

Health and Social Care Integration
Report by: Graham Herbert, Internal Audit Manager

1 Purpose of Report

The Scottish Government has issued guidance on the processes to be followed over the integration of Health and Social Care. One of the guidance notes recommends that the Internal Audit teams of local authorities and the National Health Service (NHS) should undertake a review of the assurance process used to identify the resources to be delegated and the risks associated with the integrated function and report findings to their respective Audit Committees.

The purpose of this report is to provide the Midlothian Audit Committee with an update of progress following an interim review by Midlothian Council's Internal Audit section. NHS Lothian Internal Audit is also undertaking a separate review and is to present their report to their own Audit Committee. It is anticipated that this report will also be made available to Midlothian Council's Audit Committee in due course.

2 Background

2.1 Health and Social Care Integration

As reported to the Audit Committee on 3 February 2015, the Public Bodies (Joint Working) (Scotland) Act (2014) requires the integration of certain local authority services with the health services.

In order to take this legislation forward in Midlothian a Shadow Integration Joint Board was established in April 2013 with members of the Committee comprising of four Elected Members from Midlothian Council and 4 Non-Executive NHS Lothian Members. A Joint Director Health and Social Care has been appointed and a Shadow Chief Finance Officer. In addition a Joint Management Team has been established to support the Shadow Board and there are also representatives from users of services, carers and the third sector on the Shadow Board.

Before the Integrated Joint Board can be formed an Integration Scheme has to be developed and agreed by the Council and NHS Lothian as well as the Scottish Government. The Scheme includes details of: the services to be delegated; local governance arrangements; operational delivery arrangements; financial arrangements; complaint handling; and risk management. The Shadow Joint Board and Joint Management Team have worked jointly to develop the Integration Scheme. The Scheme has been issued for public consultation, approved by Midlothian Council and the NHS Lothian Board and has recently been approved by the Scottish Government.

The Integrated Joint Board is to be formally established on 27/06/15 with the first Board meeting to be held in August 2015. Having been established, the Integrated Joint Board needs to approve a Strategic Plan which will define the aims, objectives and financing of the new Health and Social Care Partnership. The Strategic Plan will also need to have a start date. The start for the Strategic Plan will become the date when the formal delegation of functions from the Council and the Health Board takes place and the integrated Joint Board will become responsible for the allocated resources.

2.2 Scope of the Audit Review

The Scottish Government has issued guidance on Health and Social Care Integration relating to financial assurance (Appendix 1 to this report).

It is recommended in this paper that Audit Committees gain assurance on:

- the financial provisions to be included within the Integration Scheme;
- the plans for financial governance, financial assurance and risk;
- whether lessons learned from other integrations have been considered; and
- that financial metrics that officers will use to assess whether objectives have been met and that baseline data is in place.

It should be noted that the assurance work being undertaken by the Shadow Integration Board and supporting groups are continuing and this process is not yet complete. Midlothian's Internal Audit Section will therefore undertake a more in depth review of the assurance process when this is further established.

This review is therefore limited to:

- the governance model in place to manage the implementation of the Integrated Joint Board;
- the proposed allocated budget from Midlothian Council to the Integrated Joint Board and whether this is aligned to those services budgets which are to be delegated;
- risk registers are in place which identify the risks that could impact on delivery of the project plan;
- project plans are in place for establishing the Integrated Joint Board and these are broken down into milestones and timelines which are subject to regular review and monitoring; and
- that the predetermined metrics that officers will use in future to assess whether integration has met its objectives have been identified and that a process for obtaining baseline data is in place.

3 Report Findings

3.1 Governance

The Governance arrangements for the Integrated Joint Board are still under development and therefore this review has looked at the arrangements established to support the project and Shadow

Integration Board only. Governance arrangements were noted to include:

- a Shadow Integrated Board has been established with membership approved by Midlothian Council (and the NHS Lothian Board);
- a Terms of Reference is in place for the Shadow Board and this has been approved by Midlothian Council (and the NHS Lothian Board);
- the Shadow Board is supported by a Management Team and a Strategic Commissioning Group is in the process of developing a Strategic Plan for the Integrated Joint Board's approval; and
- an Integration Scheme has been developed following public consultation which sets out governance arrangements. This has been approved by Midlothian Council, NHS Lothian Board and the Scottish Government.

A report was presented to the Audit Committee on 3 February 2015 which included a link to the draft Integration Scheme and also considered the potential audit arrangements for the new Integrated Joint Board. Council on 4 February 2014 also considered and approved the scope of services to be delegated to the Joint Board. In addition The Head of Finance and Integrated Service Support is submitting a report to Council on 23 June 2015 which provides an update on the resources to be delegated to the Integrated Joint Board and this forms part of the financial assurance work being undertaken by the Council. This report will also contain information on the assurance plans in place for financial governance, financial assurance and risk (as recommended by the Scottish Government). Once presented to Midlothian Council it will also be presented to the Audit Committee.

3.2 Budgets

The method of calculating the 2015/16 Adult and Social Care budget of £36.93M (Midlothian Councils anticipated contribution to the partnership in 2015/16) has used the same basic principles as in previous years. This includes:

- budgeting for existing staff establishment;
- increases due to likely pay awards, incremental progression and increases in employee's national insurance and pension contributions;
- increases to budgets for demographic pressures which lead to an increase in demand for social care; and
- adjusting of budgeted savings proposed by the Head of Adult and Social Care and approved as part of the budget setting process.

Midlothian Council approved on 4 February 2014 that the Adult and Social Care Budget would be transferred to the Integrated Joint Board less central support costs and centrally managed budgets (including utility and property repair). In December 2014 Midlothian also agreed

that Criminal Justice would be included with the Integrated Joint Board and that this budget would be transferred.

The Shadow Joint Board has been presented with the proposed budget and there has therefore been opportunity from both Midlothian Council and the Shadow Board to challenge.

3.3 Risk Register

3.3(1)

A Highlight Report has been developed which shows risks related to the project which are rated as high and these are presented to the Business Transformation Board and Business Transformation Steering Group. However it was noted that these Highlight Reports are not currently submitted to the Shadow Board on a regular basis and thus there is the potential for the Integrated Joint Board to not have the opportunity to have a full and regular overview of its risks and to have the opportunity to challenge these.

This risk is partly mitigated by individual reports submitted to the Shadow Board following the Council standards which contain a section on potential risks.

Recommendation

The Highlight Report should be presented to each shadow Integration Board Meeting.

(Tom Welsh, Integration Manager). Agreed

3.3(2)

The Health and Social Care Integration risk is being managed within the Adult and Community Care Risk Register under transformational change. There are however other areas of transformation being managed within this risk. The legislative requirement for Health and Community Care to integrate risk, which is also recorded in the risk register, has not been updated since July 2012 and is currently unrated. It was also noted that unlike other legal changes (eg Welfare Reform) the risk is not included within the Corporate Risk Register.

Recommendation

The legislative requirement for Health and Community Care to integrate risk within the risk register should be updated to reflect the current risk rating, with the subsidiary risks and controls in place noted which manage these risks. Consideration should be given to including the risk within the Corporate Risk Register so that there is regular scrutiny by the Corporate Management Team and Audit Committee.

The Risk Register should also be presented on a regular basis to the Shadow Joint Board.

(Tom Welsh, integration Manager). Agreed

3.3(3)

It was noted that a risk register is in draft which details the likely risks which may face the Integrated Joint Board when it becomes operational. This will not be ratified until the Integrated Joint Board is formed and has not been subject to Internal Audit review as it is currently still under development.

3.4 Project plans

A detailed project plan (Highlight Report) is in place and performance against the plan is provided to each Business Transformation Board and Business Transformation Steering Group along with a summary progress report. This splits the project into activities, allocates a responsible owner, records the current status (red, amber or green) and provides a narrative against each. Whilst we understand that there have been regular and detailed progress updates at each Shadow Joint Board meeting it was noted that the Highlight report has only been presented to one Shadow Integration Joint Board.

Recommendation

The Highlight Report currently submitted to the Business Transformation Board and Business Transformation Steering Group should also be submitted to each Shadow Integrated Board meeting.

(Tom Welsh, Integration Manager). Agreed

3.5 Performance Reporting

As part of the Strategic Planning process currently being undertaken by the Strategic Commissioning Group, objectives for the Partnership are being developed and an NHS Strategic Programme Manager has been seconded to lead this work. This is not yet however sufficiently developed for Internal Audit to form an opinion and will be subject to review at a later date.

4 Report Implications

4.1 Resource

At this time there are no resource implications arising from this report.

4.2 Risk

The absence of adequate assurance arrangements would give rise to the risk that the Integration Board would be established without appropriate governance arrangement having been established. There is also an additional risk as the Council will be working in partnership with an external body to deliver service and there is a joint responsibility for financial management with NHS Lothian. The

approach taken to develop the integration scheme and the financial assurance work currently being undertaken is designed to mitigate these risks.

4.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

4.4 Key Priorities within the Single Midlothian Plan

The report does not directly impact on the key priorities within the single Midlothian Plan, however it provides the Audit Committee with information on the work that is ongoing to deliver an Integrated Health and Social Care Service.

4.5 Impact on Performance and Outcomes

The clear expectation of the Scottish Government is that the integration of Health and Social Care will better enable public bodies to address the rising demand for services, particularly as a result of the ageing population, despite the pressure on resources over the coming years. The key changes expected are firstly to reduce demand for public services by strengthening preventative and recovery based approaches. Secondly the improved partnership working is anticipated to accelerate the move towards community based support and treatment away from over reliance on hospitals and care homes.

4.6 Adopting a Preventative Approach

There are many areas of Health and Social Care which lend themselves to a greater emphasis on prevention. These include reducing the extensive damaging impact of abuse of alcohol and drugs, promoting healthier eating and exercise and avoiding the negative effects of isolation, particularly on older people.

4.7 Involving Communities and Other Stakeholders

The Integration Scheme has been disseminated to a wide range of key interest groups and to the Federation of Community Councils. It is also available for the wider public through the Council and NHS Lothian websites. However it must be acknowledged that the legislation is quite prescriptive and there is limited scope for change in terms of key elements of the Integration Scheme.

In developing the Strategic Plan there is an extensive programme of engagement with Council and NHS Lothian staff, other agencies and the wider public.

4.8 Ensuring Equalities

There are no direct consequences on equalities arising from the planned new organisational arrangements for the delivery of Health and Social Care.

4.9 Supporting Sustainable Development

Not applicable.

4.10 IT Issues

There are no IT issues arising directly from this report although the success of integration will be influenced by our ability to strengthen information sharing arrangements.

5.0 Summary

The development of the Integrated Board is progressing well with the approval of the Integrated Scheme and work continuing in the establishment of the strategic plan. A small number of recommendations have been raised in this report in relation to reporting of progress with the plan and risk registers to the Board.

6. Recommendations

The Audit Committee is invited to:

- 1 Note and endorse the recommendations made in the Report;
- 2 Note that a further report will be provided by Internal Audit following the further development of the financial assurance and performance reporting;
- 3 Note that the Midlothian Council Internal Audit will liaise with the NHS Lothian Internal Audit Section to determine if their report can be shared with the Midlothian Audit Committee.

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Report Contacts: Graham Herbert, Internal Audit Manager
Name Tel No 0131 271 3517

Email: graham.herbert@midlothian.gov.uk

Background Papers:

Appendix 1 – Health and social Care Integration - Public Bodies (Joint working) (Scotland) Act Guidance for Integration Financial Assurance