

Moray Integration Joint Board

Annual Accounts

Year Ending March 2017



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



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MORAY IJB MEMBERS

Voting Members

Christine Lester (Chair)	The Grampian Health Board
Cllr. Lorna Creswell (Vice-Chair)	Moray Council
Dame Anne Begg	The Grampian Health Board
Professor Amanda Croft	The Grampian Health Board
Cllr. Patsy Gowans	Moray Council
Cllr. Sean Morton	Moray Council

Non-Voting Members

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	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

Jane Mackie	Head of Adult Health and Social Care
Sean Coady	Head of Primary Care

MANAGEMENT COMMENTARY

Introduction

The management commentary is intended to support its readers in understanding the strategic priorities and objectives of the Moray Integration Joint Board (MIJB). It provides an overview of the business the MIJB has engaged in throughout the first year of establishment and assesses the financial performance in the year. Additionally, it provides information on the principal risks and uncertainties which are likely to affect the future development and performance of the MIJB.

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 arrangements for the integration of health and social care services. Following formal notification of approval of the Integration Scheme from the Cabinet Secretary for Health, Wellbeing and Sport, the Order to establish Moray Integration Joint Board came into force on 6 February 2016 and the MIJB was legally established as a body corporate. This new body following approval of the Moray Strategic Plan 2016-2019 became fully operational from 1 April 2016 taking on its role as a strategic planning body with operational oversight for the delivery of services integrated under the Integration Scheme for Moray.

Moray is one of 31 Integration Authorities across Scotland that has been set up to work with health and social care staff, communities and the third and independent sectors to ensure a person centred approach to the design and delivery of care services. The MIJB has replaced the previous Moray Community Health and Social Care Partnership arrangements within a new legislative framework and is a separate legal entity from both Moray Council and The Grampian Health Board.

Moray has a population of some 96,000 which represents 1.8% of Scotland's national population (5.4 million).

Moray Council and The Grampian Health Board, as the parties to the Integration Scheme, each nominate three voting members to sit on the MIJB. The Council nominates three councillors as MIJB members and The Grampian Health Board nominates three Health Board non-executive directors as MIJB members or if unable to do so, a minimum of two non-executive directors and one executive director as MIJB members. From the date of establishment, 6 February 2016, Councillor Creswell was appointed as Chair from the Council members. This was a formal appointment to an arrangement that had been in place through the shadow year of the MIJB. With effect from 1 October 2016, the position of Chair has been held by Christine Lester, a non-executive member of The Grampian Health Board. This current appointment will run for a period of 18 months.

MANAGEMENT COMMENTARY

The Role and Remit of the Moray Integration Joint Board (cont'd)

Under the new legislation, a range of health and social care functions have been delegated from Moray Council and The Grampian Health Board to the MIJB who has assumed responsibility for the planning and operational oversight of delivery of integrated services. These functions and associated services are listed in the Integration Scheme. During 2016, it was considered necessary to develop an identity for the staff employed by The Grampian Health Board and Moray Council who are involved in the day-to-day delivery of these integrated services. Staff were consulted and reached agreement on 'Health and Social Care Moray' as being the designation they would identify with.

MIJB also has a role to play in the strategic planning of unscheduled acute hospital based services provided by The Grampian Health Board. Such budgets for large hospital services continue to be managed on a day to day basis by the Grampian Health Board Acute Sector. However, MIJB has an allocated "notional" budget of £10m of which the intention is that this figure represents the consumption of these services by the resident population of Moray. The IJBs will be responsible for the strategic planning of these services in partnership with the Acute Sector. The overall aim of this mechanism is 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 also form part of the MIJB budget. There are a number of services which are hosted by one of the 3 integration joint boards (IJB) 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 Objectives and Strategy

In recent years there has been an 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 in Moray, we will achieve the nine National Health and Wellbeing Outcomes as prescribed by the Scottish Ministers, namely;

MANAGEMENT COMMENTARY

Key Objectives and Strategy (cont'd)

People are able to look after and improve their own health and wellbeing and live in good health for longer

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

People who use health and social care services have positive experiences of those services, and have their dignity respected

Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services

Health and social care services contribute to reducing health inequalities

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

People using health and social care services are safe from harm

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

Resources are used effectively and efficiently in the provision of health and social care services

MANAGEMENT COMMENTARY

Key Objectives and Strategy (cont'd)

On a local level and to assist in our purpose to succeed in our mission to achieve the nine health and wellbeing outcomes, we have developed our Vision by listening to the views of the people who use health and social care services, unpaid carers and those who deliver services in Moray and the wider community.

Our Vision is supported by six key strategic outcomes. MIJB has been working towards the achievement of these outcomes throughout 2016/17.

TO ENABLE THE PEOPLE OF MORAY TO LEAD INDEPENDENT, HEALTHY AND FULFILLING LIVES IN ACTIVE AND INCLUSIVE COMMUNITIES, WHERE EVERYONE IS VALUED, RESPECTED AND SUPPORTED TO ACHIEVE THEIR OWN GOALS.



MANAGEMENT COMMENTARY

Key Objectives and Strategy (cont'd)

The six strategic outcomes are the focus of the Strategic Plan 2016 – 19. This plan was developed for the adult population of Moray, consulted and agreed in partnership with: health, social care, voluntary and independent sectors and the public, prior to being formally approved by the Board. The Strategic Plan describes how working in partnership is key to effective service delivery and how the integrated arrangements will improve the health and wellbeing of adults in Moray through the design and delivery of services. This Strategic Plan is a live document and we will continue to engage with all those with an interest in health and social care to deliver the outcomes as described.

In April 2017 a workshop was held, inviting all key stakeholder groups to review the Strategic Plan in the context of the strategic priorities and financial framework; and provide an assessment of the perceived level of progress to date. The workshop provided facilitated discussion and consideration of key themes contained within the Strategic Plan and encouraged open and constructive feedback. The outcome of the session confirmed that a light-touch review of the Strategic Plan was appropriate in the interim with consideration for a complete refresh in a year's time and a full needs analysis with progress against the Plan to be visible.

MANAGEMENT COMMENTARY

Operational Performance – A Year in View

2016/17, being our first year of operation has been exciting, yet challenging. Even in these early stages we have started to see some stimulating transformational change take place in the facilities and services we provide to the adult population of Moray. Below is an insight to the initiatives which have been developed at Health and Social Care Moray.



MIJB Chair Christine Lester and Chief Officer Pamela Gowans attended the development site in August 2016 to mark the start of the works

The first major project to be taken forward by MIJB is a new housing development purpose built for adults with complex care and support needs. Work began in August 2016 on the development named as Urquhart Place in Lhanbryde which consists of 10 purpose-built bungalows to provide permanent homes and respite accommodation for adults with autism and communication difficulties. The development includes available space for respite accommodation, communal space and office and accommodation for staff providing care on a 24/7 basis. This new development replaces the residential facility in Forres which has become increasingly unsuitable as a care establishment for those who live and work there.

The capital funding for the development has been provided by Moray Council with the operational responsibility for the services provided within the facility sitting with Health and Social Care Moray. The programme of work is transformational for individuals and their families who have traditionally shared accommodation in a residential care setting. They will be provided with their own space, privacy and tenancy, a big step forward for all. Families will be able to be more involved in supporting individuals. We are keen to see, and will monitor closely, the impact on individuals in terms of quality of life.

MANAGEMENT COMMENTARY

Operational Performance – A Year in View (cont'd)

In March 2017, work was completed on a conversion project turning derelict cottages into rehabilitation accommodation for patients leaving hospital and prior to returning to their own homes. This intervention is one of intensive rehabilitation. It is also intended to prevent hospital admission where this is deemed appropriate, for example, falls management. The cottages in Victoria Road, Elgin were built to celebrate Queen Victoria's diamond jubilee and are held in trust by Moray Council but had become unfit for purpose and required refurbishment.

The cottages were converted, fully furnished and are already accommodating elderly patients who have been discharged from hospital. A wide range of health care professionals are fully integrated into the process to allow for a period of rehabilitation before the patients are able to make the transition and regain their independence. The principle here again is to support individuals' confidence and independence by accommodating in a non-clinical environment. There is also the added value of privacy and the ability for families to remain involved. The cottages can accommodate up to 5 service users at any one time.



The terraced cottages in Elgin's Victoria Road provide a homely setting in which to deliver intense rehabilitation which will facilitate hospital discharge and hospital admission avoiding additional pressure being placed on community hospitals

MANAGEMENT COMMENTARY

Operational Performance – A Year in View (cont'd)

Another area where our extra care facilities are being developed is through our arrangements with Hanover Housing Association. This is an area of transformation, where purpose built accommodation will support older people with complex needs enabling them to continue to live independently with care on site to support them in their own tenancy. The first facility is Varis Court in Forres. This facility has a specific area where people suffering from dementia can hold tenancies and have appropriately skilled support to assist them. The MIJB has also approved a test of change in using 5 of the flats for health and social care interventions when hospital admission is not appropriate but additional support is required. This demonstrates wide partnership working with a housing partner with the aim of improving provision of services for a local community. This is due to become operational during 2017.

Performance reporting is viewed as a key part of the governance processes of the MIJB. Arrangements for the targets and measures for reporting performance were carried out as part of the strategic planning process and considered as part of the Integration Scheme. The MIJB has a range of national and local performance indicators against which it reports on a quarterly basis by exception, highlighting any areas of concern and bringing these to the attention of the Board together with proposals for action.

Developments are in place to consider further the way in which performance is reported at Board level. This process, once complete will ensure that performance reporting is meaningful, and will assist decision making.

In addition to the regular performance reporting of progress against the identified performance indicators, 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 integration functions for which they are responsible. The purpose of the performance report is to provide an overview of performance in planning and carrying out integrated functions and is produced for the benefit of Partnerships and their communities. The Annual Performance Report has to be published no later than four months after the end of the reporting year. The first Annual Performance Report was published on 31 July 2017 <https://hscmoray.co.uk/annual-report.html>

MANAGEMENT COMMENTARY

Financial Review

MIJB is subject to the audit and accounts provisions of a body under the terms of section 106 Local Government (Scotland) Act 1973. Accordingly, the MIJB is required to prepare its financial statements in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom. This duty falls to the Chief Financial Officer (CFO) under section 95 of the Local Government (Scotland) Act 1973 who is responsible for the proper administration of the financial affairs of the MIJB.

Service Area	Budget £000's	Actual £000's	Variance (Over)/ under spend	Note
Community Hospitals	5,301	5,520	(219)	1
Community Health	3,637	3,654	(17)	
Learning Disabilities	5,325	5,288	37	
Mental Health	7,218	7,405	(187)	2
Addictions	825	823	2	
Adult Protection & Health Improvement	174	165	9	
Care Services Provided In-House	13,074	13,047	27	
Older People	16,032	16,267	(235)	3
Intermediate Care & OT	1,468	1,629	(161)	4
Care Services Provided by External Contractors	10,136	9,946	190	
Other Community Services	7,121	7,169	(48)	
Administration & Management	2,821	2,703	118	
Primary Care Prescribing	16,888	17,304	(416)	5
Primary Care Services	14,878	14,890	(12)	
Hosted Services	3,623	3,681	(58)	
Out of Area Placements	669	525	144	
Improvement Grants	969	930	39	
Total Core Services	110,159	110,946	(787)	
Strategic Funds	4,366	875	3,491	
TOTALS	114,525	111,821	2,704	

MANAGEMENT COMMENTARY

Financial Review (cont'd)

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. This had been primarily down to a small range of services that were under pressure for reasons noted below.

The table above reflects the budget managed by the MIJB during 2016/17. It excludes the notional Set Aside budget of £10.163m. The hosted services figures represent MIJB's share of all the hosted services that are hosted on a Grampian wide basis.

A number of services have experienced budget pressures over the course of the 2016/17 financial year.

Note 1 Community Hospitals – Overspends have occurred within community hospitals in each of the four localities, Elgin, Buckie, Forres, and Keith/Speyside totalling £0.219m to the year-end. These are historical overspends arising from maintaining staff cover alongside cumulative efficiency targets. At the same time, non-financial objectives, including meeting waiting times, patient safety and delayed discharge targets still require to be maintained. A review is ongoing and will be addressed through service re-design and support to the population of Moray.

Note 2 Mental Health - Mental Health services were overspent by £0.187m at the year end. This includes senior medical locum staff costs, nursing and other staff in addition to an efficiency target still to be met. Services have continued to be delivered where funding has been reduced or withdrawn.

Note 3 Older People and Physical and Sensory Disability Services - This budget has overspent by £0.235m at the end of the year. The end of year position includes an overspend for domiciliary care in the area teams of £0.298m and bad debts were higher than anticipated by £0.047m. The overspend is reduced in part by and underspend in permanent care of £0.086m and an over achievement of income within this area of £0.024m. The variances within this overall budget reflect the shift in the balance of care to enabling people to remain in their homes for longer.

Note 4 Intermediate Care and Occupational Therapy - This budget has overspent by £0.161m at the end of the year. Primarily this relates to overspends on Aids & Adaptations of £0.096m; a year-end stock adjustment of £0.030m and community alarm and telecare equipment overspend of £0.020m. In addition there were minor variances of £0.015m all of which can be attributed to the facilitation of helping people remain in their own homes.

MANAGEMENT COMMENTARY

Financial Review (cont'd)

Note 5 Primary Care Prescribing - The primary care prescribing budget is reporting an over spend of £0.416m for the twelve months to March 2017. The average unit cost per item prescribed varies throughout the year and can vastly affect the pressure on the budget.

Overall, the MIJB core services resulted in an overspend of £0.787m. This position has been improved considerably when the slippage on strategic funds are taken into consideration resulting in an overall underspend of £2.704m. It is worth emphasising that the favourable net position after regard to slippage on strategic funds is a one-off fortuitous benefit and longer term cost reduction plans and service redesign will be necessary in future years.

Risks, Uncertainties and Future Developments

One of the major risks facing the MIJB and its ability to deliver the services delegated to it within the context of the Strategic Plan is the uncertainty around the funding being made available from the partners and Scottish Government. The financial settlement announced by the Cabinet Secretary for Finance and the Constitution on 15 December 2016 had the following key statements which related to Integration Joint Boards for 2017/18, specifically in relation to the minimum settlement that Integration Joint Boards should expect from their funding partners:

- NHS contributions to Integration Joint Boards for delegated health functions will be maintained at least at 2016/17 cash levels;
- Local authorities will be able to adjust their allocations to Integration Joint Boards by up to their share of £80 million below the level of budget agreed in 2016/17;
- An additional £107m of Social Care funding, routed through Health Boards, in addition to the £250m received in 2016/17.

As part of the budget setting process, the Chief Officer of the MIJB prepared a case in support of the 2017/18 budget proposals for the Board. The paper set out the financial position and identified the current level of risk relating to MIJB's financial performance to date and highlighted the significant issues affecting the delivery of a balanced position for 2017/18. Despite the efforts of the Chief Officer, both Moray Council and The Grampian Health Board restricted their budget allocations to the MIJB by the maximum permitted whilst remaining within the boundaries set by Scottish Government. The results of which can be summarised as follows;

MANAGEMENT COMMENTARY

Risks, Uncertainties and Future Developments (cont'd)

- The Grampian Health Board funded the MIJB at 2016/17 cash levels with no increases for pay awards, inflationary increases or other budget pressures;
- Moray Council adjusted their allocation by £1.3m below the revised budget level agreed for 2016/17; and
- An additional £1.74m of Social Care funding, routed through Health Boards as part of the £107m announcement will come to Moray to assist with social care budget pressures (mainly the commitment to the Scottish Living Wage).

Whilst a balanced budget has been achieved for 2017/18, work will continue throughout the year to support the savings and efficiencies programme alongside close monitoring of identified budget pressures where no funding has been provided. MIJB will continue to work with its partners to close the gap.

The reduced funding levels, combined with the demographic challenges we are facing in period of ambitious reform, result in a number of risks and uncertainties which can be summarised as follow;

- Political uncertainty and consideration to the recent local government elections and the impact this will have on the MIJB. There are currently no known changes to NHS Board appointments.
- The ongoing impact of the implementation of the Living Wage and other nationally agreed policies that may present.
- Operational risks that sit with the Partners that have a direct impact on the operational aspects of MIJB, namely the recruitment and retention of staff.
- Public Sector financial funding uncertainties acknowledging the one year only settlements for the MIJB partners.

1 April 2018 sees the implementation of the Carers (Scotland) Act. The Act is designed to provide support to carers, based on carer's identified needs which meet the local eligibility criteria. With the implementation of this Act is likely to be considerable financial pressure which we will be working through during 2017/18 to provide as efficient a process as possible.

MANAGEMENT COMMENTARY

Risks, Uncertainties and Future Developments (cont'd)

Optimising health and social care services remain critical to the ambitious programme of reform as laid out in the Public Bodies (Joint Working) (Scotland) Act 2014. In line with the Act, the MIJB has established plans for the future which are contained within the Strategic Plan 2016-19 and will be part of an ongoing review process. The Strategic Planning and Commissioning Group have set out a number of key programmes of work as follows:

- Older Peoples Programme Board
- Out of Hours and Urgent Care Programme Board
- Learning Disabilities Accommodation Review
- Mental Health and Well Being Group – commissioning of new models of care
- Health Improvement and Community Wellbeing review
- Palliative and End of Life Review
- Infrastructure Programme Board encompassing opportunities for cross system redesign and efficiency as well as establishing a clearer digital footing locally to support change.

Key to these developments is the workforce. The first iteration of a Joint Workforce Plan and Organisational Development Plan was established in 2016/17. This will be confirmed and approved for implementation during 2017. The Joint Moray Workforce Forum will have oversight of this and associated processes.

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; and MIJB will continue to work and develop ways in which to ensure integration is a success.

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Christine Lester

Chair of Moray IJB

28 September 2017

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Pam Gowans

Chief Officer

.....
Tracey Abdy

Chief Financial Officer

STATEMENT OF RESPONSIBILITIES

Responsibilities of the IJB

- 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;
- 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 for signature by Moray IJB at its meeting on 28 September 2017.

Signed on behalf of Moray Integration Joint Board

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Christine Lester

Chair of Moray IJB

28 September 2017

STATEMENT OF RESPONSIBILITIES

Responsibilities of the Chief Financial Officer

The Chief Financial Officer is responsible for the preparation of the Moray Integration Joint Board's Annual 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 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.

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 2017 and the transactions for the year then ended.

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Tracey Abdy CPFA

Chief Financial Officer

28 September 2017

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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. There are no employees of the MIJB itself. The staff within Health and Social Care Moray are employed by either The Grampian Health Board or Moray Council. This report discloses information relating to the remuneration and pension benefits of specified MIJB members.

All information disclosed in the tables within this Remuneration Report has been audited by the Board's appointed auditor, Audit Scotland. 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 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.

MIJB Chair and Vice-Chair

Councillor Lorna Creswell was formally appointed as the Chair of the MIJB on 25 February 2016. The appointment ran until 30 September 2016 after which she assumed the role of Vice-Chair. Councillor Creswell is paid a senior councillor salary by Moray Council.

Christine Lester was formally appointed as Vice-Chair of the MIJB on 25 February 2016. This appointment ran until 30 September 2016 after which she assumed the role of Chair. Christine Lester is paid by The Grampian Health Board for her duties and responsibilities as a Board 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.

REMUNERATION REPORT

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.

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.

In February 2016 the MIJB formally appointed Pamela Gowans as Chief Officer to the Board. The Chief Officer to the MIJB is employed by The Grampian Health Board and is funded jointly by The Grampian Health Board and Moray Council.

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.

Chief Financial Officer

For the 2016/17 financial year, this role was fulfilled by Margaret Wilson, Head of Financial Services (Section 95 Officer) of Moray Council. There was no separate remuneration received by this post holder from the MIJB. The remuneration of this officer is disclosed in the Moray Council Annual Accounts.

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 2015/16	Senior Employees	Salary, Fees & Allowances	Taxable Expenses	Total 2016/17
£		£	£	£
12,942 (FYE 87,480)	Pamela Gowans Chief Officer	90,299	2,989	93,288

REMUNERATION REPORT

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.

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This 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

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the employing partner organisation. On this basis there is no pension liability reflected on the balance sheet of MIJB for the Chief Officer. MIJB has, however, 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 which supports the Chief Officer' pension benefits. The table also shows the total value of accrued pension benefits which includes benefits earned in other employment positions.

	In Year Pension Contributions		Accrued Pension Benefits		
	Year to 31/03/16	Year to 31/03/17		As at 31/03/2017	Difference from 31/03/2016
	£	£		£ 000's	£ 000's
Pamela Gowans Chief Officer	11,985	13,454	Pension	27	2
			Lump Sum	72	2

REMUNERATION REPORT

Pension Benefits (cont'd)

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 2015/16	Remuneration Band	Number of Employees in Band 2016/17
1	£85,000 - £89,999	-
-	£90,000 - £94,999	1

Exit Packages

There were no exit packages agreed by the MIJB during 2016/17 financial year, or in the preceding year.

.....
Christine Lester

Chair of Moray IJB

28 September 2017

.....
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.

Corporate governance is an expression used to describe how organisations direct and control how they operate. For the MIJB this also includes how it relates to the communities it serves.

Scope of Responsibility

The MIJB is responsible for ensuring that its business is conducted in accordance with the law and relevant standards. That public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

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 Grampian Health Board 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 Purpose of the Governance Framework

The governance framework comprises the systems of internal control and the processes, culture and values, by which the MIJB is directed and controlled. It demonstrates how the MIJB conducts its affairs and enables the MIJB to monitor progress towards the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of cost-effective services.

The Governance Framework

The CIPFA/SOLACE framework for 'Delivering Good Governance in Local Government' was updated in 2016 and defines the principles of good governance. The overall aim of the framework is to 'ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities'.

ANNUAL GOVERNANCE STATEMENT

The Governance Framework (cont'd)

Whilst the Framework was written specifically for Local Government, the principles can be adopted by other public sector organisations including Integration Joint Boards.

A governance framework was progressed in the shadow year of the MIJB and has continued to be developed during 2016/17, the first year of operation. The Board of the MIJB comprises six voting members, nominated by either The Grampian Health Board (three) or Moray Council (three), as well as non-voting members including a Chief Officer appointed by the Board.

The key elements of the MIJB's governance arrangements are described in terms of the seven principles of good governance defined in the Framework and summarised below:

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

The roles and responsibilities of MIJB Members and the processes to govern the conduct of business are defined in the constitutional documents. These consist of standing orders, code of conduct and financial regulations. In addition, there are formally approved documents pertaining to the membership, quora and remit of the established sub-committees of the MIJB.

With reference to the Code of Conduct for the Board; the Scottish Government, in conjunction with the Commissioner for Ethical Standards and the Standards Commission prepared a template Code specific to integration joint boards with the expectation that this be implemented in full. At its meeting of 30 June 2016 the MIJB agreed to approve a Code of Conduct for onward submission to Scottish Government for approval. The Code was formally approved by Scottish Government on 5 July 2016. The Code of Conduct exists to ensure Members exercise leadership through exemplary standards of behaviour and that values are established and replicated effectively throughout the organisation. In January 2017, a development session was led by the Standards Officer on the roles and responsibilities of Board members in the context of the Code of Conduct. This process will be repeated at appropriate intervals.

Separately, the MIJB appointed Alasdair McEachan (Head of Legal and Democratic Services, Moray Council) as the Standards Officer of the MIJB at its meeting of the Board on 28 April 2016 for a period of 18 months. At the same meeting, the MIJB also approved two deputies to the Standards Officer appointment for the same period and from existing Moray Council staff. The Standards Officer assumes responsibility for a number of duties which includes holding various key 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

ANNUAL GOVERNANCE STATEMENT

The Governance Framework (cont'd)

the Commissioner for Ethical Standards in Public Life. The Standards Officer ensures the Board keeps Registers of Interests and records of Gifts and Hospitality.

Governance Principle 2 – Ensuring openness and comprehensive stakeholder engagement

Throughout 2016/17, the MIJB's decision making processes have been established such that major decisions are taken by the MIJB or one of its two sub-committees. As part of the decision making process, appropriate legal, financial and other professional advice is considered.

The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 obliges the MIJB to agree Standing Orders to regulate its meetings and those of its committees. Provision is made within MIJB's Standing Orders for public and press access to meetings and reports. Agendas, reports and minutes are available for members of the public to access in order for an assessment to be made on whether decisions have been made in the public interest.

Both the voting and non-voting membership arrangements of the MIJB are set out in the Health and Social Care Integration Scheme for Moray and 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 the following groups: 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 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 in developing new, and building on existing strategies has consulted with stakeholders in order to include them in the progress towards achieving the National Health and Wellbeing Outcomes. During the year there was extensive stakeholder engagement through specific consultation and engagement in the development of the '*Carers' Strategy for Moray*' and '*Good Mental Health for All in Moray*'. The level of consultation has led to clear strategies which are now in the process of being implemented.

The MIJB engage in a diverse range of methods to ensure understanding of the views of the public and service users in particular. During the year, Vintage Tea Parties were held across Moray which had a focus on older adults with the aim of determining opinions on health and wellbeing in the context of local services.

ANNUAL GOVERNANCE STATEMENT

The Governance Framework (cont'd)

Community Planning engagement activities have taken place through face-to-face communication and social media where feedback was invited around specific areas of business. Throughout the year the Chief Officer has visited community councils and area forums to enable communities to express views and observations about the services being delivered.

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

In March 2016 the MIJB agreed a draft budget for the 2016/17 financial year and presented indicative levels of finance required for the following two financial years. At this point in time, assumptions were made that funding levels from the Partners would continue at similar levels. The Scottish Government 2017/18 funding settlements, for both health boards and local authorities, announced in December 2016 were significantly more challenging than was anticipated and so had an adverse impact on the onward negotiation of funding to the MIJB. Whilst the strategic outcomes and intent remain unchanged, the challenge is to ensure that the economic impacts of decisions taken are highlighted as there is likely to be insufficient funding to maintain current levels of service in the current and future years.

During 2016/17, following an extensive period of consultation with a wide ranging group of key stakeholders, the Strategic Plan 2016-19 was finalised and approved. The Plan sets out the proposals for improving the health and wellbeing for adults in Moray through design and delivery of integrated services in times of changing need. To support this process the Strategic Planning and Commissioning Group remains active with the aim of driving forward the Strategic Plan by overseeing these elements of delivery on behalf of the MIJB and to ensure adequate governance arrangements are in place. The Strategic Planning Group that operated throughout the shadow year in drafting the Strategic Plan continues to operate as an advisory group in support of the Plan and any future developments.

To support this governance principle and the core principles of the MIJB, programme boards have been established for specific areas of business that will support the process to identify new models of care that are financially sustainable whilst ensuring quality of care.

ANNUAL GOVERNANCE STATEMENT

The Governance Framework (cont'd)

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

The intended outcomes of MIJB are defined in the Strategic Plan 2016 - 19 that was developed by an overarching group of stakeholders and approved by the Board in March 2016. MIJB recognises the significant challenges it faces, and, through its committee structure and development sessions provided by officers, Members have been informed of the constraints on resources whilst considering the options for future service delivery and the strive for shifting the balance of care. Underlying themes in this process are the recognition that change is inevitable and that new ways of working will be required in order to achieve the intended outcomes within the challenging financial climate within which the Board operates. Transformation has been progressed during the year through two major supported housing projects where the intention is to assist in maintaining independence and maximising individuals' and their families' outcomes.

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. There has been acknowledgement at Board meetings that certain officers are finding things difficult in terms of capacity as many duties associated with the work of the MIJB are in addition to their existing daily duties. This has been the case in particular of the Chief Financial Officer, where agreement has now been reached to appoint a full-time independent officer to carry out the statutory duties in accordance with section 95 of the Local Government (Scotland) Act 1973.

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 Moray Council and The Grampian Health Board, or by representatives from other government agencies and partner bodies.

The Moray Joint Workforce Forum has been established and has agreed terms of reference. The forum is chaired by the Head of Adult Health and Social Care with the Vice-Chair role being fulfilled by the staff side member, The Grampian Health Board. The membership of the forum includes representatives from management, trade unions, professional organisations and human resources from both Moray Council and The Grampian Health Board. The aim of the forum is to support the development and achievement of common goals and objectives for staff working under the direction of the MIJB in relation to health and safety as well as other key areas of training and development.

ANNUAL GOVERNANCE STATEMENT

The Governance Framework (cont'd)

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

The MIJB has arrangements in place covering risk, performance management, internal control and financial management.

MIJB have in place both an approved risk policy and a strategic risk register. The strategic register is a standing item on the Audit and Risk sub-committee and is reviewed regularly. In the early stages of establishment MIJB Members agreed that the risk policy would also be reviewed regularly and updated to ensure its adequacy. During the year a risk themed development session was held for Members and Officers which was led by the Moray Council's insurers, which led to the risk policy being refined to include a statement on risk appetite. Operational risk registers are also in place across both The Grampian Health Board and Moray Council. These are regularly reported through Joint Operational Management Team, allowing staff to review progress and assess risks on an ongoing basis.

A performance management framework has been developed for MIJB. Quarterly reporting sets out the performance for Moray against key indicators relating to hospital admissions and community care. Additional reports have been created in relation to designated health improvement targets and delayed discharge which are reported on a quarterly basis by exception to the Board and on a monthly basis to the operational Adult Services Management Group. Performance is also monitored through quarterly review meetings. Here, the Chief Executives of The Grampian Health Board and Moray Council together with other key senior officers meet with the Chief Officer to discuss performance over the review period.

The internal control system links closely with those of the Partners, given their operational remit for delivery of services under direction of the MIJB. MIJB internal control arrangements are specified in the Financial Regulations developed to be used in conjunction with The Grampian Health Board and Moray Council's financial regulations and the Moray Integration Board Scheme. Establishing and maintaining an effective system of internal control is a management function. An Audit and Risk sub-committee through its consideration of reports monitors the effectiveness of internal control procedures.

Section 26 of The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an integration joint board must give a direction to each of the partners to carry out the delegated functions. As part of the 2016/17 budget setting process, a direction was issued to the partners in line with the Act.

ANNUAL GOVERNANCE STATEMENT

The Governance Framework (cont'd)

As part of the future developments outlined for 2017/18, a robust process will be introduced to ensure that Directions are issued according to the legislation.

Strong financial management procedures are secured through the work of the Chief Financial Officer appointed in terms of section 95 of the Local Government (Scotland) Act 1973. This officer is an appointment to the Board and provides advice to the MIJB on all financial matters and ensures the 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

MIJB business is conducted through an established 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.

Internal audit arrangements have evolved during the year with meetings held between the audit committee chairs, the chief officers and the chief internal auditors of the three IJBs in the Grampian Health Board Area. The purpose of these meetings was to understand the control framework applicable to the IJB's and the inter-dependencies between the parties with regard to audit assurances.

Principles have been established around audit arrangements such that audit work can be planned specifically in relation to topics or issues under the direct remit of the MIJB, with additional assurances available from audits completed by internal auditors of either council or The Grampian Health Board to the extent that these are of relevance to the MIJB.

In developing audit arrangements regard has been made to published guidance on 'The Role of the Head of Internal Audit in Public Organisations' (CIPFA) and to 'Public Sector Internal Audit Standards' (CIPFA). Internal audit terms of reference have been established, and the Chief Internal Auditor reports directly to the Audit and Risk sub-committee with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Audit and Risk sub-committee on any matter. The Audit and Risk sub-committee assumes the role of assurance and accountability for the MIJB. The 2015/16 annual accounts received an unqualified opinion from the external auditors. The annual accounts were minimal in nature given the establishment of the MIJB came into effect from 6 February 2016 and so covered a period of only eight weeks to 31 March 2016.

ANNUAL GOVERNANCE STATEMENT

Review of Adequacy and Effectiveness

The MIJB has a responsibility to review the effectiveness of its governance framework including the system of internal control and to produce an Annual Governance Statement. This work is pursued throughout the year by various means involving:

The MIJB and its Sub-Committees

The appointment of MIJB Members was carried out according to the requirements set out within the Health and Social Care Integration Scheme for Moray and the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014. Early in 2016/17, two sub-committees were established to assist with the planning and delivery of integrated services delegated to the MIJB. The Clinical and Care Governance sub-committee to ensure safe, effective and high quality care and to provide assurance to statutory post holders in relation to effective services; and the Audit and Risk sub-committee to assist in ensuring a robust framework for risk management, governance and internal control and provide effective scrutiny of the MIJB's functions. The two sub-committees identified clear frameworks and membership and were established following formal MIJB approval. The effectiveness of the MIJB governance framework is enhanced through its membership and wide representation through the voting membership, non-voting membership, professional advisors and stakeholder members.

The Grampian Health Board and Moray Council

MIJB have placed reliance on the systems and procedures of its principal Partners, The Grampian Health Board 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. Moray Council has a duty under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvements in the way in which its functions are exercised. The Grampian Health Board is required to operate within the aspects of the Scottish Public Finance Manual (SPFM) issued by Scottish Ministers. 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.

For the 2016/17 review period, the Chief Executive of The Grampian Health Board has confirmed that he 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. Likewise the council in its annual review of its governance arrangements in line with the CIPFA code is satisfied that these remain fit for purpose, notwithstanding the challenges facing all public sector bodies in the period ahead.

ANNUAL GOVERNANCE STATEMENT

Internal Audit

Internal Auditing is defined in the Public Sector Internal Audit Standards (PSIAS) as an independent, objective, assurance and consultancy activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Its mission, therefore, is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.

The Chief Internal Auditor to the MIJB was formally appointed in March 2016 for a period of two years. The Chief Internal Auditor has responsibility for MIJB's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The requirement of the appointment is to report to the Audit and Risk sub-committee on the proposed annual audit plan, the ongoing delivery of the plan as well as reporting on the outcome of reviews undertaken and to submit an annual report.

In February 2017, the Internal Auditors for The Grampian Health Board, PricewaterhouseCoopers, carried out a review across all three Grampian integration joint boards in relation to two of the nine national health and wellbeing outcomes.

The review produced a low risk report with two medium risk findings around staff governance. MIJB acknowledges these findings and plans are in place as part of continuing and future development. Other risks identified during the review were in connection with aligning the strategic priorities of the MIJB with available budgets. MIJB has an existing awareness of the improvements required in relation to the outcome and work is planned to address this through further developing financial reporting formats and refreshing the Strategic Plan.

During the year, Internal Audit carried out a limited programme of works to provide the required assurances to the Audit and Risk Committee of the MIJB on the governance arrangements in year 1 and on the utilisation of funding made available by the Moray Council. A review of the Home Care Payroll system was also conducted. The Internal Audit Annual plan provided for 35 days of coverage for the MIJB during 2016/17. It has been recognised that further development and resource are required going forward to support the MIJB. 80 days of coverage have been provided for in the 2017/18 plan.

In summary, the review of the effectiveness of the MIJB's governance framework is informed by the work of the MIJB and its sub-committees, internal audit and the senior management teams.

ANNUAL GOVERNANCE STATEMENT

External Agencies

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

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

Significant Governance Issues

Securing good governance continues to be a key focus of the MIJB, its sub-committees and senior management. This is a significant undertaking within a challenging financial climate and a commitment to deliver an ambitious Strategic Plan within a medium term time frame. In the prior year, the annual governance statement identified areas of challenge in relation to progressing the objectives and principles of integration whilst working closely with Partners, achieving financial balance and ensuring established performance reporting procedures. Whilst these issues have been successfully progressed, they reflect longer term objectives and so will continue to feature as significant governance issues in future periods.

The key governance challenges going forward will involve:

- Enabling the MIJB to move forward with a balanced budget that has addressed the challenges presented as a result of a difficult financial settlement from both The Grampian Health Board and Moray Council.
- Early engagement with new MIJB Members following council elections to ensure they are appropriately inducted in order to participate appropriately in the business of MIJB.
- Working closely with all key stakeholders to progress and deliver the objectives as detailed in the Strategic Plan 2016-19.

ANNUAL GOVERNANCE STATEMENT

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.	An assurance framework will be established. This will include the development of a Local Code of Corporate Governance to reflect the requirements of the CIPFA/SOLACE guidance of 2016 and the strengthening of the methodology for monitoring and reporting governance arrangements.
2.	MIJB financial reporting formats require modification to ensure clarity for Members, stakeholders and to further assist decision making. Improvements will assist in demonstrating alignment with the strategic priorities of the MIJB and ensure Directions are issued in line with legislation.
3.	Development of a Communications and Engagement Strategy assuring the MIJB's stakeholders understand and are engaged in its work. This work is to include the development of a designated website.
4.	Development work to be undertaken and co-ordinated across Grampian to ensure that the MIJB is embedded into the strategic planning processes surrounding the Set Aside budget.
5.	Implement agreed audit reporting arrangements to provide additional assurances to the Audit and risk sub-committee.
6.	Performance reporting to made a priority during 2017/18. Work to be progressed and developed through the board performance framework.
7.	Locality Planning will be a focussed programme during 2017/18 led by intensive engagement with communities.
8.	Review and refine our procurement approach and process in-line with statutory requirements and in support of the strategic approach.

ANNUAL GOVERNANCE STATEMENT

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 and remain 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 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 nine 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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Pam Gowans

Chief Officer

Moray Integration Joint Board

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Christine Lester

Chair

Moray Integration Joint Board

28 September 2017

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost of providing services for the year ended 31 March 2017 according to generally accepted accounting practices.

2015/16		2016/17
Net Expenditure		Net Expenditure
£ 000		£ 000
	Community Hospitals	5,520
	Community Nursing	3,654
	Learning Disabilities	5,288
	Mental Health	7,405
	Addictions	823
	Adult Protection & Health Improvement	165
	Care Services Provided In-House	13,047
	Older People & Physical & Sensory Disability Services	16,267
	Intermediate Care and Occupational Therapy	1,629
	Care Services Provided by External Providers	9,946
	Other Community Services	7,169
22	Administration & Management	2,703
	Primary Care Prescribing	17,304
	Primary Care Services	14,890
	Hosted Services	3,681
	Out of Area Placements	525
	Improvement Grants	930
	Strategic Funds	875
	Set Aside	10,163
22	Cost of Services	121,984
22	Taxation and Non-Specific Grant Income (note 4)	(124,688)
0	(Surplus) or Deficit on provision of Services	(2,704)
0	Total Comprehensive Income and Expenditure	(2,704)

The Moray Integration Joint Board (MIJB) was established on 6 February 2016. MIJB assumed responsibility for the delivery of health and social care services on 1 April 2016. Consequently, the 2016/17 financial year is the first fully operational financial year for the MIJB and the figures presented above reflect this.

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.

Movement of Reserves During 2016/17	General Fund Balance £000	Total Reserves £000
Opening Balance at 1 April 2016	0	0
Total Comprehensive Income and Expenditure	(2,704)	(2,704)
Adjustments between accounting basis and funding basis Under regulations	0	0
<hr/>		
Increase or Decrease in 2016/17	(2,704)	(2,704)
<hr/>		
Closing Balance at 31 March 2017	(2,704)	(2,704)
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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 2016 £000	Notes	31 March 2017 £000
5	Short Term Debtors	2,704
5	Current Assets	
5	Short Term Creditors	0
5	Current Liabilities	
0	Provisions	0
0	Long Term Liabilities	
0	Net Assets	2,704
0	Usable Reserve: General Fund	2,704
0	Unusable Reserve:	
0	Employee Statutory Adjustment Account	
0	Total Reserves	2,704

The Unaudited Annual Accounts were issued on 29 June 2017 and the Audited Accounts were authorised for issue on 28 September 2017. The Annual Accounts present a true and fair view of the financial position of the MIJB as at 31 March 2017 and its income and expenditure for the year then ended.

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Tracey Abdy
Chief Financial Officer
28 September 2017

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 2016/17 financial year and its position at the year-end of 31 March 2017.

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 2016/17, 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Significant Accounting Policies (cont'd)

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.

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.

The MIJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation. It defers the charge to the General Fund for the Chief Officer's absence entitlement as at 31 March, for example any annual leave earned but not yet taken. The General Fund is only charged for this when the leave is taken, normally during the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Significant Accounting Policies (cont'd)

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.

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

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

Note 2 Events After the Reporting Period

The audited Annual Accounts were authorised for issue by Tracey Abdy, Chief Financial Officer on 28 September 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

NOTES TO THE FINANCIAL STATEMENTS

Note 3 Expenditure and Income Analysis by Nature

2015/16	2016/17
£000	£000
Services commissioned from Moray Council	49,346
Services commissioned from The Grampian Health Board	72,505
17 Employee Benefits Expenditure	116
5 Auditor Fee: External Audit Work	17
22 Total Expenditure	121,984
22 Partners Funding Contributions and Non-Specific Grant Income	(124,688)
(Surplus) or Deficit on the Provision of Services	(2,704)

NOTES TO THE FINANCIAL STATEMENTS

Note 4 Taxation and Non-Specific Grant Income

2015/16		2016/17
£000		£000
10	Funding Contribution from Moray Council	41,252
12	Funding Contribution from The Grampian Health Board	83,436
22	Taxation and Non-specific Grant Income	124,688

The funding contribution from The Grampian Health Board shown above includes £10.163m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by The Grampian Health Board who retains responsibility for managing the costs of providing the services. The MIJB however has responsibility for the consumption of, and level of demand placed on, these resources.

Note 5 Debtors

31 March 2016		31 March 2017
£000		£000
2.5	The Grampian Health Board	1,403
2.5	Moray Council	1,301
5	Debtors	2,704

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

Note 6 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. 1 April 2016 is the date that the MIJB assumed operational responsibility for the functions delegated to it. Accordingly, there was no transfer of reserves during 2015/16. The £2.704m transfer in to reserves relating to the 2016/17 financial year is as a result of slippage on strategic funds during the year.

2015/16				2016/17		
Balance at 1 April 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31 March 2016	Transfers Out 2016/17	Transfers In 2016/17	Balance at 31 March 2017
£000	£000	£000	£000	£000	£000	£000
0	0	(0)	(0)	Strategic Funds	(2,704)	(2,704)
0	(0)	(0)	(0)	General Fund	(0)	(2,704)

NOTES TO THE FINANCIAL STATEMENTS

Note 7 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.

There is a zero balance for the 2015/16 financial year due to the MIJB not becoming operational until 1 April 2016.

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

2015/16	2016/17
£000	£000
0 Expenditure on Agency Services	8,067
0 Reimbursement for Agency Services	8,067
0 Net Agency Expenditure excluded from the CIES	0

Note 8 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 8 Related Party Transactions (cont'd)

Transactions with The Grampian Health Board

2015/16	2016/17
£000	£000
0 Funding Contributions received from the NHS Board	(83,436)
0 Expenditure on Services Provided by the NHS Board	72,505
Key Management Personnel: Non-Voting Board Members	58
0 Net Transactions with The Grampian Health Board	(10,873)

Key Management Personnel: The Chief Officer, being a non-voting Board member is employed by The Grampian Health Board and recharged to the MIJB. Details of the remuneration of the Chief Officer are provided in the Remuneration Report.

Balances with The Grampian Health Board

31 March 2016	31 March 2017
£000	£000
3 Debtor balances: Amounts due from The Grampian Health Board	(1,403)
3 Creditor balances: Amounts due to The Grampian Health Board	0
0 Net Balance due from The Grampian Health Board	(1,403)

NOTES TO THE FINANCIAL STATEMENTS

Note 8 Related Party Transactions (cont'd)

Transactions with Moray Council

2015/16	2016/17
£000	£000
0 Funding Contributions received from the Council	(41,252)
0 Expenditure on Services Provided by the Council	49,363
Key Management Personnel: Non-Voting Board Members	58
0 Net Transactions with Moray Council	8,169

Balances with Moray Council

31 March 2016	31 March 2017
£000	£000
2 Debtor balances: Amounts due from Moray Council	(1,301)
2 Creditor balances: Amounts due to Moray Council	0
0 Net Balance due from Moray Council	(1,301)

NOTES TO THE FINANCIAL STATEMENTS

Note 9 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 10 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 2016/17 financial statements.

Note 11 Critical Judgements and Estimation Uncertainty

The critical judgements made in the financial statements relating to complex transactions are those involving uncertainty about future events. There is a high degree of uncertainty about future levels of funding for both local authorities and health boards, for which there is an inherent risk that this will impact on the MIJB. The MIJB has determined that this uncertainty is not sufficient to provide an indication that the assets of the Board might be impaired as a result or a need to close facilities and reduce levels of service provision. The level of future uncertainty and associated risk is considered as part of the Board's financial planning processes.

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the audit of the financial statements

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 2017 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 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the body as at 31 March 2017 and of its surplus on provision of services 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 2016/17 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 of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 am independent of the body 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 Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Chief Financial Officer 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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.

My objectives are to achieve 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&I) 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.

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 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 in accordance with ISAs (UK&I), my responsibility is to 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

INDEPENDENT AUDITOR'S REPORT

Report on other requirements

Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable 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).

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 auditable 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.

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29 September 2017



Produced by Moray Council