

MORAY INTEGRATION JOINT BOARD



**UNAUDITED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020**

If you need information from Moray Council in a different language or format, such as Braille, audio tape or large print, please contact:

إذا كنتم في حاجة إلى معلومات من قبل مجلس موراي وتكون بلغة مختلفة أو على شكل مختلف مثل البراي، أسطوانة أوديو أو أن تكون مطبوعة باستعمال حروف غليظة فالرجاء الإتصال ب

Jeil pageidaujate tarnybos Moray tarybos teikiama informacija gauti kitokiu formatu, pvz., Brailio raštu, garso įrašu ar stambiu šriftu, kreipkitės:

Jeśli potrzebują Państwo informacji od Rady Okręgu Moray w innym formacie, takim jak alfabet Braille'a, kasety audio lub druk duża czcionką, prosimy o kontakt:

Se necessitar de receber informações por parte do Concelho de Moray num formato diferente, como Braille, cassete áudio ou letras grandes, contacte:

Ja Jums vajadzīga informācija no Marejas domes (*Moray Council*) citā valodā vai formātā, piemēram, Braila rakstā, audio lentā vai lielā drukā, sazinieties ar:

اگر آپ کو مورے کونسل سے کسی دیگر زبان یا صورت میں معلومات درکار ہوں مثلاً" بریلے، آڈیو ٹیپ یا بڑے حروف، تو مہربانی فرما کر رابطہ فرمائیں:



Chief Financial Officer to the Moray Integration Joint Board, High Street, Elgin, IV30 1BX



01343 563125



accountancy.support@moray.gov.uk

Table of Contents

MORAY INTEGRATION JOINT BOARD MEMBERS	1
MANAGEMENT COMMENTARY	2
STATEMENT OF RESPONSIBILITIES	16
REMUNERATION REPORT	18
ANNUAL GOVERNANCE STATEMENT	21
INDEPENDENT AUDITORS REPORT	33
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	35
MOVEMENT IN RESERVES STATEMENT	36
BALANCE SHEET	37
NOTES TO THE FINANCIAL STATEMENTS	38
Note 1 Significant Accounting Policies	38
Note 2 Critical Judgements and Estimation Uncertainty	39
Note 3 Events after the Reporting Period	40
Note 4 Expenditure and Income Analysis by Nature	40
Note 5 Taxation and Non-Specific Grant Income	41
Note 6 Debtors	41
Note 7 Usable Reserve: General Fund	42
Note 8 Agency Income and Expenditure	43
Note 9 Related Party Transactions	44
Note 10 VAT	46
Note 11 Accounting Standards That Have Been Issued but Have Yet To Be Adopted	46

MORAY INTEGRATION JOINT BOARD MEMBERS

Voting Members

Jonathan Passmore (Chair)	The Grampian Health Board
Cllr. Shona Morrison (Vice-Chair)	Moray Council
Sandy Riddell	The Grampian Health Board
Dennis Robertson	The Grampian Health Board
Cllr. Theresa Coull	Moray Council
Cllr. Tim Eagle	Moray Council

Non-Voting Members

Simon Bokor-Ingram	Interim Chief Officer
Tracey Abdy	Chief Financial Officer
Jane Mackie	Chief Social Work Officer
Dr June Brown	Lead Nurse
Dr Malcolm Metcalfe	Deputy Medical Director
Dr Lewis Walker	Registered Medical Practitioner
Dr Graham Taylor	Registered Medical Practitioner
Elidh Brown	tsiMoray
Val Thatcher	Public Partnership Forum Representative
Ivan Augustus	Carer Representative
Steven Lindsay	The Grampian Health Board Staff Partnership Representative
Karen Donaldson	UNISON, Moray Council

Co-Opted Members

Sean Coady	Head of Service and IJB Hosted Services
Christopher Littlejohn	Deputy Director of Public Health

MANAGEMENT COMMENTARY

The Role and Remit of the Moray Integration Joint Board

The Public Bodies (Joint Working) (Scotland) Act 2014 required that Moray Council and the Grampian Health Board prepared an Integration Scheme for the area of the local authority detailing the governance arrangements for the integration of health and social care services. This legislation resulted in the establishment of the Moray Integration Joint Board (MIJB) that became operational from 1 April 2016. Moray Council and Grampian Health Board, as the parties to the Integration Scheme, each nominate three voting members to the MIJB. Three elected members from Moray Council and three Grampian Health Board members (one executive and two non-executives).

Under the Public Bodies (Joint Working) (Scotland) Act 2014, a range of health and social care functions have been delegated from Moray Council and Grampian Health Board to the MIJB who has assumed responsibility for the planning and operational oversight of delivery of integrated services. MIJB also has a role to play in the strategic planning of unscheduled acute hospital based services provided by Grampian Health Board as part of the 'set aside' arrangements.

Hosted services also form part of the MIJB budget. There are a number of services which are hosted by one of the 3 IJB's within the Grampian Health Board area on behalf of all the IJBs. Responsibilities include the planning and operational oversight of delivery of services managed by one IJB on a day to day basis. MIJB has responsibility for hosting services relating to Primary Care Contracts and the Grampian Medical Emergency Department (GMED) Out of Hours service.

Key Purpose and Strategy

With our Strategic Planning and Commissioning Group, we reviewed our first Strategic Plan 2015-18, considering the progress we had made towards the outcomes and strategic priorities we set for ourselves. As with all health and social care systems Moray is facing increasing demand for services at the same time as resources – both funding and workforce availability – are under pressure. These challenges will intensify in the coming years as our population ages and more people with increasing complex needs require support to meet their health and care needs.

To meet the challenges identified in the Joint Strategic Needs Assessment, we set our sight on transforming the health and care system through the delivery of a new 10 year Strategic Plan to which all stakeholders contributed. This sets out the redefined vision of the MIJB and the key priorities we will focus on in the short, medium and longer term to deliver integrated services which ensure people get the best possible experience and which enable them to achieve improved outcomes.

Following consultation, the plan - Moray Partners in Care – was launched following consultation on 19 December 2019 and emphasises the strength of integration. In addition to our two main partners - the Local Authority and NHS - the IJB recognises the importance of the Third Sector and Independent Care Sector in facilitating the successful operation of the partnership of Health & Social Care Moray.

MANAGEMENT COMMENTARY (continued)



©The Northern Scot

The Plan sets out the key aims of the MIJB and the Health and Social Care Partnership to work closely with communities and key partners to reform the system of health and care in Moray, ensuring it is sustainable in the future and is able to respond to the presenting needs of the population.

Building on what we already know, three strategic themes have been identified where effort will be directed that will allow us to excel on health and wellbeing. The themes are closely linked and improvements in one area will influence positively on the others. The three themes identified in the Plan are:

BUILDING RESILIENCE – Taking greater responsibility for our health and wellbeing

HOME FIRST – Being supported at home or in a homely setting as far as possible

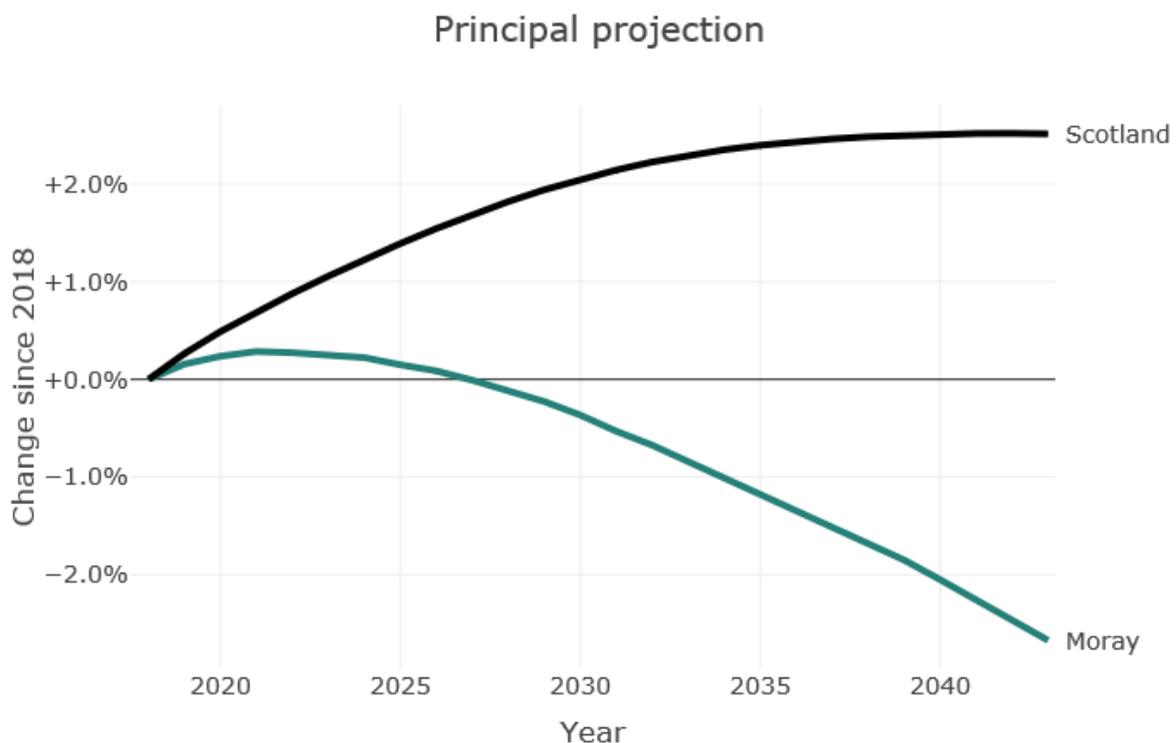
PARTNERS IN CARE – Making choices and taking control over decisions

MANAGEMENT COMMENTARY (continued)

The Plan purposefully places an emphasis on prevention activities and seeks to prioritise these activities as a long term goal, actively pursuing good health and wellbeing for the population, this will mean increased investment in this area of work. It highlights the HOMEFIRST approach and the rationale for this to assist people in understanding that “hospital is not always the best place for people”, a statement frequently used and in particular if you are frail and elderly can be counter intuitive to a successful recovery. The requirement for a robust and comprehensive plan to respond to the threat posed by Covid-19 has seen a rapid shift and acceleration to a community based approach, something we had aspired to but which may have taken some years to come to fruition. Instead with the need to plan for a pandemic the action has been swift, and we now have a new starting point which will be built on going forwards, using Home First as the basis for continued decision making

Population

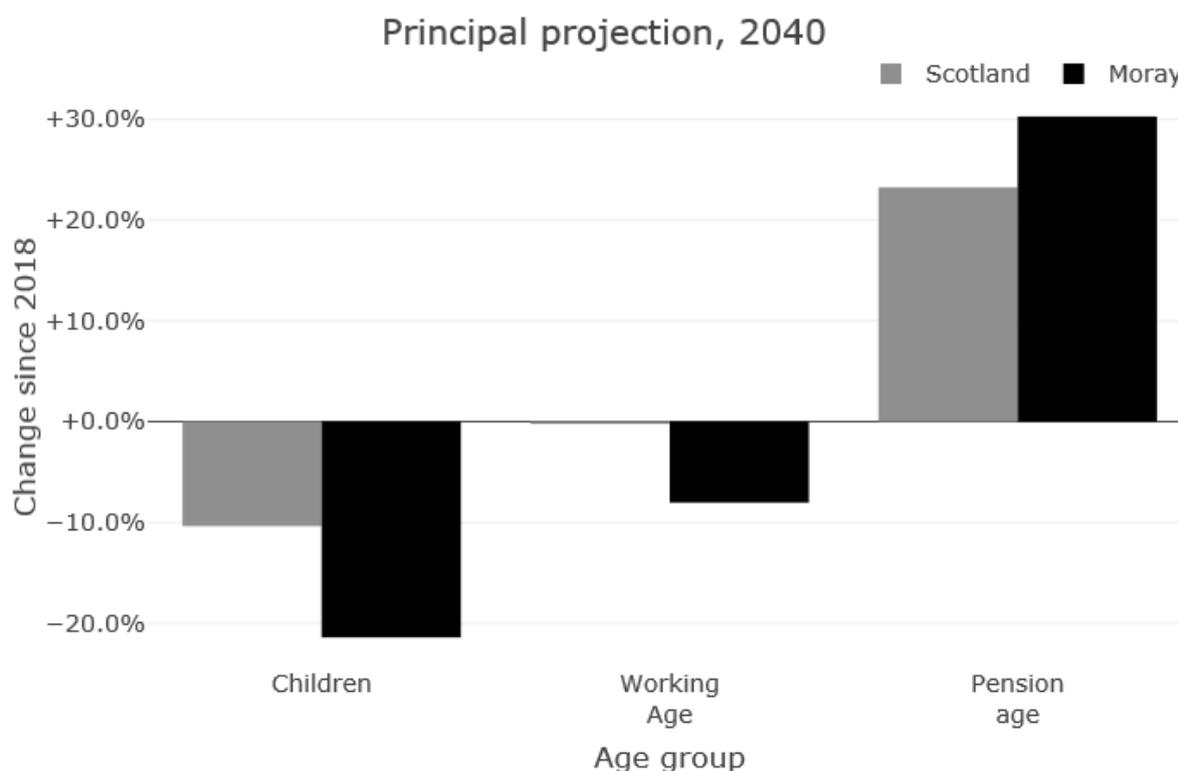
Moray’s population has grown significantly in recent years from 87,160 in 1997 to 95,820 in 2019. This is an increase of 0.3% from 2018. The population growth in Moray is slowing and it is projected that against the 2018 baseline¹ Moray will be one of the 14 councils in Scotland who will have had a population decline by 2030. This trend is forecast to continue.



¹ <https://www.nrscotland.gov.uk/files/statistics/nrs-visual/sub-nat-pop-proj-18/pop-proj-principal-2018-infographic.pdf>

MANAGEMENT COMMENTARY (continued)

The table below sets out projected population growth based on the 2018 baseline. Across Scotland there is a projected reduction in children, limited change in the working age population, but significant growth in adults of pensionable age. By comparison it is projected that Moray will have a greater decrease in children, a marked decrease in those of a working age, but a significantly higher change in those of a pensionable age.



Life Expectancy

Typically, people in Moray of both sexes have a greater life expectancy at birth than their counterparts across Scotland.²

Life expectancy at birth, comparison between Moray and Scotland 2016-18 (NRS)

- Females in Moray have a life expectancy of 81.7 which is 0.6 years greater life expectancy than males in Scotland (81.1), on average
- Males in Moray have a life expectancy of 79 which is 1.9 years greater life expectancy than males in Scotland (77.1), on average

² <https://www.nrscotland.gov.uk/files/statistics/life-expectancy-areas-in-scotland/16-18/life-expectancy-16-18-publication.pdf>

MANAGEMENT COMMENTARY (continued)

The MIJB, commissioned a strategic needs assessment to support the development of this Strategic Plan in order to put into context and align its priorities in respect of population trends and life expectancies of the people of Moray.

Performance is reported quarterly to the Audit, Performance and Risk Committee of the MIJB. In addition to the quarterly reporting, there is a requirement under the Public Sector (Joint Working) (Scotland) Act 2014 for the MIJB to produce and publish an Annual Performance Report setting out an assessment of performance in planning and carrying out the delegated functions for which they are responsible. The Annual Performance Report is due to be published by 31 July each year.

One of the major aims of integration and a key measurable target for MIJB is to reduce the number of Moray residents that are ready to be sent home from hospital but have been delayed in this process. This is referred to as a 'delayed discharge'. Delayed discharge can occur due to a number of reasons but quite often involves the onward provision of social care which can be complex in nature. The table below notes performance over a two year period showing the number of delayed discharge bed days occupied increasing from 1,161 in June 2017 to 1,208 in March 2020. However, the trend is not linear and this remains an area of high operational priority.

The Number of Bed Days Occupied by Delayed Discharges (inc code 9) 18+ per 1,000 population			
Jun 19	Sept 19	Dec 19	Mar 20
768	751	971	1,208
Jun 18	Sept 18	Dec 18	Mar 19
1,008	1,276	1,070	926
Jun 17	Sept 17	Dec 17	Mar 18
1,161	749	823	1,089

In relation to occupied bed days it is encouraging to note that the rate of emergency occupied bed days for over 65's per 1000 population has reduced every quarter from June 2017 to September 2019 and despite increasing again in the last six months of the financial year is still below the March 2019 figure. A significant factor in this improvement has been due to the introduction of a new target operating model and increased expertise around older people in Dr Gray's and the community hospitals, with the aim of no delays, getting people home quickly and ensuring they maintain their independence.

Rate of Emergency Occupied Bed Days for over 65's per 1000 Population			
Jun 19	Sept 19	Dec 19	Mar 20
2,117	2,097	2,112	2,173
Jun 18	Sept 18	Dec 18	Mar 19
2,380	2,375	2,344	2,274
Jun 17	Sept 17	Dec 17	Mar 18
2,558	2,531	2,495	2,444

MANAGEMENT COMMENTARY (continued)

Another local indicator is 'Accident & Emergency percentage of people seen within 4 hours, within community hospitals'. MIJB has retained 100% performance during 2018/19 against this target.

Celebrating Success

During the year, there has been some real achievements, worthy of highlighting:

There was widespread recognition of a progressive housing partnership project that supported four men with learning disabilities to move into their own homes in the heart of their community. The men, aged from 31 to 60, had previously been living in shared homes in Fochabers with communal dining and living areas. It was identified that this was no longer fit for purpose, with the buildings needing extensive work in order to provide an environment in which the men would flourish. Through our collaboration and partnership with Community Integrated Care, Osprey Housing, the individuals and their families, it was agreed to move to a progression focussed model of supported living which offers greater choice, control, privacy and independence over how care and support needs are met.

The move to their new self-contained apartments in Fochabers and to a Supported Living model of care is a huge development, making the men tenants in their own homes for the first time. It marks the beginning of a very exciting future, with a greater sense of independence and choice, as well as a wealth of new life skills, including doing their own cooking, laundry and cleaning for the first time.



Tenant pictured here with partnership staff from Osprey Housing, Community Integrated Care and Health and Social Care Moray

© The Northern Scot

Health and Social Care Alliance Scotland

The organisation Health and Social Care Alliance Scotland is a national third sector intermediary for a range of health and social care organisation. Recognising the need to support and strengthen the ability of people to manage their long term conditions, the Scottish Government has invested £270 million over the last 10 years in the Self-Management Fund to invest in projects designed to address the wide range of activities and diversity required in supporting people living with long term conditions.

MANAGEMENT COMMENTARY (continued)

Staff from the Community Development Team joined members of the Moray Be Active Life Long (BALL) Groups to travel to Edinburgh in October for the Health and Social Care Alliance Scotland where they were crowned Self-Management Project of the Year 2019.



BABY STEPS

Baby Steps, our award winning Health and Wellbeing programme for pregnant women with a BMI ≥ 30 , is now in its third year, with 16 cycles of the 8 week midwife led programme being delivered. Baby Steps is a fun, free interactive programme that aims to support women to take small steps towards a healthier pregnancy, which includes gentle exercise and practical food skills.



Baby Steps won the Inkwell Choice Award for community engagement and partnership working

MANAGEMENT COMMENTARY (continued)

In addition, the commitment and dedication of Kirsteen Carmichael (Baby Steps midwife) was recognised nationally as one of the three finalists in the Scottish Health Awards 2019 in the Midwife Category. Kirsteen's positivity, professionalism and ability to motivate others has shone throughout the programme development.

Sammy Morrison (Child Healthy Weight Coach), Laura Sutherland (Health & wellbeing Team Lead) and Kirsteen Carmichael (Baby Steps Midwife) celebrating at the Scottish Health Awards



Financial Review and Performance

Financial performance forms part of the regular reporting cycle to the MIJB. Throughout the year the Board, through the reports it receives is asked to consider the financial position at a given point and any management action deemed as necessary to ensure delivery of services within the designated financial framework. From the mid-point in the financial year, the Board was presented with financial information that forecast a likely overspend position at the end of the year.

MANAGEMENT COMMENTARY (continued)

The table below summarises the financial performance of the MIJB by comparing budget against actual performance for the year.

Service Area	Budget £000's	Actual £000's	Variance (Over)/ under spend	Note
Community Hospitals	5,092	5,466	(374)	1
Community Health	4,778	4,738	40	
Learning Disabilities	7,062	7,481	(419)	2
Mental Health	8,372	8,568	(196)	
Addictions	1,116	1,048	68	
Adult Protection & Health Improvement	148	151	(3)	
Care Services Provided In-House	15,959	15,514	445	3
Older People Services & Physical & Sensory Disability	16,789	18,636	(1,847)	4
Intermediate Care & OT	1,555	1,736	(181)	
Care Services Provided by External Contractors	8,972	9,060	(88)	
Other Community Services	7,860	7,712	148	
Administration & Management	3,296	2,933	363	
Primary Care Prescribing	16,905	17,573	(668)	5
Primary Care Services	16,757	16,555	202	
Hosted Services	4,291	4,671	(380)	
Out of Area Placements	669	807	(138)	
Improvement Grants	925	933	(8)	
Total Core Services	120,546	123,582	(3,036)	
Strategic Funds	2,018	1,055	963	
TOTAL EXPENDITURE (before set aside)	122,564	124,637	(2,073)	
IN-YEAR INCOME (before set aside)	(122,307)	(122,494)	187	
DEFICIT FUNDING		(2,073)	2,073	
Expenditure to be Funded from Earmarked Reserves	257	70	187	

MIJB's financial performance is presented in the comprehensive income and expenditure statement (CIES), which can be seen on page [35](#). At 31 March 2020 there were usable reserves of £0.187m available to the MIJB, compared to £0.257m at 31 March 2019. These remaining reserves of £0.187m are earmarked for the Primary Care Improvement Plan (£125k) and Action 15 (£62k) as this is Scottish Government ring-fenced funding to support the Primary Care Transformation Programme and Mental Health Strategy respectively. Significant pressures on the budget were notably:

MANAGEMENT COMMENTARY (continued)

Note 1 Community Hospitals – The Community Hospitals budget was overspent by £374k to the year-end. The main overspend relates to community hospitals in Buckie, Aberlour and Keith, offset by a small underspend in the Dufftown facility. Community hospitals generally continue to be challenged with staffing to the required level to run safely the bed complement. In Speyside, this includes the community hospitals in Dufftown and Aberlour where attempts to stabilise the trained staff complement have been a constant issue and the staff have been working across sites as a means of ensuring some resilience. Long term sickness has also been a factor. The increased use of bank staff weighs heavily on the overspend position. Work into the remodelling of Community Hospitals is underway.

Note 2 Learning Disabilities – The Learning Disability (LD) service is overspent by £419k at the end of 2019/20. The overspend primarily relates to day services and the purchase of care for people with complex needs, which includes young people transitioning from children's services. The increasing use of day service provision is to ensure that all service users with a level of need have structured day time activity. The LD team are aware that without appropriate structure and routine, many of our service users will exhibit challenging behaviours which are costly to manage and are not desirable from the perspective of people's life experiences and human rights. Such behaviour has a big impact on carers, both family and the LD team experience indicates that the management of such behaviour is almost inevitably more expensive than a proactive approach.

The whole system transformational change programme in learning disabilities helps to ensure that every opportunity for progressing people's potential for independence is taken, and every support plan involves intense scrutiny which in turn ensures expenditure is appropriate to meeting individual outcomes.

Note 3 Care Services Provided In-House - This budget was underspent by £445k at the end of the year. The most significant variance is due to the staffing element within Care at Home services for all client groups. Supported Living services which include Waulkmill and Woodview are also underspent significantly. The underspend is being reduced in part by overspend in Day Services for all client groups which is primarily due to client transport.

Note 4 Older People Services and Physical & Sensory Disability – This budget is overspent by £1,847m at the end of the year. The year-end position includes an over spend for domiciliary care in the area teams, which includes the Hanover complexes for the new sheltered housing at Forres and Elgin. Income recovery also contributed to the significant overspend. There has been a reduction in spend in relation to permanent care which reflects the MIJB's aims to shift the balance of care and support people to remain in their homes for longer. The overspend is also representative of the true cost of care and the growth in demand.

Note 5 Primary Care Prescribing – The primary care prescribing budget is reporting an over spend of £668k for the twelve months to March 2020. The budget to March includes an in-year uplift of £556k identified from within Moray IJB 19/20 funding resources and now allocated to prescribing. This seeks to address the recommendations made by the Grampian Medicines Management group to the MIJB based on rising costs and demand. This out turn includes a volume increase of 2.1% which reflects the national prescribing pattern after a period of two

MANAGEMENT COMMENTARY (continued)

years where volume increase has been negligible. In addition, a further adjustment of 2.1% increase has been made to address the Impact of Covid-19 in March where volume increase in Month was estimated at 20%. Additional funding allocation was received from the Scottish Government to offset this impact in March although this is planned to be recovered in 20/21 as offsetting decrease in volume is anticipated. Other national factors include, variance in prices arising from shortage in supply and the timing and impact of generic medicines introduction following national negotiations also impact on the position. Locally, medicines management practices continue to be applied on an ongoing basis to mitigate the impact of external factors as far as possible and to improve efficiency of prescribing both from clinical and financial perspective.

Set Aside - Included within the Comprehensive Income & Expenditure Account is £12.252m for Set Aside services. Set Aside is an amount representing resource consumption for large hospital services that are managed on a day to day basis by the NHS Grampian Acute Sector or Mental Health Service. MIJB has a responsibility for the strategic planning of these services in partnership with the Acute Sector.

Set Aside services include:

- Accident and emergency services at Aberdeen Royal Infirmary and Dr Gray's inpatient and outpatient departments;
- Inpatient hospital services relating to general medicine, geriatric medicine, rehabilitation medicine, respiratory medicine, learning disabilities, old age psychiatry and general psychiatry; and
- Palliative care services provided at Roxburgh House Aberdeen and The Oaks Elgin

The budget allocated to Moray is designed to represent the consumption of these services by the Moray population. In February 2020, the Information Services Division (ISD) provided health boards with updated set aside activity for the 2018/19 financial year. This information has been updated to provide set aside budgets for the 2019/20 financial year and can be summarised as follows:

	2019/20	2018/19	2017/18
Budget	12.252m	11.765m	10.593m
Number of Bed Days and A&E Attendances		47,047	48,283

Applying 2018/19 direct costs to convert activity provides a revised 2019/20 budget of £12.252m.

MANAGEMENT COMMENTARY (continued)

Risks, Uncertainties and Future Developments

The MIJB Chief Officer has a responsibility to maintain a risk strategy and risk reporting framework. Risks inherent within the MIJB are monitored, managed and reported at each meeting of the Audit, Performance and Risk Committee. In addition, a risk action log is monitored and managed by the Senior Management Team.

The key strategic risks of the MIJB classed as 'High' and 'Very High' are presented below:

VERY HIGH

Risk 1 - There is a risk of MIJB financial failure in that the demand for services outstrips available financial resources. Financial pressures being experienced both by the funding Partners and Community Planning Partners will directly impact on decision making and prioritisation of MIJB

Mitigating Actions - Risk remains of the challenge that the MIJB can deliver transformation and efficiencies at the pace required. Financial information is reported regularly to both the MIJB, Senior Management Team and System Leadership Group.

The Chief Officer and Chief Financial Officer (CFO) continue to engage in finance discussions with key personnel of both NHS Grampian and Moray Council. These conversations continue following the 2019/20 outturn position and as we respond to the Covid-19 pandemic.

Chief Officer and CFO continue to engage with the partner organisations in respect of the financial position throughout the year with a focus on the savings plan. Cross partnership finance meetings have been put in place on a quarterly basis with partner CEOs, Finance Directors and the Chair/Vice Chair of the MIJB.

The MIJB is acutely aware of the recurring overspend on its core services and continues to work to address this underlying issue.

HIGH

Risk 2 - Inability to recruit and retain qualified and experienced staff to provide safe care, whilst ensuring staff are fully able to manage change resulting from Integration.

Mitigating Actions - System re-design and transformation. Support has been provided from NHSG with transformation and our co-ordinated working with Dr Gray's in a one system – one budget approach through the Moray Alliance. The Organisational Development Plan and Workforce plan have been updated and approved by the MIJB in November 2019. All Locality Managers are now in post with effect from January 2020. Joint Workforce Planning is being undertaken albeit currently suspended due to the Covid-19 Pandemic present and the joint workforce forum which was re-established in September 2019 was suspended in March but will meet again later this month. Lead Managers are involved in regional and national initiatives to ensure all learning is adopted to improve this position. Lead Managers and Professional Leads are linked to University Planning for intakes and programmes for future workforce development.

MANAGEMENT COMMENTARY (continued)

HIGH (continued)

Risk 3 - Inability to cope with unforeseen external emergencies or incidents as a result of inadequate emergency and resilience planning.

Mitigating Actions – Information from the Business Impact Assessment/Business Continuity Plans has formed elements of the Winter Plan (Surge Plan). A Friday huddle is in place which gathers the status of services across the whole system to provide information and contact details to the Senior Manager on Call (SMOC) over the weekend. NHS Grampian have amended their approach to Pandemic preparation so the Health and Social Care Moray (HSCM) Pandemic plan requires redrafting and testing.

Practitioner group established for Moray with representation from HSCM, Dr Gray's, Moray Council and NHSG to discuss matters arising from the Local Resilience Forum and within our respective organisations. In addition it will provide a forum for discussion of the linkages between organisational response plans to ensure there are no gaps or over reliance on particular local resources.

Risk 4 - Inability to achieve progress in relation to national Health and Wellbeing Outcomes. Performance of services falls below acceptable level.

Mitigating Actions – Service managers monitor performance regularly with their teams and escalate any issues to the Performance Management Group for further discussion to provide wider support, developing shared ownership and a greater understanding across the whole system.

Risk 5 - Requirements for support services are not prioritised by NHS Grampian and Moray Council.

Mitigating Actions – Monitoring/managing of risks through the Infrastructure Programme Board. Membership reviewed and revised to ensure representation of all existing infrastructure processes and funding opportunities. Process for ensuring infrastructure change/investment requests developed and the Infrastructure Manager linked into Asset Management Planning within NHSG & Moray Council to ensure level of 'gatekeeping'.

Dr Gray's site development plan is being produced collaboratively with input from NHSG and HSCM management

The MIJB has been operational since 1 April 2016, in what is considered still to be very early days of development, we have the opportunity to continue to refine and embed our governance process as we strive to deliver on the policy objectives set out in the legislation surrounding health and social care integration.

MANAGEMENT COMMENTARY (continued)

Development Aims for 2020/21

In October 2019, the MIJB approved its second iteration of its Strategic Plan which provides the direction of the MIJB for the next ten years through its three key aims. This has been an extensive piece of work involving all key stakeholders to ensure we have a plan that will support us to deliver on our long term ambitions. The Plan was formally launched in December 2019 and is supported by a Transformation Plan, Medium Term Financial Framework, Performance Management Framework and Organisational Development & Workforce Plan. The impact of the Covid-19 pandemic has meant a temporary suspension of various functions including the meeting of the Strategic Planning & Commissioning Board which has created a delay in embedding the transformation processes designed to support the delivery of the overarching Strategic Plan 2019-29 'Partners in Care'. However, the planning and delivery to meet the threat of Covid-19 has led to some rapid change, which with the threat of Covid-19 remaining, has created a new starting point. Home First is now the over-arching project to embed change going forwards, to ensure that in a new environment we can continue to meet health and care needs safely, and can react to further waves of Covid-19; winter pressures; and future unknown events.

As the organisation progresses through the Covid-19 response, efforts have been made to capture learning from this experience and this will inform our approach to delivery of the strategic objectives outlined in the plan.

In addition we will seek to:

- Continue to improve our performance reporting by embedding a revised reporting format, ensuring this is adequate to measure performance against our Strategic Plan Define outcome measures and be able to measure these effectively;
- Create strategic planning capacity at a senior level with an adequate supporting structure;
- Develop systems leadership further;
- Embed the Home First approach;
- Improve invest to save decision making;
- Develop better business case approaches;
- Following the successful recruitment to Locality Manager posts, a focus is now required to align services and financial resources;
- Continue to build effective relationships and work closely within the North East Partnership to maximise opportunities across the Grampian region.

.....

Jonathan Passmore

Chair of Moray IJB

.....

Simon Bokor-Ingram

Interim Chief Officer

.....

Tracey Abdy

**Chief Financial
Officer**

30 July 2020

STATEMENT OF RESPONSIBILITIES

Responsibilities of the MIJB

- To make arrangements for the proper administration of its financial affairs and to secure that it has an officer responsible for the administration of those affairs. In Moray Integration Joint Board, that officer is the Chief Financial Officer;
- To manage its affairs to achieve best value in the use of its 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); and
- To approve the Annual Accounts.

Jonathan Passmore

Chair of Moray IJB

30 July 2020

STATEMENT OF RESPONSIBILITIES (continued)

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the Moray 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 Code).

In preparing the Annual Accounts the Chief Financial Officer has:

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

The Chief Financial Officer has also:

- Kept proper accounting records which were up to date; and
- 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 Moray Integration Joint Board for the year ending 31 March 2020 and the transactions for the year then ended.

Tracey Abdy CPFA
Chief Financial Officer
30 July 2020

REMUNERATION REPORT

Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014 (SSI2014/200) as part of the MIJB annual accounts. This report discloses information relating to the remuneration and pension benefits of specified MIJB members.

All information disclosed in the tables is subject to external audit. Other sections within the Remuneration Report will be reviewed for consistency with the financial statements.

Moray Integration Joint Board

The voting members of MIJB are appointed through nomination by Moray Council and the Grampian Health Board. There is provision within the Order to identify a suitably experienced proxy or deputy member for both the voting and non-voting membership to ensure that business is not disrupted by lack of attendance by any individual.

MIJB Chair and Vice-Chair

Nomination of the MIJB Chair and Vice-Chair post holders alternates every 18 months between a Councillor and a Health Board non-executive member.

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

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

Taxable Expenses 2018/19	Name	Position Held	Nomination By	Taxable Expenses 2019/20
£		£	£	£
Nil	Jonathan Passmore	Chair 01/10/19 to Present Vice-Chair 28/11/18 to 1/10/19	Grampian Health Board	Nil
Nil	Cllr Shona Morrison	Vice-Chair 01/10/19 to Present Chair 13/6/18 to 1/10/19	Moray Council	Nil

Officers of the MIJB

The MIJB does not directly employ any staff in its own right; however specific post-holding officers are non-voting members of the Board.

REMUNERATION REPORT (continued)

Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the integration joint board has to be appointed and the employing partner has to formally second the officer to the Board. 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 Board.

Other Officers

No other staff are appointed by the MIJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

Total 2018/19	Senior Employees	Salary, Fees & Allowances	Taxable Expenses	Total 2019/20
£		£	£	£
98,245	Pamela Dudek Chief Officer	101,244	0	101,244
60,168	Tracey Abdy Chief Financial Officer	63,721	0	63,721

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 MIJB balance sheet for the Chief Officer or any other officers.

The MIJB however has a 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 MIJB. The following table shows the MIJB's funding during the year to support the 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.

REMUNERATION REPORT (continued)

	In Year Pension Contributions		Accrued Pension Benefits		
	Year to 31/03/19	Year to 31/03/20		As at 31/03/2020	Difference from 31/03/2019
	£	£		£ 000's	£ 000's
Pamela Dudek Chief Officer	13,915	21,660	Pension	37	3
			Lump Sum	81	3
Tracey Abdy Chief Financial Officer	8,946	13,318	Pension	16	1
			Lump Sum	18	-

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 Band 2018/19	Remuneration Band	Number of Employees in Band 2019/20
1	£60,000 - £64,999	1
1	£95,000 - £99,999	-
-	£100,000 - £104,999	1

Exit Packages

There were no exit packages agreed by the MIJB during 2019/20 financial year, or in the preceding year.

.....
Jonathan Passmore
Chair of Moray IJB

.....
Simon Bokor-Ingram
Interim Chief Officer

30 July 2020

ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement describes the Moray Integration Joint Board's (MIJB) governance arrangements and reports on the effectiveness of the MIJB's system of internal control.

Scope of Responsibility

The MIJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded and used efficiently and effectively in pursuit of best value.

In discharging its responsibilities in terms of the Public Bodies (Joint Working) (Scotland) Act 2014, the MIJB has established arrangements for its governance which includes the system of internal control. This system is intended to manage risk and support the achievement of the MIJB's policies, aims and objectives. The system provides reasonable but not absolute assurance of effectiveness.

The Governance Framework

The CIPFA/SOLACE framework for 'Delivering Good Governance in Local Government' last updated in 2016 remains current and provides a structured approach in defining seven principles that underpin effective governance arrangements. Whilst the framework is written specifically for Local Government, the principles apply equally to integration authorities, and while the MIJB continues to evolve as an entity in its own right. It continues to draw on the governance assurances of NHS Grampian and Moray Council as its principal funding partners. The MIJB is committed to continuous development of its governance framework through a learning approach given its importance in securing delivery of its objectives and demonstrating best value in its use of resources

Given the scope of responsibility within the MIJB and the complexities surrounding the assurance arrangements, a Local Code of Corporate Governance has been developed.

This Code outlines the seven governance principles from the CIPFA/SOLACE guidance and provides the sources of assurance for assessing compliance relative to the MIJB, Moray Council and NHS Grampian. These assurances include referencing the governance arrangements of NHS Grampian and Moray Council which are summarised annually and published in their respective Annual Governance Statements which form part of the annual accounts of each organisation. Extracts from the respective governance statements have been included as part of this statement.

The MIJB has assessed the effectiveness of its governance arrangements against the principles set out in the Local Code of Corporate Governance.

ANNUAL GOVERNANCE STATEMENT (continued)

Governance Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Assessment of Effectiveness

- The activities of the MIJB are directed by a Board comprising voting and non-voting members. The Board meets every two months and draws its membership from a broad range of sources. Formal Board meetings are augmented by regular development sessions that focus in detail on specific policy issues. The Board is also supported by an Audit, Performance and Risk Committee, and a Clinical and Care Governance Committee, each with a specific remit to support effective governance arrangements
- The MIJB operates in line with Standing Orders that govern proceedings of the Board and its Committees, and which incorporates the Board's Scheme of Administration that deals with the Board's committee structure and working groups.
- The MIJB has appointed a Standards Officer to support compliance with an ethical standards framework in line with the Ethical Standards in Public Life etc. (Scotland) Act 2000 whereby members of devolved public bodies such as the MIJB are required to comply with Codes of Conduct, approved by Scottish Ministers, together with guidance issued by the Standards Commission.
- A Records Management plan has been finalised and was agreed by the Keeper during the year.

Governance Principle 2 – Ensuring openness and comprehensive stakeholder engagement

Assessment of Effectiveness

- Provision is made within MIJB's Standing Orders for public and press access to meetings and reports. Attendance promotes transparency around decision-making. A specific web-site has been developed for Health and Social Care Moray and is continuously monitored for improvement. Agendas, reports and minutes for all committees can be accessed via the website in addition to all the linked strategies of the MIJB.
- Both the voting and non-voting membership arrangements of the MIJB are in line with the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. The non-voting membership comprises six professional members and five stakeholder members representing: staff, third sector bodies carrying out activities in relation to health and social care, service users and unpaid carers, and two additional non-voting members. The broad membership of the MIJB ensures valued input and engagement from a wide range of stakeholders.
- The Community Empowerment (Scotland) Act 2015 places a statutory duty on MIJB and its Community Planning Partners to engage with communities on the planning and delivery of services and securing local outcomes. The MIJB has an approved Communications and Engagement Strategy which recognises and promotes the active and meaningful engagement with all stakeholders. The strategy has been updated during the year.

ANNUAL GOVERNANCE STATEMENT (continued)

Governance Principle 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits

Assessment of Effectiveness

- A principal focus throughout the year has been on the development of an updated strategic plan for the 2019/22 period. This has been complemented with a medium term financial plan that has highlighted the need for a recovery and transformation programme
- The plan is underpinned by a performance framework, workforce plan, organisational development strategy, and a communications, engagement and participation plan.
- This suite of documents will support the reconfiguration of services, and is designed to optimise service user experiences while addressing the financial challenges facing the service.

Governance Principle 4 – Determining the interventions necessary to optimise the achievement of intended outcomes

Assessment of Effectiveness

- The MIJB's decision making process ensures that the members of the Board receive objective and robust analysis of a variety of options indicating how the intended outcomes will be achieved, providing information on the associated risks and opportunities.
- Board papers reflect the broad range of matters under consideration including regular update reports by the Chief Officer on topical matters and agenda items covering opportunities and challenges arising from reconfiguration of services
- A self-evaluation of progress towards meeting integration objectives was also completed and submitted to the Scottish Government's Ministerial Strategic Group for Health and Community Care, noting that progress was continuing to be made in respect of objectives set by the Group.

Governance Principle 5 – Developing the entity's capacity, including the capability of its leadership and the individuals within it

Assessment of Effectiveness

- The Senior and Operational Management teams have taken part in a Systems Leadership Programme led by The Kings Fund to support the leadership teams with responsibility for delivering integrated services.
- A new Convenor of the Adult Protection Committee was appointed and a self-evaluation exercise conducted. This led to the production of an updated Adult Support and Protection Improvement plan to enhance practice in this area of work.
- Management structures remained under review to ensure they remained fit for purpose, a notable change being the appointment of locality managers with an area focused remit across all service disciplines

ANNUAL GOVERNANCE STATEMENT (continued)

Governance Principle 6 – Managing risk and performance through robust internal control and strong public financial management

Assessment of Effectiveness

- As part of a robust risk monitoring framework, the Strategic Risk Register is reviewed and updated regularly and presented to every Audit, Performance and Risk Committee. A related action log was created for monitoring purposes and is owned and monitored by the Senior Management Team. Risk appetite is an important consideration for the MIJB and a development session was held to create a better understanding of risk tolerance and the trade-offs necessary when dealing with finite resources.
- Performance reporting also fall within the scope of the Audit, Performance and Risk Committee.
- The internal control system links closely with those of the Partners, given their operational remit for delivery of services under direction of the MIJB. The Audit, Performance and Risk committee through its consideration of reports monitors the effectiveness of internal control procedures. The MIJB Chief Internal Auditor undertakes an annual review of the adequacy of internal controls and the opinion is included within this statement.
- The MIJB has an independent S95 Officer who is a member of the MIJB, providing advice on all financial matters and ensure timely production and reporting of budget estimates, budget monitoring reports and annual accounts.

Governance Principle 7 – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Assessment of Effectiveness

- MIJB business is conducted through an approved cycle of Board meetings which are held in public, and the agendas, reports and minutes are available for the public to inspect. There is a standard reporting format in place to ensure consistency of approach and consideration by Members to provide transparency in decision making
- The MIJB publishes both Annual Accounts and an Annual Performance Report following Board approval.
- Reporting includes the annual report of the Chief Social Work Officer who in her latest comprehensive annual report concluded that 'the Social Work Profession continues to grow in strength and confidence which is crucial in ensuring partnership working is the best it can be to improve outcomes for children, families and communities'
- Internal audit terms of reference have been established, and the Chief Internal Auditor reports directly to the Audit, Performance and Risk committee with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Audit, Performance and Risk committee on any matter. The Audit, Performance and Risk Committee approved an Internal Audit Plan presented to it by the Chief Internal Auditor to the MIJB. The plan outlined the planned internal audit coverage for the year. Progress against the Plan has been reported throughout the year.

ANNUAL GOVERNANCE STATEMENT (continued)

Review of Adequacy and Effectiveness

The MIJB has a responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements, including the system of internal control. The review is informed by the work of the Senior Management Team (which has responsibility for the development and maintenance of the internal control framework environment); the work of the Internal Auditors and the Chief Internal Auditor's annual report and the reports from the External Auditor and other review agencies and inspectorates.

Internal Audit Opinion

Internal Audit for the MIJB is delivered by Moray Council's internal audit team and the council's internal audit manager holds the Chief Internal Auditor appointment to the MIJB until 31 March 2022. The Council's internal audit function has adopted the Public Sector Internal Audit Standards, (PSIAS) which require the Chief Internal Auditor to deliver an annual internal audit opinion and report that has been used to inform this governance statement.

In line with PSIAS, the Chief Internal Auditor prepares a risk based plan for the MIJB which has regard to the internal audit arrangements of both Moray Council and NHS Grampian functions. The plan is reported to the Audit, Performance and Risk Committee and throughout the year update reports are provided to the Committee on delivery of the plan and to inform the annual internal audit opinion. Based on the work completed as outlined below, the Chief Internal Auditor is of the opinion that reasonable assurance can be placed on the adequacy and effectiveness of the MIJB framework of governance, risk management and internal control in the year to 31 March 2020.

The opinion is based on a number of sources:

- Internal audit work completed during the year in line with the agreed audit plan in relation to the MIJB and relevant areas within Moray Council. A planned review of residential care was not taken forward, however recent work in this area disclosed that financial assessment arrangements and payment controls were operating effectively. The scoping of any future review may be wider than an internal audit if directed nationally by government.
- An assurance statement signed by the chief executive of NHS Grampian as to the governance processes adopted by that organisation including certification that no significant control weaknesses were known to management.
- Internal audit reports relevant to the MIJB prepared by PricewaterhouseCoopers, the appointed internal auditors for NHS Grampian.
- Assurance statements provided by service managers within the MIJB which confirmed, that internal controls were operating effectively within their own areas of responsibility

Significant matters noted from the audit process arose from an audit of the stores systems utilised to manage stocks of aids and adaptations, where a number of system weaknesses were disclosed. This work was completed during the year and an action plan developed and agreed by management in response to audit recommendations made. With the importance of stock management being brought to the fore during the recent pandemic relative to the control of stocks of Personal Protective Equipment, it is important that stores operate efficiently and effectively going forward. Progress with implementation of the audit recommendations will be monitored during 2020/21.

ANNUAL GOVERNANCE STATEMENT (continued)

The NHS Grampian Governance Framework

NHS Grampian is required to operate within the aspects of the Scottish Public Finance Manual (SPFM) which are set out within the guidance issued to Chief Executives and more generally to all Board members by the Scottish Government Health and Social Care Directorates as being applicable to NHS Boards. The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

As Accountable Officer, the Chief Executive is responsible for maintaining an adequate and effective system of internal control that identifies, prioritises and manages the principal risks facing the organisation, promotes achievement of the organisation's aims and objectives and supports compliance with the organisation's policies and safeguarding public funds.

The Board continually monitors and reviews the effectiveness of the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of national and local targets and demonstrating best value and the efficient use of resources. Key elements of the system of internal control include:

- A Board which meets regularly to discharge its governance responsibilities, set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive Directors and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available;
- The Board receives regular reports on Healthcare Associated Infection and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities;
- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board are subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements;
- Mature and organisation wide risk management arrangements built on localised risk registers and processes which ensure, as appropriate, escalation of significant instances of non-compliance with applicable laws and regulations;
- Dedicated full time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas;
- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance, patient focus and public involvement, staff governance, clinical governance, endowment and audit committees concerning any significant matters on governance, risk and internal controls;

ANNUAL GOVERNANCE STATEMENT (continued)

The NHS Grampian Governance Framework (continued)

- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters;
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee;
- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;
- An active joint management and staff partnership forum with staff side representation embedded in all key management teams and a dedicated full time Employee Director who is a member of the Board;
- Regular review of priorities for infrastructure investment and progress against the agreed Asset Management Plan by an Asset Management Group chaired by a Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;
- Clear allocation of responsibilities to ensure we review and develop our organisational arrangements and services in line with national standards and guidance;
- Consultation on service change proposals is undertaken with stakeholders and used to inform decision making;
- Promotion of effective cross sector governance arrangements through participation by the IJB Board members and the Chief Executives of each of the partner organisations in the North East Partnership forum, regular meetings between the Chief Executives of all Public Sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery;
- A patient feedback service to record and investigate complaints and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches; and
- An annual general meeting of all Trustees of the NHS Grampian Endowment Funds to approve the accounts and review investment policy and strategy.

Based on the evidence considered during the review of the effectiveness of the internal control environment operating within NHS Grampian, the Chief Executive has confirmed that she is not aware of any outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance that applies to NHS Boards in relation to governance, risk management and internal control.

ANNUAL GOVERNANCE STATEMENT (continued)

Moray Council Governance Framework

The council's governance framework, like that of the MIJB, has regard to the seven principles outlined in the CIPFA code, and includes:

- Standing orders, a scheme of administration, scheme of delegation and financial regulations govern the conduct of council business;
- Codes of conduct for elected members and senior officials, which require them to exercise leadership through exemplary standards of behaviour;
- A monitoring officer who has a statutory responsibility to ensure established procedures are followed and that all legislative and other regulatory processes are complied with;
- Well established decision making processes with major decisions being taken by council or one of a number of service committees. Council business is discussed in public (unless exempt under statutory provision) and available on the internet by webcast;
- A framework of planning for the community (the Local Outcomes Improvement Plan) and the council (Corporate Plan) outlining priorities and expected outcomes is in place;
- Policy development centred on preventative policies, leading to reduced interventions by partners, and enhanced community engagement and involvement, recognising the ongoing financial challenges facing councils and the wider public sector;
- Arrangements in place covering risk, performance management, internal control and financial management;
- A Corporate Risk Register providing summary information on the principal risks facing the Council and how these are managed and controlled. Risk implications also feature in committee reports to inform decision making where required;
- A system of internal control based on a framework of financial regulations, regular management information, administrative procedures, and management supervision; and
- Assurance and accountability oversight by an Audit and Scrutiny Committee which is chaired by a member of the political opposition.

Prior Year Governance Issues

The Annual Governance Statement for 2018/19 highlighted a number of areas for development in looking to secure continuous improvement. An assessment of progress is provided below:

ANNUAL GOVERNANCE STATEMENT (continued)

Area for Improvement Identified in 2018/19	Action Undertaken / Progress Made in 2019/20
<p>The key development for 2019/20 will be the production of the Strategic Plan 2019-22. This will continue to be a collaborative process involving all key stakeholders to ensure commitment to the success and delivery. The Plan will set out clear priorities which can be measured effectively.</p> <p>Sustainability and Transformation Plan to be developed and aligned to the Strategic Plan. This will set out a 3-5 year programme of change that will support the redesign of services in response to the Strategic Plan.</p> <p>The Medium Term Financial Strategy will be developed and aligned to the Strategic Plan 2019-22</p> <p>Workforce Plan will be developed in response to the Strategic Plan, setting out the key workforce actions required for future service delivery.</p> <p>The Performance Framework will be further developed in response to the Strategic Plan, supporting the reporting process around the delivery of the Plan.</p> <p>Management structure implementation during the course of 2019/20.</p>	<p>The second iteration of the Strategic Plan was developed over an extended period of time following a decision taken by the MIJB. It was considered key to take the time required to ensure the quality of the MIJB's primary strategic document. Workshops were held throughout 2018 and early 2019 covering a variety of themes and discussions, all of which demonstrated positive engagement. The Plan became a 10 year strategy to guide the principles and aims of the MIJB over the medium term. The Plan was formally launched in December 2019 at an event where key stakeholders and members of the press were invited.</p> <p>Following a period of consultation, the Strategic Plan with supporting documents including the Transformation plan was approved for publication by the MIJB at its meeting of 31 October 2019.</p> <p>In October 2019, the MIJB approved the Medium Term Financial Framework 2019/20 – 2023/24 as a supporting document to the Strategic Plan 2019-29.</p> <p>Following the approval of the Strategic Plan in October 2019, a subsequent suite of supporting documents were presented and approved by the MIJB in November 2019 which included the Workforce Plan and the Performance Management Framework.</p> <p>The MIJB approved a revised management structure at its meeting of 28 March 2019. Since the time, progress has been made to ensure the structure is embedded. As of January 2020, the 4 newly created Locality Manager posts had been recruited to and work is in progress to develop locality planning.</p>

ANNUAL GOVERNANCE STATEMENT (continued)

Other – Significant Governance Issues

The continued development of a good governance framework remains a priority for the MIJB. Whilst it accepts it is still developing as an organisation and the added complexities that exist in relation to the partner organisations. The framework is developing in the context of reducing budgets, demographic growth, service redesign, changing management structures and locality planning whilst a focus is retained around both national and local priorities that underpin the legislation.

The MIJB believe that the critical route to defining its governance needs and processes will be through the delivery of its Strategic Plan 2019-29 and the necessity to ensure it sets clear priorities and objectives to enable performance and outcomes to be monitored, reported and considered at every opportunity.

Key Governance challenges going forward will involve:

- Providing capacity to meet statutory obligations whilst managing expectation and rising demand for services;
- As a Board, difficult decisions will require to be made in ensuring we operate within available funding;
- Continue to address our work force challenges in respect of recruitment and retention
- Continuing to work closely with NHS Grampian and Moray Council to build on existing relationships and establishing collaborative leadership
- The delegation of Children’s services, ensuring the necessary due diligence is undertaken prior to formal delegation.
- The challenges being faced through the current pandemic are expected to be a continued focus for additional scrutiny for an extended period of time.

Further Developments

Following consideration of the review of adequacy and effectiveness, the following action plan has been established to ensure continual improvement of the MIJB’s governance arrangements and progress against the implementation of these issues will be assessed as part of the next annual review.

Areas of focus for 2020/21	
1.	<p>Following the Cabinet Secretary’s announcement of 2 June 2020 in relation to health services remaining on an emergency footing for a further 100 days. Three core tasks have been set out nationally that we need to respond to, these being :</p> <ul style="list-style-type: none">• Commence work toward delivery of as many of our normal services as possible, in a safe manner, with an immediate focus on the most urgent care requirements• Ensure capacity remains available to deal with Covid-19• Begin preparation of our health and care system for the challenges of the next 9 months and particularly the winter season

--	--

ANNUAL GOVERNANCE STATEMENT (continued)

2.	Recovery and Renewal - As we progress through this critical phase of the Covid-19 pandemic, it is essential that whilst the priority remains to deliver services safely and effectively in what is clearly a constantly changing landscape, it is recognised that there is need to consider the recovery phase and what our services may look like in the future.
3.	A key development for 2020/21 will be to enhance strategic planning processes to drive and support the delivery of the Strategic Plan in order to strengthen our ability to be agile in a complex and changing landscape and to develop a range of ambitious plans that drive quality, safety, and efficiency.
4.	Financial Planning – the Covid 19 Pandemic has effectively placed a significant risk on the recovery and transformation plan supporting the 2020/21 budget. Urgent attention is required across the whole system to consider both the high risk areas from a financial perspective and the opportunities to draw positively on the experiences arising from our response to the pandemic
5.	A review of commissioning practice will be required to ensure procurement and contractual considerations and need of service users can be developed at an increased pace given the operational and financial challenges facing the MIJB. Resourcing this will be a key consideration to ensure satisfactory progress is achieved.

COVID 19

The emergence of the Covid-19 pandemic in March 2020 had a significant impact on the MIJB and its approach to dealing with the pandemic and has involved the use of amended governance arrangements granted under delegated powers. Whilst the MIJB has continued to conduct business effectively through the use of technology, temporary delegated authority has been granted to the Chief Officer to take decisions in respect of matters that would normally require Board approval, with those decisions being reported at the earliest opportunity.

Health and Social Care Moray (HSCM) has established an emergency response group that has been operational since the end of March, with frequency of meetings being adapted appropriately dependent on the stage of response. Representation on the emergency response groups of the partner organisations is being provided by HSCM staff, ensuring the necessary links and flow of information to ensure a co-ordinated response on a pan Grampian basis and locally within Moray.

ANNUAL GOVERNANCE STATEMENT (continued)

Statement

In our respective roles as Chair and Chief Officer of the MIJB, we are committed to ensuring good governance and recognise the contribution it makes to securing delivery of service outcomes in an effective and efficient manner. This annual governance statement summarises the MIJB's current governance arrangements, and affirms our commitment to ensuring they are regularly reviewed, developed and fit for purpose. Whilst recognising that improvements are required, as detailed earlier in the statement, it is our opinion that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the MIJB's governance arrangements.

The immediate challenge will be to continue to meet all operational demands during the Covid-19 Pandemic while not compromising the safety of employees and people that use our services; beyond that, pressure on financial settlements is set to continue during the incoming period, and we will continue to engage with our Partners and the wider community to agree plans and outcome targets that are both sustainable and achievable. Taking those forward will be challenging as we aim to fulfil the nine Health and Wellbeing national outcomes and the strategic priorities identified and detailed in our Strategic Plan. Good governance remains an essential focus in delivering services in a way that both meets the needs of communities and discharges statutory best value responsibilities.

.....
Jonathan Passmore
Chair of Moray IJB

30 July 2020

.....
Simon Bokor-Ingram
Interim Chief Officer

INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITORS REPORT (continued)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost of providing services for the year ended 31 March 2020 according to generally accepted accounting practices.

2018/19		2019/20
Net Expenditure		Net Expenditure
£ 000		£ 000
5,383	Community Hospitals	5,466
3,689	Community Nursing	4,738
6,749	Learning Disabilities	7,481
7,720	Mental Health	8,568
1,066	Addictions	1,048
142	Adult Protection & Health Improvement	151
14,427	Care Services Provided In-House	15,514
18,038	Older People & Physical & Sensory Disability Services	18,636
2,197	Intermediate Care and Occupational Therapy	1,736
9,597	Care Services Provided by External Providers	9,060
7,110	Other Community Services	7,712
2,467	Administration & Management	2,933
17,354	Primary Care Prescribing	17,573
15,498	Primary Care Services	16,555
4,175	Hosted Services	4,671
650	Out of Area Placements	807
795	Improvement Grants	933
1,211	Strategic Funds	1,055
11,765	Set Aside	12,252
130,033	Cost of Services	136,889
129,443	Taxation and Non-Specific Grant Income (note 5)	136,819
590	(Surplus) or Deficit on provision of Services	70
590	Total Comprehensive Income and Expenditure	70

There are no statutory or presentational adjustments which reflect the MIJB'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 Moray Integration Joint Boards (MIJB) reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices. Additional detail included within note 7 on page 42.

Movement of Reserves During 2019/20	General Fund Balance £000
Opening Balance at 1 April 2019	(257)
Total Comprehensive Income and Expenditure	70
<hr/>	
(Increase) or Decrease in 2019/20	70
<hr/>	
Closing Balance at 31 March 2020	(187)

Movement of Reserves During 2018/19	General Fund Balance £000
Opening Balance at 1 April 2018	(847)
Total Comprehensive Income and Expenditure	590
<hr/>	
(Increase) or Decrease in 2018/19	590
<hr/>	
Closing Balance at 31 March 2019	(257)

BALANCE SHEET

The Balance Sheet shows the value of the Moray Integration Joint Board's (MIJB) assets and liabilities as at the balance sheet date. The net assets of the MIJB (assets less liabilities) are matched by the reserves held by the MIJB.

31 March 2019 £000		Notes	31 March 2020 £000
257	Short Term Debtors Current Assets	6	187
0	Short Term Creditors Current Liabilities		0
0	Provisions Long Term Liabilities		0
257	Net Assets		187
257	Usable Reserve General Fund Unusable Reserve:	7	187
257	Total Reserves		187

The unaudited annual accounts were issued on 30 July 2020

Tracey Abdy CPFA
Chief Financial Officer
30 July 2020

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Significant Accounting Policies

General Principles

The Financial Statements summarises the Moray Integration Joint Board's (MIJB) transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020.

The MIJB was established under the requirements of the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the MIJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the MIJB
- Income is recognised when the MIJB 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

Funding

The MIJB is primarily funded through funding contributions from the statutory funding partners, Moray Council and the Grampian Health Board. Expenditure is incurred as the MIJB commissions' specified health and social care services from the funding partners for the benefit of service recipients in Moray area.

Cash and Cash Equivalents

The MIJB does not operate a bank account or hold cash. Transactions are settled on behalf of the MIJB by the funding partners. Consequently the MIJB 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 MIJB's Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 Significant Accounting Policies (continued)

Employee Benefits

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

The MIJB 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.

Reserves

The MIJB's reserves are classified as either Usable or Unusable Reserves.

The MIJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the MIJB can use in later years to support service provision.

Indemnity Insurance

The MIJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board members. The Grampian Health Board and Moray Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide.

Unlike NHS Boards, the MIJB does not have any 'shared risk' exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The MIJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Note 2 Critical Judgements and Estimation Uncertainty

In applying the accounting policies, the MIJB has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no material critical judgements and the note below relates to uncertainty about future events:

Public Sector Funding – There is a high degree of uncertainty about future levels of funding for Local Government and Health Boards and this will directly impact on the MIJB.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3 Events after the Reporting Period

The unaudited accounts were issued by Tracey Abdy, Chief Financial Officer on 30 July 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 4 Expenditure and Income Analysis by Nature

2018/19		2019/20
£000		£000
54,207	Services commissioned from Moray Council	56,343
75,801	Services commissioned from The Grampian Health Board	80,519
25	Auditor Fee: External Audit Work	27
130,033	Total Expenditure	136,889
(129,443)	Partners Funding Contributions and Non-Specific Grant Income	(136,819)
590	(Surplus) or Deficit on the Provision of Services	70

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5 Taxation and Non-Specific Grant Income

2018/19		2019/20
£000		£000
40,990	Funding Contribution from Moray Council	43,950
88,453	Funding Contribution from The Grampian Health Board	92,869
129,443	Taxation and Non-specific Grant Income	136,819

The funding contribution from The Grampian Health Board shown above includes £12.252m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by The Grampian Health Board who retains responsibility for managing the costs of providing the services. The MIJB however has responsibility for the consumption of, and level of demand placed on, these resources.

Note 6 Debtors

31 March 2019		31 March 2020
£000		£000
257	The Grampian Health Board	187
	Moray Council	0
257	Debtors	187

Amounts owed by the funding partners are stated on a net basis. Creditor balances relating to expenditure obligations incurred by the funding partners but not yet settled in cash terms are offset against the funds they are holding on behalf of the MIJB.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7 Usable Reserve: General Fund

The MIJB holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the MIJB's risk management framework.

The table below shows the movements on the General Fund balance

	Strategic Funds	Action 15	PCIP	Total
	£000	£000	£000	£000
Balance at 1 April 2018	847	-	-	847
Transfers (out)/in 2018/19	(847)	76	181	(590)
Balance at 31 March 2019	-	76	181	257
Transfer out 2019/20	-	(14)	(56)	(70)
Transfers in 2019/20	-	-	-	-
Balance at 31 March 2020	-	62	125	187

Action 15

The purpose of this fund is to ring fence funding received as part of the Scottish Government's Mental Health Strategy to increase the number of Mental Health Professionals.

Primary Care Improvement Fund (PCIF)

The purpose of this fund is to ring fence funding received from the Scottish Government as part of its Primary Care Transformation Programme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8 Agency Income and Expenditure

On behalf of all IJB's within The Grampian Health Board, the MIJB acts as the lead manager for Grampian Medical Emergency Department (GMED) and Primary Care Contracts. It commissions services on behalf of the other IJBs and reclaims the costs involved. The payments that are made on behalf of the other IJBs, and the consequential reimbursement, are not included in the Comprehensive Income and Expenditure Statement (CIES) since the MIJB is not acting as principal in these transactions.

The amount of expenditure and income relating to the agency arrangement is shown below:

2018/19		2019/20
£000		£000
9,028	Expenditure on Agency Services	10,171
(9,028)	Reimbursement for Agency Services	(10,171)
0	Net Agency Expenditure excluded from the CIES	0

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9 Related Party Transactions

The MIJB has related party relationships with The Grampian Health Board and Moray Council. In particular the nature of the partnership means that the MIJB may influence, and be influenced by, its partners. The following transactions and balances included in the MIJB's accounts are presented to provide additional information on the relationships.

Transactions with The Grampian Health Board

2018/19		2019/20
£000		£000
(88,453)	Funding Contributions received from the NHS Board	(92,870)
75,662	Expenditure on Services Provided by the NHS Board	80,366
139	Key Management Personnel: Non-Voting Board Members	153
(12,652)	Net Transactions with The Grampian Health Board	(12,351)

Key Management Personnel: The Chief Officer and Chief Financial Officer, are non-voting Board members and are both employed by The Grampian Health Board and recharged to the MIJB. Details of the remuneration of both officers are provided in the Remuneration Report.

Balances with The Grampian Health Board

31 March 2019		31 March 2020
£000		£000
(257)	Debtor balances: Amounts due from The Grampian Health Board	(187)
0	Creditor balances: Amounts due to The Grampian Health Board	0
(257)	Net Balance due from The Grampian Health Board	(187)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9 Related Party Transactions (continued)

Transactions with Moray Council

2018/19		2019/20
£000		£000
(40,990)	Funding Contributions received from the Council	(43,949)
54,170	Expenditure on Services Provided by the Council	56,302
62	Key Management Personnel: Non-Voting Board Members	68
13,242	Net Transactions with Moray Council	12,421

Balances with Moray Council

31 March 2019		31 March 2020
£000		£000
0	Debtor balances: Amounts due from Moray Council	0
0	Creditor balances: Amounts due to Moray Council	0
0	Net Balance due from Moray Council	0

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10 VAT

The MIJB is not registered for VAT and as such the VAT is settled or recovered by the partners. The VAT treatment of expenditure in the MIJB accounts depends on which of the partners is providing the services as each of these partners are treated differently for VAT purposes.

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Note 11 Accounting Standards That Have Been Issued but Have Yet To Be Adopted

The Code requires the MIJB to identify any accounting standards that have been issued but have yet to be adopted and could have material impact on the accounts.

There are no accounting standards issued but not yet adopted that impact on the 2019/20 financial statements.