

Moray Integration Joint Board



**Annual
Accounts** > for the year ended
31 March 2019

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



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MORAY INTEGRATION JOINT BOARD MEMBERS

Voting Members

Cllr. Shona Morrison (Chair)	Moray Council
Jonathan Passmore (Vice-Chair)	The Grampian Health Board
Sandy Riddell	The Grampian Health Board
Susan Webb	The Grampian Health Board
Cllr. Tim Eagle	Moray Council
Cllr. Louise Laing	Moray Council

Non-Voting Members

Pamela Gowans	Chief Officer
Tracey Abdy	Chief Financial Officer
Jane Mackie	Chief Social Work Officer
Linda Harper	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
Tony Donaghey	UNISON, Moray Council

Co-Opted Members

Sean Coady	Head of Primary Care
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MANAGEMENT COMMENTARY

The Role and Remit of the Moray Integration Joint Board

The Public Bodies (Joint Working) (Scotland) Act 2014 requires 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. The associated budgets for these services continue to be managed on a day to day basis by the Grampian Health Board Acute Sector. However, MIJB has an allocated budget 'set aside' of £11.765m, designed to represent the consumption of these services by the resident population of Moray. The 3 IJB's that fall within the Grampian Health Board area are responsible for the strategic planning of these services in partnership with the Acute Sector with the overall aim being to shift the balance of care by reducing unnecessary, unplanned emergency admissions to hospitals whilst having alternative community arrangements that prevent this from happening.

Hosted services 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 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

The main purpose of Integration is to improve the 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. In recent years there has been increasing recognition that health and social care services for the population of Scotland will need to change in order to meet demands and expectations through early intervention and prevention. Demographics, economics and increasing care complexities are all factors that have been considered when looking at how services will be planned, co-ordinated and delivered effectively. The ultimate aim is that through integrating the design and delivery of our services we will achieve the nine National Health and Wellbeing Outcomes as prescribed by the Scottish Ministers. On a local level, the MIJB sets the direction and strategic intent through the development and implementation of the Strategic Plan and seeks assurance on the management and delivery of services through Board level performance reporting which ensures an appropriate level of scrutiny and challenge. The current Strategic Plan identified priority areas to support strategic direction and vision. These were as follows:

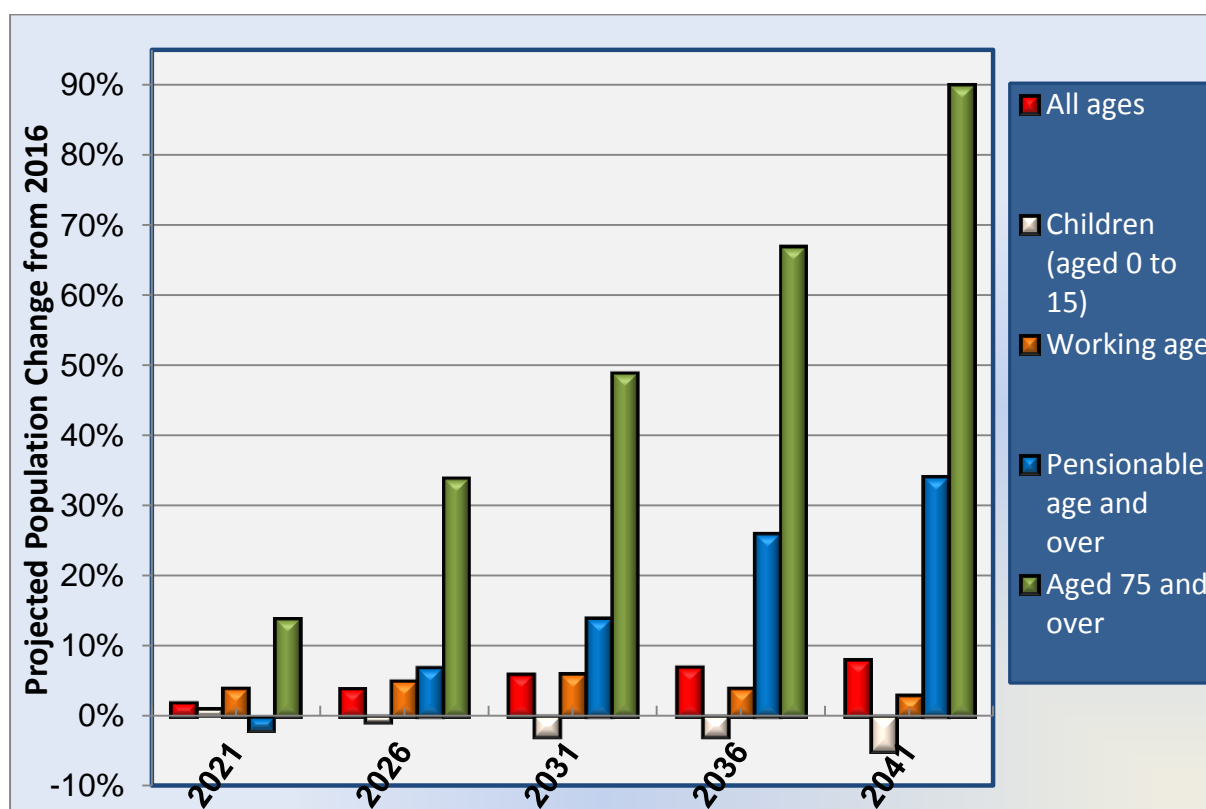
MANAGEMENT COMMENTARY (continued)

STRATEGIC PRIORITIES

- More people will live well in their communities
- Infrastructure and Redesign
- Invest in a seamless workforce to support the aim of enabling people
- Technology enabled care will be considered at every intervention
- Carers continuing their caring role whilst maintaining their own health & wellbeing
- Relationships will be transformed to be honest, fair and equal

Population

Moray's population has grown significantly in the past 20 years from 87,160 in 1997 to an estimated 95,520 in 2018; an increase of 9.6%. The population of Moray is growing faster than the national rate, and has experienced the 11th highest rate of growth amongst the 32 Scottish local authorities. In addition to this growth the demography has also changed markedly over the past 20 years. The most significant population growth over the next two decades is projected to occur amongst older adults. The table below sets out projected population growth based on a 2016 baseline.¹ There is a projected reduction in children, limited change in the working age population, but significant growth in adults of pensionable age, including a near doubling of those aged 75 and over by 2041. The graph below illustrates the % change expected across the main population groups.

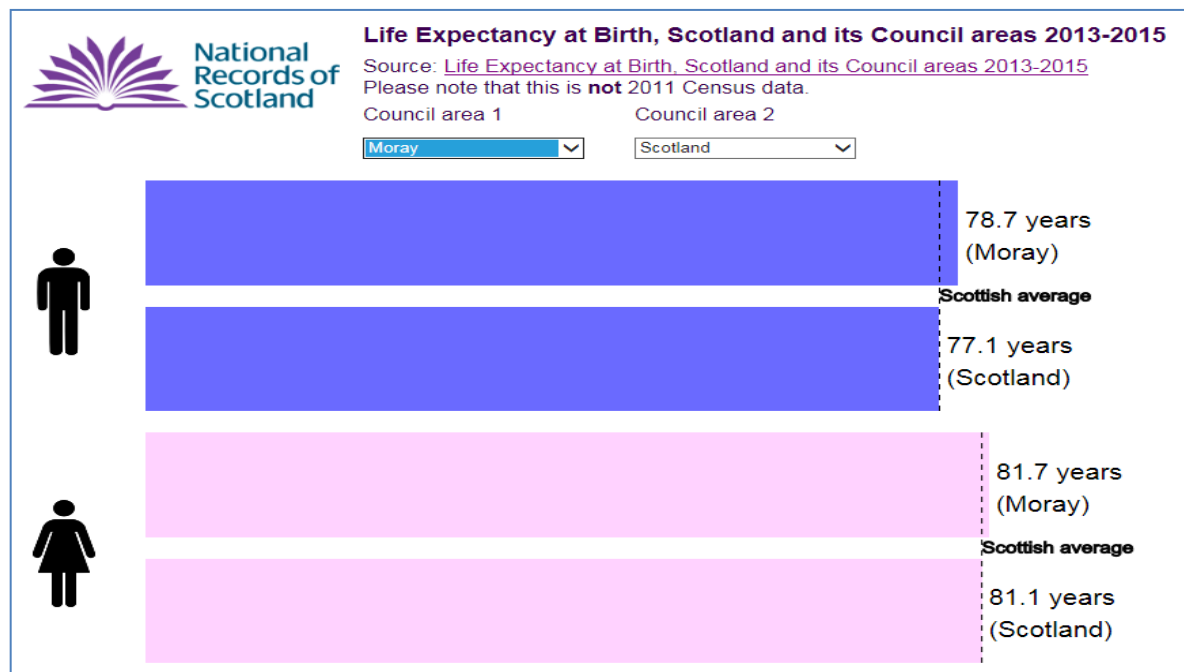


¹ <https://www.nrscotland.gov.uk/files/statistics/population-projections/sub-national-pp-16/tables/pop-proj-principal-2016-all-tabs.xlsx>

MANAGEMENT COMMENTARY (continued)

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 2013-15 (NRS)

- Females in Moray have 3 years greater life expectancy than males on average
- Males in Moray have 1.6 years greater life expectancy than males in Scotland, on average
- Males in Moray have 7 months greater life expectancy than females nationally, on average

The MIJB, has commissioned a strategic needs assessment to support the development of the next iteration of the Strategic Plan in order to consider 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.

² <https://www.scotlandscensus.gov.uk/NRSinteractivedata/Lifeexp/lifeexp2013-2015.html>

MANAGEMENT COMMENTARY (continued)

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 per 1000 adults dropping from 50 in April – June 2017 to 37 in March 2019. However, the trend is not linear and this remains an area of high operational priority.

Number of Bed Days Occupied by Delayed Discharges per quarter (inc code 9) per 1000 18+ population			
Apr – Jun 18	Jul – Sept 18	Oct – Dec 18	Jan – Mar 19
42	45	41	37
Apr – Jun 17	Jul – Sept 17	Oct – Dec 17	Jan – Mar 18
50	31	30	38

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 April – June 2017 to January – March 2019. A contributing factor is 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, this new target operating model that continues to evolve has had significant results pertaining to bed day use.

Rate of Emergency Occupied Bed Days for over 65's per 1000 Population			
Apr – Jun 18	Jul – Sept 18	Oct – Dec 18	Jan – Mar 19
2380	2375	2344	2274
Apr – Jun 17	Jul – Sept 17	Oct – Dec 17	Jan – Mar 18
2558	2531	2495	2444

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.

Woodview Development

The Woodview housing development, Lhanbryde continues to demonstrate major achievement in relation to transformational change. The development which was completed and registered with the Care Inspectorate in 2017, consists of 8 bungalows, a communal area and staff office and is designed to support people with autism and challenging behaviour with their own tenancies, creating a positive impact on quality of life. During 2018/19 all 8 of the bungalows became occupied. In September 2018 the Care Inspectorate completed its first inspection of this housing support service resulting in no requirements or recommendations.

MANAGEMENT COMMENTARY (continued)



Care Inspectorate Findings – Sept 18

- Quality of Care & Support
5 – Very Good
- Quality of Staffing
4 – Good
- Quality of Management and Leadership
4 – Good

Boogie in the Bar – has continued to support older people in Moray to increase their physical activity through these day time events. In March 2019 Health and Social Care Moray were presented with the Age Scotland Patrick Brooks Award for Best Partnership Work 2019 which is awarded for partnership working between two or more groups or organisations that have made an outstanding contribution to addressing the needs of older people. There has now been over 600 people attend these events, raising over £1,000 which has been reinvested in local community groups who volunteer their support at the daytime discos. The discos enable health and wellbeing campaigns to be highlighted at the events, which to date have included Falls Prevention, Health Heart, Dementia Awareness, Unpaid Carers, Sexual Health, Benefits of Walking and Making Every Opportunity Count.

In March 2019 Health and Social Care Moray were awarded the Age Scotland Patrick Brooks Award for Best Partnership Work for the Boogie in the Bar discos.



MANAGEMENT COMMENTARY (continued)

Volunteer Development

The Scottish Government vision for Scotland is one where every one of its people can contribute towards, and benefit from, making Scotland a better place to live and work; where volunteering is an integral element of this and is valued and recognised across all sectors as an expression of an empowered people and a force for change; and where anyone who wants to volunteer can do so readily. In Moray, with limited workforce and finance we have managed to address the number of requests for volunteers at a steady rate. When the service started in 2012 there had been 88 requests for volunteers over an 8 month period. By 2018, this had expanded to 168 requests over an 11 month period.

To celebrate 'Volunteers Week' a Tea Party was held in Elgin Town Hall in June 2018 where 100 people attended. The success of the service is celebrated each year through an annual event and the service provided by volunteers is recognised and acknowledged.



Celebrating Volunteers Week at a Tea Party in Elgin Town Hall attended by 100 people. Thanks was expressed by the Convener of Moray Council

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	5,349	5,383	(34)	
Community Health	3,640	3,689	(49)	
Learning Disabilities	6,257	6,749	(492)	3
Mental Health	7,286	7,720	(434)	4
Addictions	1,127	1,066	61	
Adult Protection & Health Improvement	148	142	6	
Care Services Provided In-House	15,197	14,427	770	5
Older People Services & Physical & Sensory Disability	16,332	18,038	(1,706)	2
Intermediate Care & OT	1,908	2,197	(289)	
Care Services Provided by External Contractors	9,526	9,597	(71)	
Other Community Services	7,178	7,110	68	
Administration & Management	2,854	2,467	387	
Primary Care Prescribing	16,360	17,354	(994)	1
Primary Care Services	15,759	15,498	261	
Hosted Services	3,978	4,175	(197)	
Out of Area Placements	669	650	19	
Improvement Grants	924	795	129	
Total Core Services	114,492	117,057	(2,565)	
Strategic Funds	2,583	1,211	1,372	
TOTAL EXPENDITURE (before set aside)	117,075	118,268	(1,193)	
IN-YEAR INCOME (before set aside)	(116,228)	(116,485)	257	
DEFICIT FUNDING	-	(1,193)	1,193	
Net Expenditure to be Funded from Reserves	847	590	257	

MIJB's financial performance is presented in the comprehensive income and expenditure statement (CIES), which can be seen on page 33. At 31 March 2019 there were usable reserves of £0.257m available to the MIJB compared to £0.847m at 31 March 2018. Reserves have had to be utilised within the year to address the shortfall in funding and ensure the continuation of services. The remaining reserves of £0.257m have been earmarked for the Primary Care Improvement Plan (£181k) and Action 15 (£76k) 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 Prescribing – remains a significant financial pressure facing the MIJB which gave rise to an overspend in year of £0.994m. There was a low volume increase of less than 1%. The overspend reflects the more material impact of volatile external factors affecting prices. National factors include, variance in prices arising from shortage in supply and the timing and impact of generic medicines introduction following national negotiations. Locally, medicines management practices are applied on an ongoing basis to mitigate the impact of external factors as far as possible and to improve efficiency of prescribing both from a clinical and financial perspective.

Note 2 Older Peoples Services & Physical and Sensory Disability – services were overspent by £1.706m as at 31 March 2019. There are variances within this overall budget including an overspend on domiciliary care and client transport. Primarily the overspend can be attributed to a continuing increased demand on services through the ageing population that exists in Moray. The adverse variance within this overall budget heading reflects the shift in the balance of care to enable people to remain in their homes for longer.

Note 3 Learning Disabilities - the Learning Disability service was overspent by £0.492m at the year-end. The overspend is primarily due to the purchase of care for people with complex needs, including young people transferring from Children's services, people being supported to leave hospital and for property adaptations to enable service users to remain in their own homes. Demographics suggest that the number of people with a learning disability will continue to increase, and whilst these people will live longer with more complex needs this creates additional financial pressure in the system.

Note 4 Mental Health – services were overspent at the end of the year by £0.434m. In the main this was due to senior medical staff costs including locums, nursing and other staff. As a result of redesign and efficiency there is an anticipated reduced overspend as the number of medical sessions reduce and the mental health strategy is further implemented

Note 5 Care Services Provided In-House – were significantly underspent in year at £0.770m. This primarily relates to staffing costs in the Care at Home service, Community Support workers and the challenging behaviour unit. There have been difficulties during the year in staff recruitment, however, the level of underspend is not set to continue into the next financial year at the same level.

Set Aside - Included within the CIES is £11.765m 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 and Mental Health services which are:

- In-patient hospital services provided at Aberdeen Royal Infirmary and Dr Gray's Hospital Elgin for the areas of General Medicine, Geriatric Medicine, Rehabilitation Medicine, Respiratory Medicine, Palliative Care (Roxburghe House Aberdeen) and Accident & Emergency.
- Accident & Emergency attendances at Aberdeen Royal Infirmary and Dr Gray's.
- In-patient psychiatric services at Royal Cornhill Hospital Aberdeen and learning disability services at Elmwood Hospital Aberdeen.

MANAGEMENT COMMENTARY (continued)

The budget allocated to Moray is designed to represent the consumption of these services by the Moray population. In February 2019, the Information Services Division (ISD) provided health boards with updated set aside activity for the 2017/18 financial year. This information can be summarised as follows:

	2018/19	2017/18
Budget	11.765m	10.593m

	2017/18	2016/17
Number of Bed Days and A&E attendances	48,283	48,415

The increase in the set aside budget of £1.172m can be split between:

- An increase of £0.286m being due to the changes in number of bed days
- An increase of £0.886m being due to increases in direct unit costs

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. Strategic risks are reviewed on a continuous basis with an enhanced focus being placed during 2019/20 as the new Strategic Plan is developed, ensuring continuous and appropriate risk management

The key strategic risks of the MIJB under scrutiny are presented below:

VERY HIGH
There is a risk of MIJB financial failure with demand outstripping available financial resource. Financial pressures being experienced by the Partners will directly impact on decision making and prioritisation of MIJB. A financial Recovery Plan was submitted to the IJB in November after being agreed by the Partners. The delivery of the Recovery Plan is an integral part of the 19/20 budget.
HIGH
The Integration Joint Board (IJB) does not function as set out within the Integration Scheme, Strategic Plan and Schemes of Delegation and fails to deliver its objectives or expected outcomes
Inability to deal with unforeseen external emergencies or incidents is compromised by inadequate emergency planning and resilience.
MEDIUM
Inability to recruit and retain qualified and experienced staff whilst ensuring staff are fully able to manage change.
Inability to demonstrate effective governance and ineffective communication with stakeholders
Risk to MIJB decisions resulting in litigation/judicial review. Expectations from external inspections are not met
Inability to achieve progress in relation to national Health and Wellbeing Outcomes. Performance falls below acceptable level.
Risk of major disruption in continuity of ICT operations and data security is compromised
Requirements for IT and Property are not prioritised by NHS Grampian and Moray Council

MANAGEMENT COMMENTARY (continued)

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.

Development Aims for 2019/20

We will continue to develop our Strategic Plan 2019-22 and ensure this is supported by an Implementation Plan, Workforce Plan, Medium Term Financial Strategy and Performance Framework. We will continue to communicate with our stakeholders to ensure inclusion and engagement in developing a Plan that is fit for the future as we strive to achieve systematic and transformational change. In addition we will seek to:

- continue to monitor, evaluate and report on our transformational projects to ensure we remain consistent with our strategic aims;
- continue to develop our performance management framework;
- continue to develop our governance framework;
- embed and report on locality working;
- revise our Primary Care Improvement Plan to reflect the work to be carried out in the period April 2019 to March 2020;
- continue with our change programme in relation to Mental Wellbeing, complete phase 4 of the strategy;
- continue to follow through on the Progression Model established in Learning Disabilities, monitoring the effects of this model on people and the system of health and care;
- continue to work closely with all partners to ensure we maximise potential across the whole health and social care system;
- work closely within the North East Partnership and nationally to realise the potential of the unscheduled pathways and any opportunities to reshape the budget in relation to shifting the balance of care;
- continue to hold an annual event in recognition of the achievements of staff working within Health and Social Care Moray and in sharing best practice; and
- review our Out of Hours model in partnership with the other IJBs in Grampian, to establish a vision for a sustainable service going forward.

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Cllr Shona Morrison

Chair of Moray IJB

19 September 2019

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Pam Gowans

Chief Officer

.....

Tracey Abdy

**Chief Financial
Officer**

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.

I confirm that these Annual Accounts were approved by the MIJB at its meeting of the Audit, Performance and Risk Committee on 19 September 2019.

Signed on behalf of the Moray Integration Joint Board.

Cllr Shona Morrison

Chair of Moray IJB

19 September 2019

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 2019 and the transactions for the year then ended.

Tracey Abdy CPFA
Chief Financial Officer
19 September 2019

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 2017/18	Name	Position Held	Nomination By	Taxable Expenses 2018/19
£		£	£	£
Nil	Cllr Shona Morrison	Chair 13/6/18 to Present	Moray Council	Nil
Nil	Jonathan Passmore	Vice-Chair 28/11/18 to Present	Grampian Health Board	Nil
Nil	Cllr Frank Brown	Chair 1/4/18 to 13/6/18	Moray Council	Nil
Nil	Christine Lester	Vice-Chair 1/4/18 to 28/11/18	Grampian Health Board	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 2017/18	Senior Employees	Salary, Fees & Allowances	Taxable Expenses	Total 2018/19
£		£	£	£
95,010	Pamela Gowans Chief Officer	97,271	974	98,245
42,680 *FYE 57,232	Tracey Abdy Chief Financial Officer	60,043	125	60,168

*FYE = Full Year Effect

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 31/03/18	Year to 31/03/19		As at 31/03/2019	Difference from 31/03/2018
	£	£		£ 000's	£ 000's
Pamela Gowans Chief Officer	13,915	14,493	Pension	34	4
			Lump Sum	78	3
Tracey Abdy Chief Financial Officer	6,606	8,946	Pension	15	2
			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 2017/18	Remuneration Band	Number of Employees in Band 2018/19
-	£60,000 - £64,999	1
1	£95,000 - £99,999	1

Exit Packages

There were no exit packages agreed by the MIJB during 2018/19 financial year, or in the preceding year.

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Cllr Shona Morrison

Chair of Moray IJB

19 September 2019

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Pam Gowans

Chief Officer

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. That public money is safeguarded and used efficiently and effectively in pursuit of best value.

Following the passing of the Public Bodies (Joint Working) (Scotland) Act 2014 on 25 February 2014, the framework for the integration of health and social care in Scotland was created. Scottish Government established the Integrated Resources Advisory Group (IRAG) to consider financial and governance matters and issued guidance to assist Health Boards and Local Authorities in preparing for integration. IRAG set out the governance requirements of an integration authority in relation to finance, risk and audit.

In discharging this responsibility, 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. Reliance is placed on The NHS Grampian and Moray Council systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives; to the extent that these are complementary to those of the MIJB. The system provides reasonable but not absolute assurance of effectiveness.

The Governance Framework

The CIPFA/SOLACE framework for 'Delivering Good Governance in Local Government' was updated in 2016 and provides a structured approach in defining the principles that should underpin the governance arrangements. Whilst the framework is written specifically for Local Government, the principles are applicable to integration authorities. In reality, the establishment of a governance framework for an integration authority is a complex process as it is required to draw together the governance processes of both the Grampian Health Board and Moray Council as two very distinct and mature organisations into a new and diverse third organisation in the context of being a completely separate entity. The MIJB recognises this complexity and is committed to continuous development of its governance framework through a learning approach whilst acknowledging that governance remains a significant risk.

Given the scope of responsibility within the MIJB and the complexities surrounding the assurance arrangements it was considered appropriate to develop a Local Code of Corporate Governance based on the framework and adopting the principles by which to evaluate performance. In December 2017, the Audit and Risk Committee of the MIJB approved their Local Code of Corporate Governance which is subject to regular review and approval.

The MIJB's Local Code of Corporate Governance outlines the seven governance principles and provides the sources of assurance for assessing compliance against these principles and the origin of these assurances in respect of the MIJB, Moray Council and NHS Grampian.

ANNUAL GOVERNANCE STATEMENT (continued)

MIJB has placed reliance on the systems and procedures of its principal Partners, the NHS Grampian and Moray Council. The Partners have maintained governance arrangements applicable to their respective organisations which are summarised annually and published in their 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.

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

Assessment of Effectiveness

- Procedures have been established to ensure the MIJB is provided with annual assurance reports from its Audit, Performance and Risk Committee and Clinical and Care Governance Committee. Both Committees reported to the MIJB in April 2018 summarising the business considered during the year. This process does not replace the requirement for specific committee business to be considered by the MIJB as appropriate
- In June 2018 the MIJB were asked to consider a review the 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. Amendments to the Scheme of Administration were suggested to the Board in order to ensure that committees and supporting groups remain effective in their operation. The Board agreed to the recommendations.
- The Ethical Standards in Public Life etc. (Scotland) Act 2000 creates an ethical standards framework 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. Most recently, in March 2019, the MIJB formally nominated for approval by the Standards Commission the re-appointment of its Standards Officer and Depute Standards Officer for a further period of 18 months until October. The Board approved the re-appointment.
- In July 2018 the Standards Officer provided MIJB members with training on Conduct and Standards.
- In 2018 the MIJB were asked to consider changes to the Integration Scheme with regard to legislative changes in relation to the Carers (Scotland) Act 2016 and the mandatory requirement placed upon both the council and the health board to delegate certain of their functions from this Act to the MIJB.

ANNUAL GOVERNANCE STATEMENT (continued)

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. During 2018/19 there was an increase in public attendance at MIJB meetings. 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 is subject to regular review and will be considered again in the summer of 2019.
- The revised Strategic Plan has been in development during 2018/19 with workshops and development sessions being held and facilitated to ensure appropriate stakeholder engagement in this critical process.

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

Assessment of Effectiveness

- In August 2018 the MIJB considered a report on the financial challenges being faced over the period 2018/19 – 2022/23. The financial outlook addressed the challenges of increasing demand for services within a climate of constrained financial resources. The financial outlook supports the preparation of the Strategic Plan 2019-22 which will be underpinned by a medium term financial strategy.
- The Climate Change (Scotland) Act 2009 places duties on public bodies relating to climate change, requiring them to contribute to the delivery of the Act's emissions reduction targets, contribute to climate change adaptation and act sustainably. During 2018/19 the MIJB considered and approved the annual report and submission was made to Scottish Government within the designated timescale.
- The Strategic Plan 2019-22 is in development with a focus on defining outcomes and how the delivery of health and social care services can be improved for the people of Moray over the term of the Plan.
- The Moray Alliance has been established with support from NHS Grampian with the ambition to work as a single system to address the unscheduled pathways of care where the MIJB has joint responsibility for the strategic planning of these related services. The Alliance reports directly to the Strategic Planning and Commissioning Group.

ANNUAL GOVERNANCE STATEMENT (continued)

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. Public involvement and engagement is undertaken to ensure that feedback from citizens and service users are fully considered when making recommendations regarding service improvements / changes.
- During the year there has been increased scrutiny over project based work through evaluation reports being submitted to the MIJB. This process has supported the MIJB to make decisions around future planning and investment and support decision making based on the priorities identified in the Strategic Plan.
- Following the publication of the Audit Scotland report in November 2018 on the review of integration, the Ministerial Strategic Group for Health and Community Care have communicated with all Integration Authorities

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 ensure participation and to nurture more coherence across the leadership teams with responsibility for delivering integrated services
- The MIJB have considered the most effective way to support the organisation through an extended piece of work and subsequent revision to its management structure. The aim has been to provide a firm foundation for moving forward which considers the underpinning principles of integration.
- In October 2017, the MIJB agreed to the establishment of an annual awards ceremony as a formal recognition of efforts and achievements of staff working within Health and Social Care Moray. In March 2019 the event was held recognising the achievements of individuals in a variety of categories. Showcase experiences were also a feature of the event.

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. In December 2018 this committee requested that an action log that progress could be easily monitored against. The action log was created and is owned and monitored by the Senior Management Team.
- In June 2018 the MIJB Scheme of Administration was reviewed and updated and approved by the Board. As part of this review it was considered appropriate for performance reporting to receive a greater level of scrutiny. The Audit and Risk Committee became the Audit, Performance and Risk Committee and the remit was amended to ensure that satisfactory arrangements were established for reviewing and appraising service performance against set objectives and agreed performance indicators through the receipt and scrutiny of regular performance reports.

ANNUAL GOVERNANCE STATEMENT (continued)

Governance Principle 6 – continued

Assessment of Effectiveness - continued

- 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, since August 2017 has had in post 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.
- 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 regularly throughout the year.

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 (who 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 2020. 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

ANNUAL GOVERNANCE STATEMENT (continued)

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 2019.

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. All planned topics were covered during the period covered by this governance statement.
- 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.

Significant matters noted from the audit process and being taken forward in the next stages of development of the MIJB include a review of commissioning arrangements for learning disabilities services to align to current service user need. Work was also progressed on a review of how audit assurances available to the three IJBs in the NHS Grampian area can be enhanced as the IJBs mature.

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;

ANNUAL GOVERNANCE STATEMENT (continued)

The NHS Grampian Governance Framework (continued)

- 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;
- 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;

ANNUAL GOVERNANCE STATEMENT (continued)

The NHS Grampian Governance Framework (continued)

- 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.

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;

ANNUAL GOVERNANCE STATEMENT (continued)

Moray Council Governance Framework (continued)

- 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 2017/18 highlighted a number of areas for development in looking to secure continuous improvement. An assessment of progress is provided below:

Area for Improvement Identified in 2017/18	Action Undertaken / Progress Made in 2018/19
Drive forward the arrangements surrounding the Set Aside budget at both a local level and ensuring close observation on the developments nationally. Closer involvement with the strategic planning element of the Set Aside budget is required in order to meet the outcomes set out in this key policy objective.	Partnership working with the 3 Grampian IJB's and NHS Grampian has been established with a joint strategic planning approach covering all the delegated hospital services. Strategic reviews of 2 of the 6 services with timescales for the remaining 4 services currently being agreed. The North East Steering Group is meeting regularly to drive this forward with direct address to the Ministerial Steering Group self-assessment. The Moray Alliance has been established and is accountable to the Strategic Planning and Commissioning Group. This arrangement is supporting the redesign and improvement on the basis of 'one health and social care system, one budget approach'. This process brings together key stakeholders in accordance with the pathway/theme under review.

ANNUAL GOVERNANCE STATEMENT (continued)

Prior Year Governance Issues (continued)

Area for Improvement Identified in 2017/18	Action Undertaken / Progress Made in 2018/19
<p>Emphasis should be placed on Locality Planning as set out within the legislation. Planning and preparation of the next Strategic Plan within the year will ensure a focus is maintained in this area developing enhanced community engagement within the Moray localities.</p>	<p>This has been driven forward by a reviewed, updated and MIJB approved management structure. Full implementation will take place during 2019/20.</p> <p>Links will be strengthened with the Locality Management Groups already established in Children's Services and the Locality Practitioner Network Groups (made up of 50% professionals and 50% Community as a further means of joining up the system of health and care and ensuring good linkage at a local level.</p>
<p>Performance Management Framework (PMF) – The draft PMF was approved by the MIJB in January 2018. The focus for the forthcoming year will be to ensure the implementation of this framework whilst continuing to develop locality and service based improvement indicators.</p>	<p>Work continues to ensure the Performance Management Framework adequately supports the MIJB. Following a review of the Scheme of Administration, quarterly performance reports are scrutinised by the Audit, Performance and Risk Committee which supports an appropriate level of debate, subsequently resulting in appropriate action.</p>
<p>There has been some slippage in the planned Internal Audit activity and the Moray Council has made available additional staff resource in the audit team to support delivery of a level of audit coverage commensurate with the evolution of the MIJB. Monitoring of progress will continue through the Audit and Risk Committee.</p>	<p>This has been addressed for 2018/19 and work continues in conjunction with internal audit colleagues across Grampian to ensure optimal delivery of audit assurances for the MIJB.</p>
<p>We will continue to develop our governance framework through learning experienced during these early years of integration.</p>	<p>The appointment of a Corporate Manager has enabled development of the MIJB governance framework. This is considered an area which will be developed continuously in collaboration with key partners.</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 in its infancy 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 development of the Strategic Plan 2019-22 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 the Grampian Health Board and Moray Council to build on existing relationships and establishing collaborative leadership
- Monitoring Brexit negotiation and the potential impact on resources

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.

Area for Improvement and Outcome to be Achieved	
1.	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
2.	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.
3.	Workforce Plan will be developed in response to the Strategic Plan, setting out the key workforce actions required for future service delivery.
4.	The Medium Term Financial Strategy will be developed and aligned to the Strategic Plan 2019-22
5.	The Performance Framework will be further developed in response to the Strategic Plan, supporting the reporting process around the delivery of the Plan.
6.	Management structure implementation during the course of 2019/20.

ANNUAL GOVERNANCE STATEMENT (continued)

Statement

In our respective roles as Chair and Chief Officer of the MIJB, we are committed to 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 above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the MIJB's governance environment.

While pressure on financial settlements is set to continue during the incoming period, 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 Well-being 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.

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Cllr Shona Morrison
Chair of Moray IJB

19 September 2019

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Pam Gowans
Chief Officer

INDEPENDENT AUDITORS REPORT

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Moray Integration Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of Moray Integration Joint Board as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of Moray Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to Moray Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

INDEPENDENT AUDITORS REPORT (continued)

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Moray Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Chief Financial Officer and Moray Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing Moray Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Moray Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS REPORT (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

INDEPENDENT AUDITORS REPORT (continued)

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

Use of my report

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Brian Howarth, Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

19 September 2019

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost of providing services for the year ended 31 March 2019 according to generally accepted accounting practices.

2017/18		2018/19
Net Expenditure		Net Expenditure
£ 000		£ 000
5,475	Community Hospitals	5,383
3,555	Community Nursing	3,689
6,025	Learning Disabilities	6,749
7,447	Mental Health	7,720
1,003	Addictions	1,066
144	Adult Protection & Health Improvement	142
13,427	Care Services Provided In-House	14,427
16,945	Older People & Physical & Sensory Disability Services	18,038
1,508	Intermediate Care and Occupational Therapy	2,197
11,024	Care Services Provided by External Providers	9,597
7,143	Other Community Services	7,110
2,569	Administration & Management	2,467
17,844	Primary Care Prescribing	17,354
15,085	Primary Care Services	15,498
4,061	Hosted Services	4,175
658	Out of Area Placements	650
787	Improvement Grants	795
1,526	Strategic Funds	1,211
10,593	Set Aside	11,765
126,819	Cost of Services	130,033
124,962	Taxation and Non-Specific Grant Income (note 5)	129,443
1,857	(Surplus) or Deficit on provision of Services	590
1,857	Total Comprehensive Income and Expenditure	590

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 40.

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	<hr/> 590
Closing Balance at 31 March 2019	(257)
<hr/>	<hr/>
Movement of Reserves During 2017/18	General Fund Balance £000
Opening Balance at 1 April 2017	(2,704)
Total Comprehensive Income and Expenditure	1,857
<hr/> Increase or Decrease in 2017/18	<hr/> 1,857
Closing Balance at 31 March 2018	(847)
<hr/>	<hr/>

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 2018 £000		Notes	31 March 2019 £000
847	Short Term Debtors Current Assets	6	257
0	Short Term Creditors Current Liabilities		0
0	Provisions Long Term Liabilities		0
847	Net Assets		257
847	Usable Reserve General Fund Unusable Reserve:	7	257
847	Total Reserves		257

The unaudited annual accounts were issued on 27 June 2019 and the audited annual accounts were authorised for issue on 19 September 2019. The Annual Accounts present a true and fair view of the financial position of the MIJB as at 31 March 2019 and its income and expenditure for the year then ended.

Tracey Abdy CPFA

Chief Financial Officer

19 September 2019

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 2018/19 financial year and its position at the year-end of 31 March 2019.

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 2018/19, 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 27 June 2019 and the audited accounts were authorised for issue on 19 September 2019. 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 2019, 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

2017/18		2018/19
£000		£000
52,432	Services commissioned from Moray Council	54,207
74,363	Services commissioned from The Grampian Health Board	75,801
24	Auditor Fee: External Audit Work	25
126,819	Total Expenditure	130,033
(124,962)	Partners Funding Contributions and Non-Specific Grant Income	(129,443)
1,857	(Surplus) or Deficit on the Provision of Services	590

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5 Taxation and Non-Specific Grant Income

2017/18		2018/19
£000		£000
40,070	Funding Contribution from Moray Council	40,990
84,892	Funding Contribution from The Grampian Health Board	88,453
124,962	Taxation and Non-specific Grant Income	129,443

The funding contribution from The Grampian Health Board shown above includes £11.765m 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. For the 2017/18 financial year, the set aside resource level was set at £10.593m.

Note 6 Debtors

31 March 2018		31 March 2019
£000		£000
699	The Grampian Health Board	257
148	Moray Council	0
847	Debtors	257

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 2017	2,704	-	-	2,704
Transfers out 2017/18	(1,857)	-	-	(1,857)
Balance at 31 March 2018	847	-	-	847
Transfer out 2018/19	(847)	-	-	(847)
Transfers in 2018/19	-	76	181	257
Balance at 31 March 2019	-	76	181	257

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:

2017/18		2018/19
£000		£000
8,593	Expenditure on Agency Services	9,028
(8,593)	Reimbursement for Agency Services	(9,028)
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

2017/18		2018/19
£000		£000
(84,892)	Funding Contributions received from the NHS Board	(88,453)
74,269	Expenditure on Services Provided by the NHS Board	75,662
106	Key Management Personnel: Non-Voting Board Members	139
(10,517)	Net Transactions with The Grampian Health Board	(12,652)

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 2018		31 March 2019
£000		£000
(699)	Debtor balances: Amounts due from The Grampian Health Board	(257)
0	Creditor balances: Amounts due to The Grampian Health Board	0
(699)	Net Balance due from The Grampian Health Board	(257)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9 Related Party Transactions (continued)

Transactions with Moray Council

2017/18		2018/19
£000		£000
(40,070)	Funding Contributions received from the Council	(40,990)
52,377	Expenditure on Services Provided by the Council	54,170
67	Key Management Personnel: Non-Voting Board Members	62
12,374	Net Transactions with Moray Council	13,242

Balances with Moray Council

31 March 2018		31 March 2019
£000		£000
(148)	Debtor balances: Amounts due from Moray Council	0
0	Creditor balances: Amounts due to Moray Council	0
(148)	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 2018/19 financial statements.

