS Orkney.
Councillor Rachael King.	Orkney Islands Council (Vice Chair until 13.05.19, Chair 14.05.19 onwards).
Councillor John Richards.	Orkney Islands Council.
Councillor Steve Sankey.	Orkney Islands Council.
Non-Voting Members.	
Sally Shaw	Chief Officer.
Pat Robinson.	Chief Finance Officer.
Scott Hunter.	Chief Social Work Officer (left 20.02.20).
Anne Mathison / James Henry / Lynn MacIntosh.	Acting Chief Social Work Officer (between 21.02.20 and 23.03.20).
Sharon-Ann Paget.	Interim Chief Social Work Officer (24.03.20 onwards).
Dr Kirsty Cole.	Registered Medical Practitioner who is a GP.
Dr Louise Wilson.	Registered Medical Practitioner not a GP.
David McArthur.	Registered Nurse.
Non-Voting Members (Stakeholder Members).	
Sally George.	Staff Representative – Unison (left 11.12.19)
Vacant.	Staff Representative (12.12.19 onwards).
Gail Anderson.	Third Sector Representative.
Sandra Deans.	Unpaid Carer Representative (left 11.12.19).
Vacant.	Unpaid Carer Representative (12.12.19 onwards)
Janice Annal.	Service User Representative.
Additional Non-Voting Members (Locally Agreed in Addition to Requirements).	
Fiona MacKellar.	Additional Staff Representative (NHS Orkney Employee Director).
Frances Troup.	Housing Representative.

Structure and Management of the Orkney Integration Joint Board

Orkney IJB Members Scrutiny Framework.



Notes:

NB 1) OIC has in house internal audit. Scott Moncrieff provide Internal audit services to NHS Orkney.

NB 2) Scott Moncrieff provides the services to the Orkney IJB.

External Scrutiny of Orkney IJB

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

Management Commentary

1. Introduction

The Orkney 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 2019/20.

The Management Commentary outlines key messages regarding the objectives and strategy of the Orkney IJB, its financial and performance reporting for the 2019/20 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 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. It was updated and approved on 22 March 2018 to incorporate the Carers (Scotland) Act 2016. The health and social care functions that have been delegated are included within Annex B of the Scheme.

The Integration Scheme is due to be refreshed in 2020/21. It has been agreed by the Parties that option appraisals will be completed for all services currently included, and those which currently are not, to ensure that the correct services are delegated. Along with this it has been agreed to do an options appraisal on the models of integration to ensure that Orkney has the most appropriate model.

The Orkney IJB's draft Strategic Plan for 2019-22 was presented to the Board in June 2019, and a comprehensive consultation exercise was undertaken before being approved by the Orkney IJB on 2 October 2019. The following is an extract from the 2019-22 plan:

“The plan clearly sets out the principles, values and approach, which will shape all that we do. Our focus will always be on innovation and the continual improvement of the health and wellbeing of all living in Orkney. It will also be about ensuring our activities maximise our ability to reduce health inequalities that exist in our communities.

The plan sets out our new approaches to health and social care. We need to develop different ways of working. Not only will our traditional models of support not be able to withstand the increase in demand for services, but the current models are labour intensive - we will not be able to support such models with an adequate number of staff to safely operate them in the future.

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

Alongside this plan a Strategic Commissioning Implementation Plan (SCIP) is being developed and will be presented to the Orkney IJB for approval. The approved

Medium-Term Financial Plan details the needs analysis of how we currently spend our money and proposed changes in how services are delivered.

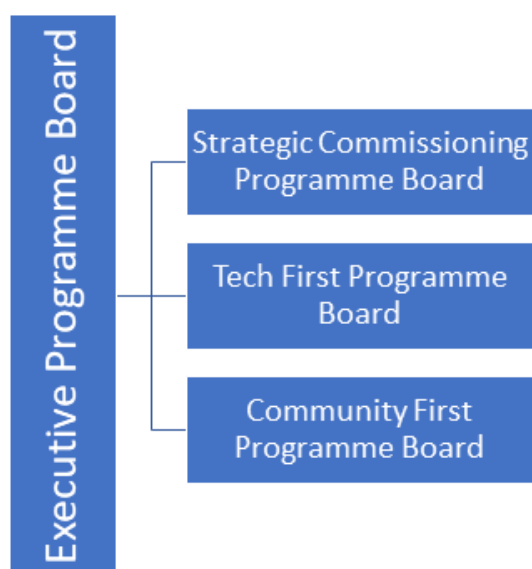
The Orkney IJB commissions Community Health and Social Care for the population of the Orkney Islands, which is in the region of 22,270 people. This is an increase of 0.4% from 22,190 in 2018. Over the same period, the population of Scotland increased by 0.5% (National Records of Scotland mid-2019 population estimate).

3. Strategic Plan

The performance report can be found within section 5 of the management commentary.

The Orkney IJB's Strategic Plan 2019-22, is designed to be public facing and includes more infographics for ease of reading and understanding.

To support the delivery aims of the plan, a programme board approach has been implemented, which will support the various aspects of the plan, these being:



Executive Programme Board – The Executive Programme Board provides assurance to the Orkney IJB of effective and efficient progress towards delivering the Strategic Priorities as agreed by the Orkney IJB. This will include addressing risks and issues that have been escalated from the reporting Programme Boards. Membership of the Executive Group includes a carer representative to ensure that all proposed programmes are suitable for service users and carers.

Community First Programme Board – This programme aims to work collaboratively with the local communities and all stakeholders to collectively redesign services that work for everyone.

Work is well underway developing Community Led Support which was introduced last year. This approach identifies a new way of approaching community health and social services, focusing on the strengths of the individual and their community.

Case studies are being collected to provide evidence of the positive benefits that Community Led Support is having directly on Orkney's communities. A joint seminar for Orkney IJB Members, Elected Members and NHS Orkney Board Members was

scheduled for May 2020, but had to be postponed due to COVID-19 and will be rescheduled in the near future.

Orkney has also linked directly with iHub around the delivery of Community Led Support and aligned it with other workstreams such as Alliance Contracting, Open Badges approach and workshops to define legislative requirements that affect ways of working, to try and break down some of the barriers within Health and Social Care delivery. This work has been highlighted nationally as good practice.

Tech First Programme Board – This programme aims to improve outcomes for individuals in home or community settings, which are improved through the application of technology as an integral part of quality, cost-effective care and support.

It has been agreed to dovetail this Orkney IJB Programme Board meetings with NHS Orkney's Programme Board to prevent duplication of meetings and to promote joint working and sharing of ideas.

Strategic Commissioning Programme Board – This programme will play a significant role in ensuring delivery of the nine National Health and Wellbeing Outcomes and the locally agreed set outcomes. This programme board will:

- Steer, drive and enable progress at pace with activity relating to the following priority programmes:
 - Strategic Commissioning.
 - Planning of Acute Sector.
 - Self-Directed Support.
- Review and approve project proposals.
- Scrutinise working group programmes to provide assurance of progress.
- Identify and enable new tests of change in support of our strategic priorities.
- Ensure identification and delivery of programme benefits.

A short-term working group has been developed to look at the potential positives and negatives of adopting an Alliance form of commissioning in Orkney.

These Boards have been arranged bi-monthly and are based in various locations within the community. Following the first meetings it was agreed that a location in Stromness be included. Unfortunately, due to the impact currently being faced worldwide with COVID-19, these meetings have had to be postponed. New dates, with the ability to join them virtually, have been arranged.

Membership of these Boards have tried to be inclusive and members will be tasked with work to progress proposed ideas which will be scrutinised by the Executive Board before being submitted to the Orkney IJB for consideration.

These sub Boards have been planned to recognise that Orkney has one of the highest expected growth rates in numbers of older people and, along with efforts of social work, social care and health staff and services across the whole system, have resulted in good performance against the nine indicators that the Scottish Government has ascribed Integration Authorities to report on. Further information can be found in section 5 of the management commentary.

4. Operational Review

In terms of operational delivery much progress has been made, including:

- The Learning Disability Strategy 2019-2024 was approved on 11 December 2019. This provides a focus and direction for learning disability services, based on the principles and priorities outlined in the Strategic Plan.
- A development session to look at progress on the review of services for children and young people in need of care and protection was held in January 2020.
- The approved 40 bed care home in Stromness, named Hamnavoe House, opened with 30 beds on 29 January 2020. The transition from the previous care home, St Peter's House, went smoothly. This reduced the current capacity from 32 beds to 30 beds. The remaining 10 beds are being mobilised as part of the COVID-19 response in the short term.
- In response to the Ministerial Steering Group (MSG) for health and care the partnership developed an action plan for improvements in regard to the 6 weakness areas. Identified updates are available within section 5 of the management commentary.
- A joint inspection on children and young people in need of care and protection in Orkney took place between August and October 2019. The conclusion of the inspection report states that the inspection partners cannot be confident that the Orkney partnership will be able to make the necessary improvements without additional support and expertise. Work has been progressing to develop a robust action plan which will deliver the recommendations from the report and will be routinely reported to the relevant committees.
- The Orkney IJB approved to commission services in regard to Musculoskeletal Physiotherapists, a Mental Health Primary Care Worker and a Vaccine Transportation Nurse to support the workstreams within the Primary Care Improvement Plan.
- Over 30 different workshops were delivered in respect of Community Led Support, in the isles and the Mainland, which has led to the launch of the BLETHER sessions. These are informal opportunities for people to speak to and access a number of health, social and third sector services, under one roof and within their own communities.
- The updated Primary Care Improvement Plan was submitted to the Orkney IJB in October 2019. It was agreed that, due to the current high risk of predicted underfunding to deliver the new GP contract in its totality, it should not be formally approved but agreed as a final unapproved plan for submission to Scottish Government.

Created and Future Workstreams

- The draft Orkney Mental Health Strategy 2020-2025 was approved by the Orkney IJB, on 2 October 2019, for consultation subject to amendments proposed at that meeting. As this consultation was over the festive period the period was extended to ensure that all stakeholders could be involved. A meeting to discuss the feedback received and to put a final version to the Orkney IJB was postponed due to work that was required to deal with COVID-19. This will be presented to a future Orkney IJB meeting for approval.

- Orkney Health and Care is a named partner alongside East Ayrshire who are the Lead Pathfinder taking forward a project called “thinking differently and think TEC first”. An agreement was reached that the Third Sector Interface would host a Tech Peer Champion post. Arrangements were in transition to take this forward but have been delayed due to COVID-19.
- There are plans in regard to the replacement of the Kirkwall care facility. Although there was a commitment for a 60 bed facility this is now being reviewed to what the ongoing demand will be in respect of care home beds.
- A Finance workshop is being developed and sessions will commence shortly to inform managers of the significant financial challenges and to address how services can be delivered within the financial resources that are available.

It should be recognised that there is a lack of funding to allow innovation on any major changes. Therefore, there is limited capacity to change services whilst still maintaining current care arrangements to patients/service users.

COVID-19

Due to the timing of COVID-19 there was minimal disruption or additional costs within financial year 2019/20.

The budget proposals for 2020/21 were presented based on “business as usual”, to the Orkney IJB in April 2020, however it is now evidenced that this is not the case. It must be recognised that extraordinary costs are being incurred and will continue to be incurred for the foreseeable future. For accounting purposes, these costs will be recorded separately, with the assumption that costs will be covered by partners, and ultimately by government.

A Local Mobilisation Plans Financial Return is submitted by NHS Orkney which captures the actual and anticipated costs of the Health and Social Care Partnership.

5. Performance Reporting

Section 42 of the Public Bodies (Joint Working) (Scotland) Act 2014 states that each integration authority must prepare a performance report for the reporting year. The report sets out an assessment of performance in planning and carrying out its integration functions.

What we have achieved in 2019/20

The key information which will be contained in the Orkney IJB’s Annual Performance Report for 2019/20 is noted below.

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

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

Nine National Health and Wellbeing Outcomes

These indicators are only released every two years. It was anticipated that the 2018/19 performance would be available in April 2020. However, this data has yet to be published. The published information available is as follows:

Indicator	Description	Scotland 2015/16	Orkney 2015/16	Scotland 2017/18	Orkney 2017/18
Adult Health	Percentage of adults able to look after their health very well or quite well.	95%	96%	93%	96%
Independence	Percentage of adults supported at home who agreed that they are supported to live as independently as possible.	83%	87%	81%	100%
Engagement	Percentage of adults supported at home who agreed that they had a say in how their help, care, or support was provided.	79%	74%	76%	83%
Coordinator of Services	Percentage of adults supported at home who agreed that their health and social care services seemed to be well coordinated.	75%	71%	74%	91%
Adult Support	Total percentage of adults receiving any care or support who rated it as excellent or good.	81%	82%	80%	95%
GP Care	Percentage of people with positive experience of the care provided by their GP practice.	85%	98%	83%	94%
Quality of Life	Percentage of adults supported at home who agree that their services and support had an impact on improving or maintaining their quality of life.	83%	87%	80%	96%
Carers' Support	Total combined percentage of carers who feel supported to continue in their caring role.	40%	49%	37%	49%
Feeling Safe	Percentage of adults supported at home who agreed they felt safe.	83%	82%	83%	97%

Out of the nine Core Suite Indicators, derived from the Scottish Health and Care Experience Survey (2017/18), Orkney outranked every other Health and Social Care Partnership (HSCP) area throughout Scotland in eight of these nine outcomes. In the remaining indicator, relating to Engagement, Orkney ranked third in Scotland and was bettered by only one of its six 'Peer Group' HSCP areas.

However, the Carer's Support indicator needs to be highlighted. Although Orkney is again ranked first, it is in fact not a good news story. This indicator relates to how well carers feel supported to continue in their caring role. Only 49% of carers report that they feel supported. There is a newly developed Carers' Strategy and it is important that there will be ways to measure the effectiveness of this strategy. Carers' health and well-being could be at risk and if we lose this vital workforce then greater demand on the already stretched services will be experienced.

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

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

Ministerial Steering Group Self Evaluation Proposals

These indicators were presented to the Orkney IJB on 11 December 2019.

MSG Proposals to be completed by end March 2019 and end of April 2019

MSG Proposal.	Self-Assessment.	RAG.	Comments.
Delegated budgets for IJBs must be agreed timeously.	Not Yet Established.	Red.	Despite planning for this in 2018/19, this was not achieved. However, some recognition that both statutory partners are also reliant on getting this budget detail from Scottish Government, also in a timely manner to allow them to achieve this.
Health Boards, Local Authorities and IJBs should have a joint understanding of their respective	Partly Established.	Amber.	This is improving, but further work to bring a closer relationship between partner agencies is required.

MSG Proposal.	Self-Assessment.	RAG.	Comments.
financial positions as they relate to integration.			
IJBs must be empowered to use the totality of resources at their disposal to better meet the needs of their local populations.	Partly Established.	Amber.	Although this was evaluated as 'partly established' there is no evidence of this and really should be at 'not yet established'.

MSG Proposals to be completed in 3 months (May 2019)

MSG Proposal.	Self-Assessment.	RAG.	Comments.
Each IJB must develop a transparent and prudent reserves policy.	Established.	Green.	The IJB has not operated with reserves to date. It has carried over ring fenced funding.
IJB annual performance reports will be benchmarked by Chief Officers to allow them to better understand their local performance date.	Partly Established.	Amber.	Although this was evaluated as 'partly established' when submitted in May 2019, in preparing the annual report that was submitted in July 2019 the we were able to benchmark nationally and with our 6 comparator partnerships. Work is underway nationally via the Chief Officers' national group to collectively continue developments in this area. This was an incredible tight timescale given the self-evaluation was May 2019.

MSG Proposals to be completed in 6 months (July 2019)

MSG Proposal.	Self-Assessment.	RAG.	Comments.
All leadership development will be focused on shared and collaborative practice.	Established.	Green.	Further work can be undertaken to see us attain 'exemplary' but given other areas to address are seen as urgent then this will not be a priority action.
Delegated hospital budgets and set aside requirements must be fully implemented.	Not Yet Established.	Red.	Review the 'set aside' budget in order to clarify the Orkney position.
Statutory partners must ensure appropriate support is provided to IJB S95 Officers.	Partly Established.	Amber.	Revisit baseline budgets for all services delegated to the IJB. Adopt an inclusive process for dealing with budget setting and identification of efficiencies. Design a three-year cycle to allow more effective transformation to occur. Agree an aligned budget setting process. The Chief Finance Officer needs greater access and understanding of the NHS Orkney budgets.
The understanding of accountabilities and responsibilities between statutory partners must improve.	Partly Established.	Amber.	Review of Orkney Health and Care structure – considering the cross-cutting themes with both statutory organisations. Review of the Scheme of Integration.
Clear Directions must be provided by IJBs to Health Boards and Local Authorities.	Established.	Green.	We had evaluated as 'established' but now consider this to be an over estimation of our progress. A report on Directions was presented to the Orkney IJB on 11 December 2019 and set out several recommendations.

MSG Proposal.	Self-Assessment.	RAG.	Comments.
Effective, coherent and joined up clinical and care governance arrangements must be in place.	Established.	Green.	A joint committee is in place. There is to be further guidance issued on Clinical and Care Governance – we will review local arrangements in line with this when issued.
Effective approaches for community-based engagement and participation must be put in place for integration.	Partly Established.	Amber.	It is likely that we would now evaluate ourselves as 'established' with this proposal. The work we are undertaking around Community Led Support, the consultation we undertook in respect of the Strategic Plan and the new relationships we are building with Community Councils etc are providing these effective approaches.

MSG Proposals to be completed in 6 – 12 months

MSG Proposal.	Self-Assessment.	RAG.	Comments.
We will support carers and representatives of people using services better to enable their full engagement in integration.	Established.	Green.	To fully embed Community Led Support as an approach to assist in successfully delivering the Strategic Plan.
Identifying and implementing good practice will be systematically undertaken by all partnerships.	Partly Established.	Amber.	We will identify ways of ensuring learning and good practice are easily identifiable in our future reports. Discussion within the National Chief Officers group.

MSG Proposals to be completed in 12 months

MSG Proposal.	Self-Assessment.	RAG.	Comments.
Relationships and collaborative working between partners must improve.	Established.	Green.	To continue to develop and protect our culture so that challenges and pressures can be discussed openly, timeously and with early resolution as our aim.
Relationships and partnership working with the third and independent sectors must improve.	Established.	Green.	To continue to 'think third sector' in all that we do, when we are commencing work or reviewing work. Continue to strive to ensure our third sector colleagues are equal partners.
Statutory partners must ensure that Chief Officers are effectively supported and empowered to act on behalf of the IJB.	Partly Established.	Amber.	Review the structure of Orkney Health and Care, with cognisance of its full remit and responsibilities. Review all meetings, committees and Boards and review membership requirements.
Improved strategic planning and commissioning arrangements must be put in place.	Partly Established.	Amber.	There have been a variety of issues in relation to the partnership's ability to obtain clean reliable data. We have re-established our contact with Information Services Division (ISD) and seeking development of academic support in order to resolve local capacity issues.
Improved capacity for strategic commissioning of delegated hospital services must be in place.	Not Yet Established.	Red.	To continue to develop a thinking of 'care and support in the right place', rather than continuing to think 'shifting the balance of care' – this continues to demonstrate our ability to build and maintain relationships and our commitment to collaborative leadership.

MSG Proposal.	Self-Assessment.	RAG.	Comments.
			This is linked to the achievement of the proposal in respect of 'Delegated hospital budgets and set aside requirements must be fully implemented'.
Accountability processes across statutory partners will be streamlined.	Partly Established.	Amber.	The Scheme of Integration is to be fully reviewed by July 2020 which gives an ideal opportunity to not only consider what is delegated but on how that delegation works.
IJB chairs must be better supported to facilitate well run Boards capable of making effective decisions on a collective basis.	Established.	Green.	Further review of this as the IJB matures into its full role and remit.
Improved understanding of effective working relationships with carers, people using services and local communities is required.	Partly Established.	Amber.	The implementation of Community Led Support will ensure that communities are enabled to directly shape the design of community health and social care services.

Local Indicators

The national and peer group information which is provided from the Information Services Division (ISD) is only published provisionally in June 2020. In September and December 2020, revised data will be available. The available local indicators are as follows:

Indicator	Description	Scotland 2018/19	Orkney 2017/18	Scotland 2019/20	Orkney 2019/20
Premature Mortality	Premature mortality rate (per 100,000 persons).	432	336	N/A	N/A
Emergency Admissions	Emergency admission rate (per 100,000 persons).	12,275	10,719	9,697	11,313
Emergency Bed Days	Emergency bed day rate (per 100,000 population).	120,177	86,210	104,406	82,485
Readmissions	Readmission to hospital within 28 days (per 1,000 population).	103	82	99	64
End of Life – Care Setting	Proportion of last 6 months of life spent at home or in a community setting.	88%	90%	89%	90%
Falls Rate	Falls rate per 1,000 population aged 65+.	23	16	21	17
Quality of Services – Care Inspectorate	Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections.	82%	78%	82%	74%
Intensive Care Needs	Percentage of adults with intensive care needs receiving care at home.	62%	73%	N/A	N/A
Delayed Discharge	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population).	793	111	793	484
Emergency Admission Costs	Percentage of health and care resources spent on hospital stays where the patient was admitted in an emergency.	24%	21%	21%	19%

6. Financial Management

The Orkney IJB's finances are overseen by the Chief Finance Officer, who also has the role of Senior Accounting Officer within Orkney Islands Council's Orkney Health and Care service. There is support from the Finance Teams within NHS Orkney and Orkney Islands Council. There is also support from Corporate Services who provide a range of services such as Human Resources and Legal Services.

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

7. Analysis of Financial Statements

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

The 2019/20 Annual Accounts comprise:

a) Movement in Reserves Statement – At the year end there was earmarked funding not fully utilised in relation to Primary Care services and the Alcohol and Drug Partnership. These funds will be utilised in financial year 2020/21.

b) Comprehensive Income and Expenditure Statement – During the year the Orkney IJB received reports setting out projected underspends and then a balanced position 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 NHS Orkney 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.

8. Financial Performance

Revenue and Expenditure Monitoring Reports were presented at every Orkney IJB meeting. 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 partner was as follows:

Partner Organisation	Indicative Budget	Additional Allocations	Full Year Budget	Full Year Spend	Variance
	£000	£000	£000	£000	£000
Orkney Islands Council	19,552	388	19,940	19,940	0
NHS Orkney	24,927	9,957	34,884	34,542	(342)
Total Allocation	44,479	10,345	54,824	54,482	(342)

The unscheduled care budget was not formally delegated to the Orkney IJB and was included as an additional allocation throughout the year (£8,617k).

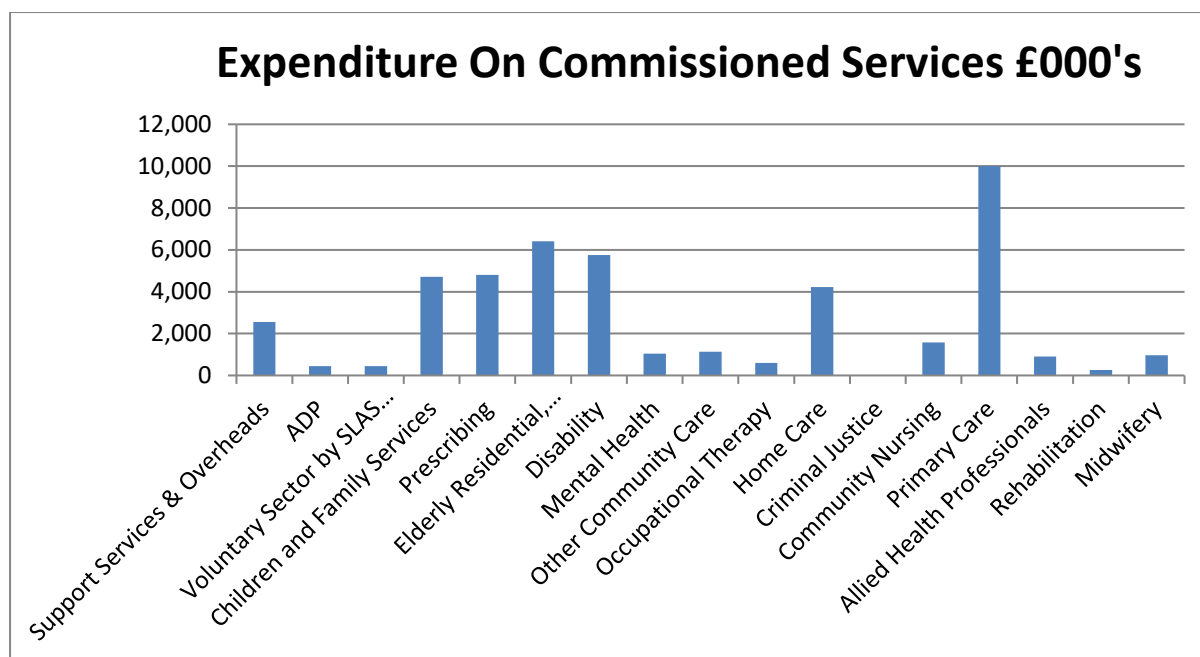
An efficiency target of £130k was applied at year end by NHS Orkney for financial year 2019/20. However, this will be reinstated in year 2020/21.

The outturn position showed **an overall underspend of £342k at the financial year end.**

The underspend of £342k within NHS Orkney was in relation to funding received for specific services, which was not fully utilised and therefore will be held within earmarked reserves. The split is as follows:

Service	Spend £000
Primary Care Services	247
Alcohol and Drug Partnership	95
Total	342

The net funds excluding unscheduled care provided the following services:



The main financial issues reported throughout the year were:

Children and Families – Although there was budget for five intensive foster carers there were only three approved at present. It is envisaged that this will increase, and two further intensive foster carers will be approved. The payments for throughcare/ aftercare are less than budgeted for but, as this is a demand led service, this can fluctuate depending on the young people receiving these payments. The Children and Adolescent Mental Health Service (CAMHS) currently also had a vacancy.

Elderly – Significant staff absences continue within the residential care units. As a result, there have been double running costs and the reliance on agency staff to ensure that the service remains within staffing levels as agreed with the Care Inspectorate. However due to a reduction in the requirement of high cost packages of care this has enabled this area to stay within balance.

Disability – This is due to placements outwith Orkney, with increased supporting living rate.

Mental Health – There have been additional costs in regard to employing a locum consultant psychiatrist locally, but the funding is within a service level agreement within another Health Board. There are ongoing discussions to a deduction in this agreement which would offset these costs. Agency nursing has been required to cover vacancies and to give wider support following the period where there was no Consultant input.

Home Care – Introduction of Self-Directed Support was to enable choice and flexibility in how people receive their care and should not incur additional costs. However, there is an inability to reduce the current, limited, in-house service provision. An internal audit was presented to the Orkney IJB Audit Committee on 19 November 2019 to highlight the issues and to ensure that there are correct policies and procedures in place.

In addition, the demand continues to grow, which is largely as a result of keeping people at home for longer and to keep hospital stays to a minimum length of stay.

Although there were additional resources received in 2019/20 (£26,000) in regard to the commitment of Free Personal Care to all under 65s who require it, regardless of condition (known as Frank’s Law), the resources received have been insufficient to cover this additional commitment. This could also see a further increase in demand for personal care services.

Primary Care – There is an underspend due to the Dental Primary Medical Services funding. There has also been a reduction in the requirement of locum cover and various vacancies within Primary Care throughout the year. The Clinical Director post commenced in September 2019.

Unscheduled Care – 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. 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. This budget was not formally delegated to the Orkney IJB for financial year 2019/20. NHS Orkney has advised that this budget will be delegated for financial year 2020/21. A report will be submitted to the Orkney IJB in September 2020 for consideration.

9. Financial Outlook

As per the Integration Scheme, the funding available to the Orkney IJB shall be dependent on the funding available to Orkney Islands Council and NHS Orkney and the corporate priorities of both. A budget report was submitted to the Board meeting on 9 April 2020 to illustrate the indicative funding allocations within which the Strategic Commissioning Implementation Plan 2020/21 should be delivered.

The financial contributions from each partner are as follows:

	NHS Orkney	Orkney Islands Council	Orkney IJB
	£000	£000	£000
Budget	26,381	20,487	46,868
Savings	-	(144)	(144)
Total	26,381	20,343	46,724

The set aside budget for 2020/21 has not been included within these figures as it had not been formally delegated. However, NHS Orkney has since given an assurance that this will be delegated for financial year 2020/21.

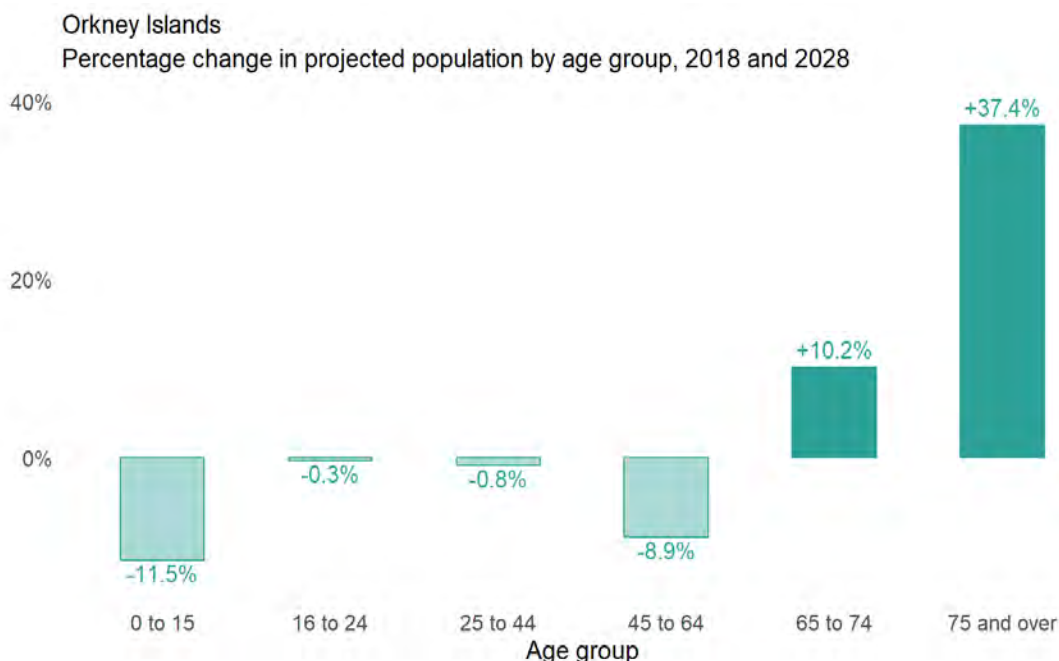
At a meeting with the partners, it was agreed that there should be a three-year savings target applied so as this would give the Orkney IJB a set figure to work towards over a three-year period. In total there is a savings target of £4.2 million to be achieved by the end of 2022/23 which is split as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

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

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. This reality is also highlighted in NHS Orkney’s Transforming Services Strategy, which states ‘if nothing else changes in the way we deliver care, this means that for every 10 people over 85 currently accessing health and social care services, there will be 31 people over 85 accessing it by 2033. Equally, if nothing else changes, for every 10 people providing care to people over 85 we will need 31 people by 2033’.

The National Records of Scotland has produced population projections for Orkney (2018 based). As illustrated below, the older age group is projected to increase by 37.4% whilst the working age group will decrease by 10%. This will have a significant impact on how we deliver services in the future.



However, 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.

10. Management of Risks

The Orkney IJB has an approved Risk Management Strategy and Risk Register, which forms part of the wider framework for corporate governance and internal control. There are broadly two types of risks: those that relate to its operation as a separate legal entity; and risks to the quality of service delivery, which are experienced by commissioned services. For the latter risk it will depend to a large extent on these risks being identified, assessed and mitigated by the partner organisations for commissioned services (mainly Orkney Islands Council and NHS Orkney).

The updated Risk Register presented to the Orkney IJB has 9 risks overall, ranging from medium to very high.

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

Risk.	Risk Reduction Action.
There is a risk of IJB financial failure and projecting an overspend, due to the available budget not being sufficient to meet the costs of the services.	Budgets delegated to cost centre level and being managed by budget holders. Financial information highlighting the issues are reported regularly. Development of Medium-Term Financial Plan.

Further information on the risk register can be found within the link at section 12. This is a working document and it has been recognised further work will be done in regard to target measures. After the Orkney IJB development session in July 2019, it was agreed that a revised Risk Register would be developed once the Strategic Commissioning Implementation Plan was approved by the Orkney IJB. It was further agreed that in the interim, small amendments would be completed by the Chief Finance Officer as agreed.

11. Unscheduled Care

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.

Due to staffing capacity for some of the year, this work was not progressed within financial year 2019/20. The Chief Finance Officer formally requested the delegation of these budgets in April 2020.

NHS Orkney approved to delegate the unscheduled care budget at its Board meeting on 28 May 2020 and to be effective as of 1 April 2020.

A detailed paper will be presented to the Orkney IJB in September 2020 for consideration.

12. 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.

13. 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 between Orkney Islands Council and NHS Orkney, 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.

Sally Shaw
Chief Officer
26 August 2020

David Campbell
Chair of IJB Audit Committee
26 August 2020

Pat Robinson
Chief Finance Officer
26 August 2020

Statement of Responsibilities

The Integration Joint Board's Responsibilities

The Integration Joint Board is required to:

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

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit Committee on 26 August 2020.

Signed on behalf of the Integration Joint Board.

David Campbell

Chair of IJB Audit Committee

26 August 2020

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Integration Joint Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the local authority Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Integration Joint Board as at 31 March 2020 and the transactions for the year then ended.



Pat Robinson

Chief Finance Officer

23 June 2020

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.

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB must be appointed and the employing partner must formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The Chief Officer is employed by Orkney Islands Council 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 Elected Members of Orkney Islands Council and three Non-Executive Directors of the NHS Orkney, although article 3(5) of the Integration Joint Board Order permits otherwise if necessary.

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

Name	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration 2019/20 £	Total Remuneration 2018/19 £
Sally Shaw, Chief Officer *	93,997	0	93,997	47,791
Pat Robinson, Chief Finance Officer **	55,650 (FTE)	0	55,650 (FTE)	44,148

* The Chief Officer commenced post in September 2018. The significant increase is in regard to postholder being in post for a full financial year.

** The increase in remuneration is due to a regrading of this post. The Chief Finance Officer also retains responsibility as Senior Accounting Officer within Social Care, Orkney Islands Council.

Remuneration: Orkney IJB Chair and Vice Chair

The voting members of the Orkney IJB are appointed by Orkney Islands Council and NHS Orkney. The Orkney IJB Chair and Vice Chair post holders alternate between a Councillor and a Health Board representative. In May 2019, the role of Chair of Orkney IJB and the role of Chair of Orkney IJB Audit committee was alternated as agreed.

The Orkney IJB does not provide any additional remuneration to the Chair, Vice Chair or any other Board Members relating to their role on the Orkney IJB. The Orkney IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner.

The Orkney IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting Orkney IJB members. Therefore, no pension rights disclosures are provided for the Chair or Vice Chair.

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

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

Name	Accrued pension benefits as at 31 March 2020		Change in accrued pension benefits since 31 March 2019		Pension contributions made during 2019/20
	Pension £	Lump Sum £	Pension £	Lump Sum £	
Sally Shaw, Chief Officer.	2,917	0	1,942	0	16,544
Pat Robinson, Chief Finance Officer.	12,313	8,863	9,663	7,480	9,794

Sally Shaw
Chief Officer
26 August 2020

David Campbell.
Chair of IJB Audit Committee
26 August 2020

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 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 October 2020 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 and 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, ensures that board meetings are open to the public and only where there is a requirement to do so will an item be considered in private. It is proposed that these will be updated alongside the review of the Scheme of Integration, which is due to commence later in 2020. 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 five clear days before the date of each meeting. Further information on the agenda, reports and minutes of all committees can be found within the link at section 12 of the management commentary. These meetings are also audio cast so can be accessed at the time of the meeting or are recorded for listening later.

The Community and Engagement Strategy was approved on 6 December 2017. As well as more traditional methods of communication, Orkney IJB is developing innovative new approaches to communication, active participation and community engagement. An example of this is 'The Place Standards Survey' tool, which aims to gain a greater understanding of service priorities and lifestyles choices of communities. The 'Orkney Opinions' survey also asked a random selection of the population on service specific questions. A further review of the strategy will take place in 2020.

The Chief Officer was also available to meet with staff, third sector and the public throughout the year at various locations. During the consultation period of the new Strategic Plan, the Chief Officer and Orkney Health and Care Senior Management Team had a stand at all the local agricultural shows, Stromness Shopping Week and a Saturday in the Tesco Foyer. The Chief Officer has also been attending Community Council meetings and has given a commitment to attend these twice a year. The Chief Officer regularly posts on the Chief Officer Twitter page and LinkedIn account.

In recognition of the importance of the work done by third sector colleagues and to strengthen links, the Third Sector Interface has been asked to attend part of the monthly Orkney Health and Care Senior Management Team meetings as well as being tasked with chairing the Programme Board: Strategic Commissioning.

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

The Orkney IJB's Strategic Plan, which illustrates how the Orkney IJB plans and commissions future services, can be found in section 3 of the management commentary. The 2019-22 Strategic Plan was approved on 2 October 2019 and the draft Strategic Commissioning Implementation Plan is currently being developed and will be submitted to the Orkney IJB in due course.

Finance and performance 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, to provide an overview of the key messages in relation to the Orkney IJB's financial planning for 2019-22 and which links with the Strategic Plan, has been approved. 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. This will work alongside the Strategic Commissioning Implementation Plan.

The funding settlements for both Health Boards and Local Authorities are going to have a significant impact on being able to maintain current levels of service in the current and future years.

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

The programme boards will support and inform the development process for the Partnership's Strategic Commissioning Implementation Plan, together with an iterative review. These boards will have responsibility for the annual review of the strategic planning process, including responding to Scottish Government and other stakeholder feedback.

The 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 and Orkney Islands Council have delegated to it.

The Orkney IJB Members are fully aware of the ongoing issues that remain as funding continues to reduce in real terms.

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

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

Orkney IJB Development Session – Risk Register.	31/07/19.
Orkney IJB Development Session – Ministerial Steering Group Self Assessment.	09/09/19.
Orkney IJB Development Session – Frailty, Budgets and Ministerial Steering Group.	11/12/19.
Joint Seminar – Role and Responsibilities in relation to Integration.	21/01/20.
Joint Seminar - Roles and Responsibilities in relation to Integration.	28/01/20.
Orkney IJB Development Session – Looked After Children Review / Children Services Update.	28/01/20.
Joint Seminar – Roles and Responsibilities in relation to Integration.	06/02/20.
Joint Seminar – Roles and Responsibilities in relation to Integration.	11/02/20.

Facilitated Session with Scottish Government on Framework on Community Health and Social Care Integrated Services.	10/03/20.
Facilitated Session with Scottish Government on Directions.	11/03/20.

Elected Members, NHS Board Members, Orkney IJB Members, NHS Orkney Senior Management and Orkney Islands Council Corporate Management were invited to attend one of four seminars to gain a better understanding of the roles and responsibilities in relation to Integration. Further sessions will be organised for future dates.

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

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

Several representatives of Orkney Health and Care attended the national Health and Social Care Partnership event in December 2019, which shared good practice amongst partnerships in other areas. The attendees included a voting member of the Orkney IJB and the Third Sector representative. A brief update from the Chief Officer network and Chief Social Work Officer network is now provided at each Orkney IJB Meeting through the new update report. The Chief Officer had regular meetings with the Chief Executives of both partner organisations, and this provided an opportunity to raise any issues that had arisen. There are meetings with the Scottish Government Integration team which includes both Chief Executives, Head of Finance for Orkney Islands Council, Director of Finance for NHS Orkney, Chief Officer, Chief Finance Officer, Third Sector Interface and the voting members of Orkney IJB.

The Chief Officer represented the Orkney IJB in a variety of different groups, including the Chief Officers' network and associated sub groups, the Mental Health Strategic Delivery Group and is the Chair of both the Alcohol and Drug Partnership and Community Justice Partnership. The Chief Officer is also Vice Chair of the Domestic Abuse Forum.

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 the Chair is 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 10 of the management commentary. It has been agreed that the Risk Register will be updated once the Strategic Commissioning Implementation Plan has been approved.

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

ensuring that the Risk Management Strategy is implemented and evaluated effectively.

The Performance Framework uses various measures to show how well the services commissioned by the Orkney IJB are performing. Further information on performance can be found in section 5 of the management commentary. It is proposed that the revised Strategic Planning Group will be tasked with updating and presenting the Orkney IJB with a performance report quarterly.

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

The Audit Committee, through its consideration of reports by internal and external auditors, monitors the effectiveness of internal control procedures.

The Chief Finance Officer is the appointed Section 95 Officer and provides advice on all financial matters and the effective system of internal financial control under the terms of the Financial Regulations, 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 quarterly cycle of board meetings held in public, unless exempt under statutory provision, with principle committee meetings audio-cast live and recordings available thereafter for download from Orkney Islands Council's public website. One week prior to a committee meeting the agenda and associated reports are issued to all Board Members and the public via Orkney Islands Council's website. There is a standard reporting format in place to ensure consistency of approach and consideration by Members to provide transparency in decision making. From April 2020 due to COVID-19 these meetings have been held virtually and recorded. At the end of the meeting the recording is uploaded online along with the reports.

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

The internal audit function is provided by Scott Moncrieff, who are the internal auditors for NHS Orkney. This arrangement covers the period 2019-21.

Review of Adequacy and Effectiveness

Orkney IJB

Work to conclude the 2019/20 Internal Audit plan is ongoing and will be reported to the August 2020 meeting of the Orkney IJB's Audit Committee.

Conclusion and Opinion on Assurance

While recognising that improvements are required, it is our opinion that by following the “Delivering Good Governance in Local Government Framework (2016)” reasonable assurance can be placed upon the adequacy and effectiveness of the Orkney IJB’s governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the Orkney IJB’s principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment.

Sally Shaw
Chief Officer
26 August 2020

David Campbell
Chair of IJB Audit Committee
26 August 2020

Independent Auditor's Report

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

Report on the audit of the financial statements

Comprehensive Income and Expenditure Statement

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

2018/19				2019/20		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£000	£000	£000		£000	£000	£000
161	0	161	Corporate Services (note 2)	227	0	227
2,374	(112)	2,262	Support Services and Overheads	2,599	(277)	2,322
394	0	394	Alcohol and Drug Partnership	453	0	453
553	(94)	459	Voluntary Sector by SLAS excluding commissioned Services	540	(94)	446
4,444	(75)	4,369	Children and Families	4,821	(108)	4,713
4,674	(7)	4,667	Prescribing	4,810	(1)	4,809
8,744	(2,117)	6,627	Elderly Residential, Supported and Day Care	8,974	(2,547)	6,427
5,610	(228)	5,382	Disability	6,070	(309)	5,761
934	(171)	763	Mental Health	1,164	(129)	1,035
1,193	(161)	1,032	Other Community Care	1,300	(164)	1,136
615	(8)	607	Occupational Therapy	615	(17)	598
4,025	(136)	3,889	Home Care	4,345	(127)	4,218
361	(300)	61	Criminal Justice	288	(288)	0
1,507	(18)	1,489	Community Nursing	1,592	(18)	1,574
9,991	(502)	9,489	Primary Care	10,430	(428)	10,002
838	0	838	Allied Health Professionals	912	(2)	910
304	(18)	286	Rehabilitation	320	(55)	265
872	0	872	Midwifery	979	(10)	969
7,911	(40)	7,871	Unscheduled Care (note 3)	8,629	(12)	8,617
55,505	(3,987)	51,518	Cost of Services	59,068	(4,586)	54,482
0	(51,635)	(51,635)	Taxation and Non-Specific Grant Income (note 4)	0	(54,824)	(54,824)
55,505	(51,635)	(117)	(Surplus) or Deficit on Provision of Services	59,068	(54,824)	(342)
55,505	(51,635)	(117)	Total Comprehensive (Income) and Expenditure	59,068	(54,824)	(342)

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.

2019/20	General Fund Balance	Earmarked Reserves	Total Reserves
	£000	£000	£000
Balance at 1 April	0	(117)	(117)
Other Comprehensive Income and Expenditure	0	(225)	(225)
Total Comprehensive Income and Expenditure	0	(342)	(342)
Balance at 31 March 2020	0	(342)	(342)

There are no statutory or presentation adjustments that affect the Orkney IJB's application of the funding received from partners. The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these annual accounts.

Balance Sheet

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

2018/19		Notes	2019/20
£000			£000
134	Short term Debtors	5	360
134	Current Assets		360
(17)	Short term Creditors	6	(18)
(17)	Current Liabilities		(18)
117	Net Assets		0
117	Earmarked Reserves		342
117	Total Reserves		342

The unaudited accounts were issued on 23 June 2020 and the audited Annual Accounts were authorised for issue on 26 August 2020.



Pat Robinson
Chief Finance Officer
23 June 2020

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2020 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:

- Revenue from the provision of services is recognised when the Orkney IJB can measure reliably the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Orkney IJB.

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Orkney IJB's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.
- Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

VAT status

The Orkney IJB is a non-taxable person and does not charge or recover VAT on its functions as long as it does not deliver any supplies and services that fall within the scope of VAT.

The VAT treatment of expenditure in the Orkney IJB's accounts depends on which of the partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where Orkney Islands Council is the provider, income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to H.M. Revenue and Customs and all VAT paid is recoverable from it. Where NHS Orkney is the provider, expenditure incurred will include irrecoverable VAT as generally NHS Orkney cannot recover VAT paid as input tax and NHS Orkney will charge the full cost to the Orkney IJB.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements but are disclosed as a note to the accounts where they are deemed material. There were no contingent assets and liabilities in 2019/20.

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 2020 is accrued, for example in relation to annual leave earned but not yet taken.

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

Post-employment benefits

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

Funding

The Orkney IJB is primarily funded through funding contributions from the statutory funding partners, Orkney Islands Council and NHS Orkney. Expenditure is incurred as the Orkney IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in Orkney.

Cash and Cash Equivalents

The Orkney IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the Orkney IJB by the funding partners. Consequently, the Orkney IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March 2020 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 2019/20.

Note 2 Corporate Services

The corporate services costs are as follows:

2018/19		2019/20
£000		£000
126	Staff Costs	193
10	Other Costs	7
25	Audit Fees	27
161	Total	227

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 2019/20 Annual Accounts as the unscheduled care budget was not formally delegated to the Orkney IJB. NHS Orkney has advised that these resources will be delegated to the Orkney IJB in financial year 2020/21.

Note 4 Taxation and Non-Specific Grant Income

2018/19		2019/20
£000		£000
19,389	Funding contribution from Orkney Islands Council	19,940
32,246	Funding contribution from NHS Orkney	34,884
51,635	Taxation and Non-specific Grant Income	54,824

The funding from NHS Orkney shown above includes £8,617k 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

2018/19		2019/20
£000		£000
117	NHS Orkney	342
17	Orkney Islands Council	18
134	Total	360

Note 6 Creditors

2018/19		2019/20
£000		£000
0	NHS Orkney	0
17	Orkney Islands Council	18
17	Total	18

Note 7 External Audit Costs

Audit Scotland is the appointed external auditor for the 2019/20 audit. The fee is £26,560. 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 has related party relationships with the NHS Orkney and Orkney Islands Council. The nature of the partnership means that the Orkney IJB may influence, and be influenced by, its partners. The following transactions and balances included in the Orkney IJB's accounts are presented to provide additional information on the relationships.

Transactions with NHS Orkney

2018/19		2019/20
£000		£000
32,246	Funding contributions received from NHS Orkney	34,884
32,246	Net Transactions with NHS Orkney	34,884

Transactions with Orkney Islands Council

2018/19		2019/20
£000		£000
19,389	Funding contributions received from Orkney Islands Council	19,940
19,389	Net Transactions with Orkney Islands Council	19,940

There are also a range of support services for the Orkney IJB including legal services, audit services, personnel services and finance services whereby there is no charge from either partner.

Note 9 Events after the Balance Sheet date

The unaudited accounts were issued on 23 June 2020 by Pat Robinson FCCA, Chief Finance Officer, who is the proper officer of the Board in accordance with Section 95 of the Local Government (Scotland) Act 1973. Where events taking place before this date provided information about conditions existing as at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information, if appropriate.

There have been no material events since the date of the Balance Sheet which necessitate the revision of the figure in the financial statements or notes thereto including contingent assets and liabilities.