

## **Agenda Item 8**

### **Governance Statement Improvement Actions**



## Falkirk Integration Joint Board Audit Committee

11 March 2022

### Governance Statement Improvement Actions

#### For Noting

## 1. Executive Summary

- 1.1 This report provides an update on progress to implement a range of improvement actions identified through the annual governance statement and from various internal and external audit recommendations.

## 2. Recommendations

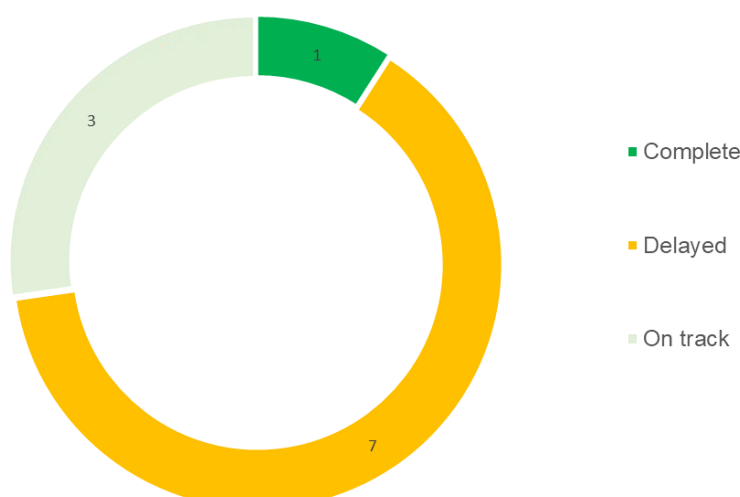
The Audit Committee is asked to:

- 2.1 Note the progress report on improvement actions.

## 3. Background

- 3.1 As part of the annual accounts, the governance statement identifies a range of improvement actions designed to enhance the IJB's governance arrangements and system of internal control (including recommendations from both internal and external audit).
- 3.2 In order to track progress against the action plan, it was agreed at the last Audit Committee meeting that a regular update would be provided as a standing agenda item from December 2021 onwards.
- 3.3 There are 11 live improvement actions at this point (see appendix 1). It is clear that the ongoing impact of the pandemic has continued to impact on deadlines with 7 of the actions delayed. A high level summary of the current status of all 11 actions is presented below:

Current status of all improvement actions/recommendations



## 4. Conclusions

- 4.1 Regular quarterly reports will be provided to all future audit committee meetings to update on progress to implement all outstanding improvement actions identified through governance statement (including internal and external audit recommendations as appropriate).

### Resource Implications

There are no resource implications arising from the report recommendations.

### Impact on IJB Outcomes and Priorities

The production and audit of annual accounts is a statutory requirement of the IJB.

### Directions

A new Direction or amendment to an existing Direction is not required as a result of the recommendations of this report.

### Legal & Risk Implications

There are no immediate legal or risk implications arising from the report recommendations. Provision of regular progress reports provides a means to monitor performance and to enable timely corrective action to be implemented (including escalation of issues as part of the IJB's risk management arrangements).

### Consultation

No consultation is required on this report. The audited accounts, including the annual governance statement are publicly available online.

### Equalities Assessment

There are no equality implications arising from the report recommendations.

## 5. Report Author

- 5.1 Jillian Thomson – Chief Finance Officer

## 6. List of Background Papers

- 6.1 N/A

## 7. Appendices


**Appendix 1:** IJB Governance Statement Improvement Action Status Report

## APPENDIX 1: Governance Statement Improvement Actions Status Report

Ref	Improvement Action	Responsible Officer	Implementation Date	Current Status	Status
1	Implementation of statutory guidance regarding set aside services in collaboration with NHS Forth Valley and Clackmannanshire and Stirling IJB.	IJB CFOs, NHS Director of Finance	31 March 2022	<b>On track.</b> Work to confirm the baseline set aside budget has resumed and relevant medical staffing budgets within large hospital services were identified and agreed in January 2022. Further work is required to identify relevant AHP staffing budgets and to revisit the baseline bed capacity and how this is likely to change over time in line with the IJB's strategic plan.	↑
2	Implementation of the CIPFA Financial Management code.	Chief Finance Officer	31 Mar 2022	<b>Delayed.</b> The self-assessment originally targeted for completion by end Dec 2021 has been delayed due to workload pressures. This is now expected to be completed by end March 2022 with any required action plan to be presented for approval to the HSCP Senior Leadership Team on 8 April 2022.	↓
3	<b>Internal Audit:</b> review of risk management framework and how this is linked to those of partners (including partner resources to support IJB risk management)	Chief Officer, Chief Finance Officer, Falkirk Council Chief Executive and NHS Forth Valley Chief Executive	31 Mar 2022	<b>On track.</b> The findings of the internal audit review were considered by the audit committee in Dec 2021 and the associated action plan is currently being developed for approval by the HSCP Senior Leadership Team on 10 March 2022 and will be presented to the Audit Committee thereafter for review and ongoing monitoring.	↑
4	<b>Internal Audit:</b> review of Directions – specifically the extent to which Section 3 (Process for Issuing Directions), Section 4	Chief Officer and Chief Finance Officer	31 Mar 2022	<b>On track.</b> The review of compliance with statutory guidance on Directions formed part of the 2020-21 Internal Audit workplan agreed by the Audit Committee on 6 March 2020. The field work, originally scheduled for late 2020-21, was delayed due to Covid and was carried forward to 2021-22.	↑


Ref	Improvement Action	Responsible Officer	Implementation Date	Current Status	Status
	(Form and Content of Directions) and Section 5 (Process for Issuing and Revising Directions) of the Guidance are being applied.			The review is now expected to be carried out in the final quarter of 2021/22. Terms of reference for the review have been drafted and are awaiting approval by the Chief Officer and Chief Finance Officer.	
5	<b>External Audit 2018-19 recommendation:</b> Board members need to be clear about their corporate responsibilities to the IJB, and demonstrate the leadership needed to deliver the necessary change and make key decisions about the future shape of services.	IJB Board Members, Chief Officer and Chief Executives of Falkirk Council and NHS Forth Valley	30 June 2022	<p><b>Delayed.</b> To date, three externally facilitated collaborative leadership sessions have taken place in a bid to develop how the IJB and its constituent authorities can work together to accelerate integration and achieve a common understanding of roles and responsibilities. The output of the sessions highlighted that further work is required, however a series of follow up sessions planned for 2021/22 have been delayed due to Covid.</p> <p>The completion of the review of the integration scheme and potential changes to composition of IJB post local elections will provide an opportunity to revisit and reinforce clear roles and responsibilities.</p>	↔
6	<b>External Audit 2019-20 recommendation:</b> The IJB must review the 5 Year Financial Plan, and Strategic Plan, to respond to the impact of the global pandemic. This should include an	Chief Finance Officer	31 Mar 2022	<p><b>Delayed.</b> The IJB's Medium Term Financial Plan is currently being reviewed to reflect the post pandemic operating environment, the forthcoming refresh of the IJB's strategic plan and a number of significant policy developments in relation to adult social care.</p> <p>An initial draft is expected to be available by end March 2022 for presentation and approval by the IJB in June 2022. The Medium Term Financial Plan is intended to</p>	↓




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	assessment about the appropriateness and achievability of savings moving forward.			be a live, dynamic document that will be regularly updated.	
7	<b>External audit 2019-20 recommendation:</b> Falkirk IJB and partner bodies should take further steps to allow for full integration, in line with the expectation of the MSG and Audit Scotland. The MSG draft improvement plan should be finalised and follow up reports presented to the Board on a regular basis to allow for appropriate governance overview regarding integration.	Falkirk IJB Chief Officer, Falkirk Council Chief Executive and NHS Forth Valley Chief Executive	31 March 2022	<p><b>Delayed.</b> It is recognised that the overall pace of change has been slow and further work is necessary to achieve full integration of services.</p> <p>Recent progress has been made in relation to compliance with the set aside legislation/statutory guidance (see item 1 above) and transfer of operational management responsibility of several healthcare services (see item 10 below).</p> <p>Further clarity is required in terms of the status of the MSG improvement plan.</p>	↔
8	<b>External Audit 2019-20 recommendation:</b> The IJB should ensure that risk sharing is embedded into the integration scheme which is due to be	Falkirk Council Chief Executive and NHS Forth Valley Chief Executive	31 March 2022	<p><b>Delayed.</b> The Integration Scheme was due to be reviewed by November 2020 in line with legislative requirements, however this has been delayed due to Covid.</p> <p>A working group has been reconvened and the following areas in the integration scheme will be</p>	↔

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	formally reviewed by November 2020. This will allow for longer-term financial management.			<p>prioritised for review:</p> <ol style="list-style-type: none"> <li>1. Governance - the Council has proposed an increase in the number of voting members from 3 to 4.</li> <li>2. Operational delivery arrangements and the role of the Chief Officer is to be updated in the scheme to better describe the position and reflect progress made in this area.</li> <li>3. Finance – key focus will be on risk sharing. However the opportunity will also be taken to expand on general financial governance arrangements within the scheme.</li> </ol> <p>Further work and formal agreement will be required in relation to how hosting arrangements are included in the scheme (see item 10 below).</p>	
9	<b>External Audit 2019-20 recommendation:</b> The IJB should conduct a self-assessment against Best Value guidance to allow it to demonstrate to the Board key requirements are in place. Results can be considered in conjunction with the MSG integration	Falkirk IJB Chief Officer	30 Sept 2021	<p><b>Complete.</b>  Due to the impact of the pandemic, it was agreed that work in this area would be undertaken during 2020-21 supported by External Audit.</p> <p>In performing the assessment, External Audit placed reliance on the wider scope work and the IJB's evidence submitted as part of the recent Falkirk Council Best Value Assurance audit. The assessment is reported within the <a href="#">IJB's 2020/21 annual audit report</a> (exhibit 4 page 27) published on 1 October 2021.</p>	

Ref	Improvement Action	Responsible Officer	Implementation Date	Current Status	Status
	improvement plan to further embed integration with the partnership.				
10	<b>External Audit 2020/21:</b> The IJB and its partners must ensure that planning and operational management responsibility is transferred for remaining services (including Primary Care), to allow the benefits of integration to be achieved.	IJB Chief Officer and NHS Forth Valley Chief Executive	31 March 22	<p><b>Delayed.</b> Discussions are ongoing with both IJB Chief Officers and the Chief Executive of NHS Forth Valley to finalise the transfer of operational management responsibility for all outstanding healthcare services. Recent progress has been made in relation to the transfer of administrative staff based in community healthcare settings with corresponding budget transfers expected to be actioned in Feb 2022.</p> <p>Further work is required to formally agree hosting arrangements in respect of healthcare services which have historically been delivered on an area wide basis as opposed to a locality basis. This includes Primary Care, Specialist Mental Health Services and Health Improvement Services. Ellen Hudson, NHS Forth Valley Deputy Nurse Director will lead a review of Health Improvement Services to determine if hosting is appropriate for this service (it was originally planned for this to be hosted by Falkirk IJB). It is intended that Specialist Mental Health Services will be hosted by Clackmannanshire and Stirling IJB, however further discussion is required to ascertain how that will work in practice and how each IJB will retain strategic oversight/planning.</p>	↔



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11	<b>External Audit 2020/21:</b> The IJB should ensure that the revised integration scheme establishes arrangements for key support areas.	Falkirk IJB Chief Officer, Falkirk Council Chief Finance Officer and NHS FV Chief Officer	31 March 22	<b>Delayed.</b> Formal agreement of the provision of corporate support functions to the IJB by Falkirk Council and NHS Forth Valley is required, particularly in relation to planning, procurement, finance, HR, programme management, admin support and risk/resilience. The review of the integration scheme provides an opportunity to formalise these corporate support arrangements (not necessarily within the integration scheme itself but through a separate service level agreement) however this has been delayed due to Covid.	

Key rating	No change		On track		Delayed	
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