

Stephen Brown (Chief Officer)

Orkney Health and Care

01856873535 extension: 2601

OHACfeedback@orkney.gov.uk



Agenda Item: 6

Integration Joint Board – Audit Committee

Date of Meeting: 23 June 2021.

Subject: Draft Annual Accounts for Financial Year 2020/21.

1. Summary

1.1. The purpose of the annual accounts is to demonstrate proper stewardship of the Integration Joint Board's financial affairs.

2. Purpose

2.1. To scrutinise and thereafter approve the draft unaudited accounts for submission to Audit Scotland.

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 5 to 21 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 2021.

3.3. The draft Annual Governance Statement, comprising pages 27 to 33 of the draft Annual Accounts, attached as Appendix 1 to this report.

It is recommended:

3.4. That the Audit Committee reviews and thereafter approves the draft Annual Governance Statement and the draft Annual Accounts for financial year 2020/21, attached as Appendix 1 to this report.

4. Background

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

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. However, due to COVID-19, Audit Scotland has delayed the audit and therefore the proposed date for signing off the accounts will be 17 November 2021.

4.3. 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 2021.

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

5. Contribution to quality

Please indicate which of the Orkney Community Plan 2019 to 2022 visions are supported in this report adding Yes or No to the relevant area(s):

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

6. Resource implications and identified source of funding

6.1. There are no resource implications with this report.

7. Risk and Equality assessment

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

8. Direction Required

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

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

9. 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.

10. Author

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

11. Contact details

11.1. Email: pat.robinson@orkney.gov.uk, telephone: 01856873535 extension 2601.

12. Supporting document

12.1. Appendix 1: Draft Annual Accounts 2020/21.



Annual Accounts

Orkney Integration Joint Board

2020/21



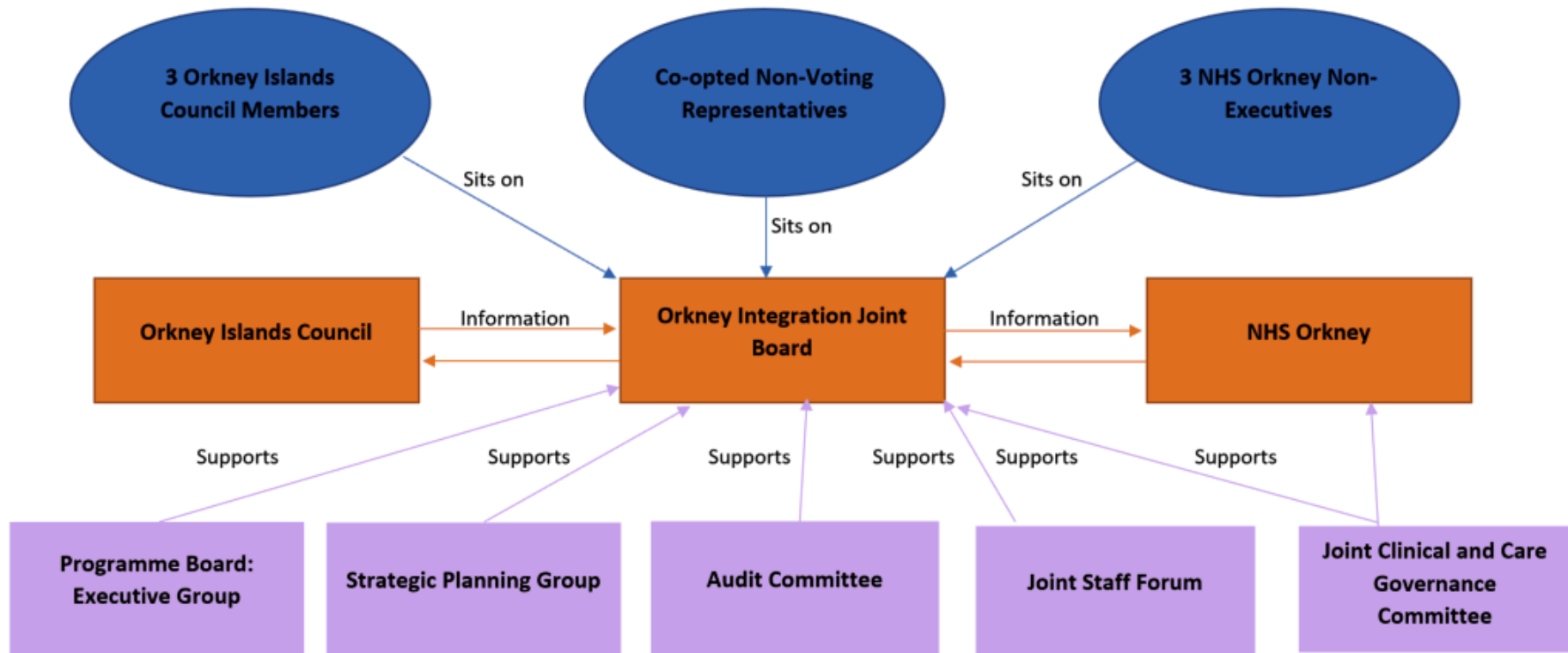
Contents

Orkney Integration Joint Board Members	3
Management Commentary	5
Statement of Responsibilities	22
Remuneration Report	24
Annual Governance Statement.....	27
Independent Auditor’s Report	34
Comprehensive Income and Expenditure Statement.....	35
Movement In Reserves Statement.....	36
Balance Sheet	37
Notes to the Financial Statements	38

Orkney Integration Joint Board Members

Voting Members	
David Drever	NHS Orkney (Vice Chair until 13/05/21)
David Campbell	NHS Orkney
Isobel Grieve	NHS Orkney (Chair from 14/05/21 onwards)
Councillor Rachael King	Orkney Islands Council (Chair until 13/05/21, Vice Chair 14/05/21 onwards)
Councillor John Richards	Orkney Islands Council
Councillor Steve Sankey	Orkney Islands Council
Non-Voting Members	
Sally Shaw	Chief Officer (until 22/11/20)
Gillian Morrison	Interim Chief Officer (from 31/08/20 to 23/05/21)
Stephen Brown	Chief Officer (commenced 24/05/21)
Pat Robinson	Chief Finance Officer
Sharon-Ann Paget	Interim Chief Social Work Officer (between 24/03/20 and 23/06/20)
Jim Lyon	Interim Chief Social Work Officer (from 24/06/20 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)	
Danny Oliver	Staff Representative, Orkney Islands Council (appointed 10/02/21)
Fiona MacKellar	Staff Representative, NHS Orkney
Gail Anderson	Third Sector Representative
Joyce Harcus	Unpaid Carer Representative (appointed 9/12/20)
Janice Annal	Service User Representative
Additional Non-Voting Members (Locally Agreed in Addition to Requirements)	
Frances Troup	Housing Representative

Structure and Management of the Orkney Integration Joint Board



Notes:

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

NB 2) Azets provided the internal audit services to the Orkney IJB for financial year 2020/21. OIC internal audit commenced on 01/04/21 for 5-year appointment.

External Scrutiny of Orkney IJB

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

Management Commentary

1. Introduction

The Orkney Integration Joint Board (IJB) is required to prepare annual accounts under the Local Government (Scotland) Act 1973 and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

The Management Commentary outlines key messages regarding the objectives and strategy of the Orkney IJB, its financial and performance reporting for the 2020/21 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 rudimentary review was undertaken by the Orkney IJB in September 2020 with a commitment to undertake a thorough review by March 2021.

A Programme Board involving the Parties and the Chair, Vice Chair and Interim Chief Officer of the Orkney IJB was established and a more comprehensive review of the Integration Scheme was undertaken. The draft amended Integration Scheme was submitted informally to the Scottish Government in April 2021 for comments, following receipt of which, consultation with stakeholders will take place on the proposed amendments with a view to submission to the Orkney IJB for noting and presentation to the Parties for approval, after which it will be approved by the Cabinet Secretary for Health and Social Care.

The Medium-Term Financial Plan which was approved in June 2019 details the needs analysis of how we currently spend our money and proposed changes in how services are delivered. This will require to be updated in line with any approved Strategic Commissioning Implementation Plan (SCIP).

The Orkney IJB commissions Community Health services, 'set-aside' services and Social Care from the Parties, for the population of the Orkney Islands, which is in the region of 22,270 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 Orkney IJB's Strategic Plan 2019-22 is designed to be public facing and primarily includes infographics for ease of reading and understanding. Although it was anticipated that the programme board approach would be implemented this has not progressed as anticipated. Therefore, the Strategic Planning Group was reconvened which is in accordance with legislation.

Although the Orkney IJB's Strategic Plan for 2019-22 was approved by the Orkney IJB on 2 October 2019, there was a delay in producing the Strategic Commissioning Implementation Plan (SCIP) due to the impact of COVID-19 and the management priorities having to focus on the response to the pandemic.

This plan sets out the detail of how the vision and strategic objectives outlined in the Strategic Plan 2019-22 are to be achieved within the remainder of the period. It also lays out the improvement priorities and outcomes, both national and local for the Orkney IJB in relation to the health and social care delegated functions in the Integration Scheme. This is being developed for the last year of the Strategic Plan 2019-2022 and will be presented to the Orkney IJB for approval by June 2021.

A Joint Strategic Needs Assessment has been commissioned to enable strategic planning to take place for the development of the Strategic Plan 2022-25.

4. COVID-19

As a direct consequence of the COVID-19 pandemic, 2020/21 has represented the most challenging and complex financial year in the history of the public sector.

The impact of COVID-19 on services commissioned by the Orkney IJB has been unprecedented. It has required a significant degree of service change within a short period of time, ultimately having a substantial financial impact, which is likely to continue over the medium term.

All frontline staff attended workplaces and undertook front-line duties including seeing all vulnerable people where feasible within the Scottish national COVID-19 regulations. Some services required to change their models of delivery in line with guidance and so, for example, Day Care centres were closed and staff were deployed to deliver outreach support.

Some other staff were redeployed for emergency responses whilst maintaining statutory service delivery within Scottish Government guidance.

The Parties quickly ensured staff had the relevant Information Technology (IT) equipment so that services could continue as much as possible. Meetings were very swiftly able to be held virtually via Microsoft Teams.

There were Resilience Meetings including Care for People meetings weekly with partners to discuss and co-ordinate emergency responses.

A Service Operational Recovery Team (SORT) was set up and these weekly meetings were held to identify priorities for commissioning and decommissioning emergency response services, scaling back and reopening services in line with Scottish Government COVID-19 advice.

With staff capacity already an issue pre-pandemic due to an almost full employment market in Orkney, this further exacerbated the need to staff additional emergency services within a small system where staff already have multiple roles and responsibilities. In addition, some staff needed to self-isolate or shield during periods of lockdown. With already small teams, this had a substantial impact and therefore there was a requirement to employ further agency staff to ensure a safe and sustainable service.

There was much local progress in response to COVID-19, including the following.

- An additional 10 places opened within the vacant fourth wing at Hamnavoe House residential care home. This was in response to the first wave of the virus to ensure there was capacity within the hospital. This unit was used for people whose medical condition was agreed as optimal, but who required further rehabilitation before being discharged home. Staff were redeployed from other services such as day care, and additional agency staffing was used to open this facility. Due to reducing numbers of residents, it was agreed to close this unit in Autumn 2020.
- The Near Me project accelerated as part of the COVID-19 response. Near Me is the safe and secure video calling system which allows patients to attend their appointments from the safety and comfort of their own homes. Whilst the initial focus was on enabling GP Practices, the technology was rolled out further into Mental Health Services, Allied Health Professionals and other clinical services traditionally delivered from the Hospital.
- An emergency humanitarian assistance hub opened and was initially staffed seven days a week. Staff and volunteers were redeployed to be available to answer any queries from the public and they were also responsible for the organisation of delivery of food parcels within the community. One of OHAC's Heads of Service took a lead role in the management of this hub once it was initiated, and OHAC's Community Justice Planning, Performance and Information Officer provided day to day operational management, and still retains a role in supporting members of the Orkney community who required to shield or self-isolate.
- There was additional Mental Health Officer capacity to deal with any spikes in demand within the service. This additional short term provision ceased in August 2020.
- An assessment centre situated away from the Balfour Hospital to reduce flow within the hospital was created to accommodate assessment and swabbing for people who developed symptoms. This was further utilised as the vaccination centre.
- The vaccination clinics have been highly successful with all adults over the age of 18 now being offered the vaccine. There was much support from the Parties and other public and third sector organisations, as well as community volunteers in regard to the roll out of these clinics such as marshalling and location sites.
- There were additional measures put in place such as staff and resident testing and essential PPE within the residential care homes which helped to mitigate the risk of infection and onward transmission.
- A special service has been set up so that service users can self-isolate for 14 days before admission into care homes which further reduces the risk of transmission to vulnerable service users.
- Although day centres were closed, there was increased support available for those who required it which increased demand on home care provision and commissioned services within supported accommodation.
- There was an increase in the numbers of young people actively engaging with on-line Children's Hearings, as opposed to the previous office based arrangements that were in place.

However, it must be recognised that there were significant costs in relation to COVID-19 for financial year 2020/21. Regular returns were submitted via NHS Orkney within the Mobilisation Plan for financial year 2020/21, which were refunded, in full. The income received in respect of services delegated by the Orkney IJB was £3.8 million.

At the beginning of the lockdown there was an increased demand in requests for prescription items where cost per patient rose sharply but then settled, with an increase again in August, September and December 2020. There has been no definitive reason identified, but the potential reason could be the easing in local restrictions and uncertainty associated with the exit from the European Union (Brexit).

With the introduction of the vaccines, it is anticipated that the likelihood of future spikes in demand for services will decrease. However throughout financial year 2021/22 there will continue to be additional delivery and financial pressures as well as the constant impacts on the need for more strategic planning, transformation activity and savings plans, which will require ongoing review and realignment.

In addition to the normal revenue settlement, the Scottish Government also confirmed non-recurring COVID-19 specific funding as part of its 2021/22 budget settlement. This funding is to provide additional non-recurring resources to fund:

- Provider sustainability payments.
- Ongoing PPE.
- Additional costs.
- Income loss linked to COVID-19 which is expected to continue throughout 2021/22.

The budget proposals for 2021/22 were presented based on “business as usual”, to the Orkney IJB in April 2021. However, it is now evidenced that this is not the case. These extraordinary costs being incurred will continue for financial year 2021/22. For accounting purposes, these costs will be recorded separately, with the assumption that costs will be covered by the Parties and ultimately by government.

The Local Mobilisation Plans are submitted by NHS Orkney to Scottish Government to capture the actual and anticipated additional costs of the Health and Social Care Partnership and to date have been reimbursed.

Key Priorities for Recovery:

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

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

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

A pilot has commenced in regard to a Home First/Discharge to Assess model which is in the very early stages but it is anticipated this will make an impact on hospital discharges for people able to return to the community as quickly as possible. It is anticipated that care at home services will also have a pivotal role in the Home First pilot which aims to aid timely hospital discharge.

Day care services have resumed. However due to the requirement to meet physical distancing requirements, more limited attendance is permitted. Some people have opted to have different day supports during lockdown and it is hoped that where these have worked well and are more personalised to the individual, this support can

continue rather than resuming traditional service delivery if the former is preferred. This will require considerable service redesign to services for both older people and those with learning disabilities and will require consultation with all stakeholders to determine what future services might look like.

5. Operational Review

Throughout the pandemic, there were 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:

- Two strategies were approved in the autumn of 2020 - the Dementia Strategy 2020-25 which was approved on 30 September 2020 and the Mental Health Strategy approved on 29 October 2020 both after extensive consultation processes. These strategies provide a focus to help successfully deliver dementia support and services and mental health services based on the principles and priorities outlined in the Strategic Plan.
- The approval of a report on Directions from the Orkney IJB. There is a process whereby the Orkney IJB delivers its Strategic Plan by issuing 'Directions' to the Local Authority and the Health Board as appropriate. The updated template which takes into consideration the key actions within the 2020 Statutory Guidance was approved by the Orkney IJB on 30 September 2020.
- The set aside budget was received from NHS Orkney in accordance with legislative requirements on 30 September 2020 and a plan was agreed by the Orkney IJB for further work to be undertaken to take on further operational management.
- Funding was secured by Voluntary Action Orkney to establish and deliver a project called "Enhancing Wellbeing in Our Island Communities" which was to look at how community led care solutions could be developed on the smaller isles of Orkney. Further funding has been secured to continue and expand the project to 2022.
- Following on from the inspection report in 2019 in regard 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.
- The proposed new replacement Kirkwall care facility, namely provision of a future-proofed 40 place facility, was approved with a start date for construction in autumn 2021, with delivery in early 2024.
- The Winter Plan was approved in February 2021. The aims of the plan are to create a set of conditions which improve resilience by building capability to absorb, respond and recover from disruptive challenges. As part of the winter plan a pilot of Home First was introduced. Funding has been agreed to continue the pilot through the summer of 2021. Initial data is highly compelling about how individuals' future needs should not be determined whilst in hospital.
- The Orkney Health and Care Workforce Plan 2020-22 was approved in December 2020. This was the first such plan, which identifies longer term needs and risks in relation to workforce planning, alongside a commitment to identify the workforce needs of the third sector to include in the next plan.
- The Primary Care Improvement Plan for Orkney sets out an ambitious vision for how services will be delivered in General Practice and Primary Care that operate in partnership with the wider health and care system. There are particular challenges associated with delivery of these aspirations within the financial envelope available, particularly in regard to more remote and rural geographical areas. Work

is underway with NHS Orkney to identify how the resources available can meet the needs of Orkney's patient population, taking account of Scottish Government strategic priorities and taking account of clinical priorities. This plan has been developed to the stage that it is anticipated that decisions will be able to be taken regarding further roll-out at the Orkney IJB in June 2021.

Created and Future Workstreams.

- 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. Unfortunately, there were significant delays due to COVID-19. However, that post is now filled and a launch event was held in May 2021.
- There is an action plan that has been created from the suggestions made at the OHAC finance workshops which were delivered in August 2020 and January 2021. This is being finalised by the OHAC senior management team and will be circulated shortly.

6. Independent Adult Social Care Review

On 1 September 2020, the First Minister announced that there would be an Independent Review of Adult Social Care in Scotland as part of the Programme for Government.

The principal aim of the review was to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people who use services, their carers and families, and the experience of people who work in adult social care. The review took a human-rights based approach.

The Independent Review concluded at the end of January 2021 and its report was published on 3 February 2021.

The Health Secretary accepted the findings of this review and is working on key recommendations. The first measure in response has been the announcement of the Community Living Change Fund. This is for the redesign of services for people with complex needs including intellectual disabilities and autism, and for people who have enduring mental health problems. The Orkney IJB's allocation is £81,141.

7. Climate Change

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

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

As a consequence, the content of the report is very limited as the IJB does not directly deliver these services. The Scottish Government recognises this in the Guidance

issued to health and social care partnerships, and a representation has been made at the request of the Orkney IJB to make this reporting more meaningful.

The Climate Changes Duties report 2019 was approved at the Orkney IJB on 29 October 2020.

8. Performance Reporting

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

Following recruitment of a Performance and Planning Officer, the ability of the Orkney IJB to receive regular reports on the performance of Orkney Health and Care will be enhanced. The Performance and Planning Officer has developed an Orkney IJB Performance Management Framework which will be submitted for approval at the June 2021 IJB meeting. This framework will enable the Orkney IJB to undertake an improved scrutiny function, and for Orkney Health and Care to enhance its performance culture focused on quality and continuous improvement, this being critical when demand for services is growing and resources are tightening.

In regard to financial year for 2020/21, the Scottish Government has agreed that IJBs' Annual Performance Reports can be delayed from the usual June publication date until November 2021.

Local Indicators

The Annual Performance Report has been given an extension until November 2021. These figures will be updated as soon as the information is available.

The available local indicators are as follows:

Indicator	Description	Scotland 2018/19	Orkney 2018/19	Scotland 2019/20	Orkney 2019/20
Emergency Admissions	Emergency admission rate (per 100,000 persons)	12,275	10,719	11,313	9,697
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	20	17
Quality of Services – Care Inspectorate	Proportion of care services graded 'good' (4) or better in Care Inspectorate Inspections	82%	78%	82%	74%
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%

9. Financial Management

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

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

10. Analysis of Financial Statements

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

The 2020/21 Annual Accounts comprise:

a). Movement in Reserves Statement – At the year end there was earmarked funding not fully utilised in relation to various services. These funds will be utilised in financial year 2021/22.

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

11. Financial Performance

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

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

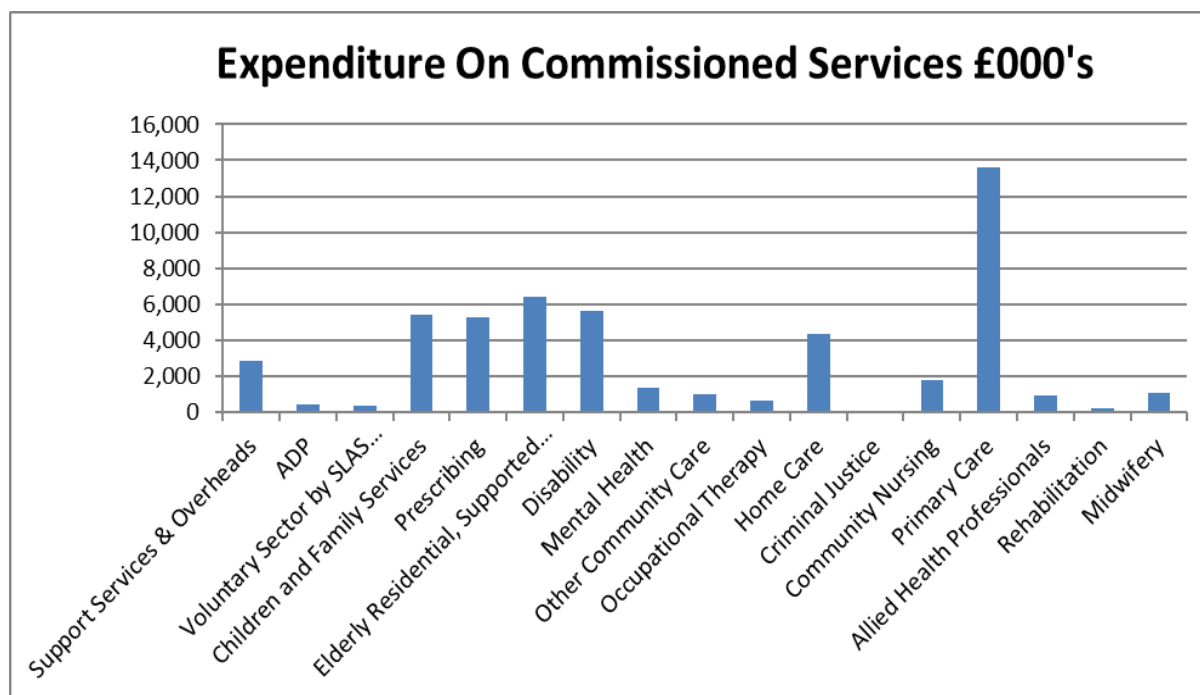
Partner Organisation	Opening Budget	Set Aside	Additional Allocations	Reduction in Funding	Full Year Budget	Full Year Spend	Variance
	£000	£000	£000	£000	£000	£000	£000
Orkney Islands Council	20,343	0	109	0	20,452	20,452	0
NHS Orkney	26,381	7,777	8,057	0	42,215	39,892	(2,323)
Total Allocation	46,724	7,777	8,166	0	62,667	60,344	(2,323)

The unscheduled care budget of £7.777 million was formally delegated to the Orkney IJB in September 2020. There were additional allocations throughout the year totalling £0.840 million resulting in a total set aside budget of £8.572 million.

The outturn position showed **an overall underspend of £2.323 million at the financial year end.**

The underspend of £2.323 million was in relation to funding received for specific services, some at a late stage, which was not fully utilised and therefore will be held within earmarked reserves. Within this figure there is COVID-19 funding unutilised which will be carried forward for use in 2021/22 which totalled £671k.

The net funds excluding unscheduled care provided the following services:



The main financial issues reported throughout the year were:

Children and Families – There were additional staffing requirements within the service due to sickness absence within the Children and Families team and the additional work required for the joint inspection improvement plan. There are also additional costs for residential care within Orkney due to the current children’s house being at full capacity.

There has been a requirement for agency staff due to vacancies within the Speech and Language service. The successful recruitment process, in both adults and paediatric posts, will see a reduction in projected costs once candidates are in post.

Elderly – There is a continued reliance on agency staffing due to recruitment issues and long term sickness absence within residential care homes. Some of the COVID-19 costs are incurred within these cost centres. There are residual costs such as maintenance and security in regard to St Peter’s House, the former residential care facility in Stromness. A recruitment campaign was launched in autumn to promote roles within Social Care services. Pending the usual recruitment checks this should reduce some reliance on agency staff. However, it should be noted that our workforce is ageing and much of the work is physically demanding despite modern day equipment.

Prescribing – Inflation and growth associated with medicines has been significant during the year which has resulted in a considerable over-spend within this budget. This is in part associated with increasing numbers of new and more effective medicines and access to these, which brings associated health benefits to our population at a significant financial cost. The full and long-term impact of COVID-19 and Brexit on medicines inflation, often driven by shortages, is not yet known and continues to be a significant financial risk.

Mental Health – There are additional costs regarding employing a locum consultant psychiatrist locally as well as agency psychiatric nursing being required to cover vacancies. NHS Orkney is having ongoing discussions in regard to a reduction in Service Level Agreement costs. In the next financial year, there will be a reduction in costs relating to agency nursing as a key post has been recruited to.

Home Care – The demand for Home Care 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.

There is currently an increase in short term sickness within the team whereby there is a requirement to use agency staffing.

Primary Care – The underspend is around ring fenced Dental Primary Medical Services funding. This is allocated centrally each year from Scottish Government and reduced accordingly dependent on a yearly service review.

There has also been a vacancy in relation to the rural fellowship GP training post.

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. 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 formally delegated to the Orkney IJB in September 2020.

The main financial pressures within the Set Aside budget are in relation to unfunded posts and the increases in drug prices and growth have been greater than the inflationary uplift.

12. Financial Outlook

As per the Integration Scheme, the funding available to the Orkney IJB shall be dependent on the funding available to NHS Orkney and Orkney Islands Council and the corporate priorities of both. A budget report was approved by the Orkney IJB on 21 April 2021 to illustrate the funding allocations within which the Strategic Commissioning Implementation Plan 2021/22 should be delivered.

The financial contributions from each of the Parties for 2021/22 are as follows:

	NHS Orkney	NHS Orkney Set Aside	Orkney Islands Council	Orkney IJB
	£000	£000s	£000	£000
Budget	26,760	7,435	20,813	55,008
Savings	-	-	(114)	(114)
Total	26,760	7,435	20,699	54,894

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

At a meeting with the Parties, it was suggested that a three-year savings target be applied which would give the Orkney IJB a set figure to work towards over a three-year period. In total there 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

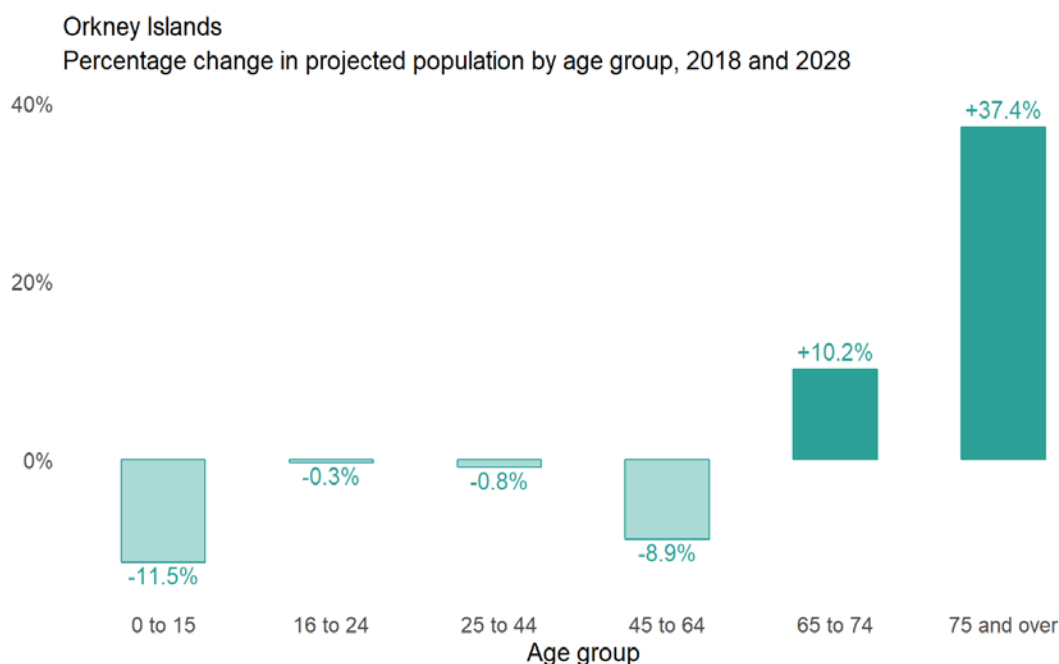
To date there has only been £258K identified as recurring savings. It has been agreed that there will be dedicated finance meetings scheduled by the Chief Officer and the Director of Finance within NHS Orkney to look at efficiency savings. This will include the action plan from the Finance Workshop held in August 2020.

13. Sustainability Challenges

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

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

14. Management of Risks

Within the financial year, the Orkney IJB approved the updated Risk Management Strategy and revised the Risk Register, which form 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, 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 Orkney Health and Care, the health and social care delivery partnership).

The updated Risk Register presented to the Orkney IJB has 20 risks overall, ranging from medium to very high.

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

Risk	Mitigating Actions
<p>IJB Financial Sustainability Services commissioned will not be able to meet all of the statutory services for those with assessed need. Unable to deliver in full the existing savings and achieve new savings to deliver a balanced budget.</p>	<p>Financial information is reported regularly to the Orkney IJB, NHS Finance and Performance Committee and Orkney Health and Care Committee which highlights pressure areas. Review and revise the Medium-Term Financial Plan. Orkney IJB approve any budget savings proposals.</p>

Risk	Mitigating Actions
	Some contingency arrangements in place in regard to operational service pressures within partner bodies.
<p>Financial and demographic pressures of services</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 Orkney IJB to commission services to the most vulnerable people in Orkney.</p>	<p>Eligibility criteria in place.</p> <p>Three-year Strategic Plan which includes transformation of services to ensure sustainability.</p> <p>Development of the Strategic Commissioning Implementation Plan.</p> <p>Introduction of Community Led Support to work collaboratively with communities.</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</p>
<p>Recruitment and Retention of Workforce</p> <p>Insufficient workforce planning actions underway to shape future workforce through redeployment and training etc.</p> <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>Service Workforce Plan is now approved which complements the NHS Orkney and Orkney Islands Council Workforce Plans.</p> <p>This anticipates, as far as possible, the areas of greatest risk in shortfall of employees.</p> <p>Consideration of enhanced approach to redeployment and retraining as appropriate.</p> <p>Careful consideration to the release of staff by voluntary means to ensure required skills are retained.</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>COVID-19</p> <p>Vulnerable service users/patients and staff may be affected by the effects of the Coronavirus, particularly residents in our care homes.</p> <p>Implications of COVID-19 means that work on the strategic priorities has been postponed.</p> <p>There is a significant financial implication to the Orkney IJB if the costs of the response to the crisis are not fully funded. There may be longer term implications that may have financial impact.</p> <p>The need to provide the largest scale vaccination programme with tight timescales and the</p>	<p>Well communicated instruction for health and social care staff appropriate to professional role by Public Health.</p> <p>All national and local measures including social distancing, frequent handwashing, appropriate PPE, staff and service user/resident screening, self-isolation.</p> <p>Additional staffing been recruited in regard to vaccination programme.</p> <p>Vaccination programmes starting with those most at risk.</p> <p>Close partnership working with local resilience partnership and Community Planning partners.</p> <p>Conformance with all performance monitoring by Scottish Government and Care Inspectorate.</p>

Risk	Mitigating Actions
need to for the programme to potentially be delivered over the next 9 months has the potential to overwhelm staff.	Detailed financial planning and monitoring on COVID-19 is in place and costs are considered by the Scottish Government as part of the Orkney Mobilisation Plan response. Risk assessment is an integral part of the assessment process. Rolling programme of refresher training concerning statutory compliance for all frontline managers.
Analogue to Digital Switchover 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.	There is funding available for implementation for £71,400 from Scottish Government TEC to test implementation. Ongoing support work with national groups such as connecting Scotland has been undertaken through services. Programme Board to ensure a functional central system capable of handling digital technology is implemented in timeframe.
Budget Setting Budgets are not set and approved prior to start of financial year and Orkney IJB will be operating without a formally agreed budget.	Ongoing discussions with partner bodies on more joined up working. Updated integration scheme to agree on how future budgets will be allocated.
Changes in Leadership No permanent Chief Officer in post to take leadership role within organisation.	The permanent Chief Officer commenced their role on 24 May 2021 and therefore risk will be removed.

Further information on the risk register can be found within the link at section 16. Once the Strategic Commissioning Implementation Plan is approved, the risk register will be developed to incorporate the risks of outcomes not being achieved.

15. Unscheduled Care (Set Aside)

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

The budget was formally delegated to the Orkney IJB in September 2020 and the spend is reported on a quarterly basis. However, there is a recognition that much further work must be undertaken to comply with the legislation in regard to the Set Aside budget.

16. Further Information

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

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

The section that is dedicated to the Orkney IJB Finance can be found at:
<https://www.orkney.gov.uk/Service-Directory/S/ijb-finance.htm>

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

17. Conclusion

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

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

The Orkney IJB faces many challenges moving forward in ensuring that we meet our 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
17 November 2021

Isobel Grieve
Chair of Orkney IJB
17 November 2021

Pat Robinson.
Chief Finance Officer.
17 November 2021

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 17 November 2021.

Signed on behalf of the Integration Joint Board.

Isobel Grieve

Chair of Orkney IJB

17 November 2021

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 2021 and the transactions for the year then ended.

Pat Robinson

Chief Finance Officer

23 June 2021

Remuneration Report

Introduction

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

Orkney IJB Chair and Vice Chair

The voting members of the Orkney IJB are appointed by NHS Orkney and Orkney Islands Council. In accordance with the Integration Scheme, the posts of Orkney IJB Chair and Vice Chair alternate between a Councillor and a Non-Executive Director of the Health Board. In May 2021, the role of Chair of Orkney IJB alternated to NHS Orkney, following the two year period of Chair by a Councillor of Orkney Islands Council.

The Orkney IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the Orkney IJB. The Orkney IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the Orkney IJB in 2020/21.

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 Elected Members of Orkney Islands Council and three Non-Executive Directors of NHS Orkney, although article 3(5) of the Integration Joint Board Order permits otherwise if necessary.

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

Name.	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration 2020/21 £	Total Remuneration 2019/20 £
Sally Shaw, Chief Officer*	99,949	0	99,949	93,997
Gillian Morrison, Interim Chief Officer**	52,234	0	52,234	0
Pat Robinson, Chief Finance Officer	57,113	0	57,113	55,650
Total	209,296	0	209,296	149,647

* The Chief Officer left post on 22 November 2020.

** The Interim Chief Officer was in post from 31 August 2020 until 23 May 2021.

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.

Post	Senior Employee	In Year Pension Contributions		Accrued Pension Benefit		
		For Year to 31/03/20	For Year to 31/03/21		Difference from 31/03/20	As at 31/03/21.
Chief Officer	Sally Shaw	£16,544	£11,128	Pension	£1,394	£4,311
				Lump Sum	£0	£0
Interim Chief Officer	Gillian Morrison	£0	£8,880	Pension	£1,066	£1,066
				Lump Sum	£0	£0
Chief Finance Officer	Pat Robinson	£9,794	£9,709	Pension	£1,536	£13,849
				Lump Sum	£336	£9,199
Total		£26,338	£29,717	Pension	£3,996	£19,226
				Lump Sum	£336	£9,199

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Bands 2019/20	Remuneration Band	Number of Employees in Bands 2020/21
1	£55,000 - £59,999	1
1	£90,000 - £94,999	1

Exit Packages

The regulations require the Remuneration Report to provide information on the number of exit packages awarded, in bandings of £20,000 up to £100,000 and thereafter in bandings of £50,000, along with the total cost of the exit packages within each band. The regulations also require disclosure of the number of compulsory redundancies and other agreed departures.

Exit Package Cost Band	Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
					£000	£000
£40,000 - £59,999	0	1	0	1	0	52
Total	0	1	0	1	0	52

Stephen Brown
Chief Officer

17 November 2021

Isobel Grieve
Chair of Orkney IJB

17 November 2021

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 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. However, due to the COVID-19 pandemic all meetings were held virtually via Microsoft Teams and recorded. These audio recordings can be accessed at any time for listening. It is proposed that the Standing Orders be updated alongside the review of the Scheme of Integration, which has been sent to Scottish Government for comment. 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 within the link at section 16 of the management commentary.

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

In recognition of the importance of the work done by third sector colleagues and to strengthen links, the Third Sector Interface has been asked to attend part of the monthly Orkney Health and Care Senior Management Team meetings as well as being involved with the development of the draft Strategic Commissioning Implementation Plan.

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

The Orkney IJB's Strategic Plan illustrates how the Orkney IJB plans and commissions future services. The Strategic Plan 2019-22 was approved on 2 October 2019 and the draft Strategic Commissioning Implementation Plan for 2021/22 is currently being developed and will be submitted to the Orkney IJB in June 2021. The delay in this plan is in relation to staff prioritising the care and wellbeing of our community as part of the COVID-19 response.

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, which was approved in June 2019, provides 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.

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

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

The Strategic Planning Group which has reconvened throughout this year will support and inform the development process for the Partnership’s Strategic Commissioning Implementation Plan, together with an iterative review. This group has the responsibility for the annual review of the strategic planning process, including responding to Scottish Government and other stakeholder feedback.

The Joint Clinical and Care Governance Committee meets at least quarterly and fulfils the function of providing the Orkney IJB, and NHS Orkney, with assurance that robust clinical and care governance controls and management systems are in place and are effective for the services that NHS Orkney have delegated to it.

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

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

Orkney IJB Development Session – OHAC Finance	13/01/21
Orkney IJB Development Session – Review of Adult Social Care	22/02/21
Orkney IJB Development Session – Alcohol and Drugs Partnership and Strategic Commissioning Implementation Plan	12/05/21

Briefing notes are routinely prepared and distributed to provide Members with up to date information on key strategic and operational issues such as the Children’s inspection report and the final version of the Orkney IJB’s Complaints Handling Procedure.

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, the Mental Health Strategic Delivery Group and is the Chair of both the Alcohol and Drugs Partnership and the Community Justice Partnership. The Chief Officer will also become 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 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.

Due to the absence of a Chief Officer part way throughout the year, the Parties agreed to the secondment of an interim Chief Officer, Gillian Morrison, who commenced in post in August 2020. After a successful recruitment campaign, a permanent Chief Officer, Stephen Brown, commenced in post on 24 May 2021.

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

The Orkney IJB has a risk management strategy and the management of risks are included within section 14 of the management commentary. It has been agreed that the Risk Register will be updated once the Strategic 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 Risk Management Strategy was updated and approved in February 2021. The Risk Register was subsequently updated and approved in April 2021.

The Performance Framework uses various measures to show how well the services commissioned by the Orkney IJB are performing. Further information on performance can be found in section 8 of the management commentary. There was a successful appointment to the Planning and Performance Officer role, with the postholder commencing employment in March 2021. They will be tasked with updating and presenting the performance report to the Orkney IJB.

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 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.

Under normal circumstances, the Orkney IJB's business is conducted through a bi monthly 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 via email and/or hard copy and the public via Orkney Islands Council's website. There is a standard reporting format in place to ensure consistency of approach and consideration by Members to provide transparency in decision making. From April 2020 due to COVID-19 these meetings have been held virtually and recorded. At the end of the meeting the recording is uploaded online.

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

The Chief Internal Auditor reports directly to the Orkney IJB 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 for financial year 2020/21 was provided by Azets (formally known as Scott Moncrieff) who are the internal auditors for NHS Orkney. On 10 March 2021, the Orkney IJB approved the appointment of Orkney Islands Council's Chief Internal Auditor as the Chief Internal Auditor of the Orkney IJB for the five year 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 Orkney IJB Audit Committee approved the Internal Audit Plan for 2020/21 on 18 November 2020, which approved the following audit area:

- Corporate Governance - Review of approach to oversight of the organisation including consideration of structure and purpose of relevant committees.

The Corporate Governance internal audit report was presented to the Orkney IJB Audit Committee on 10 March 2021, which stated that although there were three areas for improvement to strengthen the Orkney IJBs control framework, there is a gained assurance that Orkney IJB's procedures reflect good practice in a number of areas.

Action Plan 2020/21

From the identified three actions, they are being addressed as follows:

Risk	Management Action
The proceedings of the committees may be impaired if not operating under up to date and periodically reviewed structure and membership of groups. This could lead to issues around authorities and role/responsibilities.	A document has been produced by the Chief Officer illustrating when governance documents need to be reviewed. The structure and membership of groups will be refreshed and presented to the Orkney IJB for approval in late summer 2021.
Actions may not be demonstrably addressed in a timely manner without a suitable monitoring system, resulting in the Orkney IJB not mitigating the associated risks in an efficient and effective manner.	These actions are updated and presented to the Orkney IJB Audit Committee as part of the annual external audit report. However, these will be included within the Pentana system so more frequent updates will be available.
There is a risk that the Orkney IJB members do not perform their role effectively due to	Attendance log is held in regard to each development session

Risk	Management Action
the lack of tailored knowledge of how the Orkney IJB operates. This could result in a lack of robust oversight and challenge of management's actions.	and feedback will be requested as to reasons for non-attendance.

In regard to the action plan from the 2019/20 Annual Accounts the following have been addressed:

Risk	Management Action
That each of the proposals, made by the Ministerial Strategic Group for Health and Community Care are progressed, with processes and resources put in place so that the Orkney IJB is effectively supported in managing its financial priorities and financial management. It should be considered that processes be included within the integration scheme.	The Orkney IJB's Discussion Forum, which includes members from the Local Authority, Health Board and Orkney IJB will be re-established to update on the progress made to date and an action plan will be created on when these actions will be completed.
A working group, or groups, should be established to identify how budget savings will be implemented. The output from the group(s) should inform clear implementation and decommissioning plans so that budget savings are made linked to strategic priorities, plans and policies.	A Finance Workshop was undertaken in August 2020 to start generating budget savings proposals. A working group will be established to take forward these proposals for consideration by the Orkney IJB.
The Orkney IJB and the Orkney Health Board should prioritise establishing robust and timeous processes for the planning, performance and management of set aside hospital functions and associated resources.	The Director of Finance at NHS Orkney and Chief Finance Officer will agree on what information shall be available on a timeous basis for reporting in regard to the planning, performance and management of set aside. This shall be incorporated within the Finance meetings which will commence in July 2021 and chaired by the Chief Officer and Director of Finance on rotational basis.

Risk	Management Action
The Orkney IJB and the Health Board should prioritise how budget savings specific to unscheduled care will be made.	A working group will be established to take forward how budget savings can be achieved.

Orkney Islands Council

There was an internal audit on Care Contribution Charging which was presented to the Orkney IJB Audit Committee on 10 March 2021. The audit provides adequate assurance that the processes and procedures relating to care contribution charging are well controlled and managed.

NHS Orkney

Azets, who are the internal auditor for NHS Orkney, have stated that NHS Orkney has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks, subject to action to address issues noted as below:

- Internal and external communications: lack of communication plan and accompanying suitable policies and procedures.
- IT control issues, particularly account and network controls (IT environment) and strategic cyber security arrangements.
- There are inconsistent processes in place for making changes to staff banding.

Conclusion and Opinion on Assurance

The work undertaken in 2020/21 considered the corporate governance processes of the Orkney Integration Joint Board and the associated efficient and effective operation of related key controls. On the basis of the specific work performed, in our opinion the Orkney Integration Joint Board has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, related internal controls, effective and efficient achievement of objectives and the management of key risks.

Stephen Brown.
Chief Officer.
17 November 2021.

Isobel Grieve
Chair of Orkney IJB
17 November 2021

Independent Auditor’s Report

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

Comprehensive Income and Expenditure Statement

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

2019/20				2020/21		
Gross Spend	Gross Income	Net Spend		Gross Spend	Gross Income	Net Spend
£000	£000	£000		£000	£000	£000
227	0	227	Corporate Services (note 2)	319	0	319
2,599	(277)	2,322	Support Services and Overheads	3,194	(616)	2,578
453	0	453	Alcohol and Drug Partnership	449	0	449
540	(94)	446	Voluntary Sector by SLAS excluding commissioned Services	495	(90)	405
4,821	(108)	4,713	Children and Families	5,874	(419)	5,455
4,810	(1)	4,809	Prescribing	5,288	(1)	5,287
8,974	(2,547)	6,427	Elderly Residential, Supported and Day Care	10,803	(4,384)	6,419
6,070	(309)	5,761	Disability	7,939	(2,277)	5,662
1,164	(129)	1,035	Mental Health	1,609	(214)	1,395
1,300	(164)	1,136	Other Community Care	1,201	(172)	1,029
615	(17)	598	Occupational Therapy	682	(22)	660
4,345	(127)	4,218	Home Care	5,414	(1,058)	4,356
288	(288)	0	Criminal Justice	269	(266)	3
1,592	(18)	1,574	Community Nursing	1,815	(19)	1,796
10,430	(428)	10,002	Primary Care	13,727	(90)	13,637
912	(2)	910	Allied Health Professionals	977	0	977
320	(55)	265	Rehabilitation	285	(57)	228
979	(10)	969	Midwifery	1,114	3	1,117
8,629	(12)	8,617	Unscheduled Care	8,572	0	8,572
59,068	(4,586)	54,482	Cost of Services.	70,026	(9,682)	60,344
0	(54,824)	(54,824)	Taxation and Non-Specific Grant Income (note 4)	0	(62,667)	(62,667)
59,068	(59,410)	(342)	(Surplus) or Deficit on Provision of Services	70,026	(72,349)	(2,323)
59,068	(59,410)	(342)	Total Comprehensive (Income) and Expenditure	70,026	(72,349)	(2,323)

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.

2020/21	General Fund Balance	Earmarked Reserves	Total Reserves
	£000	£000	£000
Balance at 1 April	0	(342)	(342)
Other Comprehensive Income and Expenditure	0	(1,981)	(1,981)
Total Comprehensive Income and Expenditure	0	(2,323)	(2,323)
Balance at 31 March 2021	0	(2,323)	(2,323)

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.

2019/20		Notes	2020/21
£000			£000
360	Short term Debtors	5	2,341
360	Current Assets		2,341
(18)	Short term Creditors	6	(18)
(18)	Current Liabilities		(18)
342	Net Assets		2,323
342	Earmarked Reserves		2,323
342	Total Reserves		2,323

The unaudited accounts were issued on 23 June 2021 and the audited Annual Accounts will be authorised for issue on 17 November 2021.

Pat Robinson
Chief Finance Officer
23 June 2021

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2021 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 2020/21.

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 2021 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 previous Chief Officer and the Interim Chief Officer participated in the Local Government Pension Scheme which is managed by Orkney Islands Council who makes the relevant contributions.

Funding

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

Cash and Cash Equivalents

The Orkney IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the Orkney IJB by the funding partners. Consequently, the Orkney IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to or from each funding partner as at 31 March 2021 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 2020/21.

Note 2 Corporate Services

The corporate services costs are as follows:

2019/20		2020/21
£000		£000
193	Staff Costs	284
7	Other Costs	8
27	Audit Fees	27
227	Total	319

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 2020/21 Annual Accounts.

Note 4 Taxation and Non-Specific Grant Income

2019/20		2020/21
£000		£000
19,940	Funding contribution from Orkney Islands Council	20,452
34,884	Funding contribution from NHS Orkney	42,215
54,824	Taxation and Non-specific Grant Income	62,667

The funding from NHS Orkney shown above includes £8,572k 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

2019/20		2020/21
£000		£000
342	NHS Orkney	2,323
18	Orkney Islands Council	18
134	Total	2,341

Note 6 Creditors

2019/20		2020/21
£000		£000
0	NHS Orkney	0
18	Orkney Islands Council	18
18	Total	18

Note 7 External Audit Costs

Audit Scotland is the appointed external auditor for the 2020/21 audit. The fee is £27,330. 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

2019/20		2020/21
£000		£000
34,884	Funding contributions received from NHS Orkney	42,215
34,884	Net Transactions with NHS Orkney	42,215

Transactions with Orkney Islands Council

2019/20		2020/21
£000		£000
19,940	Funding contributions received from Orkney Islands Council	20,452
19,940	Net Transactions with Orkney Islands Council	20,452

There are also a range of support services for the Orkney IJB including legal, audit, human resource 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 2021 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. The audited annual accounts reflect events after 31 March 2021 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 2021, 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.