

# Notice of Meeting and Agenda



## Midlothian Integration Joint Board - Audit and Risk Committee

**Venue:** Virtual Meeting,

**Date:** Thursday, 10 June 2021

**Time:** 14:00

**Morag Barrow**  
**Chief Officer**

**Contact:**

**Further Information:**

This is a meeting which is open to members of the public.

## **1 Welcome, Introductions and Apologies**

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## **2 Order of Business**

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Including notice of new business submitted as urgent for consideration at the end of the meeting.

## **3 Declaration of Interest**

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Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

## **4 Minute of Previous Meeting**

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- 4.1** Minute of Meeting held on 4 March 2021 – For Approval. 3 - 10

## **5 Public Reports**

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- 5.1** Midlothian IJB Internal Audit Annual Assurance Report 2020/21 – Report by Chief Internal Auditor. 11 - 24
- 5.2** Midlothian IJB Annual Governance Statement 2020/21 – Report by Chief Officer. 25 - 32
- 5.3** Midlothian IJB Draft Unaudited Annual Accounts 2020/21 – Report by Chief Finance Officer. 33 - 82
- 5.4** Midlothian IJB Audit and Risk Committee Annual Report 2020/21 and self-assessments - Report by Chair. 83 - 100
- 5.5** Risk Register – Report by Chief Officer, Place (To Follow)
- 5.6** Midlothian IJB Recommendations Internal Audit Follow-Up Review Completed Actions– Report by Chief Internal Auditor. 101 - 110

## **6 Private Reports**

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No private reports to be discussed at this meeting.

## **7 Date of Next Meeting**

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The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee will be held on **Thursday 2nd September 2021 at 2.00 pm.**

Clerk Name:	Mike Broadway
Clerk Telephone:	0131 271 3160
Clerk Email:	Mike.Broadway@midlothian.gov.uk

# Midlothian Integration Joint Board



Meeting	Date	Time	Venue
Audit and Risk Committee	Thursday 4 March 2021	2.00pm	Virtual Meeting held using MS Teams.

## Present (voting members):

Cllr Jim Muirhead (Chair)	Carolyn Hirst	Councillor Russell Imrie
Pam Russell (Independent Member)		

## Present (non-voting members):

Claire Flanagan (Chief Finance Officer)	Jill Stacey (Chief Internal Auditor)	Alison White

## In attendance:

Stephen Reid (EY, External Auditor)	Chris Lawson (Risk Manager)	Mike Broadway (Clerk)

## Apologies:

Councillor Derek Milligan	Mike Ash	Morag Barrow (Chief Officer)

## Audit and Risk Committee

Thursday 4 March 2021

### 1. Welcome and introductions

The Chair, Councillor Jim Muirhead, welcomed everyone to this virtual meeting of the Audit and Risk Committee, in particular Councillor Russell Imrie, who was substituting for Councillor Derek Milligan, and also Alison White who was substituting for Chief Officer, Morag Barrow.

### 2. Order of Business

The order of business was as set out in the Agenda.

### 3. Declarations of interest

No declarations of interest were received.

### 4. Minutes of Meeting

- 4.1 The Minutes of Meeting of the Midlothian Integration Joint Board Audit and Risk Committee held on 3<sup>rd</sup> December 2020 was submitted and approved as a correct record.

### 5. Public Reports

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<b>5.1 Risk Register – Report by Risk Manager</b> The purpose of this report was to provide the Audit & Risk Committee with an update on the MIJB Strategic Risk Profile and the actions being taken to identify and manage risk in order to ensure the successful delivery of the MIJB's key objectives, as detailed in the Strategic Plan. The report also provided the Committee with an overview of the MIJB's operating context taking account of current issues, future risks and opportunities.	(a) Noted the current Strategic Risk Profile; (b) Noted the updates provided on the risk control measures and the progress being made to address all risks; and (c) Confirmed that, otherwise, the risks contained in the Strategic Risk Profile reflected the current risks/opportunities facing the MIJB.	Risk Manager	Next update report on MIJB Strategic Risk Profile scheduled for June 2021

## Audit and Risk Committee

Thursday 4 March 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
The Committee, having heard from Risk Manager, Chris Lawson, who responded to Members' question and comments, discussed issues arising from the current strategic risk profile, in particular the most significant issues and risks highlighted in the report.			
<p><b>5.2 Guidance for Auditors – Covid-19 - Letter from Elma Murray, Interim Chair, Accounts Commission</b></p> <p>The purpose of this letter was to bring to the Committee's attention two new guides for Auditors produced by Audit Scotland in relation to Covid-19. The first being '<i>Balancing the budget in councils</i>' and the second '<i>Going concern in councils</i>'.</p> <p>The letter explained that the reason for highlighting these particular publications was because they related to the Commission's longstanding interest in the essential importance of effective leadership, good governance and strong financial management for councils. But also, because they recognised the challenges of delivering these key Best Value obligations in the context of Covid-19. The Commission would be encouraging local auditors to use these guides as a basis for engaging with their audited bodies.</p> <p>After hearing from both the Chief Finance Officer, Claire Flanagan, and Chief Internal Auditor, Jill Stacey, the Committee acknowledged the contents of the letter.</p>	Noted the letter and Audit Scotland publications to which it related.		

## Audit and Risk Committee

Thursday 4 March 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p><b>5.3 Midlothian Integration Joint Board Annual Audit Plan Year ending 31 March 2021 - Report by EY, External Auditors.</b></p> <p>There was submitted the Midlothian Integration Joint Board Annual External Audit Plan for the financial year ending 31 March 2021.</p> <p>Stephen Reid, External Auditor, EY in presenting the Plan to the Committee explained that this Annual Audit Plan had been prepared for the benefit of IJB management and the Audit and Risk Committee, setting out the proposed work they would perform to allow them to provide an independent auditor's report on the financial statements and meet the wider scope requirements of public sector audit, including the audit of Best Value, in this the fifth year of their appointment. As a result of the impact of Covid-19 their appointment had been extended by a further 12 months to include the financial year 2021/22.</p> <p>The Plan outlined the key areas and challenges in the current year including the financial sustainability, value for money and the identification of significant audit risks. Also included within the Plan was a timetable on the key phases of the audit for 2020/21. Thereafter Stephen Reid responded to Members' questions and comments.</p>	Approved the Annual External Audit Plan 2020/21.	External Auditor, EY	External Audit Annual Report 2020/21 scheduled for September 2021

## Audit and Risk Committee

Thursday 4 March 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p><b>5.4 MIJB Internal Audit Annual Plan 2021-22 – Report by Chief Internal Auditor.</b></p> <p>The purpose of the report was to present for the Committee approval the proposed Internal Audit Plan for 2021/22; a copy of which was appended to the report.</p> <p>The report advised that the Public Sector Internal Audit Standards (2017) require the Chief Internal Auditor to develop a risk-based audit plan which sets out the priorities for the Internal Audit activity during the year in order to enable the Chief Internal Auditor to prepare the annual opinion on the adequacy of the overall control environment of the Midlothian Integration Joint Board. These priorities needed to be consistent with the MIJB's goals and objectives as set out in the Strategic Plan.</p> <p>Having heard from Chief Internal Auditor, Jill Stacey, who responded to Members' questions and comments, the Committee in discussing the Plan and the importance of the work being undertaken by Internal Audit, welcomed the suggested use of self-evaluation/informal training as a mean of assisting Members in carrying out their scrutiny role.</p>	<p>Approved the Internal Audit Annual Plan for 2021/22.</p>	<p>Chief Internal Auditor</p>	<p>Mid-Term Performance against MIJB Internal Audit Plan 2021/22 scheduled for December 2021</p>

## Audit and Risk Committee

Thursday 4 March 2021

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p><b>5.5 MIJB Local Code of Corporate Governance – Report by Chief Officer.</b></p> <p>With reference to paragraph 5.6 of the Minutes of the MIJB of 13 June 2019, there was submitted a report seeking approval of an updated Local Code of Corporate Governance for the Midlothian Integration Joint Board (MIJB).</p> <p>The report explained that the MIJB's Code of Corporate Governance, summarised the key policies and procedures that were in place, providing the framework for the governance arrangements for delivering health and social care integration in Midlothian, ensuring that the MIJB operated to a high standard consistent with national guidance.</p> <p>The Chief Internal Auditor presented the report and explained the significant work that had been carried out by Internal Audit to revise the format and content of the MIJB Local Code of Corporate Governance to comply with the CIPFA/SOLACE Good Governance Framework (2016) to ensure it continued to be a value-added tool for members and officers of the MIJB in the conduct of its affairs against the seven core principles of good governance.</p> <p>The Committee, following questions to the Chief Internal Auditor, welcomed the revised Code of Corporate Governance.</p>	<p>(a) Noted the changes to the Local Code of Corporate Governance as outlined in the report;</p> <p>(b) Agreed to recommend to the MIJB approval of the updated Local Code of Corporate Governance; and</p> <p>(c) Noted that the updated Local Code will be used for the 2020/21 annual assurance process.</p>	Chief Officer	Approved by the MIJB on 8 April 2021 - Complete

## Audit and Risk Committee

Thursday 4 March 2021

### 6. Private Reports

No private business to be discussed at this meeting.

### 7. Any other business

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<b>7.1 Membership</b> The Committee having noted that Mike Ash would be retiring from his position as an NHS Lothian Board Member at the end of April 2021 and that this would therefore be his last meeting as a member of the Midlothian IJB Audit and Risk Committee joined the Chair in wishing him all the best for the future.	(a) Recorded an expression of thanks and appreciation to Mike Ash for his contributions to the work of the MIJB Audit and Risk Committee; and  (b) Noted that the necessary steps would be taken in due course to secure a suitable replacement.		

### 8. Date of next meeting

The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee would be held on Thursday 3 June 2021 at 2.00 pm.

**(Action: All Members to Note)**

The meeting terminated at 3.03 pm.



# Midlothian IJB Audit and Risk Committee



10 June 2021 at 2pm

## Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2020/21

Item number: 5.1

### Executive summary

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The purpose of this report is to present the Internal Audit Annual Assurance Report 2020/21 for the Midlothian Health and Social Care Integration Joint Board (MIJB) which includes the Chief Internal Auditor's independent assurance opinion on the adequacy of MIJB's overall control environment.

**The MIJB Audit and Risk Committee is therefore asked to consider the Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2020/21 (Appendix 1), and assurances contained therein, and to provide any commentary thereon.**

## Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2020/21

### 1 Purpose

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- 1.1 The purpose of this report is to present the Internal Audit Annual Assurance Report 2020/21 for the Midlothian Health and Social Care Integration Joint Board (MIJB) which includes the Chief Internal Auditor's independent assurance opinion on the adequacy of the arrangements for governance, risk management and internal control by the MIJB of the delegated resources.

### 2 Recommendations

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- 2.1 Members of the MIJB Audit and Risk Committee are asked to consider the Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2020/21 (Appendix 1), and assurances contained therein, and to provide any commentary thereon.

### 3 Background and main report

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- 3.1 The Midlothian Integration Joint Board (MIJB), established as a separate legal entity as required by the Act, is responsible for the strategic planning and commissioning of a wide range of integrated health and social care services across the Midlothian partnership area, based on resources which have been delegated to it by the partners, Midlothian Council and NHS Lothian.
- 3.2 The MIJB is therefore expected to operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities to ensure the achievement of the objectives of Integration. The establishment of robust Risk Management and Audit arrangements is one of the key components of good governance and will be critical to the capacity of the MIJB to function effectively.
- 3.3 The Public Sector Internal Audit Standards (PSIAS) require the MIJB's Chief Internal Auditor to prepare an annual report that incorporates the opinion on the adequacy and effectiveness of Midlothian Health and Social Care Integration Joint Board's framework of governance, risk management and control, a summary of the work that supports the opinion, and a statement on conformance with the PSIAS.
- 3.4 The Internal Audit Annual Assurance Report 2020/21 (Appendix 1) provides assurances in relation to the MIJB's corporate governance framework that is a key component in underpinning delivery of the MIJB's strategic priorities and has been used to inform the Chief Officer's Annual Governance Statement 2020/21.

## 4 Directions

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- 4.1 There are no Directions implications arising from this report.

## 5 Equalities Implications

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- 5.1 There are no direct equalities implications arising from this report.

## 6 Resource Implications

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- 6.1 There is a commitment to provide Internal Audit resource to the Midlothian Health and Social Care Integration Joint Board (MIJB) for review of the adequacy of the arrangements for risk management, governance and control by the MIJB of the delegated resources.
- 6.2 Internal Audit service is provided by Midlothian Council's Internal Audit team, which has a shared service arrangement with Scottish Borders Council including the appointed Chief Internal Auditor, with support from NHS Lothian Internal Audit team
- 6.3 The Midlothian IJB Internal Audit Annual Plan 2020/21 approved by the MIJB Audit and Risk Committee on 5 March 2020 was based on the assumption that Midlothian Council's Internal Audit function provides 70 days and NHS Lothian Internal Audit team provides 30 days to support the delivery of the Plan. The Chief Internal Auditor provided an update to the MIJB Audit and Risk Committee on 3 December 2020 on the progress being made on delivery of the 2020/21 Plan. A summary of the Internal Audit work that was undertaken during the year that supports the annual opinion is stated in Appendix 1.

## 7 Risk

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- 7.1 The PSIAS require Internal Audit to evaluate the effectiveness of the MIJB's Risk Management arrangements and contribute to improvements in the process. Key components of the audit planning process include a clear understanding of the MIJB's functions, associated risks, and potential range and breadth of audit areas for inclusion within the Plan to provide the audit opinion. Internal Audit work carried out has been risk-based and, where appropriate, has tested the management of risk by the MIJB of the delegated resources.
- 7.2 Internal Audit provides assurance to MIJB Management, Audit and Risk Committee and the Board on the adequacy and effectiveness of internal controls and governance within the MIJB, including risk management, and to highlight good practice and recommend improvements.
- 7.3 It is anticipated that improvements in the management and mitigation of risks will arise as a direct result of MIJB Management implementing the Internal Audit recommendations that are outstanding from previous years.
- 7.4 In addition to its own governance arrangements, the MIJB places reliance on the governance arrangements adopted by NHS Lothian and Midlothian Council, the partners. Where appropriate, existing mechanisms embedded within both NHS Lothian and Midlothian Council have been used to provide assurance to the MIJB.

## 8 Involving people

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- 8.1 The MIJB Chief Officer, Chief Finance Officer and Integration Manager have received the MIJB Internal Audit Annual Assurance Report 2020/21 to assist them in discharging their roles and responsibilities. The MIJB Chief Officer has been advised to take into account the work of Internal Audit and independent opinion on the adequacy and effectiveness of the governance, risk management and internal controls when completing the MIJB's Annual Governance Statement 2020/21.

## 9 Background Papers

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- 9.1 Midlothian IJB Internal Audit Annual Plan 2020/21 (approved by the MIJB Audit and Risk Committee on 5 March 2020)

<b>AUTHOR'S NAME</b>	Jill Stacey
<b>DESIGNATION</b>	MIJB Chief Internal Auditor
<b>CONTACT INFO</b>	
<b>DATE</b>	27 May 2021

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# Internal Audit Annual Assurance Report 2020/21 for Midlothian Health and Social Care Integration Joint Board

## 1 Introduction

### 1.1 The Public Sector Internal Audit Standards (PSIAS) (2017) requires that:

“The chief audit executive [MIJB’s Chief Internal Auditor] must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.”

## 2 Opinion on the Governance, Risk Management and Internal Control

### 2.1 My opinion is that the Midlothian Health and Social Care Integration Joint Board’s governance arrangements, risk management and systems of internal control are operating satisfactorily. Improvements made by Management during the year have been hindered by the effects of dealing with the significant ongoing challenges presented by the Covid-19 pandemic.

### 2.2 The MIJB operates under good public sector practice governance arrangements through its Board and Committee meetings that support scrutiny and transparency of decisions made. There is good compliance by the MIJB of the requirements of the Public Bodies (Scotland) Act 2014 and the guidance through its Directions to Partners (NHS Lothian and Midlothian Council) for the delivery of the services. The vision, strategic objectives and outcomes are reflected in the MIJB Strategic Plan 2019-2022. Work has commenced on the development of a Strategic Plan for 2022-2025. The MIJB is making continued progress towards delivering integrated Health and Social Care services but has more to do, in common with other IJBs.

### 2.3 The MIJB’s Local Code of Corporate Governance complies with the CIPFA/SOLACE ‘Delivering Good Governance in Local Government Framework’ (2016) in all significant aspects. Management have undertaken a review and assessment of the Local Code, and the updated Local Code has recently been approved by the MIJB. This will ensure it continues to be relevant and complete by reflecting the appropriate framework for effective governance of the MIJB’s business, including its role as the strategic commissioning body i.e. setting out when responsibility lies with the Board or where reliance is placed on the arrangements in place at its Partners. Governance arrangements in place are generally sound. The Management self-assessment and Internal Audit high level review of the Local Code has identified aspects of governance arrangements where some improvement is required. It is expected that these will be reflected in the Annual Governance Statement.

- 2.4 A Risk Management strategy, reporting regime and risk register highlighting the MIJB strategic risks, mitigating controls, residual risk and accompanying actions have been regularly reviewed, updated and reported during the year to the Board and its Audit and Risk Committee, the latter to fulfil its oversight role to monitor the IJB's risk management arrangements.
- 2.5 Midlothian IJB has developed a Financial Strategy covering the period 2019-2022. The Strategy recognises very significant financial challenges in future years. A rolling medium term financial plan is in place for the period 2020/21 to 2024/25, which reflects these financial challenges. Management and the Board are fully aware that significant action has to be taken to bring future budgets into balance and achieve financial sustainability over the medium-term. The budget monitoring process is sound in that the Board receives a financial report on a quarterly basis by consolidating financial data held within Midlothian Council's and NHS Lothian's financial systems. Information is provided at a very high level reflecting the strategic governance role of the Board.
- 2.6 A one year interim Workforce Plan for 2021/22 has been completed, following the template and guidance issued by Scottish Government, and was submitted to Scottish Government in April 2021 for review. The Midlothian Health and Social Care Partnership has workforce plans in place for most delegated services. These plans require further development.
- 2.7 Performance monitoring arrangements have been developed to monitor the performance of Health and Social Care services in Midlothian though these are the delivery Partners own performance measures. The indicators reported to the Board will provide a sense of progress in some areas although they will not provide the full picture of whether integration is being achieved. Improvement is ongoing to align the performance measures in the MIJB's Performance Management Framework to key priorities and outcomes of the Strategic Plan.
- 2.8 Further improvements in governance, risk management and internal control will be made by Management through the full implementation of previous Internal Audit recommendations. Internal Audit will continue to follow-up on their implementation and present progress reports.

### **3 Scope of the Internal Audit Annual Plan 2020/21**

- 3.1 We summarise below the work we have undertaken to obtain assurances over the arrangements in place for each area considered and our conclusions on the effectiveness and appropriateness of these arrangements.

#### **Local Code of Corporate Governance**

- 3.2 In considering the delivery of integrated services we confirmed the MIJB's Corporate Governance arrangements with the IJB Chief Officer and Integration Manager and we carried out a high level review of the Local Code of Corporate Governance to assess compliance with the requirements of the seven core principles set out in the 2016 CIPFA/SOLACE Framework and identified where some improvement is required:
- clarity of roles and responsibilities including arrangements for the operation of Standing Orders;
  - behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
  - ensuring openness and comprehensive stakeholder engagement;
  - defining outcomes in terms of sustainable economic, social, and environmental benefits;
  - determining the interventions necessary to optimise the achievement of the intended outcomes;
  - developing the entity's capacity, including the capability of its leadership and the individuals within it; and
  - implementing good practices in transparency, reporting, and audit to deliver effective accountability.

### **Strategic Planning and Directions**

- 3.4 In considering the delivery of integrated services we attended the MIJB meetings to observe planning, approval, monitoring and review activity of Midlothian Health and Social Care Partnership business and performance. We also assessed arrangements in place to deliver services to meet the needs of service users and the strategic priorities for health and social care integration set out in the Strategic Plan.

### **Risk Management**

- 3.7 We carried out an assessment of processes for managing and monitoring risks to determine the effectiveness of arrangements for managing the effect of uncertainty on the strategic objectives of the MIJB.

### **Financial Management**

- 3.5 We carried out an assessment of processes associated with the financial planning of the resources delegated to the partnership and the monitoring and reporting of financial activities in a transparent manner in accordance with best accounting practice.

### **Workforce Development**

- 3.3 We assessed progress made with the development of workforce plans within the Midlothian Health and Social Care Partnership to deliver services to meet service users' needs as set out in the Strategic Plan.

### **Performance Management**

- 3.6 We carried out audit work to determine the effectiveness of performance management arrangements to demonstrate continuous improvement and deliver a high quality of service for users. This included consideration of whether there is appropriate alignment of performance measures in the MIJB's Performance Management Framework to key priorities and outcomes of the Strategic Plan 2019 – 2022 and the evidence of improvement of health and wellbeing within Midlothian through integrating health and social care services. Review and evaluate the data and processes to produce the annual performance report required by the Scottish Government.

### **Annual Audit Work**

- 3.8 Furthermore Midlothian Council's Internal Audit resources were also deployed in undertaking the following Annual Audit work for the MIJB during the year:
- **Recommendations Follow-Up Review** (Undertake two reviews. Refer to Section 5 below).
  - **Administration of Audit Scotland Reports** (Monitor publication of Audit Scotland reports and co-ordinate submission by Management of relevant Audit Scotland Reports to the MIJB Audit and Risk Committee / Board).
  - **Audit Committee Self- Assessment** (Provide assistance to Chair in undertaking a self-assessment of the MIJB Audit and Risk Committee against the CIPFA best practice guidance).
  - **Attendance at Boards / Committee** (Prepare for and attend MIJB Board / Audit and Risk Committee meetings).
  - **Planning for 2021/22** (Renew risk assessment, develop and consult on coverage within the MIJB Internal Audit Annual Plan 2021/22).
- 3.9 For assurance purposes the MIJB Audit and Risk Committee was made aware of reports by other bodies that relate to the business of the MIJB including those by the Partners' Internal Auditors, Audit Scotland and other national scrutiny and audit bodies.

## 4 Summary Findings and Conclusions arising from Delivery of the Internal Audit Annual Plan 2020/21

### 4.1 Local Code of Corporate Governance

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

- 4.1.1 The Integration Joint Board is a legal entity in its own right and as a public body it should operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities.
- 4.1.2 A Local Code of Corporate Governance and Standing Orders have been approved by the Board. These documents encapsulate the public sector good practice principles and by following them the Board demonstrates sound governance arrangements.
- 4.1.3 The IJB Chief Officer and Integration Manager have undertaken a review and assessment of the MIJB Local Code of Corporate Governance, facilitated by Internal Audit. The updated Local Code was endorsed by the MIJB Audit and Risk Committee on 4 March 2021 prior to its approval by the MIJB Board on 8 April 2021.
- 4.1.4 We conducted a high level review of the MIJB's updated Local Code of Corporate Governance and consider that the Governance arrangements are generally sound, although there is some scope for improvement in compliance with some parts of the CIPFA/SOLACE Framework. It is expected that these will be reflected in the Annual Governance Statement.
- 4.1.5 We have made no recommendations in respect of the corporate governance arrangements of the Integration Joint Board in this report.

Conclusion: Governance arrangements in place are generally sound. The Management self-assessment and Internal Audit high level review of the Local Code of Corporate Governance has identified aspects of governance arrangements where some improvement is required. It is expected that these will be reflected in the Annual Governance Statement.

### 4.2 Internal Control and Governance – Strategic Planning and Directions

Delivering integrated services which are effective and efficient requires an agreed formal statement of the MIJB's vision and intended outcomes and plans as well as exercising strategic leadership to deliver those outcomes.

- 4.2.1 Our attendance at virtual Board meetings and review of the Minutes of meetings which we did not attend continues to indicate that strong strategic leadership is in place and that the Health and Social Care partners are working together in a constructive way.
- 4.2.2 During the year, development began on a new vision and values for the Strategic Plan 2022-2025. Community engagement will continue to be at the heart of developing the new Strategic Plan in line with good practice.
- 4.2.3 In our 2018/19 report we noted that linkages within the Strategic Plan to the national outcomes set out by Scottish Government were not particularly clear, making it difficult to relate local objectives to national objectives. We recommended that: *Linkages within the Strategic Plan should clearly relate local objectives to national objectives. Linkages between Directions and the Delivery Plan should be established.*

It was agreed that linkages would be incorporated within the Annual Delivery Plan 2020/21, other detailed action plans, and Directions, as appropriate, to articulate the Strategic Plan. No annual Delivery Plan was produced for 2020/21, as this has been replaced by the Update to Strategic Plan 2020/21; linkages remain unclear. The current intention for future years is that the Strategic Plan 2022-2025 will be linked to both Directions and detailed Action Plans.

- 4.2.4 We also recommended in 2018/19 the following: *The Annual Delivery Plan should contain more detail regarding action to be taken in terms of what is to be done as well as how, by when and by whom it is to be achieved. How outcomes are to be measured should also be defined.* Annual Delivery Plans have been replaced by one year updates to the Strategic Plan. When producing Action Plans due regard will need to be given to implement the above recommendation.
- 4.2.5 Legislation requires that the specification of what action the delivery partners are required to undertake are set out in formal instructions, referred to as Directions. We reviewed the Directions issued by the MIJB for 2020/21 and noted that: Whilst high level and not prescriptive nevertheless they follow the Good Practice Note on Directions issued by the Scottish Government in terms of their form and content and do seek to provide as much clarity as possible about the changes which need to take place in the design and delivery of services; There are no clear linkages to relevant National Health and Wellbeing Outcomes or other MIJB Plans. It is not clear whether the Directions cover all aspects of the Strategic Plan; Directions are not consistently supported by project plans which are more prescriptive in nature and contain the detail necessary to achieve the required outcome; Outcomes in all instances are not properly specified in quantifiable terms.
- 4.2.6 In common with other Integration Joint Boards, an incremental approach to service change is being taken. A significant challenge that the MIJB still faces is the lack of a masterplan which describes what a successfully integrated service should look like. The absence of a masterplan could lead to the development of services that do not fit together as well as they otherwise might have done.
- 4.2.7 Action required by Management is clearly identified, understood and ongoing, including the full implementation of Internal Audit recommendations from previous years.

Conclusion: The MIJB is demonstrating strategic leadership by developing and clearly communicating its purpose and vision and its intended outcomes for service users. The vision, strategic objectives and outcomes are reflected in the Strategic Plan 2019-2022. The MIJB is making continued progress towards delivering integrated Health and Social Care services but has considerably more to do.

### 4.3 Risk Management

Risk management is a process of identifying potential risks to the achievement of objectives in advance, analysing them and taking precautionary steps in order to mitigate those risks, thus managing the effect of uncertainty on objectives.

- 4.3.1 Risk management is an important and integral part of good governance and a system of internal controls. It is crucial that risks to the achievement of outcomes are identified and managed.
- 4.3.2 The MIJB has an approved Risk Management Policy in place which sets out the risk management framework and process, roles and responsibilities, as well as monitoring arrangements.

- 4.3.3 Risk management is an integral part of all activities and must be considered in all aspects of decision making. The standard template for decision-making reports to the MIJB and its Committees includes a section on implications covering risk. When taking a longer-term view with regard to decision making, risks associated with the potential conflicts between the MIJB's intended outcomes and short-term to medium term financial constraints are not particularly well expressed.
- 4.3.4 The MIJB needs to gain assurance on risks associated with delivering services through the partners. Midlothian has recognised that the risks facing the MIJB are those which relates to the MIJB's own business. Operational risks facing the partners are the concern of the partners except and until a partner risk becomes so significant that it would impact upon the MIJB's Strategic Plan. Implicitly this is recognised in the Risk Management Policy in that the partners should regularly bring the relevant risks to the attention of the MIJB.
- 4.3.5 The MIJB maintains a risk register which is reviewed regularly by the relevant risk owners, scrutinised by the MIJB Audit and Risk Committee at its quarterly meetings and reported every quarter to the Board to ensure that MIJB is kept informed of its key risks and the actions undertaken to manage these risks. The risk register is comprehensive and responsibilities for managing individual Risks are clearly allocated.
- 4.3.6 We have made no recommendations in respect of risk management arrangements in this report.

Conclusion: Effective risk management processes are in place.

#### 4.4 Financial Management

A strong system of financial management is essential for the successful implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

- 4.4.1 Midlothian IJB has developed a Financial Strategy covering the period 2019-2022. The Strategy recognises very significant financial challenges and that a shift in approach is required using an anticipatory approach rooted in prevention rather than treatment. A rolling medium term financial plan presently covering the period 2020/21 to 2024/25 confirms the financial challenges set out in the Strategy and, based upon the assumptions made, indicates a progressively worsening financial position beyond the end of the Strategy; but does not set out in any detail how the budget will be brought back into balance, though the Board are aware that significant action has to be taken.
- 4.4.2 The IJB allocates an annual budget back to partners. The Health and Social Care Partnership operational budget management includes realigning budgets where required to capture the financial consequences of MIJB Directions or service reconfiguration with the intention of having an annual budget that supports the outcomes set out in the MIJB's Strategic Plan.
- 4.4.3 The MIJB prepares its financial statement and budget monitoring reports by consolidating financial data held within Midlothian Council's and NHS Lothian's financial systems. In the case of the Council, extraction of data is relatively straight forward as Adult Social Care expenditure is all delegated expenditure and financial transactions are held within well-defined cost centres. NHS Lothian reports along medical directorate lines which makes the extraction more difficult, although this difficulty is overcome effectively by the use of mapping tables. NHS Lothian serves four different Integration Joint Boards and, in some service areas, costs are apportioned across the MIJBs. Work is still ongoing to move towards allocating costs based on actual activity of each IJB.

- 4.4.4 The Board receives a financial report each quarter. Information is provided at a very high level with single figures provided for Health (Core, Hosted and Set Aside) and Social Care, reflecting the strategic governance role of the Board. A high level commentary is also provided.
- 4.4.5 It was not clear how the financial management procedures provide assurance that services delivered represent value for money and that resources are being used efficiently and effectively as specified in National Outcome 9. This view is supported by our work on Corporate Governance. The annual self-assessment against the updated MIJB Local Code has concluded: Value for money arrangements within the IJB require further development. In the meantime, reliance will be placed on the value for money arrangements within the partner organisations.
- 4.4.6 We have made no recommendations in respect of financial management processes in this report.

Conclusion: Medium term financial planning arrangements are in place which recognises the very significant financial challenges. The Board are aware that significant action has to be taken to bring future budgets into balance and achieve financial sustainability. The budgetary monitoring process is sound. The Board receives a financial report on a quarterly basis by consolidating financial data held within Midlothian Council's and NHS Lothian's financial systems.

#### 4.5 Workforce Development

Workforce planning is concerned with ensuring that an organisation has the right people, with the right skills, in the right place, at the right time to support the delivery of objectives.

- 4.5.1 The Scottish Government introduced a new submission timescale and delayed the publication of the 3 year workforce plans, originally outlined in the revised workforce planning guidance published in December 2019. A one year interim Workforce Plan for 2021/22 has been completed, following the template and guidance issued by Scottish Government, and was submitted to Scottish Government in April 2021. The plan reflects the strategic direction of Midlothian Health and Social Care partnership and the current strengths, opportunities and challenges. This indicates some progress with the implementation of Internal Audit recommendations from the prior year.
- 4.5.2 Integration authorities are now requested to ensure that a 3 year Workforce Plan is developed by 31 March 2022 which will cover the period 1 April 2022 to 31 March 2025. During 2021/22, the Workforce Plan will need to be reviewed and monitored on a regular basis to ensure that it is aligned to the updated MIJB Strategic Plan for 2022 - 2025 and recognises the impact of the pandemic. The Midlothian Health and Social Care Partnership has workforce plans in place for most delegated services but needs to progress these plans and the template on which they are based to ensure a consistent standard with full analysis of skills gaps and strategies for filling those gaps. Action required by Management is clearly identified, understood and ongoing, including the full implementation of Internal Audit recommendations from the prior year.

Conclusion: A one year interim Workforce Plan for 2021/22 has been completed, following the template and guidance issued by Scottish Government, and was submitted to Scottish Government in April 2021. The Midlothian Health and Social Care Partnership has workforce plans in place for most delegated services. These plans require further development. A 3 year Workforce Plan for 2022 - 2025 needs to be developed that it is aligned to the updated MIJB Strategic Plan.

## 4.6 Performance Management

Performance management is concerned with developing and maintaining a strategic and integrated approach to improving the effectiveness of the organisation in delivering a high quality of service for users which represents value for money.

- 4.6.1 The MIJB needs to ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services within the overarching objective of an integration health and social care system.
- 4.6.2 The MIJB has a clear a vision and has set out strategic objectives and outcomes in the Strategic Plan. KPIs have not been established for all objectives and outcomes. This is particularly the case for the local context; there is not full alignment of performance measures to key priorities and outcomes of the Strategic Plan. The indicators in use will provide an indication of progress in some areas although they will not provide the full picture of whether integration is being achieved. We acknowledge however that this is characteristic of IJBs generally across the whole of Scotland.
- 4.6.3 We previously recommended: *KPIs should be stated for all objectives within the IJBs' key plans (2017/18). For each of these plans, the Chief Officer should ensure that all key actions are phrased as SMART objectives (2017/18). Performance measures in the MIJB's Performance Management Framework should be more appropriately aligned to key priorities and outcomes of its Strategic Plan (2018/19).* These are all ongoing as part of the development of a robust performance framework.
- 4.6.4 Work is ongoing, though progress has been hampered during the past year, with developing a robust performance framework within which performance and outcomes will be measured and reported. The OutNav system is being developed for this purpose. Whilst OutNav can offer clear benefits particularly in terms of "telling the story" through the use of both qualitative and quantitative information it represents a risk as it has not been previously deployed in a partnership setting. The development of the performance management framework will require clarification from the Board of what information it wishes to see. Relevant KPIs will have to be agreed and decisions taken about how best to capture necessary data and how to present it. This has not yet been agreed, although we understand that IJB members will be provided with training sessions on informational needs to facilitate this.
- 4.6.5 Performance reporting to the Board remains focussed on identified Ministerial priority areas and the nine National Health and Wellbeing Outcomes indicators. The National Health and Wellbeing Outcomes are high-level statements of what health and social care partners should be attempting to achieve through integration and ultimately through the pursuit of quality improvement across health and social care. These outcomes are health based and give little insight into performance in respect of social care. Performance Reports presented to the Board for monitoring and control of achievement are referred to as Local Improvement Goals, with national comparators.
- 4.6.6 The Board usually receives performance information on a quarterly basis although this has been disrupted to some extent by the Covid-19 pandemic response.

- 4.6.7 The Board also receive a half yearly report on progress with delivering the annual Directions that sets out estimated percentage of progress rather than target outcomes and is of limited use as targets and/or delivery deadlines have not been assigned to approximately one third of the Directions.
- 4.6.8 The MIJB within its Directions does not have adequate arrangements in place for ascertaining the quality of integrated services and whether those services represent value for money. Reliance is placed on service quality reviews which are undertaken by the Partners and independent assurance gained from external inspection bodies. Coverage is therefore not as comprehensive as it should be.
- 4.6.9 The MIJB publishes an annual performance report as required by legislation which outlines progress against national Health and Wellbeing outcomes. The latest published report for 2019/20 strikes a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. Information contained in the annual performance report is provided by ISD based on data submitted by the partners. The report does not contain information concerning National Outcome 8 (*People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide*) and National Outcome 9 (*Resources are used effectively and efficiently in the provision of health and social care services*).
- 4.6.10 Every two years the Scottish Government asks over 100,000 people what they think of health and social care services. The last survey was in 2019/20. The MIJB, in common with other IJBs, have been provided with incomplete data, some of which may require revision due to changes in methodology.
- 4.6.11 Work has been ongoing for a number of years to produce a fully costed service model. This work is not yet complete and has been further delayed by the Covid19 response. Without full costing and available benchmarking data, no conclusions can be drawn over whether integrated services represent value for money. We are not aware of any other IJB that has successfully developed a fully costed service model.
- 4.6.12 The IJB is presently unable to improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that outcomes are achieved effectively and efficiently. Reliance is placed on the arrangements within the partner organisations with very little information flowing back to the IJB.
- 4.6.13 We have made no further recommendations in respect of performance management in this report. Action required by Management is clearly identified, understood and ongoing, including the full implementation of Internal Audit recommendations from previous years.

Conclusion: The development of the Performance Management Framework is ongoing and requires more work in order to be an effective mechanism to monitor delivery of integrated services.

## **5 Recommendations Follow-Up Reviews**

- 5.1 The Internal Audit Follow-up of Completed Recommendations Report, arising from the first follow-up review, was presented to the MIJB Audit and Risk Committee on 03 September 2020. This showed good progress with the completion of recommendations with evidence of improved internal controls and governance, and reduced risk; and it was noted that some previously longstanding actions from prior years' Internal Audit reviews had been completed.
- 5.2 The second review of progress by Management in implementing Internal Audit actions by the expected date was presented in the Internal Audit Recommendations Progress Report to the MIJB Audit and Risk Committee on 03 December 2020. This indicated that there was a delay with the implementation of some of the Audit Recommendations due to the significant impact of Covid-19 response. Revised due dates for the completion of all eight remaining Internal Audit actions were agreed taking account of the further work required by Management to implement these in full.

## **6 Recommendations and actions arising from Internal Audit Annual Plan 2020/21 Delivery**

- 6.1 No further recommendations are made in this report. The MIJB Audit and Risk Committee and Officers are aware of the improvements that are required to further enhance governance and reduce risk, including the commitment to the full implementation of Internal Audit recommendations from previous years as mentioned in sections 4 and 5.

## **7 Public Sector Internal Audit Standards (PSIAS)**

- 7.1 The 2020/21 self-assessment of practices against the professional standards PSIAS (2017) has indicated that Midlothian Council's Internal Audit function 'Fully Conforms' with the requirements within the 13 Assessment Areas of the Definition of Internal Auditing, the Code of Ethics, the Attribute Standards and the Performance Standards.

Jill Stacey BA(Hons) ACMA CGMA  
MIJB Chief Internal Auditor  
27 May 2021





10 June 2021 at 2pm

## Midlothian Health and Social Care Integration Joint Board Annual Governance Statement 2020/21

Item number: 5.2

### Executive summary

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The purpose of this report is to present the draft Annual Governance Statement 2020/21 of the Midlothian Health and Social Care Integration Joint Board by the Chief Officer that will be published in the Annual Report and Accounts 2020/21.

**The MIJB Audit and Risk Committee is therefore asked to:**

- a) Consider the details of the Annual Governance Statement 2020/21 for the Midlothian Health and Social Care Integration Joint Board (Appendix 1) to ensure it reflects the risk environment and governance in place to achieve objectives, and acknowledges the actions identified by Management to improve internal controls and governance arrangements; and**
- b) Approve that it be published in the Annual Report and Accounts 2020/21 of the Midlothian Health and Social Care Integration Joint Board.**

## Midlothian Health and Social Care Integration Joint Board Annual Governance Statement 2020/21

### 1 Purpose

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- 1.1 The purpose of this report is to present the draft Annual Governance Statement 2020/21 of the Midlothian Health and Social Care Integration Joint Board by the Chief Officer that will be published in the Annual Report and Accounts 2020/21.

### 2 Recommendations

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- 2.1 Members of the MIJB Audit and Risk Committee are asked to:
- a) Consider the details of the Annual Governance Statement 2020/21 for the Midlothian Health and Social Care Integration Joint Board (Appendix 1) to ensure it reflects the risk environment and governance in place to achieve objectives, and acknowledges the actions identified by Management to improve internal controls and governance arrangements; and
  - b) Approve that it be published in the Annual Report and Accounts 2020/21 of the Midlothian Health and Social Care Integration Joint Board.

### 3 Background

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- 3.1 The Midlothian Integration Joint Board (MIJB), established as a separate legal entity as required by the Act, is responsible for the strategic planning and commissioning of a wide range of integrated health and social care services across the Midlothian partnership area, based on resources which have been delegated to it by the partners, Midlothian Council and NHS Lothian.
- 3.2 The MIJB is therefore expected to operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities to ensure the achievement of the objectives of Integration. The MIJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.
- 3.3 The MIJB approved a revised Local Code of Corporate Governance in April 2021, on recommendation by the MIJB Audit and Risk Committee, which helps to ensure proper arrangements continue to be in place to meet these responsibilities. The Local Code is consistent with the principles and requirements of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) which is deemed appropriate for the MIJB under the legislative framework for integration authorities.

- 3.4 Fundamentally, Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
- 3.5 The CIPFA/SOLACE Framework urges authorities to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 3.6 Part of the MIJB Audit and Risk Committee's remit within the MIJB Standing Orders is to review the annual governance statement prior to approval. This includes to 'Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives'<sup>1</sup>.

## **4 Annual Governance Statement 2020/21**

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- 4.1 The Annual Governance Statement 2020/21 (Appendix 1), in compliance with the CIPFA/SOLACE Framework, provides details of the MIJB's Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance, and Overall Opinion.
- 4.2 In terms of overall corporate governance it is the Chief Officer's opinion that, although there are a few areas of work to be completed for full compliance with the Local Code, the overall governance arrangements of the MIJB are operating satisfactorily. The Annual Governance Statement 2020/21 is informed by the work of Internal Audit, External Audit and Inspection agencies, and existing mechanisms embedded within both NHS Lothian and Midlothian Council.

## **5 Directions**

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- 5.1 There are no Directions implications arising from this report.

## **6 Equalities Implications**

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- 6.1 There are no direct equalities implications arising from this report.

## **7 Resource Implications**

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- 7.1 The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the approved Scheme of Integration and the approved Standing Orders to make sure that public business is conducted with fairness and integrity.
- 7.2 The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

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<sup>1</sup> CIPFA guidance note for local authorities 'Audit Committees' (2018)

## 8 Risk

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- 8.1 The Annual Governance Statement 2020/21 details areas where additional work would further enhance the internal control environment, or improve risk management, and corporate governance arrangements.
- 8.2 In addition to its own governance arrangements, the MIJB places reliance on the governance arrangements adopted by NHS Lothian and Midlothian Council, the partners. Where appropriate, existing mechanisms embedded within both NHS Lothian and Midlothian Council have been used to provide assurance to the MIJB.

## 9 Involving people

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- 9.1 The MIJB Chief Officer, Chief Finance Officer and Integration Manager have undertaken the review of compliance with the 7 core principles of the updated MIJB Local Code of Corporate Governance, facilitated by Internal Audit. The findings and conclusions arising from all Internal Audit work carried out during the year to 31 March 2021 is included within the Internal Audit Annual Assurance Report 2020/21. These have been used to inform the MIJB Annual Governance Statement 2020/21.

## 10 Background Papers

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- 10.1 Midlothian Integration Joint Board Local Code of Corporate Governance (approved by the MIJB on 8 April 2021); Internal Audit Annual Assurance Report 2020/21 (considered by the MIJB Audit and Risk Committee on 10 June 2021).

<b>AUTHOR'S NAME</b>	Jill Stacey
<b>DESIGNATION</b>	MIJB Chief Internal Auditor
<b>CONTACT INFO</b>	
<b>DATE</b>	27 May 2021

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# Annual Governance Statement 2020/21

## Introduction

The Annual Governance Statement explains the MIJB's governance arrangements and system of internal control and reports on their effectiveness.

## Scope of Responsibility

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

To meet this responsibility the MIJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the MIJB's policies, aims and objectives. Reliance is also placed on NHS Lothian and Midlothian Council (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the MIJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

## The Governance Framework and Internal Control System

The Board of the MIJB comprises voting members, nominated by either NHS Lothian or Midlothian Council, as well as non-voting members including a Chief Officer appointed by the Board.

The updated MIJB Local Code of Corporate Governance (MIJB Local Code), which was approved by the Board in 8 April 2021, sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. The MIJB Local Code reflects the changing context of integration and is consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the MIJB Local Code in existence during 2020/21 included:

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law**

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the approved Scheme of Integration, which serves as the approved constitution, and Standing Orders to make sure that public business is conducted with fairness and integrity.

Reliance is placed on the values and standards set out in the codes of conduct within the employer partner organisations, which incorporate "The Seven Principles of Public Life" identified by the Nolan Committee on Standards in Public Life.

The MIJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the MIJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the MIJB Chief Officer supported by Chief Financial Officer, Chief Internal Auditor and Board Clerk as appropriate.

#### **B. Ensuring openness and comprehensive stakeholder engagement**

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plan of the Health and Social Care Partnership and Delivery Plans were developed following consultations with interested parties including members of the public.

#### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The vision, strategic objectives and outcomes are reflected in the Midlothian Health & Social Care Partnership's Strategic Plan 2019-2022 which has been updated to reflect on-going assessment of need. Implementation is underpinned by the associated Annual Delivery Plan.

Implications are considered during the decision making process within the standard report template covering Policy, Equalities, Resources, Risk, and Involving People.

#### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

In determining how services and other courses of action should be planned and delivered the partnership has a statutory responsibility to involve patients and members of the public.

The Midlothian Health & Social Care Partnership's Strategic Plan 2019-2022 is based on consultation during its review and update.

The MIJB has issued directions to the partners for service delivery and for service redesign and recommissioning in line with the transformation programme.

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The MIJB Chief Officer is responsible and accountable to the Board for all aspects of management.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the MIJB. The MIJB Chief Officer also meets regularly with representatives from the partner organisations.

Members of the MIJB Board are provided with the opportunity to attend Development Sessions relevant to their role as part of their development programme.

There is a leadership development programme for the joint management team supported by workforce plans with a key focus on team leader development.

#### **F. Managing risks and performance through robust internal control and strong public financial management**

The MIJB Chief Officer has overall responsibility for directing and controlling the partnership. The MIJB Board is responsible for key decision-making.

The MIJB has approved a Risk Management Strategy which includes: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance.

The MIJB Chief Financial Officer is responsible for the proper administration of all aspects of the Partnership's financial affairs including ensuring appropriate advice is given to the Board on all financial matters.

The MIJB's system of internal financial control is dependent upon on the framework of financial regulations, regular management information (including Revenue Budget Monitoring reports to the Board), administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

The MIJB also relies upon the partners for:

- Counter fraud and anti-corruption arrangements; and
- Management of data in accordance with applicable legislation.

## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Shared Chief Internal Auditor of Midlothian Council is the MIJB's Chief Internal Auditor to provide an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

The MIJB responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The MIJB Audit Committee is integral to overseeing assurance and monitoring improvements in internal control and governance.

Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals. An Annual Performance Report for 2020/21 is being prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2020/21 setting out the financial position in accordance with relevant accounting regulations is also being prepared.

### **Review of Adequacy and Effectiveness**

The MIJB is required to conduct, at least annually, a review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment against the MIJB's Local Code of Corporate Governance which was updated to ensure it is consistent with the principles of the CIPFA/SOLACE Framework (2016), carried out by MIJB Management; MIJB Internal Audit reports; MIJB External Audit reports; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Lothian and Midlothian Council) Internal Audit and External Audit reports.

### **Improvement Areas of Governance**

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code:

- 1 Demonstrate the linkages within the updated Strategic Plan to local and national objectives and alignment of Directions and Action Plans.
- 2 Update the Financial Strategy to address significant deficits indicated in the Medium Term Financial Plan 2020/21 – 2024/25.
- 3 Further develop the Performance Management Framework to define and align performance measures to key priorities and outcomes of the Strategic Plan.
- 4 Progress workforce plans for all delegated services and develop a 3 year Workforce Plan which is aligned to the updated Strategic Plan.

The implementation of these actions to enhance the governance arrangements in 2021/22 will be driven and monitored by the MIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2021/22 is designed to test improvements and compliance in governance.

### **Conclusion and Opinion on Assurance**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the MIJB's governance arrangements and system of internal control, while recognising that improvements are required to fully demonstrate compliance with the Local Code in order for the MIJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

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Morag Barrow  
Chief Officer MIJB  
mm 2021

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Cllr Catherine Johnstone  
Chair of the MIJB  
mm 2021



# Midlothian IJB Audit and Risk Committee



10 June 2021 at 2pm

## Midlothian IJB Draft Unaudited Annual Accounts 2020/21

Item number: 5.3

### Executive summary

*This report presents the IJB's draft (unaudited) Annual Accounts for 2020/21. The IJB is required to prepare a set of annual accounts each year a draft of these accounts must be agreed by the IJB before 30 June whereupon the draft must be published on the IJB's website and presented to the IJB's auditors for review.*

#### **Committee members are asked to:**

1. Consider the IJB's draft annual accounts
2. Recommend to the IJB that the IJB agrees the draft annual accounts for publication and audit.

## Midlothian IJB Draft Unaudited Annual Accounts 2020/21

### 1. Purpose

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- 1.1 This report presents the IJB's draft (unaudited) Annual Accounts for 2020/21

### 2. Recommendations

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- 2.1 Committee members are asked to
- Consider the IJB's draft annual accounts
  - Recommend to the IJB that the IJB agrees the draft annual accounts for publication and audit.

### 3. Background and main report

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- 3.1 The IJB is constituted under section 106 of the local government (Scotland) Act and as such must prepare a set of annual accounts. These accounts must be presented in draft for approval to either the IJB or a committee of governance of the IJB by 30th June whereupon the accounts will be presented for audit by the IJB's auditors.
- 3.2 The annual accounts contain a range of sections but breakdown into three main areas :-
- The Management Commentary. This provides a statement of the IJB's purpose and its performance against that purpose in the financial year along with a reflection on the challenges facing the IJB in the next financial year.
  - The Annual Governance Statement – which reflect on the governance of the IJB and notes any governance improvements identified by the CIA's Internal Audit Annual Assurance Report
  - A range of financial statements showing the financial position of the IJB.
- 3.3 The Audit and Risk Committee is asked to approve the attached draft annual accounts reflecting on the Management commentary, the Annual Governance Statement and the financial position

### 4. Policy Implications

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- 4.1 The framework focuses on supporting the implementation of the Public Bodies (Joint Working)(Scotland) Act 2014.

## 5. Equalities Implications

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5.1 There are no equalities implications arising from this report

## 6. Resource Implications

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6.1 There are no resource implications arising from this report.

## 7 Risks

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7.1 There are no risks associated.

## 8 Involving People

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8.1 There are no direct implications for involving people as a result of this report.

## 9 Background Papers

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9.1 None

<b>AUTHOR'S NAME</b>	Claire Flanagan
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<b>CONTACT INFO</b>	<a href="mailto:Claire.flanagan@nhslothian.scot.nhs.uk">Claire.flanagan@nhslothian.scot.nhs.uk</a>
<b>DATE</b>	June 2021

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## **Midlothian Integration Joint Board**

### **Unaudited Annual Accounts 2020/21**

The unaudited Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2020 to 31 March 2021, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and Service Reporting Code of Practice.

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## **Audit Arrangements**

Under arrangement approved by the Accounts Commission of Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the accounts of Midlothian Integration Joint Board for the period 1 April 2019 to 31 March 2021 is Stephen Reid, CA, CIPFA, Partner, Ernst and Young LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EB.

## **Management Commentary**

### **Introduction**

The management commentary provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the Midlothian Integration Joint Board (the IJB). It describes the financial performance for the financial year ended 31 March 2021 and considers those issues and risks which may impact upon the IJB's financial position in the future.

### **Impacts of COVID-19 on Service Outcomes and Integration**

The last 12 months have been extremely challenging for our citizens, staff and partners. It seems appropriate to begin with a huge thank you to all especially the staff and volunteers who have kept everything going as they managed to find new ways of supporting service-users and carers during the pandemic.

The work of the Health and Social Care Partnership (HSCP) during 2020/21 has been to minimise the disruption to services and adapt services to respond to COVID-19. The pandemic created opportunity to build further our community connections and work with people in our communities to develop strong, sustainable and supportive communities for the future.

The arrival of COVID-19 has disrupted patient journeys and service delivery in health and care settings and is delaying access to secondary care treatment which might otherwise reduce care requirements for individuals. This places higher demands on the HSCP to provide care during the wait for treatment, while it is also increasing care to maintain its low delayed discharge numbers to take pressure off acute services. Added to this is the prospect of some patients requiring post-COVID rehabilitation which services had not planned for.

Colleagues across health and social care have risen to the challenge presented by COVID-19, showing a great deal of flexibility and inventiveness in how they have altered service delivery arrangements and in stepping up the use of IT and other technologies, to maintain support to patients and clients. Those staff remobilised to other services have quickly adapted to new demands. Through necessity, barriers between health and social care are being dismantled as teams work in a more integrated way, accelerating the wider adoption of ways of working that were in place before the arrival of COVID-19.

Every member of staff has the gratitude of the IJB for their hard work in difficult circumstances and their innovative approaches to meeting patient and client needs while progressing integration. The IJB is also grateful to the communities and the individuals who volunteered their support to local action.

The following management commentary provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the Midlothian Integration Joint Board (the IJB). The management commentary outlines the key messages in relation to the IJB's financial performance for the year ended 31 March 2021 and how it has supported the delivery of the IJB's priorities. This commentary

also considers those issues and risks which we face as we strive to meet the needs of the people of Midlothian.

### **The Role and Remit of the IJB**

Midlothian IJB is an Integration Authority set up under the Public Bodies (Joint Working) Act (2014). It is a 'body corporate', that is a separate legal entity. The IJB is constituted through its Integration Scheme which was prepared by Midlothian Council and NHS Lothian and presented to Scottish Ministers in March 2015. The Integration Scheme was approved by the Scottish Parliament in June 2015 and the first meeting of the IJB took place on 20 August 2015.

The IJB's role and responsibility is to plan for the delivery of the functions that have been delegated to the IJB by Midlothian Council and NHS Lothian. These functions are:-

- Adult Social Care
- Primary Care Services (GP Practices, Community Dentists, Community Pharmacies and Community Opticians)
- Mental Health Services
- Physical and Learning Disabilities Services
- Community Health Services
- Community Hospital Services
- Unscheduled Care Services (services that are generally delivered from the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital).

The IJB assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions. The strategic plan of each IJB must be reviewed and approved by the IJB every 3 years. Midlothian IJB has approved its second Strategic Plan which covers April 2019 to March 2022. A link to the Strategic Plan is included on page 20.

### **Membership of Midlothian Integration Joint Board**

The IJB met virtually 8 times in 2020/21. There have been some changes to the membership of the IJB since the accounts for 2020/21 were published. The members of the IJB at 31 March 2021 were as follows:-

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Catherine Johnstone	Nominated by Midlothian Council	Voting Member, Chair
Carolyn Hirst	Nominated by NHS Lothian	Voting Member, Vice Chair
Angus McCann	Nominated by NHS Lothian	Voting Member

Derek Milligan	Nominated by Midlothian Council	Voting Member
Jim Muirhead	Nominated by Midlothian Council	Voting Member, Chair of Audit and Risk Committee
Mike Ash ( replaced Alex Joyce July 2020)	Nominated by NHS Lothian	Voting Member
Pauline Winchester	Nominated by Midlothian Council	Voting Member
Tricia Donald	Nominated by NHS Lothian	Voting Member
Morag Barrow	Appointed by the IJB	Chief Officer
Claire Flanagan	Appointed by the IJB	Chief Finance Officer
Alison White	Nominated by Midlothian Council	Chief Social Worker
Fiona Huffer	Appointed by the IJB	Allied Health Professionals Lead
Caroline Myles	Nominated by NHS Lothian	Chief Nurse
Hamish Reid	Nominated by NHS Lothian	General Practitioner
James Hill	Appointed by the IJB	MLC Staff Side Representative
Vacant	Appointed by the IJB	Carer representative
Vacant ( previously Ewan Aitken until October 2020)	Appointed by the IJB	Voluntary Sector Representative
Keith Chapman	Appointed by the IJB	User Representative
Wanda Fairgrieve	Appointed by the IJB	NHS Staff Representative
Johanne Simpson	Nominated by NHS Lothian	Medical Practitioner

### **The IJB's Operations for the Year**

Midlothian IJB has been operational for five years and as described in the opening section the challenge of COVID-19 has been immense. This accelerated the progress we had already made on integrating management arrangements and

frontline services. The pandemic has built on the progress made so far and build a stronger partnership between all sectors.

We continue to work towards our long-term objectives through the continuing dedication and skill of our staff; our partners in the voluntary and independent sectors; and all the informal carers and neighbours upon whom the health and care system is entirely dependent.

The planned redesign of Health and Social Care is outlined in the three year Strategic Plan 2019-2022. A link to the Strategic Plan is included in the Strategy Section below.

The work of the Health and Social Care Partnership during 2020/21, under the governance of the IJB is summarised below. However it is important to acknowledge that COVID-19 did disrupt service provision during 2020/21 as the Partnership responded to the pandemic. A strategic approach to this was taken and the IJB was involved appropriately, the Annual Governance Statement below outlines the response taken.

The IJB's Annual Performance report which provides further details on the activity of the IJB will be published in later in the year. A link to this report will be added when available on the IJB's webpage:

### **Financial Impact of COVID-19**

NHS Lothian submitted regular information to Scottish Government through the Local Mobilisation Plan (LMP) and this remains the main route for confirming the additional cost and funding required in supporting the COVID-19 response. These returns covered costs for the entirety of the Health and Social Care Partnership. There were also additional Health costs within Hosted and Set Aside services. All financial positions are after a significant amount of additional costs were supported through redeployment of existing resources in year or through additional COVID-19 funding.

Additional funding allocations have been received to meet the additional costs and the financial impact of COVID-19 in 2020/21 is covered in full and where possible staff and resources were redeployed. Detailed below are some of the main costs that were a direct consequence of the pandemic.

### **Sustainability Payments**

Since the beginning of lockdown the Health and Social Care Partnership have been supporting local social care providers by ensuring that reasonable additional costs are met through the National Principles for Sustainability and Remobilisation Payments to Social Care Providers. COSLA, Scottish Government and key partners regularly review the principles and evolving COVID situation to ensure that they are fit for purpose and service providers are supported to deliver a sustainable service. The partnership continues to work actively with individual service providers to ensure that they remain stable and sustainable. Funding to support social care has been provided via local NHS Boards from the Scottish Government with local claims that are supported being paid via Midlothian Council finance arrangements. Claims

are considered at regular Sustainability Payment Panels, attended by a variety of partnership officers. As at 31st March 2021 the panel has approved £1.4m in claims.

### **Personal Protective Equipment (PPE) and Testing**

A PPE hub was established at the start of the pandemic using staff redeployed from other areas of the HSCP. A more sustainable model has since been employed and we are now awaiting the outcome of a national review.



### **Vaccination Programme**



Midlothian Health and Social Care Partnerships are proud to be playing our part in the biggest vaccination programme the country has ever seen, to help protect the population from COVID-19.

Midlothian's COVID Vaccination Programme links with the NHS Lothian Vaccination Programme Board. There is a dedicated clinical and administrative team to develop, manage and deliver the Midlothian programme. With this support, vaccinations are being delivered in line with the Joint Committee of Vaccination and

Immunisation (JVCI) 9 category age and clinical risk related prioritisation programme.

The vaccination programme in Midlothian is making good progress and keeping pace with the national priority targets. We acknowledge the support to the vaccination programme provided by HSCP staff, Midlothian Council staff, volunteers and partners and their role in maintaining safe and effective vaccine service provision.

### **Health and Social Care Staff Bonus Payment**

Thank you payments were paid to health and social care staff as a one off thank you payment for their extraordinary services in this toughest of years. These payments included independent contractors and staff working in Adult Social Care in external providers. Actual payments to staff were between late 2020/21 and early into 2021/22. At the time of writing, for those people working in social care on a "personal assistant" arrangement, the £500 awards are still being finalised.

### **How Midlothian Managed and Remobilised Services**

As a Partnership, the top priority was the safety of patients, clients, communities and staff. In response to the situation it was important to be innovative and support clients effectively and safely during this time. Staff continued to see people face-to-face where this was clinically essential, but in order to reduce face-to-face contact, where feasible, teams made a number of changes to how they delivered services throughout the pandemic.

As well as managing changes to existing services, the Partnership also provided care and treatment to people who had contracted COVID and their families. It also provided support to partner agencies around changed provision, infection control and other requirements, including the provision of personal protective equipment (PPE) and staff testing. In addition, COVID related services had to be established, often at short notice as the pandemic escalated, such as the COVID Testing and Assessment Hub at Midlothian Community Hospital. Many staff across the Partnership were redeployed to other roles, assisting in care homes and PPE centres.

Where possible services were redesigned or adapted to give all citizens in Midlothian access to services during these unprecedented times. Some highlights are shown below:

### **Community Response**

Partnership staff were involved in the work of the Midlothian Care for People Group where members of the Community Planning Partnership and other partners coordinated a humanitarian response as a result of the UK moving to lockdown on 23rd March 2020. Statutory and voluntary sector partners sought, as far as possible, to provide essential services to the whole population and particularly to those most directly affected by the imposition of lockdown. The Midlothian Care for People Group had to operate in a complex environment keeping abreast of new guidance and rapidly changing projections of need, whilst also keeping in close touch with policies and activities at national, regional and council level.

### **Care Homes**

Midlothian's older people's care homes and the HSCP continues to build on relationships across the sector to deliver support in line with the Scottish Government guidelines on enhanced professional, clinical, and care oversight of care homes (May 2020). Part of this approach includes Midlothian HSCP to be in daily contact with our Care Homes and host a weekly support huddle at which managers from all older peoples' Care Homes participate. Each care home also receives a daily call from the Care Home Support Team as well as a weekly visit.

The Care Home Support Team has increased its capacity and now includes a dedicated Team Leader, Community Psychiatric nurses, an Occupational Therapist, general nurses, a Palliative Care nurse, a Quality Assurance officer, Social Workers and improved links to Dietetics. The team provide both a proactive and preventative support approach as well as a reactive response where care homes are in need of additional support/advice/training.

Midlothian District Nurses and the Care Home Support Team now provide 7 day support to local Care Homes from 8am to midnight. Staff training, will continue to be prioritised, as will work on the clinical support worker model. Each Care home has a live resilience plan. Care Home visiting however is restricted to essential visits only during lockdown however once restrictions are lifted and visiting reinstated, Lateral Flow Testing (LFT) will be in place to test all visitors to continue to minimise risk to residents and staff in the care homes.

Midlothian HSCP continues to work closely with partners including Midlothian Council, NHS Lothian, the Care Inspectorate and Scottish Care. The care home workforce is an area of ongoing development and this will continue to be a focus for 2021.

### **Care at Home**

Care at Home continues to be a key contributor to the HSCP vision for people to receive the right care in the right place; in their home and community as far as possible. It supports efforts to reduce length of hospital stay, as well as admission avoidance. Care at Home is currently provided by the HSCP, working collaboratively with five external providers. All six services work in partnership to coordinate the provision of over 36,664 hours of care per month. Carer recruitment and the geographical cohorting of carers have improved consistency of care and service efficiency.

Midlothian HSCP has a “Vision for Care at Home” approved by the IJB in February 2020. This includes plans to increase care at home capacity and an approach to commission for outcome focussed/person centred care.

The Care at Home service is also highly focusing on the Human Rights Framework, working to ensure that people have individualised support, are supported by a highly skilled work force, are fully informed and involved in their care provision and having a key point of contact.

The Midlothian Care at Home service is constantly striving to improve service provision and customer satisfaction. Care at Home is also increasing partnership work with other community services such as The Red Cross, Volunteer Centre and a range of community activities to keep people connected with their communities to minimise the risks of loneliness and social isolation.

### **Community Hospital Beds**

Significant changes to the configuration of Midlothian Community Hospital have been made in response to the COVID-19 pandemic. Additional beds were opened in January 2021 to increase step-down options and improve patient flow from acute hospitals, primarily The Royal Infirmary of Edinburgh. Midlothian Community Hospital is also serving as a COVID Vaccination Centre.

### **Rehabilitation and Support to People to Stay Well at Home**

All the Therapeutic Services have worked flexibly to support the immediate crisis e.g. working in the PPE hub and COVID Assessment Unit and providing care across their locality or treatment teams. Some services were halted as a result of government guidance e.g. MSK Physiotherapy and Weight Management so these staff were deployed to areas of highest clinical need. Midlothian's services are now embracing a digital first approach with investment in laptops. Services are mobilising rapidly to meet the changing needs of patients at risk of COVID, those who have COVID and those recovering from COVID.

Details of the innovative approaches adopted by Speech & Language, Dietetics, Occupational and Physiotherapy will be included in the Annual Performance Report. For all services the focus is on enabling individuals to attain their maximum level of independence, functional capacity and return to everyday occupations – self-care, productivity (domestic and work) and leisure. It is person centred and outcome focused.

### **Long- COVID**

There is not currently a dedicated team set up specifically for long COVID, however this is being monitored. There is growing evidence to indicate that there is increasing need for support to patients with more complex physical and mental health with long COVID symptoms and especially around return to work /vocational rehab.

### **Supporting People to Stay Well at Home**

A key component of Midlothian HSCP response to the pandemic has been to support people to stay well at home and avoid hospital admissions. The Community Respiratory Team , MSK physiotherapy service, GPs, social work staff, nurse support to people in homeless hostels, Ageing Well, Health Visitors, mental health and substance misuse and other services have continued to operate to support people to stay well at home. Digital first continues to be the default where appropriate. District Nursing continues to provide additional support to Care Homes and to support people at home. District nursing continues to encourage self-management of wounds and medication management.

The pandemic has had, and continues to have, a strong and long-lasting impact on mental health. Services such as the Wellbeing Service, based in GP practices, have continued to offer individual and group support to people by phone or video link. Staff support is also in place and a staff wellbeing group has been established for the HSCP.

### **Reducing Hospital Admissions and improving patient flow**

An emphasis on prevention and early intervention remains key. The Unscheduled Care Plan describes activity to reduce unnecessary admissions to hospital or A&E, to ensure that people get home from hospital as soon as they are fit to do so, and to expand community provision. The plan acknowledges the impact of COVID, both in the short and long-term.

Significant work and investment has been undertaken within Midlothian HSCP to maximise capacity within community teams and a Home First approach has been embedded. Small community teams within the partnership were brought together to deliver the Home First approach which has released clinical capacity and allowed more people to access the care they require in the community rather than in hospital settings

Hospital at Home continues to provide a key service. There is now seven day cover for the Home First model. Services continue to review and adapt to improve outcomes for Midlothian people.

## **Primary Care**

There are 12 GP practices in Midlothian. The Midlothian Primary Care Team continues to respond to HSCP, NHS Lothian and Scottish Government direction and guidance. Many Primary Care Improvement Plan teams continue in all practices for example the Musculoskeletal Advanced Practice Physiotherapy service, Pharmacotherapy, Primary Care Mental Health Nurses and the Wellbeing Service, although appointments are via digital where possible. The MSK Physiotherapy service is preparing to take referrals from NHS24 111 and the Flow Centre once Professional Pathways are agreed. Work has progressed on Community Treatment and Care implementation with pilot practices. Staff have been recruited although many are assisting with the COVID vaccine programme at present.

Work will continue to explore the use of digital solutions when meeting with GP patients, and telephone triage remains the default method. Communication and engagement with local communities around significant service change continues – all websites are being updated to ensure prominent and consistent messaging around NHS Inform and other community support.

Midlothian GP Practices have played a key role in the local COVID vaccination programme,

## **Mental Health and Substance Misuse**

Midlothian Mental Health and Substance Misuse services have continued to operate; adjusting according to changes in national guidance and evaluation of risk.

Plans around Lothian in-patient and other central mental health services are being coordinated by NHS Lothian. Midlothian residents continue to require very few acute adult mental health beds as the vast majority of patients are supported via the community based model in place.

Work continues with partners in Royal Edinburgh Associated Services around psychological therapies. The service continues to maintain contact with as many people as possible to continue treatment wherever they can. A new service delivery model is being piloted that has reduced people's wait for treatment. Patients currently in therapy have been offered this service either face to face, using Near Me and/or by telephone. Psychology groups have remained paused e.g. Emotional Resources and Survive and Thrive. There are plans to reinstate these online.

People who use Midlothian Mental Health, Substance Misuse and Justice Services benefitted from the Connecting Scotland programme. Digital devices, and where required dongles, were distributed to allow people to access services via Near Me and other platforms, and to keep connected more broadly.

Autism Spectrum disorder assessments resumed in autumn 2020 with a multi-disciplinary team using a revised protocol. Psychology and Psychiatry assessments are now completed face to face, over the phone and using Near Me so there is no backlog of new patients waiting for initial assessments.

## **Learning Disabilities**

People have had access to all disciplines within the Community Learning Disability Team. Telephone consultation is the preferred method of contact with home visits taking place if necessary following risk assessment. Direct care will continue to be risk assessed on an individual basis. Day centres are providing limited service provision, guided by criticality of support need and local protection level. Day services and care providers are being creative in providing online resources and activity packs to individuals unable to attend day services. Respite services continue based on individual risk assessments.

## **Supporting Communities**

There are many groups in society who have been impacted more by the COVID-19 outbreak: not only older people and those with underlying health conditions, but those who are vulnerable simply because they do not have the resources and opportunities to stay well. Emerging evidence shows that those living in deprived areas and those from Black, Asian, and Minority Ethnic (BAME) groups are disproportionately impacted by COVID-19. In Midlothian we have made a commitment to tackle health inequalities, have invested more in public health and will continue to do so.

Following lessons from the community response to the pandemic in spring 2020, Midlothian HSCP recruited a Volunteer Co-ordinator in December 2020. Volunteers continue to improve outcomes around social isolation and will soon provide support to people living in extra-care housing and patients in Midlothian Community Hospital. There will also be a pilot companionship service to give carers some respite. Discussions are also underway around support to people leaving hospital.

## **Funding and Cost Consequences for Next Year**

The Scottish Government confirmed that COVID-19 funding allocations that have not been fully used in 2020/21 should be carried forward by IJB's to support COVID-19 plans in 2021/22. For Midlothian, this can be seen in the reserves statement below.

NHS Lothian has submitted the Remobilisation Plan to the Scottish Government, capturing the impact for Midlothian HSCP, which covers the period April 2021 to March 2022. A feature of 2021/22 may be a continued level of COVID-19 responses while also a decreased ability to rely on previously redeployed resources. Clarification from the Scottish Government on the level of funding support available for next financial year 2021/22 is awaited across Scotland but the carry forward funding noted above will provide good reassurance that approved costs will be supported by the Government.

## **Longer Term Financial Risks**

Aside from the over-riding immediate cost impact of COVID-19, there are other financial risks. In future years there is uncertainty regarding long term prescribing issues, immediate and longer term impact on our independent sector providers, the impact of service reconfiguration and a range of other potential medium and longer term implications. These issues are common across Scotland and continue to be

part of regular discussion and reporting between all IJBs and the Scottish Government

## **Plans for Next Year and beyond**

### **Reshape Services**

The impact of the COVID-19 pandemic brought increased anxiety and pressure on many service users, unpaid carers and staff. While challenges changed over 2020/21, many have continued into 2021/22.

As well as presenting a tremendous challenge to our services, staff and partners, the crisis also creates an opportunity to build on existing and newly forming community connections. We will continue to work with the people in our communities to explore what opportunities for community resilience can be developed further to ensure strong, sustainable, supportive communities into the future. We look forward to building a stronger Midlothian, whatever the 'new normal' is.

We will continue to work with colleagues in acute services and other Lothian IJBs to reshape unscheduled care, maximising opportunities to reduce admissions to acute care, to increase rehabilitation opportunities and to offer local services by reshaping Midlothian Community Hospital.

### **Review of Adult Social Care**

Following the Independent Review of Adult Social Care (published in February 2021), Midlothian IJB will closely scrutinise the Review, its recommendations and the implications for Midlothian and for partnership working

<https://www.gov.scot/publications/independent-review-adult-social-care-scotland/>

The Review was set up to recommend improvements to adult social care in Scotland. It looked at these in terms of the outcomes for people who use services, their carers and families and the experience of those working in the sector.

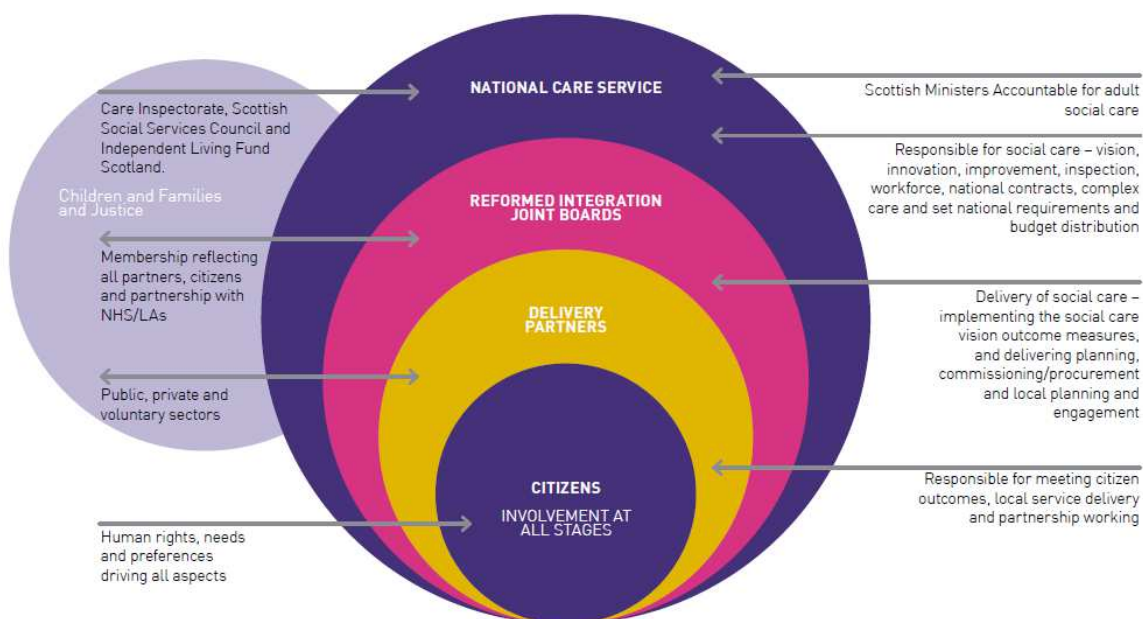
Although the financial implications of the recommendations cannot be assessed at this stage, the changes proposed do not come without costs. There are key areas with greater costs implications and but there is also opportunities to spend money better.

The report describes that some costs arise in our current system because social care supports are often too focused on crisis management and late intervention, and not enough on prevention and empowering people to live fulfilling lives. Suggesting that with more effective care planning and delivery it could in some instances be put to better use to support people more effectively

The focus with all partners is to invest in preventative care rather than crisis responses, to avoid expenditure on poor outcomes.

The diagram below summarises the ethos of the review and the end goal of ensuring the human rights of our citizens is driving all aspects of the review.

### The case for a National Care Service (NCS)



(Source – Independent Review of Adult Social Care in Scotland)

Midlothian IJB will work closely in decision making at NHS Board, regional and national levels. We will continue to work with partners to simplify processes to deliver service change and to improve outcomes for patients while increasing the efficient use of public funds in the delivery of services

### The IJB's Financial Position at 31 March 2021

#### Summary

For the year ending 31 March 2021, the IJB was underspent. That is the costs incurred in delivering the IJB's functions by Midlothian Council and NHS Lothian are less than the income that the IJB received from NHS Lothian and Midlothian Council.

In summary, the position is as follows:-

	Income £000's	Expenditure £000's	Surplus £000's
Health Services	120,388	113,266	7,122
Social Care Services	44,985	43,735	1,250
<b>Total</b>	<b>165,373</b>	<b>157,002</b>	<b>8,372</b>

This surplus has been transferred to the reserve which is described further below.

Although the IJB has a range of functions delegated to it, these are delivered through a range of services provided by the partners (Midlothian Council and NHS Lothian) and these are further described below in the analysis of the Income and Expenditure position.

## Analysis of the Financial Statements

The financial statements are all presented on a net basis.

### Income and Expenditure

The table below gives details of the IJB's expenditure in 2020/21. Key variances are explained further in the Overview of 2020/21 section below.

	Budget	Budget	Expenditure	Expenditure	Variance	Note
	Health	Social	Health	Social Care		
	£000's	Care	£000's	£000's	£000's	
		£000's				
<b>Direct Midlothian Services</b>						
Community AHPS	2,539		2,187		352	
Community Hospitals	5,045		5,876		(831)	
District Nursing	3,878		3,893		(16)	
General Medical Services	17,136		17,136		(0)	
Health Visiting	2,074		1,957		117	
Mental Health	2,739		2,715		25	
Other	16,971		9,951		7,021	1
Prescribing	18,338		18,256		81	
Resource Transfer	7,158		7,158		0	2
Older People		19,013		17,074	1,939	
Learning Disabilities		15,102		15,812	(710)	
Mental Health		931		891	41	
Physical Disabilities		3,468		4,167	(700)	
Assessment and Care Management		3,242		2,847	395	
Other		3,230		2,944	286	3
<b>Midlothian Share of pan-Lothian</b>						
Set Aside	19,000		19,029		(29)	4
Mental Health	2,378		2,454		(76)	
Learning Disabilities	1,360		1,352		8	
GP Out of Hours	1,160		1,264		(104)	
Rehabilitation	1,062		915		147	
Sexual Health	668		624		44	
Psychology	836		804		32	
Substance Misuse	368		363		5	
Allied Health Professions	1,421		1,304		117	
Oral Health	1,748		1,717		32	
Other	3,359		3,282		77	
Dental	5,686		5,686		0	5
Ophthalmology	1,705		1,705		0	5
Pharmacy	3,636		3,636		0	5
	<b>120,267</b>	<b>44,985</b>	<b>113,266</b>	<b>43,735</b>	<b>8,252</b>	

## Notes

1. Other includes £4.816m for the Social Care Fund. These are resources which the Scottish Government has directed to the IJB through NHS Lothian and are shown as health; however, these funds are then transferred to the Council and used to support the delivery of social care services.
2. Resource Transfer are funds for specific purposes which are transferred from health to social care. However, these remain part of the health budget and are reported there.
3. Other includes care for non-specific groups, substance misuse services and other management and performance costs.
4. Set Aside are the budgets for those functions delegated to the IJB which are managed by the Acute Services management teams within NHS Lothian. These services are :-
  - Accident and Emergency
  - Cardiology
  - Diabetes
  - Endocrinology
  - Gastroenterology
  - General Medicine
  - Geriatric Medicine
  - Rehabilitation Medicine
  - Respiratory Medicine
  - Various ancillary support services for the above

These services are delivered at the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital.

5. In the Health system, expenditure to support the delivery of community dentistry, community opticians and community pharmacists is termed as 'non cash limited' (NCL) but is clearly part of the delivery of primary care services and these functions are delegated to the IJB. However, being NCL there is no budget as such but any expenditure incurred is supported in its entirety by the Scottish Government. The NCL values are not part of the budget setting process, there being no budget, but NHS Lothian has matched the NCL expenditure with income to cover this expenditure.

The charges (shown as expenditure above) made by Midlothian Council to the IJB are the net direct costs incurred in the delivery of social care services in Midlothian. The charges from NHS Lothian are based on the health budget setting model as agreed by the IJB. That is, charges for the core services (those services specifically for and delivered by the Midlothian partnership) are based on the net direct actual costs incurred in Midlothian. However, charges for hosted and set aside services (those services which are not generally managed by the Midlothian Partnership and are delivered on a pan-Lothian basis) are based on the total actual costs for these service shared across four IJBs per the budget setting model. The IJB share of the total actual costs incurred in 2020/21 for hosted services is 10% and, generally, 10% of the Lothian element of the set aside budgets and the non-cash limited budgets.

## Overview of the 2020/21 Position

From the above table, it can be seen that there were a range of financial issues identified. These are summarised below into service areas

COVID has impacted all services during the year. Existing recurring pressures in some areas have continued, while in other areas, due to reduced levels of activity, pressures have been minimal during the year. From the above table, it can be seen that similar underlying pressure areas remain.

### Direct Midlothian Services

Within the £76m health budgets, although there were operational overspends within Community Hospitals, as a result in the changing environment and nature of patients these were offset by vacancies across the system and slippage of Programmes (Programmes starting later in the year than planned and thus generating an underspend).

Within the £45m social care budget the main cost pressures were within the areas of clients with complex needs with learning and physical disabilities. This position supports a shift in the balance of care, keeping people safe in their community for as long as possible but does generate significant financial pressure in these budgets.

### Midlothian Share of Pan-Lothian Services

The Scottish Government released funding to cover the impact of COVID costs on NHS Lothian's position and that funding has been allocated to delegated and set aside services to offset additional expenditure incurred. The areas within hosted services with continued pressures being experienced are Adult Psychology Services and Mental Health Inpatient services with additional capacity being required in year to cope with high demand.

The main pressure for Set Aside services in this financial year lies within Gastroenterology Services and the ongoing pressure with drug costs for the treatment of long-term gastroenterology conditions. Junior Medical pay pressure also continued during this year, where additional staffing was required to fill gaps in rotas and where there were service pressures. The Junior Medical position has improved significantly from previous years but still remains a pressure.

With COVID funding being allocated across the IJBs set aside specialities to cover additional costs incurred around extra staffing to cope with COVID, the overall position on set aside is much improved compared to previous years.

### Reserves

The IJB has reserves at the end of 2020/21 of £12.993m, compared to reserves of £4.621m in March 2020. The movement can be described as follows:-

	Opening £000's	Movement £000's	Closing £000's
COVID Funding	-	5,492	5,492
Local Programmes	333	593	926
Primary Care Investment Fund	57	285	342
MELDAP	205	121	325

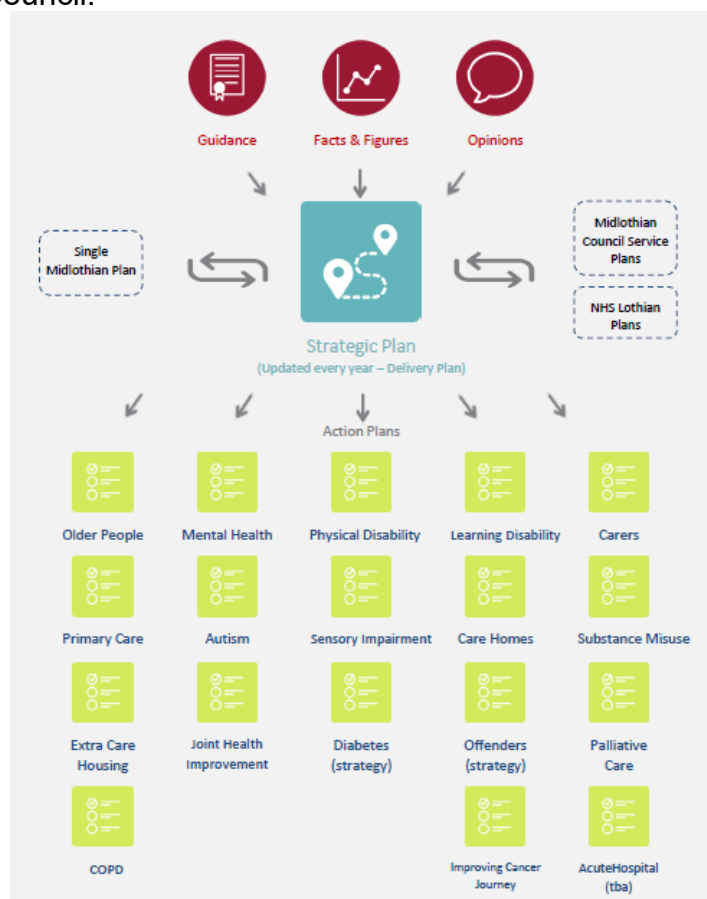
Community Support Fund	0	312	312
Technology Enabled Care (SG funding)	246	28	274
Integrated Care Fund	188	31	219
Wellbeing Service	157	32	189
Action 15	55	47	102
EGIERDA Project (Big Lottery funding)	63	16	80
Autism Strategy (SG funding)	12	0	12
School Counselling	220	(220)	0
Commitment to specific posts	75	(75)	0
Electronic Frailty Index ( Health Foundation)	7	(7)	0
<b>Total Earmarked Reserves</b>	<b>1,617</b>	<b>6,655</b>	<b>8,272</b>
General Reserves	3,004	1,717	4,721
<b>Total Reserves</b>	<b>4,621</b>	<b>8,372</b>	<b>12,993</b>

## The IJB's Strategy and Business Model

A link to the Strategic Plan is below:

[https://www.midlothian.gov.uk/info/1347/health\\_and\\_social\\_care/200/health\\_and\\_social\\_care\\_integration](https://www.midlothian.gov.uk/info/1347/health_and_social_care/200/health_and_social_care_integration)

The actions outlined in the strategy form the basis of more detailed plans for client groups and key services. They also form the basis of the Directions we give to NHS and Midlothian Council.



The IJB aims to achieve this vision by changing the emphasis of services, placing more importance and a greater proportion of our resources on the approaches described

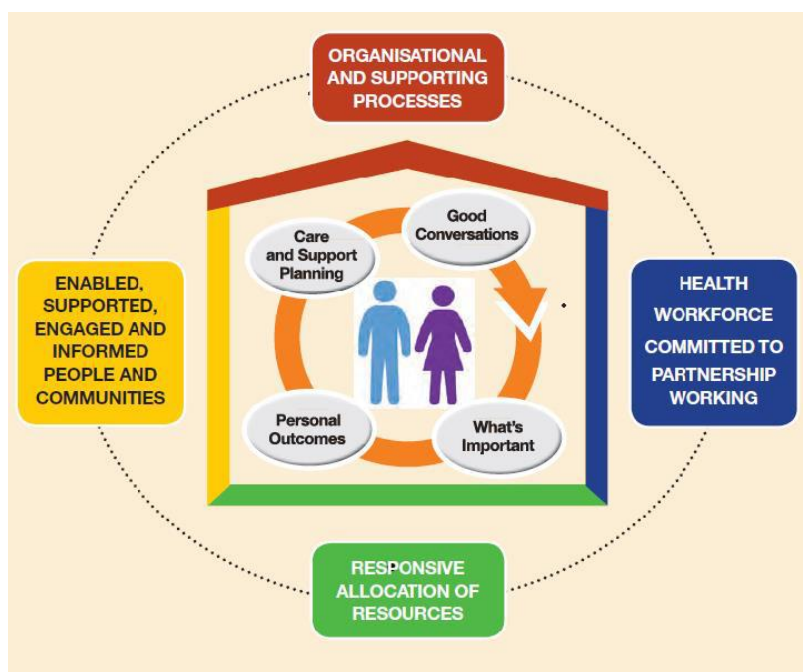


### What matters to you?

We have trained staff to have meaningful conversations with people, families and carers who receive our services to identify achievable goals. Midlothian Council is one of three local authorities to receive Scottish Government funding to train staff to recognise and respond to the signs and impacts of trauma

One of the models we use for delivering person-centred, integrated care is the House of Care. This creates space for people to have 'a good conversation' on what is important to them and helps them recover or live well with their health conditions.

Using the image of a house helps us to appreciate how all the parts need to be in place, equally strong and joined up for this approach to be successful.



The IJB will continue the process of full integration of the services delivery teams, not just between NHS and Council delivered services but also moving pan-Lothian services into the locally managed and locally delivered services. This will generate operational and managerial synergies and should reduce costs, however this will be a step in the redesign of services into the establishment of multi-disciplinary teams delivering care in a community based setting.

### Key Risks, Challenges and Uncertainties

The coronavirus pandemic remains a significant challenge with the ongoing uncertainty surrounding further waves and outbreaks. This brings challenges to all services and will remain at the forefront of our planning during the next 12 months.

Despite the ongoing uncertainty of further COVID-19 outbreaks, partners are also focusing on addressing the wider health and care needs of the people of Midlothian. Both Health and Social Care will regularly update the IJB with detailed transformations plans on reshaping services to meet the needs of the new normal. The challenge for the IJB is to transform the delivery of its delegated functions whilst supporting the delivery of financial balance within the financial resources available.

There remain a series of uncertainties:-

### **A growing and aging population**

Midlothian is the second smallest Local Authority in mainland Scotland but the fastest growing. 12,000 new houses will be built in the next 3 years. This will pose challenges for all our health and social care services whilst also changing the face of some of the local communities. As people live for longer many more people will be living at home with frailty and/or dementia and/or multiple health conditions. An increasing number of people live on their own, and for some this will bring a risk of isolation.

### **Higher Rates of Long-Term Conditions**

Managing long-term conditions is one of the biggest challenges facing health care services worldwide, with 60% of all deaths attributable to them. Midlothian has a higher incidence than the national prevalence of cancer, diabetes, depression, hypertension, chronic obstructive pulmonary disease and asthma. Older people are more susceptible to developing long-term conditions; most over 65s have two or more conditions and most over 75s have three or more conditions. People living in areas of multiple deprivations are at particular risk with, for example, a much greater likelihood of early death from heart failure. They are also likely to develop 2 or more conditions 10-15 years earlier than people living in affluent areas. It is estimated that people with long-term conditions are twice as likely to be admitted to hospital and have a longer length of stay accounting for 80% of all GP visits and for 60% of hospital admissions.

(Data Source Midlothian Joint Needs Assessment, page 43 onwards – link below [https://www.midlothian.gov.uk/downloads/file/3430/joint\\_needs\\_assessment\\_2019\\_final](https://www.midlothian.gov.uk/downloads/file/3430/joint_needs_assessment_2019_final))

### **High rates of mental health needs**

Many mental health problems are preventable, and almost all are treatable, so people can either fully recover or manage their conditions successfully and live fulfilling healthy lives as far as possible. The incidence of mental health issues in Midlothian, while similar to the rest of Scotland, is a concern. Living in poverty increases the likelihood of mental health problems but also mental health problems can lead to greater social exclusion and higher levels of poverty. People who have life-long mental illness are likely to die 15-20 years prematurely because of physical ill-health.

People place a high value on being able to access effective health services when they need them. People expect to receive high quality care services when these are

needed whether as a result of age, disability or long term health conditions. Yet there are a number of pressures on our services.

### **Workforce Pressures**

Two of the main areas of concern to the public in recent times have been difficulties in accessing primary care and not always receiving care at home despite being assessed as in need of the service. Recruitment and retention is a growing problem in health and social care. There is a shortage of GPs; a significant proportion of District Nurses are nearing retirement; while care at home providers find it difficult to attract and keep care at home workers despite measures such as the living wage and guaranteed hours. The aging population means these pressures will almost certainly increase. There is a clear need to plan ahead and find alternative solutions to ensure services are able to meet people's needs.

### **Acute hospitals**

Acute Hospitals are under huge pressure due to unsustainable demand and financial restrictions. We need to invest in community based alternatives that will minimise avoidable and inappropriate admissions and facilitate earlier discharge.

**Catherine Johnstone**  
IJB Chair

**Morag Barrow**  
Chief Officer

**Claire Flanagan**  
Chief Finance Officer

## **Statement of Responsibilities**

### **Responsibilities of the Integration Joint Board**

The Integration Joint Board is required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief finance officer
- Manage its affairs to secure economic, efficient and effective use of 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)
- Approve the Annual Accounts

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit & Risk Committee.

Signed on behalf of Midlothian Integration Joint Board.

**Catherine Johnstone**

Chair

## **Responsibilities of the Chief Finance Officer**

The chief finance officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the chief finance officer has:-

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Code (in so far as it is compatible with legislation)

The chief finance officer has also:-

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Midlothian Integration Joint Board as at 31 March 2021 and the transactions for the year then ended.

**Claire Flanagan**  
Chief Finance Officer

## **Remuneration Report**

### **Introduction**

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The other sections of this report will be reviewed by Ernst & Young LLP and any apparent material inconsistencies with the audited financial statements will be considered as part of their audit report.

### **Remuneration: IJB Chair and Vice Chair**

The voting members of the IJB are appointed through nomination by Midlothian Council and NHS Lothian Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the IJB in 2020/21 (PY nil).

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

NHS Lothian remunerates its non-executive members on a notional day basis. Those non-executive members of the NHS Lothian Board who are also Chairs or Vice Chairs of IJBs are given an additional notional day's remuneration in recognition of the additional time required to undertake those roles. This remuneration is £8,842 per annum (PY £8,584). Carolyn Hirst is Vice-Chair of Midlothian IJB and receives an additional day's remuneration specifically for this role as Vice Chair of the IJB in 2020/21.

### **Remuneration: Officers of the IJB**

The IJB does not directly employ any staff; 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 IJB has to be appointed and the employing partner has to formally second the officer to the IJB. 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 IJB.

The Chief Officer of the IJB is Morag Barrow who is also the Director of Health and Social Care for Midlothian Council and the Joint Director of the Midlothian Partnership. It has been agreed that 50% of her total remuneration is to be shown in the accounts of the IJB as her remuneration as the Chief Officer of the IJB.

#### Chief Finance Officer

Although the costs of the Chief Finance Officer are not included in the charges made to the IJB by either partner, given the S95 role of the Chief Finance Officer and in the interests of transparency, the remuneration of the Chief Finance Officer is included below. The Chief Finance Officer is Claire Flanagan. The Chief Finance Officer is employed by NHS Lothian and has three roles – the IJB's Chief Finance Officer, the Chief Finance Officer of East Lothian IJB and an operational role in the NHS Lothian finance team as a Finance Business Partner. On that basis, one third of the total remuneration is shown below.

#### Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

FYE 2019/20	Senior Employees Salary, Fees & Allowances	Total 2020/21
£		£
46,363	Allister Short (to 29 September 2019)	-
45,317	Morag Barrow (from 30 September 2019)	48,241
23,812	Claire Flanagan ( from October 2018)	25,000

In respect of officers' pension benefits the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other Officers.

The IJB however has 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 IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The tables also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

In-year pension contributions		Accrued pension benefits			
For year to 2021	For year to 2020	As at 31 March 2021		Difference from 31 March 2020	
£	£	Pension	Lump Sum	Pension	Lump Sum
		£000's	£000's	£000's	£000's

Morag Barrow	-	-	20 *	54 *	0	0
Allister Short		9,634	n/a	n/a	n/a	n/a
Claire Flanagan	15,547	14,485	16	25	3	1

*\*Values restated from 2019/20.*

### **Disclosure by Pay Bands**

Pay band information is not separately disclosed as all staff pay information has been disclosed in the information above.

### **Exit Packages**

The IJB did not support nor did it direct to be supported by its partners, any exit packages during 2020/21.

**Catherine Johnstone**  
IJB Chair

**Morag Barrow**  
Chief Officer

## **Annual Governance Statement**

### **Introduction**

The Annual Governance Statement explains the MIJB's governance arrangements and system of internal control and reports on their effectiveness.

### **Scope of Responsibility**

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

To meet this responsibility the MIJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the MIJB's policies, aims and objectives. Reliance is also placed on NHS Lothian and Midlothian Council (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the MIJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

### **The Governance Framework and Internal Control System**

The Board of the MIJB comprises voting members, nominated by either NHS Lothian or Midlothian Council, as well as non-voting members including a Chief Officer appointed by the Board.

The updated MIJB Local Code of Corporate Governance (MIJB Local Code), which was approved by the Board in 8 April 2021, sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. The MIJB Local Code reflects the changing context of integration and is consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the MIJB Local Code in existence during 2020/21 included:

#### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law**

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the approved

Scheme of Integration, which serves as the approved constitution, and Standing Orders to make sure that public business is conducted with fairness and integrity.

Reliance is placed on the values and standards set out in the codes of conduct within the employer partner organisations, which incorporate “The Seven Principles of Public Life” identified by the Nolan Committee on Standards in Public Life.

The MIJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the MIJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the MIJB Chief Officer supported by Chief Financial Officer, Chief Internal Auditor and Board Clerk as appropriate.

## **B. Ensuring openness and comprehensive stakeholder engagement**

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain.

Community engagement was encouraged as part of the development of the Scheme of Integration and the Strategic Plan of the Health and Social Care Partnership and Delivery Plans were developed following consultations with interested parties including members of the public.

## **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The vision, strategic objectives and outcomes are reflected in the Midlothian Health & Social Care Partnership’s Strategic Plan 2019-2022 which has been updated to reflect on-going assessment of need. Implementation is underpinned by the associated Annual Delivery Plan.

Implications are considered during the decision making process within the standard report template covering Policy, Equalities, Resources, Risk, and Involving People.

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

In determining how services and other courses of action should be planned and delivered the partnership has a statutory responsibility to involve patients and members of the public.

The Midlothian Health & Social Care Partnership's Strategic Plan 2019-2022 is based on consultation during its review and update.

The MIJB has issued directions to the partners for service delivery and for service redesign and recommissioning in line with the transformation programme.

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The MIJB Chief Officer is responsible and accountable to the Board for all aspects of management.

Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the MIJB. The MIJB Chief Officer also meets regularly with representatives from the partner organisations.

Members of the MIJB Board are provided with the opportunity to attend Development Sessions relevant to their role as part of their development programme.

There is a leadership development programme for the joint management team supported by workforce plans with a key focus on team leader development.

**F. Managing risks and performance through robust internal control and strong public financial management**

The MIJB Chief Officer has overall responsibility for directing and controlling the partnership. The MIJB Board is responsible for key decision-making.

The MIJB has approved a Risk Management Strategy which includes: the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance.

The MIJB Chief Financial Officer is responsible for the proper administration of all aspects of the Partnership's financial affairs including ensuring appropriate advice is given to the Board on all financial matters.

The MIJB's system of internal financial control is dependent upon on the framework of financial regulations, regular management information (including Revenue Budget Monitoring reports to the Board), administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

The MIJB also relies upon the partners for:

- Counter fraud and anti-corruption arrangements; and
- Management of data in accordance with applicable legislation.

### **G.Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Shared Chief Internal Auditor of Midlothian Council is the MIJB's Chief Internal Auditor to provide an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

The MIJB responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The MIJB Audit Committee is integral to overseeing assurance and monitoring improvements in internal control and governance.

Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals. An Annual Performance Report for 2020/21 is being prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2020/21 setting out the financial position in accordance with relevant accounting regulations is also being prepared.

### **Review of Adequacy and Effectiveness**

The MIJB is required to conduct, at least annually, a review of the effectiveness of its governance framework.

The review was informed by: an annual self-assessment against the MIJB's Local Code of Corporate Governance which was updated to ensure it is consistent with the principles of the CIPFA/SOLACE Framework (2016), carried out by MIJB Management; MIJB Internal Audit reports; MIJB External Audit reports; relevant reports by other external scrutiny bodies and inspection agencies; and relevant partners' (NHS Lothian and Midlothian Council) Internal Audit and External Audit reports.

### **Improvement Areas of Governance**

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code:

- 1 Demonstrate the linkages within the updated Strategic Plan to local and national objectives and alignment of Directions and Action Plans.
- 2 Update the Financial Strategy to address significant deficits indicated in the Medium Term Financial Plan 2020/21 – 2024/25.

- 3 Further develop the Performance Management Framework to define and align performance measures to key priorities and outcomes of the Strategic Plan.
- 4 Progress workforce plans for all delegated services and develop a 3 year Workforce Plan which is aligned to the updated Strategic Plan.

The implementation of these actions to enhance the governance arrangements in 2021/22 will be driven and monitored by the MIJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2021/22 is designed to test improvements and compliance in governance.

### **Conclusion and Opinion on Assurance**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the MIJB's governance arrangements and system of internal control, while recognising that improvements are required to fully demonstrate compliance with the Local Code in order for the MIJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

**Catherine Johnstone**  
IJB Chair

**Morag Barrow**  
Chief Officer

**Independent Auditor's Report**

Audit report to follow

Audit report to follow

Audit report to follow

Audit report to follow

## **Comprehensive Income and Expenditure Statement**

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments, this is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

### **Midlothian IJB Comprehensive Income and Expenditure Statement**

<b>2019/20 Net Expenditure £000s</b>		<b>2020/21 Net Expenditure £000s</b>
106,473	Health Care Services - NHS Lothian	113,266
42,659	Social Care Services - Midlothian Council	43,735
<b>149,132</b>	<b>Cost of Services</b>	<b>157,001</b>
(149,875)	Taxation and Non-Specific Grant Income	(165,373)
<b>(743)</b>	<b>Surplus on Provision of Services</b>	<b>(8,372)</b>

The Integration scheme lays out that the partners will provide corporate and other support to the IJB as required and will not charge for these services. These costs are not, therefore, included above.

### **Movement in Reserves Statement**

The movement in reserves statement shows the value of the IJBs reserve and how this has grown during 2020/21, a large proportion of this reserve is earmarked for future projects and commitments.

#### **Movements in Reserves During 2020/21**

	<b>General Fund Balance</b>	<b>Unusable Reserves: Employee Statutory Adjustment Account</b>	<b>Total Reserves</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Opening Balance at 1 April 2020</b>	<b>4,621</b>	<b>0</b>	<b>4,621</b>
Total Comprehensive Income and Expenditure	8,372	0	8,372
Increase or Decrease in 2020/21	<b>8,372</b>	<b>0</b>	<b>8,372</b>
<b>Closing Balance at 31 March 2021</b>	<b>12,993</b>	<b>0</b>	<b>12,993</b>

## **Balance Sheet**

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets (assets less liabilities) of the IJB are matched by the reserves held by the IJB.

### **Midlothian IJB Balance Sheet**

<b>31 March 2020 £000s</b>		<b>31 March 2021 £000s</b>	<b>Note</b>
	<b>Current Assets</b>		
4,621	Debtors	12,993	7
000	<b>Creditors: amounts falling due within one year</b>	<b>000</b>	<b>8</b>
<b>4,621</b>	<b>Total assets less current liabilities</b>	<b>12,993</b>	
	<b>Capital and Reserves</b>		
1,617	Earmarked Reserve	8,272	
3,004	General Reserve	4,721	
<b>4,621</b>	<b>Total Reserves</b>	<b>12,993</b>	

**Claire Flanagan**  
Chief Finance Officer

## **Notes to the Financial Statements**

### **1. Significant Accounting Policies**

#### **General Principles**

The Financial Statements summarise the IJB's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021.

The IJB was established under the requirements of the Public Bodies (Joint Working) (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 2020/21, 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 IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

#### **Basis of Preparation**

The IJB financial statements for 2020/21 have been prepared on a going concern basis. The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973. In accordance with the CIPFA Code of Local Government Accounting (2020/21), the IJB is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. This has been reinforced by the most recent CIPFA guidance bulletin 05 (closure of the 2020/21 financial statements) which states that while there is likely to be a significant impact of COVID-19 on local authority financial sustainability, the rationale for the going concern basis of reporting has not changed. The accounts are prepared on the assumption that the IJB will continue in operational existence for the foreseeable future.

The IJB's funding from and commissioning of services to partners has been confirmed for 2020/21, and a medium term financial plan has been prepared through to 2023/24. The IJB is working within the context of the COVID-19 pandemic, an unprecedented global crisis. Work is ongoing through the mobilisation plan prepared by the IJB at the request of the Scottish Government to quantify the impact of COVID-19 on the IJB's financial performance going forward. However, ultimately additional costs will be met by the IJB's partners in line with the integration scheme. Therefore the IJB considers there are no material uncertainties around its going concern status.

### 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 IJB
- Income is recognised when the IJB 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 IJB is wholly funded through funding contributions from the statutory funding partners, Midlothian Council and NHS Lothian. Expenditure is incurred in the form of net charges by the partners to the IJB.

### Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet.

### Debtors and Creditors

The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet. 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.

### Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report.

### Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will

result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

The IJB has none of the above.

### Reserves

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB'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 IJB can use in later years to support service provision. As noted above, the IJB has reserves of £ 12.993m at 31 March 2021.

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation.

The IJB's useable reserve is broken down as follows:-

	2020/21 Closing Balance £000's
COVID	5,492
Local Programmes	926
Primary Care Investment Fund	342
Meldap	325
Community Support Fund	312
Technology Enabled Care (SG funding)	274
Integrated Care Fund	219
Wellbeing Service	189
Action 15	102
EGIERDA Project (Big Lottery funding)	80
Autism Strategy (SG funding)	12
<b>Total Earmarked Reserves</b>	<b>8,272</b>
General Reserves	4,721
<b>Total Reserves</b>	<b>12,993</b>

### Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Lothian and Midlothian Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. The IJB holds separate indemnity insurance through its membership of the CNORIS scheme, the charge for this in 2020/21 was £6,000 (PY £6,000).

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB 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 IJB'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.

There are no outstanding claims or any indications that any claims are to be made against the IJB.

## **2. Critical Judgements and Estimation Uncertainty**

The critical judgements made in the Financial Statements relating to complex transactions are:-

- The partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations' options that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none)
- The Annual Accounts contains estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates
- There are no items in the IJB's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year

### Provisions

The IJB has not created any provisions in respect of compensation claims. It is not certain that all claims have been identified or that the historic level of settlement payments is a reliable guide for future settlements.

### **3. Subsequent Events**

In accordance with the requirements of International Accounting Standards 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date that the accounts were certified by the Chief Financial Officer following approval by the Audit and Risk Committee.

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified.

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts is adjusted to reflect such events.
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

### **4. Expenditure and Funding Analysis**

<b>2019/20 £000's</b>	<b>Expenditure</b>	<b>2020/21 £000's</b>
	Services specifically for Midlothian	
64,778	Health	69,130
42,659	Social Care	43,735
	Midlothian's share of Lothian Health Services	
22,613	Hosted	25,107
19,082	Set Aside	19,029
<b>149,132</b>	<b>Total</b>	<b>157,002</b>
	<b>Funded By:</b>	
42,593	Midlothian Council	44,985
107,282	NHS Lothian	120,388
<b>149,876</b>		<b>165,373</b>
<b>743</b>	<b>Surplus</b>	<b>8,372</b>

Expenditure above has been split into three main areas :-

- Expenditure on those services delivered specifically for the population of Midlothian. These services are managed locally by the Midlothian Partnership
- Hosted Services – these are health services managed either by the Edinburgh, East Lothian and West Lothian Partnerships or managed by NHS Lothian on a pan-Lothian basis. These services included Mental Health Services, Learning Disability Services, Substance Misuse Services, Rehabilitation services, General Dental Services, General Pharmaceutical Services and General Ophthalmic Services. This is the IJB's agreed share of these services
- Set Aside Services – these are services delivered in the main acute hospitals (Royal Infirmary of Edinburgh, Western General Hospital and St. John's Hospital) and managed by NHS Lothian. This is the IJB's agreed share of these services

## 5. Corporate Service

Included in the above costs are the following corporate services:-

2019/20 £000's		2020/21 £000's
46	Staff ( Chief Officer)	48
28	Audit Fee	27
<b>73</b>	<b>Total</b>	<b>75</b>

(Restated from 2019/20)

As noted above, the Chief Finance Officer is not charged to the IJB.

## 6. Related Party Transactions

As partners with the Midlothian Integration Joint Board, both Midlothian Council and NHS Lothian are related parties and the material transactions with these bodies are disclosed in these accounts.

There are elements of expenditure which are shown against the NHS Lothian above but where the resources are used by the social care services delivered by Midlothian Council.

2019/20 £000's		2020/21 £000's
106,473	NHS Lothian	113,266
(5,187)	Resource Transfer	(7,158)
(4,816)	Social Care Fund	(4,816)
<b>96,470</b>		<b>101,292</b>
42,659	Midlothian Council	43,735
5,187	Resource Transfer	7,158

4,816	Social Care Fund	4,816
<b>52,662</b>	<b>Total</b>	<b>55,708</b>

Both Resource Transfer and the Social Care Fund are resources which are part of the NHS Lothian budget and are shown as expended therein but these funds are used to deliver social care service supplied by Midlothian Council.

## 7. Short Term Debtors

The IJBs short term debtors are broken down as follows:-

2019/20		2020/21
£000's		£000's
3,054	Funding due from NHS Lothian	7,367
1,567	Funding due from Midlothian Council	5,656
<b>4,621</b>	<b>Total</b>	<b>12,993</b>

## 8. Short Term Creditors

The IJBs short term creditors are broken down as follows:-

2019/20		2020/21
£000's		£000's
0	Funding due to NHS Lothian	0
0	Funding due to Midlothian Council	0
<b>0</b>	<b>Total</b>	<b>0</b>

## 9. VAT

The IJB is not VAT registered. The VAT treatment of expenditure in the IJB's accounts depends on which of the Partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as income from the Commissioning IJB.





10 June 2021 at 2pm

## Midlothian Health and Social Care Integration Joint Board Audit and Risk Committee Annual Report 2020/21

Item number: 5.4

### Executive summary

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The purpose of this report is to provide Members with the MIJB Audit and Risk Committee Annual Report 2020/21 which sets out how it is performing against its remit and incorporates its annual self-assessments using the CIPFA Audit Committees Guidance.

The MIJB Audit and Risk Committee is asked to:

- (a) Approve the MIJB Audit and Risk Committee Annual Report 2020/21 (Appendix 1) which incorporates its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance; and
- (b) Agree that the MIJB Audit and Risk Committee Annual Report 2020/21 should be presented to the MIJB to set out how it is performing against its remit.

## Midlothian Health and Social Care Integration Joint Board Audit and Risk Committee Annual Report 2020/21

### 1 Purpose

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- 1.1 The purpose of this report is to provide Members with the MIJB Audit and Risk Committee Annual Report 2020/21 which sets out how it is performing against its remit and incorporates its annual self-assessment using the CIPFA Audit Committees Guidance.

### 2 Recommendations

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- 2.1 The MIJB Audit and Risk Committee is asked to:
- a) Approve the MIJB Audit and Risk Committee Annual Report 2020/21 (Appendix 1) which incorporates its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance; and
  - b) Agree that the MIJB Audit and Risk Committee Annual Report 2020/21 should be presented to the MIJB to set out how it is performing against its remit.

### 3 Background and main report

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- 3.1 It is important that the MIJB Audit and Risk Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the Midlothian Health and Social Care Integration Joint Board.
- 3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued an updated guidance note Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition (hereinafter referred to as CIPFA Audit Committees Guidance) which is deemed relevant to integration authorities' audit committees for corporate governance purposes. It incorporates CIPFA's 2018 Position Statement which sets out CIPFA's view of the role and functions of an Audit Committee. The CIPFA Audit Committees Guidance includes the production of an annual report on the performance of the Audit Committee against its remit for submission to the IJB.
- 3.3 The Members of the MIJB Audit and Risk Committee carried out self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance during an Informal Session held on 21 April 2021 facilitated by the MIJB's Chief Internal Auditor. The MIJB Audit and Risk Committee Annual Report 2020/21 is appended to this report as Appendix 1 for consideration to adopt this best practice. The self-assessments are appended to this report as Appendix 2 (Good Practice Principles) and Appendix 3 (Effectiveness) for consideration.

- 3.4 The outcome of the self-assessments was a medium degree of performance against the good practice principles and a medium degree of effectiveness. Areas of improvement have been identified by the Committee.
- 3.5 The MIJB Audit and Risk Committee Annual Report 2020/21 is designed both to provide assurance to the members of the MIJB's Board and to provide some actions for the Committee to improve its effectiveness.

## 4 Directions

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- 4.1 There are no direct implications on the Directions.

## 5 Equalities Implications

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- 5.1 There are no direct equalities implications arising from this report.

## 6 Resource Implications

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- 6.1 The self-assessment included the consideration of the resources that are in place to support the Committee to fulfil its remit.

## 7 Risk

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- 7.1 There is a risk that the MIJB Audit and Risk Committee does not fully comply with best practice guidance thus limiting its effectiveness as a scrutiny body as a foundation for sound corporate governance. The completion of the annual self-assessment and identification and implementation of improvement actions as evidenced through this Annual Report will mitigate this risk.

## 8 Involving people

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- 8.1 The Members of the MIJB Audit and Risk Committee carried out self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance during an Informal Session held on 21 April 2021 facilitated by the MIJB's Chief Internal Auditor. The Chair of the Committee has agreed the content of the resulting Annual Report 2020/21 in advance of its consideration by the Committee.

## 9 Background Papers

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- 9.1 CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition

<b>AUTHOR'S NAME</b>	Jill Stacey
<b>DESIGNATION</b>	MIJB Chief Internal Auditor
<b>CONTACT INFO</b>	
<b>DATE</b>	12 May 2021

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**MIDLOTHIAN HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD  
AUDIT AND RISK COMMITTEE  
ANNUAL REPORT FROM THE CHAIRMAN – 2020/21**

This annual report has been prepared to inform the Midlothian Health and Social Care Integration Joint Board of the work carried out by its Audit and Risk Committee during the financial year. The content and presentation of this report meets the requirements of the CIPFA 'Audit Committees' Guidance to report to the full Board on a regular basis on the Committee's performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose.

**Meetings**

The MIJB Audit and Risk Committee has met 3 times on a virtual basis during the financial year on 3 September and 3 December 2020, and 4 March 2021 to consider reports pertinent to the audit cycle; its scheduled meeting on 4 June 2020 was cancelled due to pandemic restrictions with time-sensitive statutory reports instead being presented directly to the MIJB Board on 11 June 2020 (Internal Audit Annual Assurance Report 2019/20; Annual Governance Statement 2019/20; Draft Unaudited Annual Accounts 2019/20).

The remit of the MIJB Audit and Risk Committee is to have high level oversight of the governance, risk and internal control arrangements of the MIJB. To fulfil this remit, it sought assurances through material it received from Internal Audit, External Audit, other external scrutiny and audit bodies, and from Management, and it placed reliance on the partners' arrangements and assurance frameworks.

The Committee considered the MIJB's audited Annual Accounts 2019/20 in September 2020, prior to their presentation for approval by the MIJB, and, in doing so, promoted effective public reporting to the integration authority's stakeholders and local community. The Committee also reviewed the Annual Governance Statement therein to assess whether it properly reflects the risk environment and whether the content is consistent with its evaluation of the internal controls and governance arrangements based on evidence received during the year.

The Committee scrutinised reports presented by the Council's Risk Manager at each of the meetings that provided a quarterly update on the Strategic Risk Profile and the current issues, future risks and opportunities for the MIJB, plus an overview of the most significant issues and risks facing the MIJB, prior to the Strategic Risk Profile being reported to the MIJB Board quarterly.

The Committee approved the Plans for work being delivered by Internal Audit (provided by Midlothian Council Internal Audit, and NHS Lothian Internal Audit) and External Audit (delivered by EY), considered Reports presented by Internal Audit and External Audit on their findings, conclusions and recommendations arising from their work, monitored the implementation of recommendations arising from Internal and External Audit work, and considered assurance from relevant Internal Audit reports by partners' Internal Auditors presented to their respective Audit Committees.

The Committee scrutinised the updated Local Code of Corporate Governance for the Midlothian Integration Joint Board and recommended it for MIJB approval (April 2021). Its compliance with the best practice CIPFA / SOLACE Framework ensures that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The minutes of MIJB Audit and Risk Committee meetings were presented for noting by the MIJB following their approval by the Committee and any exceptional items were referred to the MIJB in accordance with its Terms of Reference.

## Membership

The MIJB appoints the Committee which consists of (at least) four voting members of the MIJB (2 from the Health Board and 2 from the Council), excluding professional advisors, and an Independent Member. The membership, which is based on integration legislative requirements, does not meet with the principles of good practice within CIPFA 'Audit Committees' Guidance for audit committees to be independent from the decision-making body for effective scrutiny. This is partly addressed though the appointment of an Independent Member, who was appointed from the community for a fixed period to 31 October 2022, following an open recruitment and selection process.

The Committee membership during the year was Councillor J Muirhead (Chairman), Councillor D Milligan, Ms C Hirst, Mr M Ash, and Ms P Russell (Independent Member).

The attendance by each member at the Committee meetings throughout the year was as follows:

Member	Meeting of 3 September 2020	Meeting of 3 December 2020	Meeting of 4 March 2021
Cllr Jim Muirhead (Chair)	√	√	√
Cllr Derek Milligan	√		
Ms Carolyn Hirst	√	√	√
Mr Mike Ash	√	√	
Ms Pam Russell (Independent Member)	√	√	√

Every meeting of the MIJB Audit and Risk Committee in 2020/21 was quorate (i.e. at least three Members present).

All other individuals who attended the meetings are recognised as being "in attendance" only. The Chief Officer, Chief Finance Officer, Chief Internal Auditor, external auditors, and the Committee Clerk (provided by MLC) attend all Committee meetings to support the Committee. One exception at the March 2021 meeting when the Head of Adult Social Care substituted for the Chief Officer.

## Skills and Knowledge

Given the wider corporate governance remit of audit committees and the topics now covered by the external and internal audit functions, it is noteworthy that there is a range of skills, knowledge and experience that MIJB Audit and Risk Committee members bring to the committee, not limited to financial and business management. This enhances the quality of scrutiny and discussion of reports at the meetings. No one committee member would be expected to be expert in all areas.

## Self-Assessment of the Committee

The self-assessment was carried out by members of the MIJB Audit and Risk Committee on 21 April 2021 during an Informal Session facilitated by the MIJB Chief Internal Auditor using the 'Good Practice Principles Checklist' and 'Evaluation of Effectiveness Toolkit' from the CIPFA 'Audit Committees' Guidance. This was useful for Members to ensure the Committee can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the MIJB.

The outcome of the self-assessments for the Committee was a medium degree of performance against the good practice principles and a medium degree of effectiveness. The Committee identified the following areas of improvement in order to fulfil its remit more effectively:

- Set up Informal Sessions before or after each meeting to provide the opportunity for Committee Members' learning and development and private discussions with the auditors;
- Utilise the Knowledge and Skills Framework to inform Committee Members' learning and development needs;
- Obtain feedback on its performance from those who interact with the Committee; and
- Publish an annual report to account for its performance and explain its work.

### **Assurance Statement to the MIJB**

The MIJB Audit and Risk Committee provides the following assurance to the Midlothian Integration Joint Board:

- The MIJB has received the Minutes of the MIJB Audit and Risk Committee meetings throughout the year.
- The MIJB Audit and Risk Committee has operated in accordance with its agreed Terms of Reference, and accordingly with the audit committee principles in the CIPFA Position Statement. It did this through assurances it received from Internal Audit, External Audit, other audit and inspection bodies, and Management. It focussed entirely on matters of risk management, internal control and governance.
- For all audit reports, the MIJB Audit and Risk Committee considered whether it was satisfied that an adequate Management response was in place to ensure action would be taken to manage risk and address concerns on internal controls and governance arrangements.
- There is effective engagement of MIJB Audit and Risk Committee Members including challenge and questions relating to the business on the agendas.
- The MIJB Audit and Risk Committee has reflected on its performance during the year in respect of it fulfilling its remit, and has identified areas for improvement.

### **Recommendation relating to the Terms of Reference for the MIJB Audit and Risk Committee for the coming year**

The Committee considered its Terms of Reference during the annual self-assessment and has determined that there are no changes required at this time.

Councillor Jim Muirhead  
Chairman of MIJB Audit and Risk Committee  
May 2021



## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 Edition

### Midlothian Health and Social Care IJB Audit and Risk Committee – self-assessment of Good Practice at 21 April 2021

Audit committee purpose and governance	Yes/Partly /No	Comments
Does the integration authority have a dedicated audit committee?	Yes	The MIJB Audit and Risk Committee has been constituted with a Terms of Reference (MIJB Standing Orders - May 2018) and has periodic meetings during the year in line with the Audit Cycle.
Does the audit committee report directly to full Board?	Yes	MIJB full Board notes the Minutes of each MIJB Audit and Risk Committee meeting following their approval by the latter.
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement	Yes	Review has been completed by MIJB Chief Internal Auditor against CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 (deemed applicable to integration authorities' audit committees).
Is the role and purpose of the audit committee understood and accepted across the integration authority?	Yes	MIJB Audit and Risk Committee has been constituted with a Terms of Reference and has periodic meetings during the year in line with the Audit Cycle which are regularly attended by the MIJB's Chief Officer, Chief Finance Officer, Chief Internal Auditor and External Auditor.
Does the audit committee provide support to the integration authority in meeting the requirements of good governance?	Yes	<p>The MIJB Audit and Risk Committee is a key part of the MIJB's governance framework as outlined in the MIJB Local Code of Corporate Governance (updated and approved by the Board in April 2021 on recommendation by Audit and Risk Committee).</p> <p>The role of the MIJB Audit and Risk Committee is to have high-level oversight of the MIJB's internal control, governance and risk management.</p>
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Yes	The MIJB Standing Orders states that the MIJB Audit and Risk Committee is required "To report to the IJB on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose". The MIJB Audit and Risk Committee reviewed its terms of reference as part of its self-assessment of performance 2020/21 against best practice checklists. An Annual Report will be presented to the MIJB setting out the activities to enable stakeholders to understand how the MIJB Audit and Risk Committee has discharged its duties and to identify areas of improvement to fulfil its remit.

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 Edition

### Midlothian Health and Social Care IJB Audit and Risk Committee – self-assessment of Good Practice at 21 April 2021

Functions of the committee	Yes/Partly /No	Comments
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?		
<ul style="list-style-type: none"> <li>• good governance</li> </ul>	<input type="text" value="Yes"/>	Included in function nos. 1, 2 & 7
<ul style="list-style-type: none"> <li>• assurance framework, including partnerships and collaboration arrangements</li> </ul>	<input type="text" value="Yes"/>	Assurance framework included in function no. 4; partnerships and collaboration arrangements implicit in all aspects of functions as integration authority places reliance on partners' arrangements as set out in MIJB Local Code of Corporate Governance
<ul style="list-style-type: none"> <li>• internal audit</li> </ul>	<input type="text" value="Yes"/>	Included in function nos. 8 to 19 inclusive
<ul style="list-style-type: none"> <li>• external audit</li> </ul>	<input type="text" value="Yes"/>	Included in function nos. 20 to 24 inclusive
<ul style="list-style-type: none"> <li>• financial reporting</li> </ul>	<input type="text" value="Yes"/>	Included in function nos. 25 & 26
<ul style="list-style-type: none"> <li>• risk management</li> </ul>	<input type="text" value="Yes"/>	Included in function nos. 4, 5, 6
<ul style="list-style-type: none"> <li>• Value for money or best value</li> </ul>	<input type="text" value="Yes"/>	Included in function no. 3
<ul style="list-style-type: none"> <li>• Counter-fraud or corruption</li> </ul>	<input type="text" value="Yes"/>	Reliance on partners' arrangements as set out in MIJB Local Code of Corporate Governance; counter fraud and corruption is key element of internal controls included in function no.7
<ul style="list-style-type: none"> <li>• Supporting the ethical framework</li> </ul>	<input type="text" value="Yes"/>	Implicit in all aspects of functions, and included in function no. 29 that was approved by the MIJB in October 2019.

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 Edition

### Midlothian Health and Social Care IJB Audit and Risk Committee – self-assessment of Good Practice at 21 April 2021

Functions of the committee (cont'd)	Yes/Partly /No	Comments
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	No	The MIJB Standing Orders states that the MIJB Audit and Risk Committee is required "To report to the IJB on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose". The MIJB Audit and Risk Committee reviewed its terms of reference as part of its first self-assessment of performance 2020/21 against best practice checklists. An Annual Report will be presented to the MIJB setting out the activities to enable stakeholders to understand how the MIJB Audit and Risk Committee has discharged its duties and to identify areas of improvement to fulfil its remit.
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Yes	Review has been completed by MIJB Chief Internal Auditor against CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 (deemed relevant to integration authorities' audit committees). In the context of health and social care integration reliance is placed on partners' audit committees fulfilling their functions.
Where coverage of core areas has been found to be limited, are plans in place to address this?	Yes	Coverage of core areas is adequate.
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Yes	The 2020/21 self-assessment has confirmed that the MIJB Audit and Risk Committee adhered to its terms of reference during the year.

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 Edition

### Midlothian Health and Social Care IJB Audit and Risk Committee – self-assessment of Good Practice at 21 April 2021

Membership and support	Yes/Partly/No	Comments
<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• consideration has been given to the inclusion of at least one independent member</li> </ul>	Partly	<p>The MIJB appoints the Committee which consists of (at least) four voting members of the MIJB (2 from the Health Board and 2 from the Council), excluding professional advisors, and an Independent Member.</p> <p>The scrutiny arrangements in place, which are based on integration legislative requirements, do not meet with generally accepted principles of good practice for audit committees (1<sup>st</sup> bullet point) as 4 of the 5 Committee members are MIJB Board members though this is partly addressed though the appointment of an Independent Member.</p>
Have independent members appointed to the committee been recruited in an open and transparent way and approved by the IJB?	Yes	The appointment of one Independent Member of the MIJB Audit and Risk Committee was approved by the MIJB on 13 February 2020 for a fixed period to 31 October 2022, following an open recruitment and selection process.
Does the chair of the committee have appropriate knowledge and skills?	Yes	The Chair of the MIJB Audit and Risk Committee is an experienced Councillor and chair of meetings.
Are there arrangements in place to support the committee with briefings and training?	Partly	Induction Programme for the MIJB was undertaken. Informal Sessions before or after each meeting continues to be an area of improvement to provide the opportunity for learning and development and private discussions with the auditors.
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	No	As a continuing area of improvement, MIJB Audit and Risk Committee Members will utilise the Knowledge and Skills Framework to inform their learning and development needs.
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	Yes	Members, in particular the Chair of the MIJB Audit and Risk Committee, utilise opportunities to meet with or email, as required, the key people involved in the MIJB's governance for advice and support e.g. Chief Officer, Chief Finance Officer, Chief Internal Auditor, and External Auditor.
Is adequate secretariat and administrative support to the committee provided?	Yes	A Democratic Services Officer is assigned to the MIJB Audit and Risk Committee.

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 Edition

### Midlothian Health and Social Care IJB Audit and Risk Committee – self-assessment of Good Practice at 21 April 2021

Effectiveness of the committee	Yes/Partly /No	Comments
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	No	As a continuing area of improvement the MIJB Audit and Risk Committee will obtain feedback on its performance from a range of attendees who interact with the Committee on a periodic basis.
Are meetings effective with a good level of discussion and engagement from all members?	Yes	Recorded in Minutes.
Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	Yes	Members utilise opportunities to meet with or email, as required, the key people responsible for the MIJB's governance and improvement e.g. Chief Officer, Chief Finance Officer, Chief Internal Auditor, External Auditor, Risk Manager, and Democratic Services Officer.
Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Yes	Recommendations are made to the MIJB through their receipt of relevant reports considered by MIJB Audit and Risk Committee and through the Minutes of each MIJB Audit and Risk Committee meeting.
Has the committee evaluated whether and how it is adding value to the organisation?	Yes	During its self-assessment 2020/21 the toolkit 'Evaluating the Effectiveness of the Audit Committee' from the CIPFA 'audit committees' guidance (2018) was utilised to consider how it is adding value to the MIJB.
Does the committee have an action plan to improve any areas of weakness?	Partly	The MIJB Audit and Risk Committee identified areas where it could improve in respect of its scrutiny and challenge role to fulfil its remit during its self-assessment 2020/21 against best practice checklist.
Does the committee publish an annual report to account for its performance and explain its work?	Partly	An inaugural Annual Report 2018/19 was presented to MIJB in October 2019, though one was not completed for 2019/20.  An Annual Report 2020/21 will be presented to the MIJB setting out the activities to enable stakeholders to understand how the MIJB Audit and Risk Committee has discharged its duties and to identify areas of improvement to fulfil its remit.



Areas where the Audit Committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment 5-1 See key below
1. Promoting the principles of good governance and their application to decision making	Supporting development of local code of governance. Providing robust review of the Annual Governance Statement (AGS) and the assurances underpinning it. Working with key members to improve their understanding of the AGS and their contribution to it. Supporting audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner audit committees to review governance arrangements in partnerships.	Committee scrutinised Local Code of Corporate Governance and AGS. Opportunity for Members to engage with officers to clarify matters. Committee supports the role of audit in improving internal control and governance. Committee received presentations and reports from Management and Auditors. Committee supports enhanced collaboration between partners' internal auditors.	4 (2018/19-4)
2. Contributing to the development of an effective control environment.	Actively monitoring the implementation of recommendations from auditors. Encouraging ownership of the internal control framework by appropriate managers. Raising significant concerns over controls with appropriate senior managers.	Committee received periodic progress reports from Auditors e.g. follow-up activity. CO / CFO attended Committee meetings to discuss progress with improvement actions. National Reports shared with Committee to learn from others.	4 (2018/19-4)
3. Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking. Monitoring improvements. Holding risk owners to account for major/strategic risks.	Committee received Annual Reports from Auditors providing opinion on risk management arrangements. Regular risk register review updates are presented to the Committee and Board.	4 (2018/19-4)
4. Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps or overlaps in assurance. Seeking to streamline assurance gathering and reporting. Reviewing the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.	MIJB Local Code of Corporate Governance sets out where reliance is placed on the arrangements in place at its Partners. Briefing is required on how assurances are obtained. Annual Strategies, Plans and Reports received from Auditors for assurance purposes.	3 (2018/19-3)

Areas where the Audit Committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment 5-1 See key below
5. Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	Reviewing the audit charter and functional reporting. Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements. Actively support Internal Audit improvements (QAIP).	Committee places reliance on MLC's Audit Committee to approve Internal Audit Charter and confirm conformance with PSIAS (QAIP). IJB Internal Audit Annual Plans and Annual Assurance Reports are received for review.	4 (2018/19-4)
6. Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	Reviewing how the governance arrangements support the achievement of sustainable outcomes. Reviewing major projects and programmes to ensure governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	Auditors provided assurance on transformation, efficiencies and performance management arrangements. Briefing is required on how assurances are obtained from partners.	3 (2018/19-3)
7. Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee. Considering how performance in value for money is evaluated as part of the AGS.	Auditors provided assurance on value for money arrangements e.g. transformation, sustainability, and performance management. AGS sets out the Governance Framework including arrangements for best value.	3 (2018/19-3)
8. Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	Reviewing arrangements against standards in CIPFA's <i>Managing the Risk of Fraud and Corruption</i> (2014). Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks. Assessing the effectiveness of ethical governance arrangements for both staff and governance bodies.	Reliance is placed on the internal controls and governance, including counter fraud and corruption, within operational arrangements of partners who deliver the services commissioned by the IJB. Briefing required on how assurances are obtained from partners.	3 (2018/19-3)
9. Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.	Improving how the authority discharges its public reporting responsibilities e.g. audience, plain English. Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging transparency. Publishing a Committee annual report.	Committee scrutinised annual accounts and report prior to publication and audit, and commented on the format/content for users – unaudited (June); audited (September) along with Annual Audit Report. ARC annual report to IJB is required.	4 (2018/19-4)

Assessment key	
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.



### Key to Acronyms

IJB – Integration Joint Board (the strategic commissioning authority for health and social care services)

ARC – Audit and Risk Committee

AGS - Annual Governance Statement (the statement reporting the outcome of the annual review of effectiveness of the organisation's system of internal control and governance arrangements against its Local Code of Corporate Governance, including any areas of improvement, presented within the statutory annual report and accounts)

CO – Chief Officer of the IJB

CFO – Chief Finance Officer of the IJB

PSIAS – Public Sector Internal Audit Standards (quality management system for the Internal Audit providers)

QAIP – Quality Assurance and Improvement Plan (requirement of PSIAS)

MIJB – Midlothian Integration Joint Board

MLC – Midlothian Council





10 June 2021 at 2pm

## MIJB Recommendations Internal Audit Follow-Up Review Completed Actions

Item number: 5.6

### Executive summary

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The purpose of this report is to provide information on Internal Audit actions flagged as completed during 2020/21 and confirm the adequacy of the new internal controls and governance of the Midlothian Health and Social Care Integration Joint Board (MIJB).

**The Midlothian IJB Audit and Risk Committee is therefore asked to consider the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance of the Midlothian Health and Social Care Integration Joint Board.**

## MIJB Recommendations Internal Audit Follow-Up of Completed Recommendations

### 1 Purpose

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- 1.1 The purpose of this report is to provide information on Internal Audit actions flagged as completed during the period 1 April 2020 to 31 March 2021 and confirm the adequacy of the new internal controls, risk management and governance arrangements of the Midlothian Health and Social Care Integration Joint Board.

### 2 Recommendations

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- 2.1 The MIJB Audit and Risk Committee is therefore asked to consider the progress made by Management in implementing Internal Audit recommendations to improve internal controls, risk management and governance arrangements of the Midlothian Health and Social Care Integration Joint Board.

### 3 Background and main report

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- 3.1 Internal Audit reports include a section with management actions where recommendations are made to improve upon the existing internal controls, risk management and governance arrangements. These recommendations, following agreement with MIJB Management, are updated by Internal Audit to the Council's performance management system, Pentana Performance, with a target completion date set. The recommendations are then endorsed by the MIJB Audit and Risk Committee when the Internal Audit reports are presented for their consideration.
- 3.2 MIJB Management are responsible for acting on the recommendations by the agreed due date and when complete, closing the recommendation on the Pentana Performance system. The Internal Audit plan includes follow up activity in relation to recommendations made and checks are carried out the completed recommendations to determine whether they have been implemented satisfactorily and thus give assurance over the ongoing improvement of internal control, risk management and governance arrangements.
- 3.3 During 2020/21, Internal Audit had meetings with officers within the Midlothian Health and Social Care Partnership on a quarterly basis to discuss progress with implementation of previous recommendations made for the MIJB. This provided the opportunity to discuss the impact that the significant ongoing challenges by the COVID-19 pandemic has had on the completion of some audit recommendations as well as the opportunity to evaluate the completed audit actions to ensure there was evidence to address the risks that were identified during the audits.
- 3.4 A summary is attached at Appendix 1 which details the MIJB Internal Audit actions completed in 2020/21 including notes from the Pentana system.

- 3.5 In the period 1 April 2020 to 31 March 2021, 3 sub audit actions were completed by MIJB Management to progress workforce planning governance and activity associated with the recommendations made in the 2019/20 Internal Audit review of Workforce Development that focused on the Midlothian Health and Social Care Partnership arrangements to support the Midlothian Integration Joint Board workforce direction. These 3 completed sub audit actions were reviewed by Internal Audit and evidence was obtained to support their completion. All were found to have been completed satisfactorily with evidence of improved internal controls and governance arrangements, and reduced risk.
- 3.6 Due to the significant ongoing challenges by the COVID-19 pandemic, completion of some audit recommendations were delayed and revised due dates have been agreed. Those relating to the areas of workforce planning have been revised to reflect the new submission timescale and delay in the publication of the 3 year workforce plans by the Scottish Government. Those relating to the areas of performance management and strategic planning have been revised to reflect the dependency on updates to the Strategic Plan and other activities.
- 3.7 A summary is attached at Appendix 2 which details the MIJB Internal Audit actions in progress including notes from the Pentana system. These relate to the areas of performance management, strategic planning, and workforce planning.
- 3.8 A further follow-up report will be presented to MIJB Management and the MIJB Audit and Risk Committee in December 2021 on progress with the MIJB Internal Audit recommendations that are in progress.

## **4 Directions**

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- 4.1 There are no Directions implications arising from this report.

## **5 Equalities Implications**

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- 5.1 There are no direct equalities implications arising from this report.

## **6 Resource Implications**

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- 6.1 There are no direct resources implications arising from the proposals in this report.

## **7 Risk**

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- 7.1 The recommendations made by Internal Audit are directly related to reducing the level of risk that the MIJB is exposed to. These recommendations were raised to reduce financial, reputational, strategic and governance risks.

## **8 Involving people**

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- 8.1 The MIJB Chief Officer, Chief Finance Officer and Integration Manager have been involved in progressing the implementation of the Internal Audit recommendations and have reviewed this report in advance of its consideration by the MIJB Audit and Risk Committee.

## 9 Background Papers

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- 9.1 Two follow-up audit recommendations reports are presented to the MIJB Audit and Risk Committee each year in accordance with the approved MIJB Internal Audit Annual Plan 2021/22.

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<b>DATE</b>	27 May 2021

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## Appendix 1 – Completed MIJB Audit Actions in 2020/21





### 2019/20 - Workforce development focused on the Midlothian Health and Social Care Partnership arrangements to support the Midlothian Integration Joint Board workforce direction - Moderate Assurance

Action Code	Action	Due Date	Icon	Progress	Notes	Service	Managed By
IA.IJBWFD.1.2	In addition, management should seek to develop the detailed workforce plan (noted in the report Finding 2.1) for the organisation in order to support the delivery of the Strategic Plan.	31-Mar-2022	✓	100%	<b>Q4 20/21:</b> Closed - monitored as part of IA.IJBWFD.1.1	Adult Health and Social Care; Health and Social Care Partnership	AHSC Performance Officer; Head of Adult and Social Care; Head of Primary Care and Older People's Services
IA.IJBWFD.2.3	A responsible officer should also be nominated to ensure the development and publication of the workforce plan and the Annual Workforce Planning Reporting Template. In addition, management should determine if any additional resource is required to input workforce planning to move it forward at the pace required.	31-Dec-2020	✓	100%	<b>Q2 20/21:</b> The Senior Management Team has established a Governance Group. This group has oversight of Workforce Planning which will allow for collaborative approaches to workforce development.	Adult Health and Social Care; Health and Social Care Partnership	AHSC Performance Officer; Head of Adult and Social Care; Head of Primary Care and Older People's Services
IA.IJBWFD.2.4	Quarterly or bi-annual workforce planning collaborative network meeting events should be established and supported by attendance from each HSCP to report back on progress, share ideas and ongoing development in best practice across Lothian HSCPs.	31-Dec-2020	✓	100%	<b>Q2 20/21:</b> The Workforce Planning group is now in place.	Adult Health and Social Care; Health and Social Care Partnership	AHSC Performance Officer; Head of Adult and Social Care; Head of Primary Care and Older People's Services






## Appendix 2 - MIJB Audit Actions in Progress



### 2017/18 - Performance Targets and Reporting - IJBs




Action Code	Action	Due Date	Icon	Progress	Notes	Managed By
IA.IJBPTR.01	KPIs should be stated for all objectives within the IJBs' key plans, including the plans for older people, learning disabilities, physical disabilities, mental health, and alcohol & drug misuse. These KPIs should then be approved by each IJB board.	31-Mar-2022		70%	<p><b>Q3/Q4 2020/21:</b> Good progress has been made. There are high level KPIs in the form of MSG indicators. It is intention of IJB to review these in 2021. The Chief Officer is working to develop a performance framework that will include the main planning groups. This is a collaborative process and continues in 2021. High Level KPIs are reported to Scottish Government which is included in the annual performance report. Inclusion of KPIs in plans is increasing but further work is required. This will be aided by the outcome mapping work commenced in December 2020 and will continue throughout 2021. Tableau dashboard pilot phase included data from health social care services. This contributes to performance framework.</p> <p>Due to the rollout of the vaccination programme and impact of COVID-19 new revised due date proposed 31/03/2022.</p>	Integration Manager
IA.IJBPTR.03	The IJB chief officer will agree with the IJB board what the key high level plans are. For each of these plans, the chief officer will ensure that all key actions are phrased as SMART objectives. These objectives will then be approved by the IJB board.	31-Mar-2022		85%	<p><b>Update Q3/Q4 2020/21:</b> All planning groups are in the process of agreeing their high level objectives for 21/22. In addition work is underway to agree key objectives for the strategic plan 2022 – 25. IJB board in March 2021 agreed 5 high level strategic aims for 2022. Also have a MASTER Directions Tracker spreadsheet which is work in progress. Work to explicitly link Directions to areas of the Strategic Plan underway.</p>	Integration Manager

2018/19 - Chief Internal Auditor's Annual Assurance Report and Opinion 2018/19 for Midlothian Health and Social Care Integration Joint Board

Action Code	Action	Due Date	Icon	Progress	Notes	Managed By
IA.IJB2018/19.01	Linkages within the Strategic Plan should clearly relate local objectives to national objectives. Similarly linkages between Directions issued by the MIJB and the Delivery Plan or supporting detailed action plans should be also be established.	30-Apr-2022		60%	<b>Q3/Q4 2020/21:</b> This action still needs to be completed and will be addressed as part of the Strategic Plan 2022 – 2025 strategy. Work to explicitly link current Directions to areas of the current Strategic Plan underway. Proposed revised due date April 2022.	Integration Manager
IA.IJB2018/19.02	The Delivery Plan should contain more detail regarding action to be taken in terms of what is to be done as well as how, by when and by whom it is to be achieved. How outcomes are to be measured should also be defined.	30-Jun-2021		70%	<b>Q3/Q4 2020/21:</b> Delivery plan is now referred to as Strategic Plan Update – annual update. Strategic Plan Update 2021-22 has been completed and is available on the website however needs to be updated to include more details i.e. how plans are measurable. Need to link strategic plans to action plans.	Integration Manager
IA.IJB2018/19.04	Performance measures in the MIJB's Performance Management Framework should be more appropriately aligned to key priorities and outcomes of its Strategic Plan.	31-Mar-2022		70%	<b>Q3/Q4 2020/21:</b> Good progress has been made. There are high level KPIs in the form of MSG indicators. It is intention of IJB to review these in 2021. The Chief Officer is working to develop a performance framework that will include the main planning groups. This is a collaborative process and continues in 2021. High Level KPIs are reported to Scottish Government which is included in the annual performance report. Inclusion of KPIs in plans is increasing but further work is required. This will be aided by the outcome mapping work commenced in December 2020 and will continue throughout 2021. Tableau dashboard pilot phase included data from health social care services. This contributes to performance framework.  Due to the rollout of the vaccination programme and impact of COVID-19 new revised due date proposed 31/03/2022.	Integration Manager

2019/20 - Workforce development focused on the Midlothian Health and Social Care Partnership arrangements to support the Midlothian Integration Joint Board workforce direction - Moderate Assurance

Action Code	Action	Due Date	Icon	Progress	Notes	Managed By
IA.IJBWFD.1.1	A review of the Midlothian Health and Social Care Partnership Workforce Planning Framework should be conducted to ensure it is aligned to the current Strategic Plan.	31-Mar-2022		90%	<b>Q4 20/21:</b> The majority of all individual workforce plans have been completed and interim workforce plan 2021-22, aligned to the Strategic Plan Update 2021-22, has been produced. Action on 3 year Workforce Plan, aligned to the Strategic Plan 2022 – 2025, is due to be completed by end of April 2022.	AHSC Performance Officer; Head of Adult and Social Care; Head of Primary Care and Older People's Services
IA.IJBWFD.2.1	Management should review the completed service plans to ensure they comply with the revised workforce planning guidance. Management should then make any necessary changes to their templates and after which, detailed workforce plans for all individual areas of the HSCP should be created. Consideration should also be given to whether 15 individual service plans is too ambitious to sit underneath the full Workforce Plan.	31-Dec-2021		80%	<b>Q4 20/21:</b> Reopened recommendation - service plans are not fully completed.	AHSC Performance Officer; Head of Adult and Social Care; Head of Primary Care and Older People's Services

Action Code	Action	Due Date	Icon	Progress	Notes	Managed By
IA.IJBWFD.2.2	Following the publication of the revised workforce planning guidance in December 2019, the Midlothian HSCP should proceed with the development of their three-year Workforce Plan to ensure publication by 31 March 2021 with attention given to the guidance when creating the plan. Management should ensure the plan is approved by the MIJB prior to the publication.	31-Mar-2022		50%	<p><b>Q4 20/21:</b> Due to the significant ongoing challenges by the COVID-19 pandemic, the SG introduced a new submission timescale and delayed the publication of the 3 year workforce plans, originally outlined in the revised workforce planning guidance published in December 2019. Integration authorities are now requested to ensure that a 3 year Workforce Plan is developed by 31 March 2022 which will cover the period 1 April 2022 to 31 March 2025. An interim workforce plan has been produced to cover the period 01 April 2021 to 31 March 2022.</p>	AHSC Performance Officer; Head of Adult and Social Care; Head of Primary Care and Older People's Services
IA.IJBWFD.2.5	Management should determine a timetable for providing updates on workforce planning to the MIJB. This will include dates for submitting drafts of the full three-year Workforce Plan in order to have a final version ready for publication by the deadline of 31 March 2021.	30-Jun-2021		50%	<p><b>Q4 20/21:</b> A report will be submitted to MIJB in June 2021 indicating a timescale for providing updates.</p>	AHSC Performance Officer; Head of Adult and Social Care; Head of Primary Care and Older People's Services
IA.IJBWFD.3	All staff charged with completing the overall HSCP workforce plan, and the individual lower-level plans, should receive comprehensive training to allow them to more effectively perform the work. The training should be based upon the Scottish Government guidance published in December 2019.	31-Mar-2022		10%	<p><b>Q4 20/21:</b> This will need to be reviewed when the new three year workforce plan is in place.</p>	AHSC Performance Officer; Head of Adult and Social Care; Head of Primary Care and Older People's Services