

Moray Integration Joint Board Annual Accounts

Year ending 31 March 2016



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Moray Integration Joint Board Members

Voting Members

Name

Cllr. Lorna Creswell (Chair)	The Moray Council
Christine Lester (Vice-Chair)	NHS Grampian
David Anderson	NHS Grampian
Amanda Croft	NHS Grampian
Cllr. Patsy Gowans	The Moray Council
Cllr. Sean Morton	The Moray Council

Non-Voting Members

Name

Role / Position

Pamela Gowans	Chief Officer
Margaret Wilson	Chief Financial Officer
Susan Maclaren	Chief Social Work Officer
Linda Harper	Lead Nurse
Dr Ann Hodges	Registered Medical Practitioner
Dr Lewis Walker	Registered Medical Practitioner
Dr Graham Taylor	Registered Medical Practitioner
Fabio Villani	tsi Moray
Val Thatcher	Public Partnership Forum Representative
Ivan Augustus	Carer Representative
Steven Lindsay	NHS Grampian Staff Partnership Representative
Tony Donaghey	UNISON, The Moray Council

Co-Opted Members

Jane Mackie	Interim Joint Operational Services Manager
Sean Coady	Interim Hosted Services Manager

Management Commentary

Introduction

The Public Bodies (Joint Working) (Scotland) Act 2014, required that all Local Authorities and NHS Health Boards submit an Integration Scheme outlining the governance arrangements for the integration of health and social care services by April 2015.

Notification was received from the Cabinet Secretary for Health, Wellbeing and Sport on 21 December 2015 approving the Integration Scheme for Moray, and the responsibilities of the Chief Officer in terms of section 10(7) of the Act, as set out in the Integration Scheme.

The Order to establish the Moray Integration Joint Board (IJB) was laid in the Scottish Parliament on Friday 8 January 2016 for a period of 28 days before coming into force on Saturday 6 February 2016. From Saturday 6 February 2016 the Integration Joint Board (IJB) for the area of Moray Council was legally established.

Strategy and Objectives

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. Initially, the IJB will have responsibility for services to adults. It is intended that through integrating the design and delivery of our services in Moray, we will achieve the 9 National Health and Wellbeing Outcomes as prescribed by the Scottish Ministers, namely;

1. People are able to look after and improve their own health and wellbeing and live in good health for longer.
2. People, including those with disabilities or long term conditions or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.
4. Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.
5. Health and social care services contribute to reducing health inequalities.
6. People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
7. People using health and social care services are safe from harm.

Management Commentary (continued)

8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.
9. Resources are used effectively and efficiently in the provision of health and social care services.

The Public Bodies (Joint Working) (Scotland) Act 2014 places a duty on Integration Authorities to develop a Strategic Plan setting out the arrangements for carrying out the integration functions and how the arrangements will achieve the national health and wellbeing outcomes. This legislation also sets out the requirement to establish a Strategic Planning Group and prescribes its membership and involvement through every level of planning and review.

The Strategic Plan 2016 -19 for the adult Moray population was developed, consulted on and agreed in partnership with health, social care, voluntary and independent sectors and the public prior to being formally approved by the Board. It describes how working in partnership is key to effective service delivery and how the new integrated arrangements will improve the health and wellbeing of adults in Moray through the design and delivery of integrated services.

The shared vision will be achieved through the delivery of our strategic outcomes that have been developed and agreed through an informed process of community consultation and analysis of health data and the social care needs of the population of Moray. Priorities were developed and agreed through a series of workshops of the Strategic Planning Group.

Our shared vision for change will be achieved through the delivery of our strategic outcomes. They were informed by a process of community consultation and analysis of available data about health (including mental health) and social care needs of the population. This included best practice and national evidence of 'what works' in delivering integrated care and addressing positive health and wellbeing. The priorities were agreed and developed at a series of workshops with the Strategic Planning Group and reflect the areas that the group felt were of most importance:

- More people will live well in their communities, the population will be responsible for their own health and wellbeing – the community will respond to individual outcomes.
- Carers can continue their caring role whilst maintaining their own health and wellbeing.
- Relationships will be transformed to be honest, fair and equal.
- Investment in a seamless workforce to ensure that skills, competencies and confidence match the needs to enable people to maintain their wellbeing.
- Technology enabled care considered at every intervention.
- Infrastructure and redesign.

Management Commentary (continued)

Financial Strategy

The Strategic Plan 2016 –19 sets out how services will be planned and delivered over the medium term. To support this medium term financial planning process, the Moray Council and NHS Grampian are required to provide indicative three year rolling funding allocations to the Moray IJB. These indicative allocations remain subject to annual approval by both organisations. It is the responsibility of the Chief Officer and the Chief Financial Officer to develop a case for the Integrated Budget based on the Strategic Plan and present it to the Moray Council and NHS Grampian for consideration as part of the annual budget setting process. The case should be evidenced based with full transparency on its assumptions and analysis of changes.

This Strategic Plan incorporates a 3 year financial plan for the resources within the scope. These resources comprise:

- The payment made to Moray IJB by The Moray Council for the adult social care services that have been delegated and the resources to be included as part of the managed services.
- The payment made to Moray IJB by NHS Grampian for the delegated healthcare services;
- The Moray IJB share of the budget for hosted services for which the strategic planning will be undertaken by the three IJB's within Grampian; and
- The amount set aside by NHS Grampian for large hospital services used by the population of the Moray IJB.

Prior to setting the first budget of the Moray IJB, a due diligence process was undertaken in order to ensure that the resources to be delegated from The Moray Council and NHS Grampian are sufficient for the Moray IJB to carry out the functions which have been delegated to it. A key element of the due diligence process has been to assess the opening budget for the IJB against the budgeted and actual expenditure over the previous 3 financial years, including analysis of non-recurring costs and agreed efficiencies. This due diligence process will be repeated in future years as part of the budget setting process to ensure consistency of approach and to allow the identification of continuing pressure, demands and risks and enable management action to be taken as necessary.

Strong leadership, effective planning and performance management are essential elements for successful integration. Accordingly, an effective assurance framework is required to identify and minimise the associated risks. Financial governance is an essential element to the assurance process and has been embedded into the process thus far through the Integration Scheme and will continue to be monitored through documents underpinning the Strategic Plan and agreed reporting processes to the Moray IJB and its sub committees.

Management Commentary (continued)

Opportunities and Risks

The funding available to Moray IJB on a recurring basis provides a significant opportunity to drive the required change across health and social care. Consideration will be given to strategic approaches to this investment that fit with our stated principles and priorities as set out in the Strategic Plan. Designing change in the short, medium and long term provides the opportunity to embed the desired outcomes that the Moray IJB is responsible for delivering.

The most significant risk the Moray IJB faces at this time is addressing the changes required within the financial constraints in the main are:

- Recurring overspends in Community Health Services budgets.
- GP Prescribing can be extremely volatile with volume and price increases leading to large financial fluctuations.
- Mental Health Services and the use of high cost locums.
- Earmarked Funding – Scottish Government has announced that earmarked funding in areas like Public Health, Dental and Alcohol & Drug Partnerships will be reduced in 2016/17 compared to 2015/16. There are clear risks that overspends will be incurred if commitments cannot be reduced in these areas to match the reduced funding level.
- High Cost Patients – whilst funding will be contained in the Moray IJB budget for the current high cost patients / service users, there is uncertainty surrounding the funding of individuals moving into Moray and requiring high cost care packages. The financial consequences of any future high cost referrals will need to be managed within the overall resource of the Moray IJB.

Financial and Key Performance Data

The Public Sector (Joint Working) (Scotland) Act 2014 requires that the Moray IJB publishes an Annual Financial Statement on the resources that it plans to spend in implementing the Strategic Plan and an Annual Performance Report containing information on its performance in the previous year. Regulations require that for 2016/17 onwards, the report includes financial information on the amount spent on achieving the national health and wellbeing outcomes, in addition to the amount spent on care groups, localities and service type.

The funding settlement for 2016/17 has been challenging when compared to increasing demands on services from an ageing population. In preparing the initial draft budget for 2016/17, The Moray Council has undertaken an analysis of the 2015/16 budgetary position. The review analysed and remodelled the cost pressures which had already been identified for 2016/17, such as contractual obligations and staffing costs. The process also identified new growth which would be required

Management Commentary (continued)

during 2016/17, such as pay awards and increase in National Insurance contracted out rates.

A particular financial challenge will be meeting the Scottish Government's objective of paying the Living Wage to all Social Care employees. A provision was calculated to fund these pressures and included in the budget. NHS Grampian identified a funding gap of £4.6m which is anticipated can be met through non-recurring funding and additional allocations from Scottish Government, leaving a shortfall in the 2016/17 funding from the NHS Grampian arm of the budget of £500k. The Moray IJB is challenged with identifying savings measures to meet this target within 2016/17.

Performance monitoring and evaluation is a key component of integration. It drives improvement and the future development of services. Monitoring the impact of services and analysing the extent to which they have achieved their purpose will be key in achieving the national outcomes. Joint performance reporting is already well established through the Joint Performance Management Group. A suite of core indicators have been agreed and will inform an Integrated Performance Framework for reporting. The Moray IJB will closely monitor the impact of services and analyse the extent to which the national outcomes are being achieved. The results of which will be published through the Annual Performance Report.

The Integration Joint Board will publish an annual performance report which will set out progress towards the National Health and Wellbeing Outcomes. The report will include information about the core suite of indicators, supported by local measures and contextualising data to provide a broader picture of local performance.

Future Development

The Moray IJB has achieved a considerable amount in its shadow year and prior to formal establishment in February 2016. The foundations have been created from which to base progress, attainment and success and we will drive forward change.

Achieving the long term vision requires that people, communities, unpaid carers and staff from a range of different public services, the third and independent sectors will unite to design and deliver future services in order to achieve the best possible outcomes for adults in Moray. It is acknowledged that this requires a whole systems approach, partnership working and involvement of the whole community.

The integration planning and delivery principles are the lens through which all integration activity should be focused to achieve the national health and wellbeing outcomes. They set the ethos for delivering a radically reformed way of working and inform how services should be planned and delivered in the future.

Management Commentary (continued)

It is acknowledged that prevention has an essential role to play and the Moray IJB recognises the improvement and development required in order to yield the long term benefits. The longer term benefits need to be designed to improve the outcomes for individuals and communities. The development of our Implementation Plan will be a key activity for 2016/17.

.....
Pamela Gowans
Chief Officer
Moray Integration Joint Board

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Councillor Lorna Creswell
Chair
Moray Integration Joint Board

.....
Margaret Wilson
Chief Financial Officer
Moray Integration Joint Board

25 August 2016

Statement of Responsibilities for the Statements of Account

The Moray Integration Joint Board is required:

- 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 as appointed by the Board at its meeting of 25 February 2016.
- To manage its affairs to achieve best value in the use of its resources and safeguard its assets; and
- To approve the statement of accounts.

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the Moray Integration Joint Board's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"), is required to give a true and fair view of the financial position of the Moray Integration Joint Board at the financial year end and its income and expenditure for the year then ended.

In preparing the financial statements the Chief Financial Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Chief Financial Officer has also:

- kept adequate accounting records which were up to date; and
- taken reasonable steps to ensure the propriety and regularity of the finances of Moray Integration Joint Board.

Statement of Accounts

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 2016.

Margaret Wilson CPFA

Chief Financial Officer

25 August 2016

Remuneration Report

Moray Integration Joint Board

The Public Bodies Joint Working (Scotland) Act 2014 (“the Act”) and the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 (“the Order”) make provisions for the membership of the Moray Integration Joint Board (IJB). As a minimum this must comprise voting members nominated from the NHS Board and Council; co-opted non-voting members who are holders of key posts with the NHS and Council or the Integration Joint Board; and co-opted non-voting members who are representatives of groups who have an interest in the Integration Joint Board.

The Moray Council nominated 3 councillors as voting members and NHS Grampian nominated 3 non-executive directors as voting members. There is also 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.

The Act and the Order also make provision about the arrangements for the appointment of the Chair and Vice Chair of the Board from the voting membership of the Board.

The information tables contained within this Remuneration Report will be audited by the external auditors PricewaterhouseCoopers LLP. The other sections of the Remuneration Report will be reviewed by PricewaterhouseCoopers LLP to ensure that they are consistent with the financial statements.

Senior Officers

In preparation for the Integration of Health and Social Care, Pamela Gowans was appointed as shadow Chief Officer following a full and public recruitment process, and an appointment process undertaken jointly by the Moray Council and NHS Grampian. In February 2016 the Moray IJB formally appointed Pamela Gowans as Chief Officer to the Moray IJB.

The Public Bodies (Joint Working) (Scotland) Act 2014 requires that the Chief Officer is employed by either the local authority or the health board and seconded to the IJB. For the Moray IJB, the Chief Officer is employed by NHS Grampian and is funded jointly by NHS Grampian and The Moray Council.

In February 2016 the Board appointed The Head of Financial Services, Moray Council as the Chief Finance (Section 95) Officer of the IJB. The Chief Financial Officer is employed and remunerated by The Moray Council.

Remuneration Report (continued)

Remuneration Policy

The Board members are, in most cases covered by their respective organisations for expenses incurred in discharging their duties in relation to the Moray IJB. For the minority cases where this does not apply, a Members expenses policy has been approved and is in place to ensure all Members are fairly reimbursed.

Remuneration of the Chair and Vice-Chair

Councillor Lorna Creswell was formally appointed as the Chair of the Moray IJB on 25 February 2016. This appointment will run until 30 September 2016 after which she will then assume the role of Vice-Chair. Councillor Creswell is paid a senior councillor salary by The Moray Council and so no additional allowance is paid by the Moray IJB.

Christine Lester was formally appointed as Vice-Chair of the Moray IJB on 25 February 2016. This appointment will run until 30 September 2016 after which she will then assume the role of Chair. Christine Lester is paid by NHS Grampian for her duties and responsibilities as a member of the NHS Grampian Board and no additional allowance is paid by the Moray IJB.

Remuneration

The remuneration of the Chief Officer is determined by the Scottish Government under Ministerial Direction and in accordance with Pay and Conditions of Service (PCS) of which the latest is PCS (Executive and Senior Management) 2015/2.

The Chief Officer received the following remuneration in the year:

	Salary, Fees and Allowances	Taxable Expenses	Total Remuneration
	£	£	£
Pamela Gowans – 6 Feb to 31 March	12,395	547	12,942
Pamela Gowans – Full Year Equivalent Cost	83,783	3,697	87,480

Pension Benefits

The Chief Officer participates in the National Health Service Superannuation Scheme for Scotland which is an unfunded notional defined benefit scheme where contributions are credited to the Exchequer and the balance in the account is deemed to be invested in a portfolio of Government securities.

Remuneration Report (continued)

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. The scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme.

The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2015/16 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment. All members, unless covered by agreed protection arrangements, automatically joined the NHS 2015 scheme on 1 April 2015. Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk

The pension contributions of Pamela Gowans, the Chief Officer for the year to 31 March 2016 are shown in the table below:

	For the year to 31 March 2016
	£
In-year pension contributions	11,985

The accrued pension benefits figures shown below relate to the benefits that Pamela Gowans, The Chief Officer has accrued as a consequence of her total NHS service and not just her current appointment.

	As at 31 March 2016
Accrued pension benefits	£
Pension	24,973
Lump sum	70,059

Annual Governance Statement

Scope of Responsibility

The Moray Integration Joint Board (the IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, safeguarding public funds and assets and making arrangements to secure best value in their use.

In discharging this responsibility, the IJB, supported by its Chief Officer, has put in place arrangements for governance which includes the system of internal control. This is designed to manage risk to a reasonable level, but cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore provide reasonable but not absolute assurance of effectiveness.

The Purpose of the Governance Framework

The governance framework comprises the systems of internal control and the processes, culture and values, by which the IJB is directed and controlled. It demonstrates how the IJB engages with and leads within the community. It enables the IJB to monitor the achievement of its strategic objectives.

The Governance Framework

A governance framework has been developed in the lead up to the formation of the IJB and will continue to be refined during its first year of operation and beyond. This statement reflects the position for the year to 31 March 2016 and up to the date of approval of the annual report and accounts.

The key elements of the systems and processes that comprise the IJB's governance framework are summarised as follows:

Governance Principle 1 – focusing on the purpose of the IJB and on the outcomes for the community, and creating and implementing a vision for the local area.

This principle is about exercising strategic leadership by developing and clearly communicating the IJB's purpose, vision and intended outcomes for citizens and service users, ensuring that high quality services are delivered and best use is made of resources.

The Public Bodies (Joint Working) (Scotland) Act 2014 "The Act" was granted Royal Assent on 1 April 2014. The Act sets out the legislative framework for integrating health and social care, with the purpose of supporting improvement of the quality and consistency of health and social care services in Scotland. The Act required Health Boards and Local Authorities to jointly prepare, consult and submit to Scottish Ministers an Integration Scheme by April 2015. This Integration Scheme sets out the

Annual Governance Statement (continued)

key agreements to be reached in developing integrated arrangements. The Moray Integration Scheme was laid in the Scottish Parliament on Friday 8 January 2016 for a period of 28 days before coming into force on Saturday 6 February when the Integration Joint Board for the area of Moray Council was legally established.

A Strategic Commissioning Plan for the adult population of Moray was developed and agreed in partnership with Health, Social, Voluntary, Independent sectors and the public. It describes how the new integrated partnership intends to improve the health and wellbeing of adults in Moray and achieve the national outcomes through the planning and delivery of integrated services. The Plan describes how the integrated partnership will make changes and improvements to develop health and social services for adults over the coming three years and explains what the priorities are. The Plan is underpinned by a number of national and local policies, strategies and action plans.

Governance Principle 2 – members and officers working together to achieve a common purpose with clearly defined functions and roles.

This principle is about defining roles of members and officers, making sure responsibilities are clearly defined, that constructive working relationships are achieved, and ensuring clear relationships between the IJB, its partners and the public.

The Act makes provision on the membership of the IJB, comprising voting members nominated from the NHS Board and Council; co-opted non-voting members who are holders of key posts with the NHS and Council; and co-opted non-voting members who are representatives of groups who have an interest in the IJB. There is flexibility to appoint additional non-voting members as the Board sees fit. The Moray Council has nominated 3 councillors and the NHS Board has nominated its 3 members. At a meeting of the IJB on 25 February 2016, the Board membership was affirmed in terms of the Act, including the appointments of Chair and Vice-Chair.

The Act sets out the requirement to appoint a Chief Officer, following consultation with The Moray Council and NHS Grampian. In preparation for the Integration of Health and Social Care, a shadow Chief Officer was appointed following an open recruitment process. The appointment process was undertaken jointly by the Moray Council and NHS Grampian with a Joint Appointments Panel. The appointee, employed as Chief Officer designate during the shadow integration period is employed by NHS Grampian and in February 2016 was formally appointed as Chief Officer to the IJB.

The Act requires the IJB to appoint a proper officer who has responsibility for the administration of its financial affairs in terms of the Local Government (Scotland) Act 1973. The proper officer will be the Chief Financial Officer of the IJB. In February 2016 the Board was asked to consider this appointment and subsequently approved the appointment of The Head of Financial Services, Moray Council as the Chief Financial (Section 95) Officer of the IJB.

Annual Governance Statement (continued)

The legislation provides for the IJB to create such Committees as may be required to assist it with the planning and delivery of integrated services. The IJB has created two sub committees covering Audit and Risk and Clinical and Care Governance.

Standing Orders have been approved by the IJB. The Standing Orders regulate the form and content of meetings of the Board and all meetings must be conducted in accordance with these. Financial Regulations have been drafted and formally approved by the Board to form part of the constitutional documents of the IJB.

Governance Principle 3 – promoting values for the IJB and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

High standards of behaviour are essential to good governance. There is an expectation that IJB members will exercise leadership through exemplary standards of behaviour. This is achieved through promotion of a Code of Conduct and arrangements have been introduced to establish a Register of Interests to record any potential areas where conflicts of interest might arise. Constitutional documents, together with the terms of reference for sub-committees, regulate the conduct of the IJB.

The IJB has established a workforce forum to support employee relations and ensure good practice. Employee relations and engagement of staff in matters that affect them is an important principle to be applied within the context of integration. It is recognised that through delivering the delegated functions, significant challenges, opportunities and potential for change will require a mechanism to address arising issues. The Moray workforce forum has been established to ensure the workforce is supported going forward and provides a framework to support the development and achievement of common goals.

Governance Principle 4 – taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

The IJB and prior to its legal formation the shadow IJB have established processes to guide decision making, with procedures established to govern how decisions are made. Appropriate legal, financial and other professional advice is considered as part of the decision making process.

Internal scrutiny will be secured through the establishment of an Audit and Risk committee as a sub-committee of the IJB. The Audit and Risk Committee was established, effective of 31 March 2016 to assist the IJB to deliver its responsibilities for the conduct of public business, and the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the IJB that appropriate systems of internal control are in place to ensure that: business is conducted in accordance with the law and proper standards; public money is safeguarded and properly accounted for.

Annual Governance Statement (continued)

The reports that are placed before the IJB make reference to risk and, where appropriate, consideration of risk issues feature extensively during debate. A risk policy and strategy has been considered and formally approved by the IJB and a strategic risk register is under development which documents the principal risks likely to impede the IJB in the delivery of its objectives. This strengthens compliance with the governance principle of recognising the importance of being risk aware when making informed decisions, and having regard to all risk factors that pertain in any particular set of circumstances.

The IJB is subject to external scrutiny through external auditors appointed by the Accounts Commission to provide an opinion on the IJB's annual accounts and conduct such other work that they may deem necessary or by request from the IJB or its audit and risk committee.

Governance Principle 5 – developing the capacity and capability of members and officers to be effective.

This element of governance is designed to ensure that both members and officers have the knowledge, skills and capacity to enable them to fulfil their respective roles effectively.

Training and development for members is provided mainly in the form of briefings and development sessions. Workshops are provided to cover emerging issues, these being provided by staff from The Moray Council and NHS Grampian, or by representatives from other government agencies and partner bodies.

A workforce forum has been established where issues pertaining to integration which affect the integrated workforce can be discussed in an open and constructive manner. The membership of the forum includes representatives of management, trade unions, professional organisations and Human Resources from both Moray Council and NHS Grampian. The Forum will support the development and achievement of common goals and objectives for staff working under the direction of the IJB.

Governance Principle 6 – engaging with local people and other stakeholders to ensure robust public accountability.

The websites of The Moray Council and NHS Grampian promoted public consultations on a range of topics during the year which included the Integration Scheme and the Strategic Plan 2016-19 which will shape the delivery of services to stakeholders in the period ahead. The Community Empowerment Act 2015 places a statutory duty on the IJB and its Community Planning partners to engage with communities on the planning and delivery of services and securing local outcomes.

Annual Governance Statement (continued)

Review of Effectiveness

The IJB has responsibility to review the effectiveness of its governance framework including the system of internal control. This is pursued by involving:

The IJB, its committees and supporting groups

Governance arrangements will form part of decision making processes and be monitored throughout the year by the IJB, through its sub-committees of Audit and Risk, and Clinical and Care Governance and by its supporting groups in the Strategic Planning and Commissioning Group, Joint Operational Management Team and the Strategic Planning Advisory Group.

The Chief Officer

The Chief Officer's role is to provide a single senior point of overall strategic and operational advice to the IJB. The Chief Officer is a member of the appropriate senior management teams of NHS Grampian and The Moray Council which are enablers for carrying out the functions of the IJB in accordance with the Strategic Plan. The Chief Officer is line managed by the Chief Executives of NHS Grampian and The Moray Council and has developed close working relationships with elected members of the Council and non-executive and executive NHS Grampian board members. The Chief Officer, throughout the shadow year has established effective working relationships with a range of key stakeholders across NHS Grampian, The Moray Council, the third and independent sectors, and other Chief Officers through a national network.

The Chief Financial Officer

The Chief Financial Officer has statutory responsibility for the IJB's financial affairs. This officer provides relevant financial advice and support to the Board and is responsible for the governance of the Board's financial resources, ensuring the Partners utilise these in accordance with approved budgets developed in line with Strategic Plan objectives, and that the Strategic Plan delivers best value.

The Chief Financial Officer shall ensure that suitable accounting records are maintained and is responsible for the preparation of the Board's Financial Statements following the Code of Practice on Local Authority Accounting in the UK.

To facilitate this obligation, the Chief Officer consults with the Chief Financial Officer on all matters involving a potential financial implication that is likely to result in a report to the Board and has authority to report upon the financial implications of any matter coming before the IJB.

The Chief Financial Officer is responsible for ensuring that an effective system of internal financial control is maintained. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected within a timely period.

Annual Governance Statement (continued)

The system of internal financial control is based on a framework of regular management information, financial regulations, management supervision and a system of delegation and accountability. In particular, the system includes comprehensive budget setting and monitoring arrangements, setting targets to measure financial and other performance and the preparation of regular financial reports indicating actual expenditure against forecasts.

The Chief Social Worker

Local Authorities are required by law to appoint a Chief Social Work Officer to oversee and make decisions in relation to specified social work services, some of which are now delegated in relation to integration functions. The Chief Social Worker has a duty to report to and alert the IJB of any matters of professional concern in the management and delivery of those functions. There is a duty to make an annual report to the IJB in relation to the discharge of the role and responsibilities.

The Chief Social Work Officer is a non-voting member of the IJB. The Chief Social Work Officer will retain all of the statutory decision-making and advisory powers given by statute and guidance, and the Medical and Nursing Directors shall not be entitled to countermand or over-rule any decisions or instructions given by the Chief Social Work Officer in carrying out that statutory role.

The Standards Officer

The Ethical Standards in Public Life (Scotland) Act 2000 creates an ethical standards framework whereby members of devolved public bodies such as the IJB are required to comply with Codes of Conduct approved by Scottish Ministers, together with Guidance issued by the Standards Commission. The IJB has appointed a Standards Officer and two deputies to assume responsibility for a number of duties which includes holding various documents for the Board and advising and guiding members of the Board on issues of conduct and propriety whilst others are in terms of a liaison role with the Standards Commission, and the Commissioner for Ethical Standards in Public Life in Scotland. The Standards Officer will ensure the Board keeps Registers of Interests and records of Gifts and Hospitality as appropriate.

NHS Grampian and Moray Council

The principal partners to the integration process have developed and maintain governance arrangements applicable to their respective organisations on which reliance can be placed. These arrangements are summarised annually and published in the Annual Governance Statement forming part of the annual accounts of each organisation, the Statement in each case being certified by the Chair / Leading Member and the Head of Paid Service.

Annual Governance Statement (continued)

Internal Audit

The Act makes the provision for the appointment of an Internal Audit service to the IJB. Agreement was reached on 31 March 2016 to appoint the Internal Audit Service of The Moray Council as the Internal Auditors of the IJB for a period of two years and to appoint the Internal Audit Manager, The Moray Council, as the Chief Internal Auditor of the IJB. Internal Audit is an assurance function that primarily provides an independent and objective opinion to the IJB on the control environment comprising risk management, internal control, and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

The IJB, under the provisions made in The Act are required to make adequate and proportionate arrangements for the audit provision and annual financial statements, which are compliant with regulations and good practice governance standards in the public sector. This includes reports from internal audit, external audit and the annual accounts. In response to this the IJB at its meeting of 31 March 2016 established an Audit and Risk committee and terms of reference. The Audit and Risk committee has been established in line with the legislation and Chair has been appointed. The Committee will meet at least four times each financial year, and internal audit plans covering selected systems and processes within both the council and NHS have been prepared for 2016/1y. The Committee may instruct investigations and call upon officers to give evidence, explanations, or provide written reports as appropriate for the purpose of providing information to assist the Audit and Risk Committee in fulfilling its role of advising the IJB.

External Agencies

In addition to the various internal review processes and the financial audit referred to above, aspects of the IJB's governance arrangements will be subject to consideration in various inspection reports by the external auditor and by service inspectorates. The foundations have been laid for the IJB to respond positively to the recommendations arising from the inspection reports where these provide opportunities to strengthen governance arrangements.

Significant Governance Issues

Securing good governance has been a key focus of IJB Members and Senior Officers during the shadow year as the operational foundations of the integrated arrangements have been established. Governance will continue to be of prime importance as the IJB progresses through its first year of operation and beyond.

The key governance challenges going forward will involve:

- Working closely with NHS Grampian and The Moray Council to progress the objectives and principles of Health and Social Care Integration.

Annual Governance Statement (continued)

- Working towards achieving the objectives as detailed in the Strategic Plan 2016-19.
- Working towards achieving financial balance for the period of the Strategic Plan.
- Ensuring established performance reporting procedures.

Concluding Remarks

In our respective roles as Chair and Chief Officer of the Moray Integration Joint Board, 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 IJB's initial governance arrangements, and affirms our commitment to ensuring they are regularly reviewed and remain fit for purpose.

While pressure on financial settlements is likely 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 9 Health and Well-being national outcomes and the strategic priorities identified and detailed in our Strategic Plan. Good governance will remain essential in delivering services in a way that both meets the needs of communities and discharges statutory best value responsibilities.

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Pamela Gowans

Chief Officer

Moray Integration Joint Board

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Councillor Lorna Creswell

Chair

Moray Integration Joint Board

25 August 2016

Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2016

(Period of establishment - 6 February 2016 to 31 March 2016).

This statement shows the accounting cost from the period of establishment of the Moray IJB (6 February 2016) of providing services in accordance with generally accepted accounting practices. The income and expenditure below reflects the costs of the Chief Officer for this period and the associated external audit fee.

	2015/16		
	Expenditure £000	Income £000	Net £000
Health & Social Care	17	17	0
Corporate Services	<u>5</u>	<u>5</u>	<u>0</u>
Cost of Services	22	22	0
	===	===	===
(Surplus) / Deficit on provision of services			0
			===
Net income & Expenditure			0
			===

Balance Sheet as at 31 March 2016

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Moray IJB. The net assets of the Board (assets less liabilities) are matched by the reserves held by the Board.

		31 March
	Notes	2016
		£000
Current Assets		
Short Term Debtors	4	5
Current Liabilities		
Short Term Creditors	5	<u>5</u>
Net Assets		<u>0</u>
Usable Reserves		0
Unusable Reserves		0
Total Reserves		<u>0</u>

The Statement of Accounts present a true and fair view of the financial position of the Moray Integration Joint Board as at 31 March 2016 and its income and expenditure for the period from establishment to the year then ended – 6 February to 31 March 2016.

Margaret Wilson
Chief Financial Officer
25 August 2016

Notes to the Financial Statements

Note 1 Accounting Policies

General Principles

The financial statements summarise the transactions of the Moray Integration Joint Board for the 2015/16 financial year and its position at the year ending 31 March 2016. The Moray Integration Joint Board is required to prepare annual financial statements by 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). These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Annual Accounts is principally historical cost. Accounting policies have been consistently applied.

Accruals of Income and Expenditure

Income and Expenditure activities are accounted for in the year in which they take place, not simply when the payments are made or received.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where the debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Value Added Tax Status

The Moray Integration Joint Board is a non-taxable person and does not charge or recover VAT on its functions.

Provisions

Provisions are made where an event has taken place that gives the Moray IJB a legal or constructive obligation that probably requires a financial settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance the Moray IJB may be involved in a court case that could eventually result in the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Moray IJB becomes aware of the obligation, and measured at the best estimate at the Balance

Notes to the financial Statements (continued)

Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Contingent Liabilities

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

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

Contingent Assets

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

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

Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable that occur between the end of the reporting period (the balance sheet date) and the date when the Annual Accounts are authorised for issue.

There are two types of events:

- those that provide evidence of conditions that existed at the balance sheet date - the Annual Accounts are adjusted to reflect such events and
- those that provide evidence of conditions that arose after the balance sheet date - the Annual Accounts are not adjusted to reflect such events, but where non-adjusting events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Notes to the Financial Statements (continued)

Events taking place after the date of authorisation for issue are not reflected in the Annual Accounts.

Assets

The Moray IJB owns no capital assets at this present time. The Chief Officer is required to consult with The Moray Council and NHS Grampian to make best use of existing resources and develop capital programmes. The Moray IJB should identify the assets it requires to support the Strategic Plan which in turn will enable the Chief Officer to ascertain capital investment projects to submit to The Moray Council and NHS Grampian for consideration as part of the capital planning processes.

Reserves

The Moray IJB is permitted to set aside specific amounts as reserves for future policy purposes. Reserves are generally held to do three things:

- create a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- create a contingency to cushion the impact of unexpected events or emergencies and;
- create a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

The balance of the reserves normally comprises of three elements:

- funds that are earmarked or set aside for specific purposes;
- funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies; and
- funds held in excess of the target level of reserves and the identified earmarked sums.

As at the 31 March 2016 the Moray IJB Reserves account displayed a nil balance.

Note 2 Related Party Transactions

The Moray Integration Joint Board was established on 6 February 2016 as a legal entity in its own right, created by Parliamentary Order, following Ministerial approval of the Integration Scheme. The Integration Scheme sets out the detail on the integration arrangement, as agreed by NHS Grampian and The Moray Council and is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Integration Joint Board, or to be controlled or influenced by the Integration Joint Board. In the year the following financial transactions were made with NHS Grampian and The Moray Council relating to integrated health and social care functions.

Notes to the Financial Statements (continued)

Income – payments for integrated functions

	6 Feb 2016 to 31 March 2016
	£000
NHS Grampian	12
The Moray Council	10
Total	22

Expenditure – payments for delivery of integrated functions

	6 Feb 2016 to 31 March 2016
	£000
NHS Grampian	12
The Moray Council	10
Total	22

Note 3 Corporate Expenditure

	6 Feb 2016 to 31 March 2016
	£000
External Audit Fee	5
Total	5

Note 4 Short Term Debtors

	2015/16
	£000
NHS Grampian	2.5
The Moray Council	2.5
Total	5

Notes to the Financial Statements (continued)

Note 5 Short Term Creditors

	2015/16
	£000
Central Government Bodies	2.5
Other Local Authorities	2.5
Total	5

Note 6 Pension Schemes Accounted for as Defined Contribution Schemes

The Chief Officer as an employee of NHS Grampian is a member of a defined benefit scheme which is administered by the Scottish Government through the Scottish Public Pension Agency (SPPA). As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the scheme Actuary at a level to meet the cost of the pensions as they accrue. It is not possible however, for NHS Grampian to identify a share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of the annual accounts it is therefore accounted for on the same basis as a defined contribution scheme.

For the period 6 February to 31 March 2016 the amount payable to Scottish Government in respect of the Chief Officer retirement benefits was £0.002M.

Note 7 Critical Judgements in Applying Accounting Policies

In applying the accounting policies as set out in Note 1, the Moray Integration Joint Board did not make any judgements about complex transactions or those involving uncertainty about future events.

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

We certify that we have audited the financial statements of Moray Integration Joint Board for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, and the related notes. 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 2015/16 (the 2015/16 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the body as at 31 March 2016 and of the income and expenditure of the body 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 2015/16 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.

Opinion on other prescribed matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Lindsey Paterson (for and on behalf of PricewaterhouseCoopers LLP)
 141 Bothwell Street
 Glasgow
 G2 7EQ

25 August 2016

