

# AGENDA ITEM

6

**Title/Subject:** Governance Action Plan  
**Meeting:** IJB Audit Committee  
**Date:** 17 December 2018  
**Submitted By:** Chief Finance Officer  
**Action:** For Decision

## **1. INTRODUCTION**

- 1.1 The purpose of this report is to present the an update on the Governance Action Plan for the Falkirk IJB.

## **2. RECOMMENDATIONS**

The Audit Committee is invited to:

- 2.1 note the updated Governance Action Plan attached as Appendix 1 to this report.
- 2.2 agree that a number of recommendations will be consolidated where appropriate and that completed actions will be removed from the plan.
- 2.3 note that a progress report will be prepared for the June 2019 Audit Committee.

## **3. BACKGROUND**

- 3.1 Guidance produced by the Integrated Resources Advisory Group states that the IJB has responsibility for reviewing the effectiveness of governance arrangements including the system of internal control.
- 3.2 Internal Audit's 2016/17 Annual Internal Audit Report, as presented to the Audit Committee in August 2017 recommended that a governance action plan, setting out a timetable for implementation, should be prepared and approved and monitored by the IJB or the Audit Committee. The Chief Officer agreed this recommendation. It was subsequently agreed that an update on the governance action plan would be presented to the Audit Committee on a six monthly basis.
- 3.3 The governance action plan was last submitted to the Audit Committee in June 2018.

#### 4. GOVERNANCE ACTION PLAN

4.1 The governance action plan for the Falkirk IJB is included at Appendix 1. The action plan presented to the Audit Committee in June has been updated to reflect progress and also to reflect the findings of the Chief Internal Auditor and the External Auditor during their respective reviews for 2017/18. The actions set out in the IJB's Annual Governance Statement within the 2017/18 annual accounts are also included.

4.2 A table summarising the position with the action plan is set out below:

|               | <b>Red</b> | <b>Amber</b> | <b>Green</b> | <b>Total</b> |
|---------------|------------|--------------|--------------|--------------|
| June 2018     | 6          | 15           | 4            | 25           |
|               |            |              |              |              |
| December 2018 | 2          | 17           | 9            | 28           |

4.3 Whilst many of the actions have a status of red or amber, significant progress has been made. Key areas of progress are:

- There has been progress made with the transfer of operational NHS services. A number of meetings and workshops have been held to consider appropriate staffing structures, governance, accountabilities and to consider services which may be subject to co-ordination arrangements in conjunction with Clackmannan and Stirling IJB. Work is progressing and a meeting of voting members will be held in January to review the position, prior to the February meeting of the IJB. The transfer of services and associated issues account for 6 of the actions in the table above.
- As noted above, a workshop to look at co-ordination arrangements for Forth Valley wide services was held which involved Falkirk IJB, Clackmannan and Stirling IJB, NHS Forth Valley, the local authorities and the Scottish Government. This helped all parties to better understand how such arrangements can work effectively and to gain a better understanding of the services under consideration. Consideration was given to how mental health services, specialist AHP services and public health could be structured moving forward.
- Revised Clinical & Care Governance arrangements have now been established and two meetings have been held. The arrangements will evolve over time.
- Workshops have been held as part of the refresh of the Falkirk IJB Strategic Plan for 2019 – 2022. These workshops have considered the updated strategic needs assessment and used this to inform the vision and priorities for the IJB.

4.3 It is proposed that the action plan is reviewed and that where appropriate actions are consolidated or removed if completed. This will help to ensure that the plan remains focussed and relevant.

- 4.4 In line with the agreed monitoring arrangements, a progress report will be submitted to the June Audit Committee. However, members of the Audit Committee may want to request an update on specific areas where considered appropriate.

## **5. CONCLUSIONS**

- 5.1 The Governance Action Plan will help to ensure that the IJB is meeting its responsibilities for reviewing the effectiveness of governance arrangements including the systems of internal control.
- 5.2 Regular monitoring of the Governance Action Plan will help to ensure that actions are taken forward effectively and timeously.

### **Resource Implications**

There are no resource implications arising from the recommendations in this report.

### **Impact on IJB Outcomes and Priorities**

Effective governance, including risk management and internal control, will be necessary to deliver the outcomes and priorities of the IJB.

### **Legal & Risk Implications**

The Governance Action Plan will be used to address known risks and will inform the Annual Governance Statement which must be produced as part of the Annual Accounts.

### **Consultation**

The Governance Action Plan has been developed between the Chief Internal Auditor and the Chief Office and Chief Finance Officer of the IJB.

### **Equalities Assessment**

No equalities issues arise from the recommendations of this report.





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Approved for Submission by: Patricia Cassidy, Chief Officer




**Author: Amanda Templeman**




**Date:** 4 December 2018

**List of Background Papers:** The papers that may be referred to within the report or previous papers on the same or related subjects.






| Action No.                  | Action   | Responsible Officer/<br>Timescale                  | Status<br>R/A/G/<br>Complete  | Progress to date  |
|-----------------------------|--|--|---|---|
| <b>Corporate Governance</b> |  |  |   |   |
| 1.                          | A formal agreement setting out the precise responsibilities of the IJBs, Forth Valley NHS Board and the Council in relation to operational activities and the exact nature of the delegation of functions to the IJBs should be developed. This agreement should clearly set out risk management responsibilities and provide clarity around the role of the CO. | Chief Execs<br><br>Chief Officer<br><br>March 2019 |    | <p>This will form part of the work on Integrated Structures which is underway.</p> <p>Significant progress has been made in establishing a set of Governance Principles for the IJB &amp; Partnership.</p> <p>It is anticipated that this set of principles will help facilitate the ongoing discussions around the roles and responsibilities of the CO and the accountabilities of the IJB etc.</p> |
| 2.                          | The March 2017 SoD should be reviewed by 31 March 2018 as partnership arrangements develop   | Chief Finance Officer<br><br>TBC                   |    | <p>The timescale for this work will be driven by the work at recommendation 1</p> <p>This will be updated once the final staffing structure for the IJB is agreed.</p>  |
| 3.                          | The Chief Officer should continue further development of partnership arrangements, including operational delegation of NHS services with Chief Executives and updates will be provided to future IJB meetings.   | As point 1 above.                                  |    | <p>As point 1 above.</p> <p>This will form part of the work on Integrated Structures work which is underway.</p>  |
| 4.                          | A comprehensive support services agreement should be completed, agreed between the constituent authorities and presented to the IJB for approval.  | As point 1 above.                                  |  | <p>As point 1 above.</p> <p>A draft paper has been prepared setting out the requirements from an IJB perspective. The teams required are being sized etc. However, clarity is required over the NHS resource transferring as part of the transfer of services.</p>  |




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|--------------|---|---|---|--|
| 5.           | As set out in the Integration Scheme, the annual review of the support function should be carried out to inform the proposed support services agreement.  | Chief Executives<br><br>Chief Officer/Chief Finance Officer |    | See section 4 above. Capacity for the Partnership remains a significant issue, recognising that IJBs were created to drive change in the health and social care system. Success of the change programme will depend on the appropriate support being made available. |
| 6.           | Formally agreed assurance arrangements should include consideration of reporting lines and the flow of assurance including any officer and governance groups in place. The Assurance Framework is in development and should clearly set out these arrangements, including how assurance is drawn from constituent authorities internal control systems. | Chief Execs<br><br>Chief Officer<br><br>March 2019          |    | This work will flow from the work underway to agree the transfer of operational services by NHS Forth Valley.  |
| 7.           | Workplans/reporting schedules should be developed for the IJB and its Standing Committees, showing when items of business require to be considered to deliver their purpose and remit of the IJB as well as any additional reporting agreed by members.   | Chief Officer   |    | The IJB forward planner has been developed and circulated to the Leadership Group for comment. The workplan for the SPG will flow from this.<br><br>A workplan has been developed for the Audit Committee.   |
| <b>Audit</b> |   |   |   |  |
| 8.           | Develop a system to monitor all audit recommendations and report on progress to the Audit Committee.  | Chief Internal Auditor<br>December 2017                     |  | As with our other IJB clients, we will follow up previous Internal Audit recommendations as part of our year end process and include our findings within the annual Internal Audit report.   |
| 9.           | Ensure that the Audit Committee receive regular progress reports on delivery of the Internal Audit Plan.  | Chief Internal Auditor<br>December 2017                     |  | A progress report will be provided to all Audit Committees and the report to end November 2018 will be presented to the December 2018 Audit Committee.   |




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|-----------------------------------|--|-------------------------------------|---|--|
| <b>Planning &amp; Performance</b> |  |                                     |   |  |
| 10.                               | Self Assessments in relation to the four Audit Scotland reports; Health and Social Care Integration (December 2015); Changing Models of Health And Social Care (March 2016); Social Work in Scotland (September 2016); NHS in Scotland (October 2016), were presented to the IJB Audit Committee in February and March 2017. Action plans should be developed from the self assessments, including identification of lead officers and timescales. Implications in relation to the recommendations should be considered as part of future delivery planning for the partnership. | Report dependent                    |    | <p>The reports noted in the original recommendation are somewhat out of date. All future reports will be the subject of a review and an appropriate action plan developed.</p> <p>Where national audit reports are produced, self assessment exercises will be carried out if appropriate.</p> <p>The December 2018 Audit Committee agenda includes the Audit Scotland Health and Social Care Integration Update on Progress report and recommends a self assessment exercise is carried out to be reported back to the Audit Committee.</p> |
| 11.                               | As highlighted in the Chief Officers report to the 30 March 2017 IJB, the Local Delivery Plan for the implementation of the Strategic Plan was scheduled to be presented to the June 2017 IJB meeting. However, to allow incorporation of work on whole system mapping and medium term planning, it was agreed that the Local Delivery Plan would be presented to a later IJB. Interim updates should be provided to the IJB through the Chief Officer's report, including updates on the outputs from the logic modelling exercise.   | Chief Officer<br>April 2019         |    | Work is underway to refresh the Strategic Plan for 2019-22. This has been reported to the IJB and SPG with joint workshops held to prepare the new plan. The revised Strategic Plan 2019-22 will be published by April 2019 and a delivery plan developed.   |
| 12.                               | Complaints information on services is presented within the Performance Reporting Framework and further discussions are ongoing about monitoring arrangements for health and integrated functions where these relate to Falkirk residents. The IJB Model Complaints Handling Procedure was approved by the 16 June 2017 IJB.  | Service Manager<br><br>October 2018 |  | <p>Since April 2017, the Social Work Adult Services Complaints Handling Procedure has been in place. The IJB CHP was also approved in June 2017.</p> <p>Social Work and NHS complaints information is included in the IJB Performance report.</p>  |



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|---------------------------------------|--|--|---|--|
| 13.                                   | Nationally, consideration is being given to the efficacy of current arrangements for delegating appropriate Large Hospital budgets, including set aside budgets, to Integration Authorities. A plan for Large Hospital Services specifically linked to the IJBs responsibilities in relation to unscheduled care should be developed and the IJB should be kept informed of any further national guidance or policy. | Chief Officer/Chief Finance Officer<br><br>Ongoing |    | <p>This area will be taken forward in line with any emerging national guidance. Updates will be presented to the IJB.</p> <p>The work in respect of Unscheduled Care is linked to the integrated structures work noted above.</p> <p>A recent return to the Scottish Government has set out a process for review of set aside arrangements. This work will commence in Summer 2018 and be reported through the UCPB, Leadership Teams and IJB.</p> <p>The work of the Scottish government and COSLA to look at barriers to integration is also expected to produce recommendations in respect of set aside arrangements.</p> <p>LIST Analysts from ISD have carried out some work in this area to look at activity in set aside specialties.</p> |
| 14.                                   | A review of the terms of reference for the Strategic Planning Group is required to ensure that this group is effective and able to fulfil its role as an advisory body to the IJB.   | Programme Manager<br><br>Complete                  |    | The terms of reference for the SPG were reviewed in consultation with the SPG. These were approved by the IJB on 5 October 2018.   |
| <b>Clinical &amp; Care Governance</b> |  |  |   |  |
| 15.                                   | The role and remit of the Clinical and Care Governance Committee is under review and should be formally approved.  | Chief Officer<br><br>Complete                      |  | <p>At the IJB meeting on 6 April 2018 the Board agreed the revised framework, terms of reference and Chair and Vice Chair for the new IJB committee for Clinical &amp; Care Governance. This will replace the Clinical &amp; Care Governance Group.</p> <p>The Group has met twice. There is constructive engagement between partners.</p>   |



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|-----------------------------|---|--------------------------------------|---|---|
| 16.                         | Neither the CCGF nor the IJB's Performance Management Framework are prescriptive with regard to provision of clinical governance assurances and therefore Clinical & Care Governance responsibilities and lines of accountability between the parties and the IJB should be clearly documented, particularly in relation to delegated services. | CCG cme leads                        |    | Work is underway to establish an agreed framework of responsibilities and lines of accountability.  |
| 17.                         | Management should liaise with the parties to ensure that appropriate Clinical & Care Governance annual assurances are provided to them.   | CCG cme leads                        |    | This will be picked up by the Clinical & Care Governance committee.   |
| 18.                         | A clear, fully resourced plan to implement the CCGF should be put in place and monitored.   | CCG cme leads                        |    | This will be picked up by the Clinical & Care Governance committee.   |
| 19.                         | The Clinical and Care Governance Framework refers to the Clinical Care Governance Group providing oversight, including review and scrutiny of 'Significant adverse events including significant case reviews. The Adverse Event Management system for the IJB should be agreed.   | CCG cme leads                        |    | Given early stage of development of the Clinical & Care Governance committee this has still to be developed.  |
| <b>Financial Governance</b> |   |                                      |   |   |
| 20.                         | There is a requirement to develop reporting in relation to set-aside budget.  | Chief Finance Officer<br><br>Ongoing |  | Discussions are ongoing with the IJB CFO section to look at the set aside budget, including reporting. There is also discussion taking place at a national level, involving the Scottish Government. The IJB will be kept informed of progress.<br><br>See action point 13. |

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|------------|--|--|--|---|
| 21.        | Standing Orders scheduled for update in November 2016 should be reviewed and updated.  | Chief Officer/Chief Finance Officer<br><br>To align with transfer of NHS services. |   | <p>Standing Orders will be reviewed and any updated required will be presented to the IJB for approval.</p> <p>A decision was taken to wait until the transfer of services from NHSFV before updating the Standing Orders.</p>  |
| 22.        | The issuing of final 2016/17 directions to Falkirk Council and NHS Forth Valley was approved by the IJB on 19 June 2017. Current directions are high level and further consideration will be required, linked to development of medium term financial strategy, and will require to consider, where applicable, the Good Practice notes. | Chief Finance Officer<br><br>April 2018  |   | <p>New Directions were issued as part of the 2018/19 budget setting process.</p> <p>Some changes have been made to the Directions but they remain fairly high level. Governance advice has been to retain the Direction at this level. However, a national review of Directions is ongoing and draft guidance has been issued. If formalised, this will significantly change the existing Directions.</p> <p>Directions will be reported with each Finance report for 2018/19.</p>  |
| 23.        | Management should ensure that the job description for the CFO is in compliance with the CIPFA statement on the role of the CFO and a process should be put in place to demonstrate annual compliance with the CIPFA statement on the role of the CFO.  | Chief Finance Officer<br><br>June 2018   |  | <p>The job description is in line with the CIPFA statement on the role of the CFO.</p> <p>The responsibilities of the CFO are set out in regard to the Annual Accounts and this must be signed off by the CFO on an annual basis.</p> <p>It is not considered necessary for an annual compliance statement to be completed. However, the CFO will be required to highlight any areas of non-compliance through regular finance reports to the IJB or an exception report to the Audit Committee and/or IJB if required.</p> |

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|------------------------|--|--|---|--|
| 24.                    | <p>Longer term budget management arrangements, especially in respect of cost sharing arrangements, need to be embedded and agreed.</p> <p>Longer term financial planning arrangements must be established.</p>   | <p>Chief Finance Officer</p> <p>Director of Finance<br/>NHS FV &amp;<br/>Chief Finance Officer<br/>Falkirk Council</p> |    | <p>Falkirk Council have outlined a draft five year financial settlement for the IJB. This requires significant savings and a Business Plan has been developed, albeit further detail is required.</p> <p>NHS FV are developing a three year financial plan.</p> <p>Early discussions have been held with partners and there is an informal agreement that the risk sharing agreement for 2017/18 will be used for 2018/19. However, this is still to be formally agreed.</p> <p>Progress to date has been reported to the IJB.</p> |
| <b>Risk Management</b> |  |  |   |  |
| 25.                    | The revised Risk Management Strategy states that where an operational risk affects multiple units and/or requires more senior leadership, it should be escalated to the senior leadership group and proposed to be treated as corporate risks. This is a change to the previous Risk Management Strategy which stated that operational risks should be escalated to the parties CMT. Management should ensure that the Risk Management Strategy as a whole, and arrangements for management of operational risks in particular, are consistent with the Risk Management Strategies of the parties. | <p>TBC</p> <p>Ongoing</p>  |    | <p>The Risk Reporting Framework sets out how risks should be reported.</p> <p>Operational risks should initially be considered within the respective partner's leadership structure, and then (if appropriate) also reported to the HSCL Leadership Team.</p> <p>The process should become more fluid and effective as the Leadership Team (and various sub groups) monitoring and reporting arrangements are embedded.</p>  |
| 26.                    | As reported to the March 2017 IJB, Lead Officers for each risk on the revised Strategic Risk Register had provided an update on their risks and should provide quarterly updates to the Leadership Group for monitoring and controls / mitigation, to the IJB Audit Committee for scrutiny and assurance and to the IJB Board for approval of the Strategic Risk Register.   | <p>TBC</p> <p>Ongoing</p>  |  | <p>The Strategic Risk Register has been updated and this has been through the Leadership Team on 12 December 2018.</p> <p>The Risk Register will be reviewed as part of the planned risk work (a separate item on the December 2018 audit committee agenda) and will come back to the audit committee in March 2019.</p>   |

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|-------------------------------|--|---|---|---|
| 27.                           | As agreed by the March 2017 IJB, a Risk Improvement Plan should be developed by October 2017 and should be reviewed 6-monthly by the Leadership Group, with updates provided to the IJB Audit Committee and the IJB.                                   | TBC<br><br>TBC                            |  | Plans are in place for a full review of the Risk Management Strategy in line with the deadline of March 2019.   |
| <b>Information Management</b> |  |   |   |   |
| 28.                           | During 2018/19 work will commence on the transfer of data to a new social work management system. This will have a significant impact on all social work processes and procedures and will improve the management information available in the future. | Head of Adult Services<br><br>Winter 2019 |  | <p>Work is progressing well and the project plan is being adhered to.</p> <p>Data cleansing and review is taking place with support from Falkirk Council's Information Governance Manager.</p> <p>Data migration is being tested as is system functionality.</p> <p>The project aims to have the system in place by the end of 2019/early 2020.</p> |