



# **Annual Accounts**

## **Orkney Integration Joint Board**

### **2017/2018**



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# Management Commentary

## The Integration Joint Board's Strategy and Business Model

Orkney Health and Care was formed in 2010 and was responsible for the management of Orkney Islands Council social work and social care services and the NHS Orkney community based health services. Orkney Health and Care was run under joint management arrangements and was accountable to both the Council and NHS Orkney for the effective delivery of these services through the Orkney Health and Care Board. The introduction of Integration Joint Boards has now superseded this arrangement.

The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. It establishes the framework for the integration of health and social care in Scotland.

The Act requires the Parties to prepare, agree and consult on an integration scheme setting out how this joint working is to be achieved. In Orkney, the Health Board and Local Authority opted to delegate the functions to an Integration Joint Board.

The Integration Joint Board is a legal entity, created by Parliamentary Order following ministerial approval of an Integration Scheme. The Integration Joint Board (IJB) was established as a body corporate by order of Scottish Ministers with effect from 6 February 2016.

The integration scheme is a legally binding contract between Orkney Islands Council and NHS Orkney. It sets out the make-up of the Integration Authority and how it will work. It was approved on 22 March 2018 to incorporate the Carers (Scotland) Act 2016. Further information can be found at [http://www.orkney.gov.uk/Files/OHAC/Integration\\_Scheme\\_Accessible\\_Version.pdf](http://www.orkney.gov.uk/Files/OHAC/Integration_Scheme_Accessible_Version.pdf)

Membership of the IJB comprises voting and non-voting members. The voting members are three Elected Members of the Council and three Non-Executive Directors of the Health Board, although article 3(5) of the Integration Joint Board Order permits otherwise if necessary.

The Non-Voting members (Professional Advisors) are:

- The Chief Officer of the IJB.
- The Chief Social Work Officer.
- The Chief Finance Officer of the IJB.
- Registered Medical Practitioner who is a GP.
- Registered Medical Practitioner who is not a GP.
- Registered Nurse

The Non-Voting Members (Stakeholder Members) are

- Staff Representatives.
- A Third Sector Representative.
- An Unpaid Carer Representative
- A Service User Representative.
- A Representative of OIC Housing Services

## Purpose and Objective

The main purpose of the IJB is to plan, resource and oversee the delivery of high quality health and social care services for and with the people of Orkney.

The objective is to improve the health and wellbeing of people who use health and social care services, particularly those whose needs are complex and involve support from health and social care at the same time.

The IJB strategic plan has linked its plans to the Scottish Government's nine national health and wellbeing outcomes. Although the plan that was published was a three year plan, it was agreed that it would be refreshed after one year, recognising that this type of planning was a new way of working in Orkney and as such it would evolve and change, and would need to be updated for the remaining period of the plan.

The direction that the IJB sees services in Orkney taking focuses on

- **People** - to have sufficient levels of service to meet need, staff to have ready access to information and to have familiarity with their care team.
- **Place** - to have services locally available and not travel unnecessarily to access services.
- **Purpose** - to have services that are well aligned to local health and care needs, rather than national models that only work well at large scale or traditional distribution and types of service.

The detail on how progress will be measured can be found at <http://www.orkney.gov.uk/Service-Directory/S/ohac-strategic-commissioning-plan.htm>.

## **The IJB's Operations for the Year**

### **Home Care**

In response to the 2016/2017 commissioned external review of the level of current Home Care provision which looked at the adequacy of the existing budget or need for investment there has been a baseline increase of £156,000 from 2017/2018 onwards.

There has also been work undertaken with communications colleagues to develop articles and video material to promote Home Care as a career.

The Home Care Pool Car Programme Pilot project was completed and for various reasons, one of which was the projected savings had not been realised, it was decided to discontinue the pilot.

### **Eligibility Criteria Adult Social Care**

The local eligibility criteria for adult social care services was revised to ensure the most effective arrangements are in place to manage and prioritise its services and resources. This now means that people who are assessed as having a critical or substantial need will be eligible for a service whilst those assessed as having a moderate or low level of need will be signposted to community based support. It was recognised that within the previous 12 months the service had rarely assessed anyone as having a moderate need.

### **Transformation of Services**

In September 2017 the IJB approved and tasked the Strategic Planning Group to take forward three actions which are as follows;

*Locality/Hub based working* - What could locality or hub based working look like in Orkney? What would support delivery of this? What are the barriers to delivery of this? Aiming to capture the key themes of services focussed around 'place', and a desire to see supportive and well connected multi-disciplinary teams.

*Potential for expansion of the role of Generic Worker*- What does the role of a generic worker look like? What can a generic worker do in the future? What impact might this role have on current roles and recruitment challenges? What are the registration and regulatory factors that need to be considered? Aiming to build on the learning from pilots and existing 'tests of change' locally and capturing the key theme of services focussed around the person who receives them, through greater consistency of involved staff. The outcomes from this area of work may require to be linked into development discussions with secondary and tertiary education providers.

*Model of service delivery on the isles* - What would a service model for the isles look like? Aiming to capture the importance of recognising the difference and maximising community engagement and capacity.

Although there have been some initial discussions and draft reports submitted to the Strategic Planning Group, there have been delays due to capacity within staffing to drive this forward.

## Carers Act

Unpaid carers are the largest group of providers of care in Scotland and should be recognised as equal partners in providing vital care and support. In recognition of this, The Carers (Scotland) Act 2016 is a key piece of new legislation that promises to 'promote, defend and extend the rights' of adult and young carers across Scotland and came into force on 1 April 2018. It is anticipated that this Act is likely to result in significant increase in demand for services.

The IJB has approved local eligibility criteria so as support can be given to those carers whose needs meet the critical or substantial threshold, with a commitment to signpost to community based support for carers who do not meet this criteria.

## Mental Health



A review of the Community Mental Health services in Orkney is currently being undertaken, led by NHS Orkney, to ensure it continues to develop in a way that best supports people in Orkney.

As part of this service the Community Mental Health Services Framework is being developed and will be presented for consideration in the future.

## Delayed Discharge

A delayed discharge occurs when a patient, clinically ready for discharge, cannot leave hospital because the other necessary care, support or accommodation for them is not readily available.

Over the past 5 years Orkney has had the lowest percentage of delayed discharges for people over 75 in Scotland.

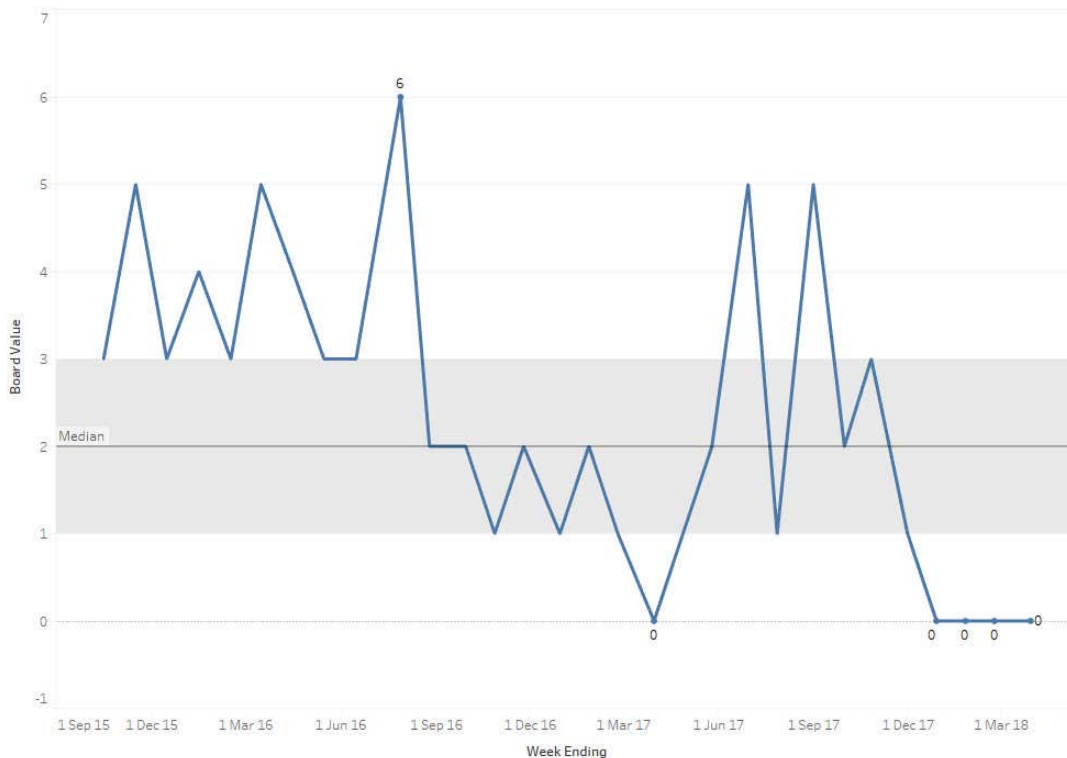
A new protocol is being developed to record and better manage the delays that arise due to patient and family preference.

Within the Health Improvement Standards, it has been reported that the number of delayed discharges at census date (March 2018) was nil. The chart below illustrates the number of patients whose discharge has been delayed for non medical reasons by week, over the past 6 months.

Figure 3: C Chart - Delayed discharges, Balfour Hospital October 2017 - March 2018

Shows max and min values + 95% UCL and LCL

Source: <http://www.nhsperforms.scot/hospital-data/indicator-hospital?hospitalid=57&indicatorid=27>, dated 23/05/2018



Proactive conversations and better planning processes have all contributed to the reduction of delayed discharges. Please note that these figures exclude code 9's which are delays due to complex care, ie incapacity.

To ensure that people are not admitted to hospital, or delayed in a hospital setting unnecessarily, we have been offering alternatives to admission to hospital by commissioning a step up/down community facility delivered by the third sector. Although there has been a great deal of seasonal variation, it was noted it was providing good value for money and meeting desired outcomes for individuals. It was acknowledged that it does not release any actual money or make any savings from acute services.

The Rapid Mobile Community Responder Service has also supported many people to remain within their own homes and is valued by those who use it. It has also demonstrated success in the objectives that were set. However, as with the step up/step down this does not release any savings from acute services. Analysis of use of the service indicated that good outcomes could still be achieved and alternative forms of care avoided with a reduced level of operating hours. It was therefore agreed to reduce the service from 24 hours per day to an 18 hour day provision, which would save around £0.026m.

Although the pilot of the GP led community bed in a care home setting delivered good outcomes for individuals, it has not demonstrated value for money and was underutilised due to families feeling it was too far for them to travel to visit. The learning from the pilot has been useful and it may be possible to re-introduce this model in the future.



These projects have been planned to recognise that Orkney has the highest expected growth rate in numbers of older people and these projects, along with efforts of social work, social care and health staff and services across the whole system, has resulted in good performance against the six indicators that the Scottish Government have ascribed to Integration Authorities to report on.

There has been a very positive response to the National Core Integration Framework, which was reported within the Performance Report.

Table 1: Orkney' Ranked Performance for national indicators and local indicators

Indicator	Description	Scotland 2016/2017	Orkney 2016/2017	Scotland 2017/2018	Orkney 2017/2018
Adult Health.	Percentage of adults able to look after their health very well or quite well.	94%	95%	93%	96%
Independence.	Percentage of adults supported at home who agreed that they are supported to live as independently as possible.	84%	89%	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.	77%	75%	83%	76%
Coordination of Services.	Percentage of adults supported at home who agreed that their health and social care services seemed to be well coordinated.	75%	77%	74%	91%
Adult Support.	Total percentage of adults receiving any care or support who rated it as excellent or good.	81%	86%	80%	94%
GP Care.	Percentage of people with positive experience of the care provided by their GP practice.	87%	97%	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.	84%	87%	80%	97%
Carers' Support.	Total combined percentage of carers who feel supported to continue in their caring role.	41%	43%	37%	49%
Feeling Safe.	Percentage of adults supported at home who agreed they felt safe.	84%	85%	83%	98%
Premature Mortality.	Premature mortality rate per 100,000 persons.	441	379	440	285
Emergency Admissions.	Emergency admission rate (per 100,000 population). Local target reduction of 264 total for 2017/2018.	12,037	9,174	11,959	9,683

Indicator	Description	Scotland 2016/2017	Orkney 2016/2017	Scotland 2017/2018	Orkney 2017/2018
Emergency Bed Days.	Emergency bed day rate (per 100,000 population). Local target reduction of 1311 total for 2017/2018 for emergency bed days across all acute specialties.	119,649	79,968	115,518	78,210
Readmissions.	Readmission to hospital within 28 days (per 1,000 population).	95	71	97	76
End of Life – Care Setting.	Proportion of last 6 months of life spent at home or in a community setting. No specific improvement target set for this area.	88%	92%	91%	98%
Falls Rate.	Falls rate per 1,000 population aged 65+.	21	20	22	16
Quality of Services – Care Inspectorate.	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections.	83%	74%	85%	97%
Intensive Care Needs.	Percentage of adults with intensive care needs receiving care at home.	62%	73%	62%	70%
Delayed Discharge.	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population). The target will initially be to reduce non code 9 reason delays by 50%, from 882 in 2016 to 441 in 2017, a reduction of 441.	842	434	772	399
Emergency Admission Costs.	Percentage of health and care resource spent on hospital stays where the patient was admitted in an emergency.	22%	19%	23%	17%

However, there are significant concerns regarding the following areas

Indicator	Description	Orkney 2016/2017	Orkney 2017/2018
CAMS.	90% of young people to commence treatment for specialist Child and Adolescent Mental Health service within 18 weeks of referral.	100%	61.1%
Psychological Therapies.	90% of patients to commence Psychological therapy based treatment within 18 weeks of referral.	N/A	61.1%
12 weeks for first outpatient appointment.	95% of patients of services Commissioned by Orkney Health and Care to wait no longer than 12 weeks from referral (all sources) to first outpatient appointment.	93.8%	59.41%

Many of the issues around waiting times are due to the inability to recruit and the fact that we are small teams and therefore if a member of staff is absent this can reduce the capacity by 50% in some services.

### **Children and Families**

The Intensive Fostering Service has now completed its three year project. This initiative was developed to increase the range and quality of foster care placements in Orkney, ultimately enhancing our provision for Looked After and Accommodated Children. This has not only given an overall financial saving of £836,000 for the Council but delivered good outcomes by retaining children within the county in a family based setting. A baseline increase of £264,000 has been received in the budget setting process of 2018/2019.

### **General Medical Service Contract**

The General Medical Service Contract offer proposes a refocusing of the GP role as expert medical generalists. This role builds on the core strengths and values of general practice – expertise in holistic, person-centred care – and involves a focus on undifferentiated presentation, complex care, and whole system quality improvement and leadership. All aspects are equally important. The aim is to enable GPs to do the job they train to do and enable patients to have better care.

Within this contract there is also a requirement for Integration Authorities to work with NHS Boards to develop a three year Primary Care Improvement Plan which should be submitted to the Scottish Government by July 2018. The report and plan can be found at [http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/27-06-2018/I14\\_App1\\_Draft\\_PCIP.pdf](http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/27-06-2018/I14_App1_Draft_PCIP.pdf)

Work has commenced to look at how services are planned and provided for people who are comparatively high volume users of secondary care health resources. An ambitious project has commenced on developing an electronic source of protocols and guidelines to provide best evidence of good practice and support appropriate referrals to care requirements.

Work has been undertaken to improve Anticipatory Care Plans to ensure the appropriate information is available especially for Out of Hours and hospitals.

There has also been joint working across the IJB and with third sector partners to develop exercise programmes for individuals with chronic diseases.

The IJB has been working over a period to implement ways of working that both deliver good outcomes and support the delivery of the nine national health and wellbeing outcomes as illustrated within the previous section, and create efficiencies within the local system.

## The IJB's Financial Position as at 31 March 2018

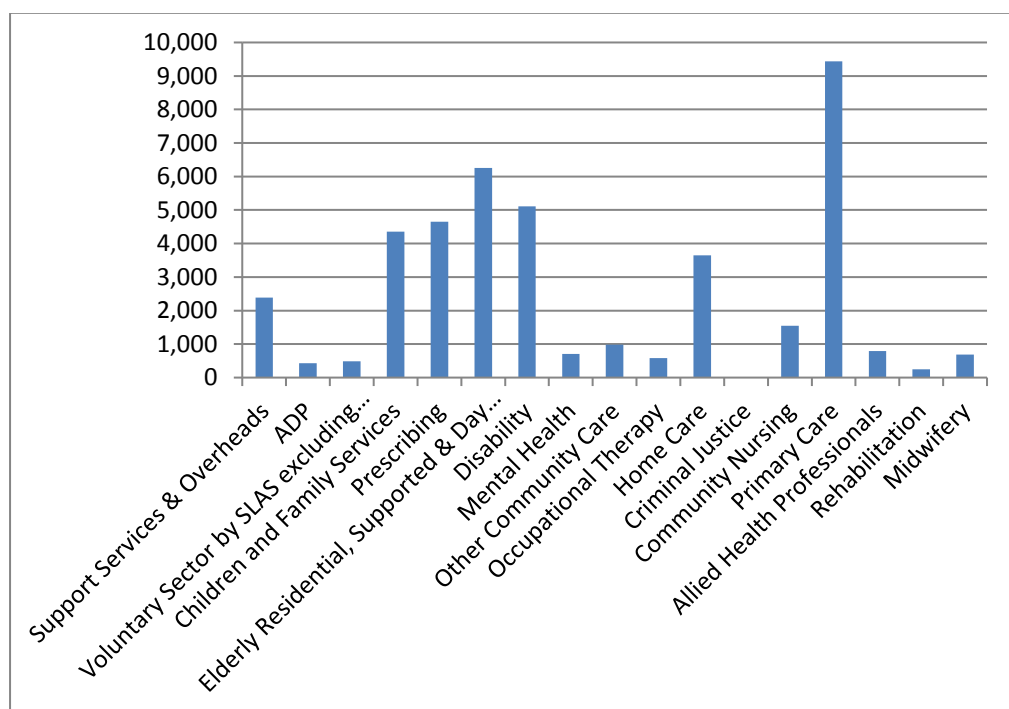
The purpose of the Annual Accounts is to demonstrate proper stewardship of the IJB's financial affairs.

This provides an explanation of the Annual Accounts and of the most significant matters reported in the Accounts, together with a summary of the financial outturn for the period ended 31 March 2018.

The commissioned year end spend was as follows:

	<b>Spend</b>
	<b>£000</b>
<b>Social Care</b>	18,270
<b>NHS</b>	31,358
<b>Total</b>	<b>49,628</b>

The net funds that we spent provided:



The prescribing budget was not transferred to the IJB in financial year 2016/2017 and remained the responsibility remained with NHS Orkney. This service has now been included as of 1 April 2017.

Throughout the year, a forecast outturn position of the deficit was communicated with the partners and recovery plans put in place.

As the recovery plan has been unsuccessful and an overspend occurred at the financial year end, then the partners were required to make additional payments to the Board. Any additional payments by Orkney Islands Council and NHS Orkney may then be deducted from future years funding/payments. Orkney Islands Council

and NHS Orkney may opt to make any additional payments to the Board at any time, as they see fit and need not require repayment.

In 2017/2018 NHS Orkney funded the outturn deficit of £0.478m to cover the shortfall within services commissioned by the IJB, which was due to staffing issues and deficit on community prescribing.

There were also additional funds of £0.184m received from the Council's corporate contingency to cover the shortfall within children's' residential placements out with Orkney.

Neither parties will deduct these additional contributions in 2018/2019, however, a savings target has been applied.

The main financial issues reported throughout the year were:

**Children and Families** – An increase in young people requiring to be looked after has required the ongoing provision of an unfunded residential accommodation placement within Orkney. There have also been shortfalls regarding children requiring a more specialist service placed outwith Orkney.

**Home Care** - Although there was a baseline increase of £0.156m, the service continues to experience growth in demand/complexity of required packages of care for in-house provided services and for self-directed packages of care. This service provides mainly free personal care to people over the age of 65 who meet the eligibility criteria. A small element is in relation to non personal care and therefore we are limited in improving the financial position by increasing or implementing additional charges.

**Self-Directed Support** - Self-directed support is where service users wish to purchase their care in a different way to traditional services. Geographical constraints mean that this is an ongoing cost pressure due to the inability to reduce the current limited in-house service provision and release cash to fund these packages of care.

**Mental Health** – There are a lack of practitioners to provide Child and Adolescent Mental Health service across Scotland and therefore this has resulted in a lack of progress within the service as well as an increased demand for services. The service has been trying to mitigate this by utilising staff with complementary skills to fill gaps in the short term, until recruitment was achieved.

**Primary Care** - In recent years there has been a significant service pressure within primary care, regarding unavoidable costs for agency and locum cover, to ensure safe delivery of services.

**Prescribing** – Prescribing can be a difficult budget to manage as it is demand led and this financial year has seen an increase within the unit price and volume. There has also been overspends within dispensing practices. Work is being undertaken to try to understand these costs and will be reported back once known.

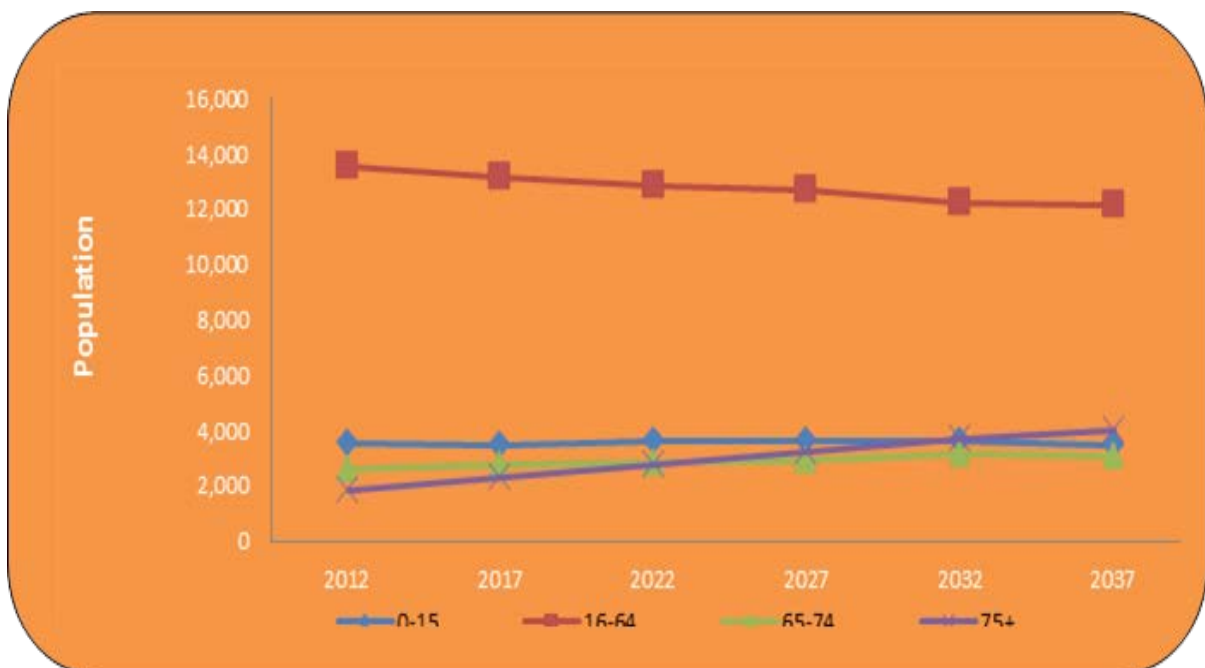
As functions, strategies and services are reviewed and integrated, it is likely that the current pattern of spend will alter as the IJB seeks to operate in accordance with the Integration Planning Principles and takes steps, along with the two statutory partners

and other sectors, to shift the balance of care from reactive to preventative and early intervention spend.

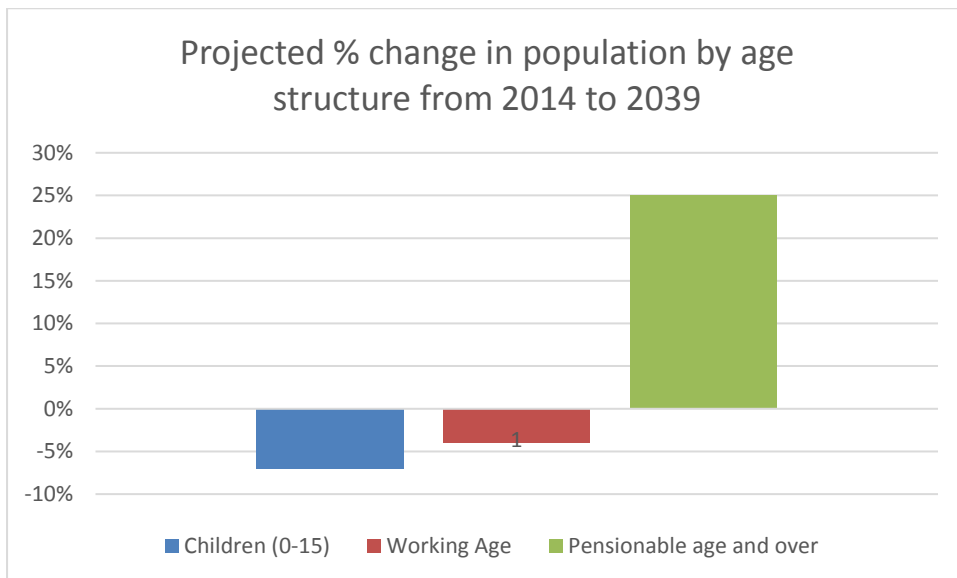
## Financial Outlook

Demand is rising significantly because of changing demographics, whilst in real terms, available public spending is reducing. Over the next few years the IJB will require to balance its commissioning decisions to support change alongside its decommissioning decisions which will enable NHS Orkney and Orkney Islands Council to deliver year on year efficiencies to sustain priority services.

People in the older age group are the ones most often in need of health and social care services and projections are as follows



Source: NRS 2014



As illustrated the older age group is projected to increase by 25% whilst the working age group will decrease by 4%.

The Council has committed to replace two residential care homes. Work has begun on the Stromness Care Home and is scheduled for completion in May 2019, with the facility anticipated to be operational around August 2019. Regarding the Kirkwall care home, the site has been approved and the initial designed prepared. It is hoped that work will get underway on site in 2020, with delivery in June 2021, and the facility operational around Autumn 2021.

This will improve the number of Orkney's care home places for people over 65 to be closer to the Scottish average than the current provision, which is the lowest per head of the population provision in Scotland.

The recent Scottish budget announcement sets out funding pressures for future years. The Council and Health Board only have one year funding agreed but as a prudent approach we are expecting a 2% reduction in real terms in Council funding and 3% reduction in the Health Board. Therefore, there is a presumption that the IJB will not be ring fenced in future funding allocations.

The savings target for 2018/2019 being applied by the Council is 2.2% and the Health Board is 5%. The IJB will need to balance its ambitious commissioning decisions, to support change alongside a decommissioning strategy that enables NHS Orkney and Orkney Islands Council to deliver year on year efficiencies to sustain priority services.

The introduction of the Living Wage, the Carers Act and other nationally agreed policies also have a significant impact on how the IJB commissions its services.

There are also future considerations such as Franks Law (free personal care for under 65's with a degenerative condition) which will now come into force on 1 April 2019.

## **Conclusion**

The IJB faces many challenges in ensuring that we meet our aim to “help the people of Orkney live longer, healthier and more independent lives within their own homes and communities wherever possible.”

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

## **Comprehensive Income and Expenditure Statement**

The Comprehensive Income and Expenditure Statement shows the cost in the period of providing services in accordance with generally accepted accounting practices.

**Name**

**Chief Officer**

**26 September 2018**

**Name**

**Chair**

**26 September 2018**

**Pat Robinson**

**Chief Finance Officer**

**26 September 2018**



## **Statement of Responsibilities**

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

The IJB 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 September 2018.

Signed on behalf of the Integration Joint Board.

**Name**

**Chair**

**26 September 2018**

## **Responsibilities of the Chief Finance Officer**

The Chief Finance Officer is responsible for the preparation of the IJB'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 2018 and the transactions for the year then ended.

**Pat Robinson**

**Chief Finance Officer**

**26 September 2018**

## Remuneration Report

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No.2014/200) require local authorities and IJB's in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

### Senior Officers

#### Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to 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 remuneration terms of the Chief Officer's employment are approved by the IJB.

The Chief Officer is appointed by the IJB in consultation with NHS Orkney and Orkney Islands Council. The Chief Officer is employed by Orkney Islands Council and seconded to the IJB. The Chief Finance Officer is appointed by the IJB and is employed by Orkney Islands Council and seconded to the IJB.

The remuneration of the Chief Officer and Chief Finance Officer is set by the IJB.

Name	Salary, Fees and Allowances £	Taxable Expenses £	Total Remuneration £
Caroline Sinclair, Chief Officer.	88,995	0	88,995
Pat Robinson, Chief Finance Officer. *	41,889	0	41,889

\*The Chief Finance Officer also retains responsibility as Senior Accounting Officer within Social Care, Orkney Islands Council.

#### Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by Orkney Islands Council and NHS Orkney. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

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

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting 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 pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

The IJB however 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 IJB. The following table shows the 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 2018		Change in accrued pension benefits since 31 March 2017		Pension contributions made during 2017-2018
	Pension £	Lump Sum £	Pension £	Lump Sum £	
Caroline Sinclair, Chief Officer	25,734	34,394	2,029	361	17,087
Pat Robinson, Chief Finance Officer	1,297	0	873	0	8,043

#### Disclosure by Pay Bands

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

Number of Employees in Band 2016/2017	Remuneration Band	Number of Employees in Band 2017/2018
1	£85,000 - £89,999	1

**Name**

**Chief Officer**

**26 September 2018**

**Name**

**Chair**

**26 September 2018**

## **Independent Auditor's Report**

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

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

### **Report on the audit of the financial statements**

# Annual Governance Statement

## Introduction

The Annual Governance Statement explains the IJB's governance arrangements and reports on the effectiveness of the IJB's system of internal control.

## Scope of Responsibility

The 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 IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the NHS Orkney and Orkney Islands Council's systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

## The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either Orkney Islands Council or NHS Orkney as well as non-voting members including a Chief Officer appointed by the Board.

In accordance with The Public Bodies (Joint Working) (Scotland) Act 2014, the IJB has a legal personality distinct from the Parties, and the consequent authority to manage itself to:

- Prepare and implement a Strategic Commissioning Plan in relation to the provision of health and social care services in accordance with the Act.
- Oversee the delivery of services delegated by the Parties in pursuance of the Strategic Commissioning Plan.
- Allocate and manage the delegated budget in accordance with the Strategic Plan.

There is no role for either Party to independently sanction or veto decisions of the IJB. However, the Act provides the Health Board and the Local Authority, acting jointly, to require the IJB to replace its Strategic Commissioning Plan in certain circumstances given the Parties are jointly accountable for the delivery of improvements in health and wellbeing, people's experience of services and achieving sustainable and affordable services for Orkney in the long term.

The functions that are delegated to the IJB by NHS Orkney and Orkney Islands Council are set out in the Integration Scheme which can be found at [http://www.orkney.gov.uk/Files/OHAC/Integration\\_Scheme\\_Accessible\\_Version.pdf](http://www.orkney.gov.uk/Files/OHAC/Integration_Scheme_Accessible_Version.pdf).

In exercising its functions, the IJB must consider the Parties' requirements to meet their respective statutory obligations. Apart from those functions delegated by virtue of the Integration Scheme, the Parties retain their distinct statutory responsibilities and formal decision making roles.

The committees and all approved governance supporting the IJB can be found at <http://www.orkney.gov.uk/Service-Directory/S/integration-joint-board.htm>

Regarding the insurance/indemnity cover the IJB joined the Clinical Negligence and Other Risks Scheme (CNORIS) which became effective on 1 April 2016 and is renewed annually.

Within the “Delivering Good Governance in Local Government: Framework (2016 Edition)” They key principles are identified below, along with the evidence supporting these principles

### **1 Behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law,**

The Integration Scheme sets out the vision, shared commitments and values within the IJB.

The Strategic Commissioning Plan recognises the need to get best value for investment in services by monitoring quality outcomes in relation to spend.

The direction that the IJB sees services in Orkney taking focuses on

- **People** - to have sufficient levels of service to meet need, staff to have ready access to information and to have familiarity with their care team.
- **Place** - to have services locally available and not travel unnecessarily to access services.
- **Purpose** - to have services that are well aligned to local health and care needs, rather than national models that only work well at large scale or traditional distribution and types of service.

The Standards Officer is responsible for advising and guiding members of the Board on issues of conduct and propriety. They also act as the liaison officer between the IJB and the Standards Commission. This position was reappointed for the period up until April 2019.

### **2 Ensure openness and comprehensive stakeholder engagement,**

The IJB members have considered, through a number of development sessions, ways in which services could be re-shaped for the future. This vision is informed by feedback from communities, staff and stakeholders.

### **3 Define outcomes in terms of sustainable economic, social, and environmental benefits,**

The IJB strategic plan for 2016/2019, and subsequent yearly refreshed plans has linked its plans to the nine outcomes and this can be found at: <http://www.orkney.gov.uk/Service-Directory/S/ohac-strategic-commissioning-plan.htm>.

In September 2017 the IJB approved and tasked the Strategic Planning Group to take forward three actions which is described further within the management commentary on page 3.

#### **4 Determine the interventions necessary to optimise the achievement of the intended outcomes,**

The Strategic Planning Group supports and informing the development process for the Partnership's Strategic Commissioning Plan, together with ongoing iterative review. They have responsibility for the annual review of the strategic planning process, including responding to Scottish Government and other stakeholder feedback.

#### **5 Develop the entity's capacity, including the capability of its leadership and the individuals within it,**

The structure and management section on page 22 describes the structure and membership of the IJB.

There have been various development sessions delivered throughout the year for members which is as follows:

IJB Induction Session	13/06/17
IJB Development Sessions	02/08/17 06/12/17 25/04/18
IJB Risk Register	08/11/17
Strategic Commissioning Plan Refresh, Mental Health and Carers Act	31/01/18

#### **6 Managing risks and performance through robust internal control and strong public financial management,**

The key risks and uncertainties are included within the management commentary on page 26.

The performance report is a standing agenda item at IJB board meetings. Further information is illustrated on page 6 and the 2017/2018 performance report can be found at [http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/27-06-2018/I08\\_App1\\_SCP\\_Performance\\_Report.pdf](http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/27-06-2018/I08_App1_SCP_Performance_Report.pdf)

#### **7 Implement good practices in transparency, reporting and audit to deliver effective accountability,**

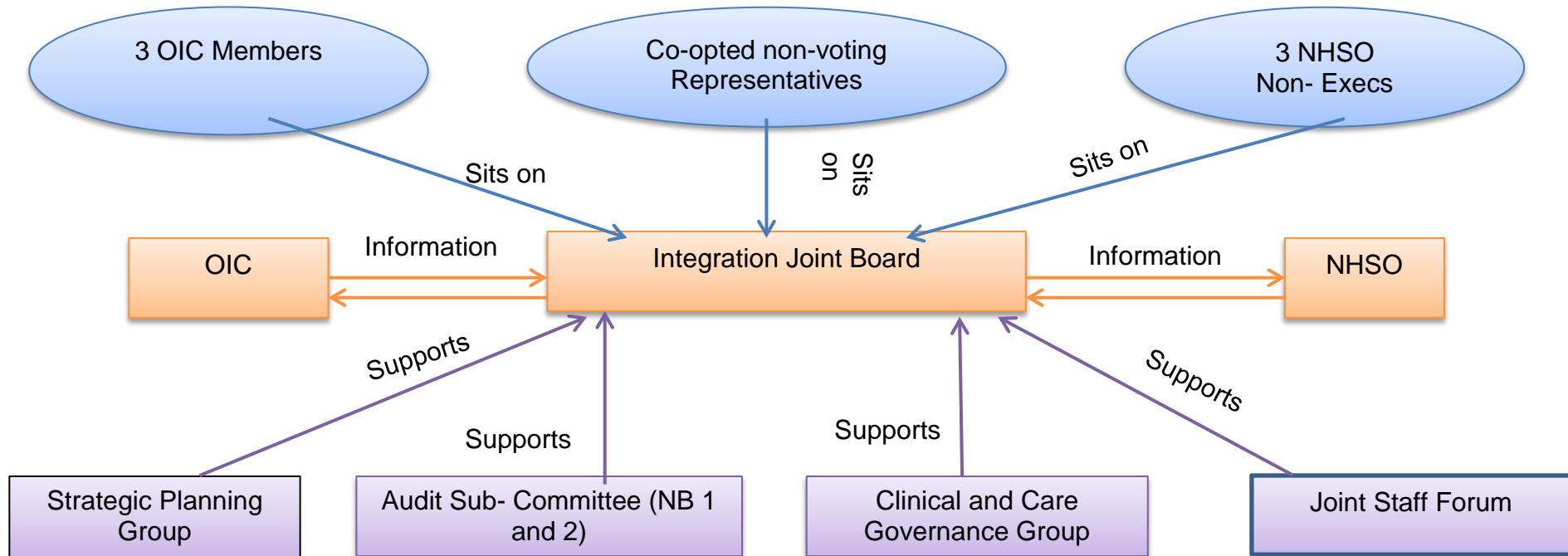
There are various committees and groups whose objective is to ensure these are adhered to which are

Finance and Performance Committee, Orkney Health and Care Committee, Clinical and Care Governance Committee, Strategic Planning Group, Senior Management Team, Joint Staff Forum, IJB Discussion Forum, and Service Manager and Lead Professionals Finance and Performance Group



## Structure and Management of the Integration Joint Board

### IJB – Members Scrutiny Framework



#### Notes:

NB1) OIC has in house internal audit. Scott Moncrieff provides internal audit services to NHSO.

NB2) The Council's internal audit service provides the services to the IJB.

#### External Scrutiny of IJB

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

The membership of the IJB is largely prescribed by the Scottish Government in terms of numbers and the organisation that they represent. The structure and membership can be found at:

[http://www.orkney.gov.uk/Files/OHAC/IJB/IJB\\_Structure\\_and\\_Membership\\_of\\_Groups.pdf](http://www.orkney.gov.uk/Files/OHAC/IJB/IJB_Structure_and_Membership_of_Groups.pdf)

The governance framework described operates on the foundation of internal controls, including management and financial information, financial regulations, administration, supervision and delegation. During 2017/2018 this included the following:

The IJB complies with “The Role of the Head of Internal Audit in Public Organisations” and operates in accordance with “Public Sector Internal Audit Standards.” The Head of Internal Audit reports directly to the Integration Joint Board Audit Committee with the right of access to the Chief Finance Officer, Chief Officer and Chair of the 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 IJB Audit Committee.

## **Review of Adequacy and Effectiveness**

The 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 annual report by the Chief Internal Auditor.

The Chief Internal Auditor will report directly to the IJB Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Finance Officer and Chair of the Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports will be made to the IJB’s Audit Committee.

## **Audit**

The Council’s Chief Internal Auditor was appointed by the IJB on 29 June 2016. It was approved on 10 March 2017 that these arrangements would continue for the next two financial years, to provide consistency. The IJB audit requirements will be accommodated within the contingency allocation available within the overall Council and Health Board’s existing audit plans.

The Internal Audit Strategy and Plan for 2017 to 2018 was submitted to the Audit Committee on 27 September 2017. The two audits that were identified were

- Compliance with Orkney Integration Scheme.
- Financial Planning

The plan can be found at [http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2017/27-09-2017\\_Audit\\_Committee/I08\\_App1b\\_Internal\\_Audit\\_Plan.pdf](http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2017/27-09-2017_Audit_Committee/I08_App1b_Internal_Audit_Plan.pdf)

The Annual Audit Plan which is delivered by Audit Scotland was approved at the Audit Committee on 13 March 2018. This plan identifies the audit work required to provide an opinion on the financial statements and related matters. It also identifies the main risk areas which will require specific audit testing. The risks are

- Overspends may require additional payments from the Council and Health Board.
- Inability to provide a reliable figure for Hospital acute services (set aside) for inclusion in the accounts.
- No suitable measures are in place following the Chief Officer's departure to ensure compliance with all applicable statutes and regulations.
- There are no long term financial plans developed.

This plan can be found at [http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/13-03-2018\\_Audit\\_Committee/I05\\_App1\\_External\\_Audit\\_Annual\\_Plan.pdf](http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/13-03-2018_Audit_Committee/I05_App1_External_Audit_Annual_Plan.pdf)

### Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan illustrates what needs to be achieved to ensure continual improvement of the IJB's governance.

	Area for Improvement and Outcome to be Achieved	Improvement Action Agreed	Responsible Party	Completion Date
1	A recovery plan should be prepared in accordance with the requirements of the Orkney Integration Scheme	To incorporate the recovery plan within monthly budget monitoring so as members can see what progress is made	CFO	31/03/2018

### Board Meetings

Board meetings are held on a quarterly basis which is in March, June, September and December.

### Working Groups

A Finance and Performance Officer Working Group meets on a quarterly basis to give assurances that Service Managers are kept updated with the overall financial position of the IJB and that measures are in place to ensure that performance can be captured.

The Strategic Planning group meets at least quarterly and is concerned primarily with supporting and informing the development process for the Partnership's Strategic Commissioning Plan, together with ongoing iterative review and also provides stakeholder advice to the IJB.

The Clinical and Care Governance Group meets at least quarterly and fulfils the function of providing the IJB with assurance that robust clinical and care governance

controls and management systems are in place and effective for the services that NHS and Orkney Islands Council have delegated to it.

## Risk Management

The Risk Management Strategy forms part of the wider framework for corporate governance and internal control within the IJB. The IJB will broadly face two types of risks: those which relates 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 treated by the parent organisations for commissioned services (mainly Orkney Islands Council and NHS Orkney).

The latest Risk Management Strategy was submitted to the IJB on 28 June 2017. This can be found at [http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2017/28-06-2017/I13\\_App1\\_Revised\\_Risk\\_Management\\_Strategy.pdf](http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2017/28-06-2017/I13_App1_Revised_Risk_Management_Strategy.pdf)

## Key Risks and Uncertainties

A Risk Management Strategy was updated and approved on the 28 June 2017. This strategy ensures processes are in place to identify significant risks.

The updated risk register was approved on the 27 June 2018 which has 18 risks.

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

Risk	Risk Reduction actions
There is a risk of a lack of no strategic oversight and management to the services.	Duties are currently being split among the Senior Management Team.
There is a risk that there will be a lack of capacity to support the development and work of the IJB	Clear direction and leadership from both organisations. Dependant on good will of delivery bodies to support the overall work. Peaks of work will at times impact on ability to strategically plan and redesign services.
There is a risk that the recovery plan will not ensure that the Board will break even at year end.	Managers are working to identify in-year savings and present these in the recovery plan for the current year. The Chief Finance Officer is in discussion with OIC and NHS Heads of Finance in relation to this issue. A budget monitoring statement is issued on some monthly basis highlighting pressure areas to ensure members are informed.

The risk register, which also identifies the other risks, reduction actions and responsible officers can be accessed at [http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/27-06-2018/I06\\_IJB\\_Risk\\_Register.pdf](http://www.orkney.gov.uk/Files/Committees-and-Agendas/IJB/IJB2018/27-06-2018/I06_IJB_Risk_Register.pdf)

Within the Act and regulations there is a requirement that the budget for hospital services used by the partnership population are included within the scope of the Strategic Plan.

There were issues throughout the year relating to whether a set aside should be included as this primarily related to “large hospitals”. This meant that the functions that a Health Board proposed to delegate to under an integration scheme was

carried out in the area of the Health Board and provided two or more local authorities. Late in the financial year a response was received from the Scottish Government stipulating where a Health Board and an Integration Authority are coterminous, unscheduled adult inpatient services require to be delegated to the Integration Authority, based on the functions included in the legislation.

Figures have been received from the Health Board for inclusion in this financial year but further work will be required to understand the breakdown of budget and the financial pressures that are included within this.

Most of our shift in resources was completed prior to the implementation of integrated working i.e a ward closed and the integrated care team was created. The reduction in hospital beds are now at minimum levels as agreed in the new hospital business case.

As a very small area with a hospital that cannot be further reduced in size and a demographic profile and geography that presents some of the biggest challenges in Scotland, in terms of increasing number of older age and older people, we have very limited scope to make significant resource shifts from hospital to other forms of care.

We have also been working in partnership with the Council and NHS for many years and have already made a number of the changes and shifts that are available. The task at hand therefore presents a significant challenge.

The Chief Officer post became vacant in April 2018. The new appointment will be in post by September 2018.

There will also be a change within the voting members of the Board as two of the non executive board members will be replaced by new members by the end of the summer period.

## **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 IJB’s governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the 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.

**Name**

**Chair**

**26 September 2018**

**Name**

**Chief Officer**

**26 September 2018**

## Comprehensive Income and Expenditure Statement

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

2016/2017				2017/2018		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
171	0	171	Corporate Services (note 2)	202	0	202
2,212	(162)	2,050	Support Services and Overheads	2,398	(212)	2,186
465	0	465	Alcohol and Drug Partnership	425	0	425
556	(100)	456	Voluntary Sector by SLAS excluding Commissioned Services	557	(74)	483
4,211	(82)	4,129	Children and Families Services	4,413	(54)	4,359
0	0	0	Prescribing	4,649	(1)	4,648
8,131	(2,223)	5,908	Elderly Residential, Supported and Day Care	8,621	(2,363)	6,258
4,960	(279)	4,681	Disability	5,481	(376)	5,105
878	(178)	700	Mental Health	858	(157)	701
1,026	(52)	974	Other Community Care	1,118	(137)	981
635	(29)	606	Occupational Therapy	597	(16)	581
3,621	(150)	3,471	Home Care	3,789	(144)	3,645
369	(330)	39	Criminal Justice	315	(322)	(7)
1,360	4	1,364	Community Nursing	1,542	0	1,542
8,136	(145)	7,991	Primary Care	9,867	(432)	9,435
789	(3)	786	Allied Health Professionals	798	(7)	791
242	(1)	241	Rehabilitation	285	(36)	249
644	0	644	Midwifery	683	0	683
0	0	0	Set Aside (note 3)	7,361	0	7,361
<b>38,406</b>	<b>(3,730)</b>	<b>34,676</b>	<b>Cost of Services</b>	<b>53,959</b>	<b>(4,331)</b>	<b>49,628</b>
	(34,676)		Taxation and Non-Specific Grant Income (note 4)	0	(49,628)	(49,628)
<b>38,406</b>	<b>(38,406)</b>	<b>0</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>53,959</b>	<b>(53,959)</b>	<b>0</b>
		<b>0</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>0</b>

Prescribing and Set Aside was not included within the financial statements for 2016/2017 and this reflects within the expenditure (£12,009)

There are no statutory or presentation adjustments that affect the 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 IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

<b>2016/2017</b>		<b>Notes</b>	<b>2017/2018</b>
<b>£000</b>			<b>£000</b>
12	Short term Debtors	<b>5</b>	16
	<b>Current Assets</b>		
12	Short-term Creditors	<b>6</b>	16
	<b>Current Liabilities</b>		

The unaudited accounts were issued on 29 June 2018 and the audited annual accounts were authorised for issue on 26 September 2018.

**Pat Robinson**  
**Chief Finance Officer**  
**26 September 2018**

# Notes to the Core Financial Statements

## Note 1 Summary of Significant Accounting Policies

The Annual Accounts for the year ended 31 March 2018 have been prepared in accordance with proper accounting practice as per Section 12 of the Local Government in Scotland Act 2003 and regulations under section 105 of the Local Government Scotland Act 1973. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice (SeRCOP), 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 IJB and comparative figures for the previous financial year will be provided after the inception year. 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 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 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 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 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 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 IJB is a non-taxable person and does not charge or recover VAT on its functions.

HMRC have confirmed in writing that there is no VAT registration requirement for the IJB under the VAT Act 1994. This is on the basis that the IJB is not delivering any supplies that fall within the scope of VAT and as there is no consideration received by the IJB for the production of the plan this will not alter the VAT registration position.

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

Where the Council is the provider, income and expenditure excludes 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. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as Income from the Commissioning IJB.

### **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are made where an event has taken place that gives the IJB a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Income and Expenditure Statement in the year that the IJB becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the

relevant service if it is virtually certain that reimbursement will be received if the IJB settles the obligation.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### **Events after the Balance Sheet date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- **Adjusting events** – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events.
- **Non-adjusting events** – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

### **Service Expenditure Analysis and Segment Reporting**

The Comprehensive Income and Expenditure Statement is presented in accordance with the CIPFA Service Reporting Code of Practice, and the analysis of service income and expenditure is based on this Code. However, decisions taken about resource allocation are taken by the Board on the basis of financial information analysed across services.

### **Employee Benefits**

The 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 IJB therefore does not present a Pensions Liability on its Balance Sheet.

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

### **Funding**

The IJB is primarily funded through funding contributions from the statutory funding partners, Orkney Islands Council and NHS Orkney. Expenditure is incurred as the 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 IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the 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 is represented as a debtor or creditor on the IJB's Balance Sheet.

### **Indemnity Insurance**

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board 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.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration, is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

## Note 2 Corporate Services

The corporate services costs are as follows;

2016/2017		2017/2018
£000		£000
144	Staff Costs	172
7	Other Costs	6
3	CNORIS Insurance	0
17	Audit Fees	24
<b>171</b>	<b>Total</b>	<b>202</b>

The Chief Finance Officer was included as 0.5FTE for 2016/2017. There has been an agreement to increase this to 1.0FTE for 2017/2018. The post holder also retained responsibility as Senior Accounting Officer, Social Care, Orkney Islands Council.

All costs in relation to addiction or dependence on any substance are included within the Alcohol and Drug Partnership included within the Comprehensive Income and Expenditure Statement.

With the clarification now received from the Scottish Government that the set aside is a requirement we will be able to include the budgets moving forward into 2018.19 as required by legislation.

## Note 3 Critical Judgements and Estimation Uncertainty

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

Set Aside: This has only recently been clarified as a requirement for the IJB. The calculation in regard to this will need further scrutiny moving forward.

## Note 4 Taxation and Non-Specific Grant Income

2016/2017		2017/2018
£000		£000
17,836	Funding contribution from Orkney Islands Council	18,270
16,840	Funding contribution from NHS Orkney	31,358
<b>34,676</b>	<b>Taxation and Non-specific Grant Income</b>	<b>49,628</b>

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

### Note 5 Debtors

2016/2017		2017/2018
£000		£000
6	NHS Orkney	8
6	Orkney Islands Council	8
<b>12</b>	<b>Total</b>	<b>16</b>

### Note 6 Creditors

2016/2017		2017/2018
£000		£000
6	NHS Orkney	8
6	Orkney Islands Council	8
<b>12</b>	<b>Total</b>	<b>16</b>

### Note 7 External Audit Costs

Audit Scotland is the appointed external auditor for the 2017/2018 audit. The fee is £24,000. This fee covers the costs of planning, delivering and reporting the annual audit including auditor's attendance at committees.

### Note 8 Related Party Transactions

The IJB has related party relationships with the NHS Orkney and Orkney Islands Council. The nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

#### Transactions with NHS Orkney

2016/2017		2017/2018
£000		£000
16,840	Funding contributions received from NHS Orkney	31,358
<b>16,840</b>	<b>Net Transaction with NHS Orkney</b>	<b>31,358</b>

### Transactions with Orkney Islands Council

<b>2016/2017</b>		<b>2017/2018</b>
<b>£000</b>		<b>£000</b>
17,836	Funding contributions received from the Council	18,270
<b>17,836</b>	<b>Net Transactions with Orkney Islands Council</b>	<b>18,270</b>

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