

Notice of Meeting and Agenda



Midlothian Integration Joint Board - Audit and Risk Committee

Venue: Committee Room,
Midlothian House, Dalkeith, EH22 1DN

Date: Thursday, 06 June 2019

Time: 14:00

Allister Short
Chief Officer

Contact:

Clerk Name: Mike Broadway

Clerk Telephone: 0131 271 3160

Clerk Email: Mike.Broadway@midlothian.gov.uk

Further Information:

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

1 Welcome, Introductions and Apologies

2 Order of Business

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

3 Declaration of Interest

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 7th March 2019 – For Approval | 3 - 8 |
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5 Public Reports

- | | | |
|------------|--|---------|
| 5.1 | Risk Register – Report by Risk Manager | 9 - 20 |
| 5.2 | Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2018/19 - Report by MIJB Chief Internal Auditor | 21 - 36 |
| 5.3 | Midlothian Health and Social Care Integration Joint Board Local Code of Corporate Governance – Report by Chief Officer | 37 - 58 |
| 5.4 | Midlothian Integration Joint Board Draft Unaudited Annual Accounts 2018/19 – Report by Chief Finance Officer | 59 - 98 |

6 Private Reports

No private reports to be discussed at this meeting.

7 Date of Next Meeting

The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee will be held on **Thursday 5th September 2019** at **2.00 pm**.

(NB: At the conclusion of the formal business there will be an Informal Session to allow Committee members to complete the annual self-assessment of the Committee against best practice checklists)

Minute of Meeting



Midlothian Integration Joint Board Audit and Risk Committee

Date	Time	Venue
Thursday 7 March 2019	2.00pm	Committee Room, Midlothian House, Buccleuch Street, Dalkeith EH22 1DN.

Present (voting members):

Cllr Jim Muirhead (Chair)	Angus McCann
Cllr Pauline Winchester	Alex Joyce
Jane Cuthbert (Independent Member)	

Present (non-voting members):

Allister Short (Chief Officer)	Claire Flanagan (Chief Finance Officer)
Jill Stacey (Chief Internal Auditor)	

In attendance:

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

Apologies:

Sarah Croft (EY, External Auditor)	

Midlothian Integration Joint Board Audit and Risk Committee

Thursday 7 March 2019

1. Welcome and introductions

The Chair, Councillor Jim Muirhead welcomed everyone to this meeting of the Midlothian Integration Joint Board Audit and Risk Committee.

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. Note of Meeting

The Minutes of Meeting of the Midlothian Integration Joint Board Audit and Risk Committee held on 6 December 2018 was submitted and approved as a correct record.

5. Public Reports

Report No.	Report Title	Presented by:
5.1	Review of Progress with Integration	Allister Short
Executive Summary of Report		
The purpose of this report was to bring to the attention of the Audit and Risk Committee the recent report from the Ministerial Strategic Group for Health and Community Care on the review of progress with Integration of health and social care.		
Summary of discussion		
Allister Short (Chief Officer) provided the Committee with an overview of the key messages arising from the report; highlighting the connection to the recent Audit Scotland report on Integration which had been published in November 2018 and had been reported to the December Committee meeting. A key recommendation from these reports was for IJBs and Partners to assess progress against the key actions and to develop an Action Plan; a draft response was being prepared and would be reported for consideration by the MIJB at its Special Meeting in March. Following engagement with Partners it was proposed to develop an Action Plan to deliver on the agreed improvement areas and that oversight of this Plan would then be remitted to the Audit & Risk Committee.		
Decision		
After discussion and questions to officers, the Audit and Risk Committee: <ul style="list-style-type: none"> Noted the key messages contained in the Ministerial Strategic Group for Health and Community Care report on the review of progress with Integration of health and social care; and 		

Midlothian Integration Joint Board

Audit and Risk Committee

Thursday 7 March 2019

- **Agreed to receive an updated report setting out what progress had been made locally against the key recommendations within the report and the Audit Scotland report on Integration**

Action

Chief Officer

Report No.	Report Title	Presented by:
5.2	Audit Scotland Auditing Best Value – Integration Joint Boards	Claire Flanagan
Executive Summary of Report		
This paper brought to the Audit and Risk Committee's attention, the Audit Scotland report on Auditing Best Value for Integration Joint Boards.		
Summary of discussion		
Chief Finance Officer, Claire Flanagan in presenting the report to the Committee highlighted the key messages arising from the report, which aimed to assist auditors in assessing best value within IJBs. The expectation being that IJBs should secure best value similar to other public sector bodies including health and central government and demonstrate achievement of best value within documents such as their strategic plans and performance reports. It further noted that Auditors should also assess best value reviews of parent bodies and whether these supported the delivery of best value from the IJBs. The report contained a number of Audit prompts, which it was proposed form the focus of consideration at an extended future meeting of the Audit and Risk Committee.		
Decision		
The Audit and Risk Committee, after discussion and questions to officers: <ul style="list-style-type: none"> • Noted the publication of the Audit Scotland Reports Auditing Best Value for Integration Joint Boards and the key messages contained therein; and • Agreed that a future extended Audit & Risk Committee review the key messages arising from the report within the context of Midlothian IJB. 		
Action		
Chief Finance Officer/Clerk		

Report No.	Report Title	Presented by:
5.3	Update on Progress with Delivery of Midlothian IJB Internal Audit Annual Plan 2018/19	Jill Stacey
Executive Summary of Report		
The purpose of this update from the Chief Internal Auditor was to provide an overview of the progress being made on delivery of the current Annual Audit Plan.		

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Audit and Risk Committee

Thursday 7 March 2019

Summary of discussion

The Committee, having heard from Jill Stacey (Chief Internal Auditor), who responded to Members questions and comments, acknowledged her concerns that the support from NHS Lothian Internal Audit for her role as Chief Internal Auditor of the MIJB was not necessarily going to deliver the agreed number of hours planned, however it was noted that she intended to have further discussions with NHS Lothian regarding this. This led into a general discussion regarding the likely potential impact and also whether a service level agreement, or something similar, was required.

Decision

After further discussion, the Audit and Risk Committee:-

- **noted the update on progress against the current year's Annual Audit Plan;**
- **noted the concerns raised by the Chief Internal Auditor and agreed to receive a further update at the next meeting; and**
- **noted that Internal Audit would continue to progress the current year's Annual Audit Plan and would provide further updates as required.**

Action

Chief Internal Auditor

Reports No.	Report Titles	Presented by:
5.4	External Audit Annual Plan for 2018/19	Stephen Reid, EY, External Auditors

Executive Summary of Report and Summary of discussion

There was submitted the Midlothian Integration Joint Board Annual External Audit Plan for the financial year ending 31 March 2019. Stephen Reid, External Auditor in presenting the Plan to the Committee explained that it covered the audit approach to the financial statements and the wider responsibilities under the Audit Scotland code which included a review of governance and performance. In addition, the Plan outlined the key areas and challenges in the current year including the financial pressures and the identification of significant audit risks. Also included within the Plan was a timetable on the key phases of the audit for 2018/19. Thereafter he responded to questions and comments from Members of the Committee.

Decision

The Audit and Risk Committee noted the report.

Action

EY, External Auditors

Report No.	Report Title	Presented by:
5.5	Risk Management Q3 Update	Chris Lawson

Midlothian Integration Joint Board

Audit and Risk Committee

Thursday 7 March 2019

Executive Summary of Report

The purpose of this report was to provide the Audit & Risk Committee with an update on the MIJB Risk Register 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.

Summary of discussion

Having heard from Risk Manager, Chris Lawson, who responded to Members' questions and comments, the Committee took the opportunity to review, and comment on the contents of the current Risk Register. It was felt that it would be useful going forward if the impact of any actions that were off target, or in danger of going off target, could be quantified and that the narratives used to highlight what corrective action was being taken or was being proposed. Of particular concern in this regards was the action relating to 'Interagency Information Exchange' that had a due date of 31 March 2018.

Decision

The Audit and Risk Committee, after further discussion:-

- **noted the current Risk Register;**
- **noted that a further report on actions relating to 'Interagency Information Exchange' would be prepared for consideration at a future meeting; and**
- **confirmed that, otherwise, the risks contained in the Risk Register reflected the current risks/opportunities facing the MIJB.**

Action

Risk Manager/Chief Officer

Report No.	Report Title	Presented by:
5.6	Midlothian IJB Internal Audit Annual Plan 2019/20	Jill Stacey

Executive Summary of Report

The purpose of the report was to present for the Committee approval the Internal Audit Plan for 2019/20; a copy of which was appended to the report.

The report advised that the Public Sector Internal Audit Standards 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.

Summary of discussion

Having heard from Jill Stacey (Chief Internal Auditor), the Committee discussed the importance of the work being undertaken by Internal Audit and emphasised the need to ensure that the resources available were used as effectively as possible in carrying out the audit function of the MIJB.

Midlothian Integration Joint Board Audit and Risk Committee

Thursday 7 March 2019

Decision

The Audit and Risk Committee agreed to approve the Internal Audit Annual Plan for 2019/20.

Action

Chief Internal Auditor

6. Private Reports

No private business to be discussed at this meeting.

7. Any other business

Report No.	Report Title	Presented by:
7.1	Membership	Allister Short

Executive Summary of Report

Jane Cuthbert indicated that, having been involved in the Audit and Risk Committee since its inception, she was looking to step down as the Independent Member.

The Committee discussed briefly the process for securing a replacement noting that Allister Short (Chief Officer), had received an expression of interest from Pam Russell who was currently a member of the Midlothian IJB, in becoming involved in the Audit and Risk Committee.

Decision

Thereafter, the Audit and Risk Committee:

- **Noted Jane Cuthbert intention to step down as the Independent Member;**
- **Recorded an expression of thanks and appreciation to Jane for her contributions to the work of the MIJB Audit and Risk Committee; and**
- **Agreed to take the necessary steps to secure a replacement, noting the interest expressed by current Board member Pam Russell.**

Action

Chief Officer

8. Date of next meeting

The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee would be held on Thursday 6 June 2019 at 2.00 pm.

The meeting terminated at 3.05 pm.

Midlothian Integration Joint Board

Audit and Risk Committee



6 June 2019, 2pm

Risk Register

Item number:	5.1
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Executive summary

The Integrated Joint Board (IJB) Audit and Risk Committee maintains a strategic risk profile which is regularly scrutinises. However, it is important that Midlothian IJB is kept informed of its key risks and the actions undertaken to manage these risks and the current version of the IJB's strategic risk profile is attached.

Committee members are asked to:

1. Consider the strategic risk profile especially those risks highlighted in the covering report.

Risk Profile

1 Purpose

- 1.1 This report lays out the current version of the IJB's strategic risk profile and highlights current issues, future risks and opportunities of note to the IJB.

2 Recommendations

- 2.1 As a result of this report what are Members being asked to:-
- Consider the strategic risk profile especially those issues and risks highlighted in the covering report.

3 Background and main report

- 3.1 The IJB agreed at its inaugural meeting on 20 August 2015 to adopt a risk management policy and set up a strategic risk profile. This work was progressed at an IJB workshop and subsequent IJB meetings. It was agreed that the IJB's Audit and Risk Committee would regularly scrutinise the strategic risk profile and report back to the IJB as required.
- 3.2 The 2018/19 quarter 4 strategic risk profile presents the current issues, future risks and opportunities for the IJB.
- 3.3 The most significant issues and risks on the MIJB strategic risk profile are as follows :-

Issues

'Use of Acute Hospital Beds', Midlothian has too high a usage of hospital beds for people who are fit to be discharged or who did not need to be admitted in the first place. In response a project to examine the use of acute hospital beds was established with an initial focus on COPD and dementia. The pressures on the use of acute beds has resulted in NHS Lothian increasing investment in services to reduce hospital admission and stay.

'Workforce Capacity including recruitment and retention of health and social care staff', has been identified as an issue facing the IJB with actions currently being taken to address this including workforce planning, SSSC registration of care at home staff and transformation board overseeing a range of initiatives aimed at enhancing capacity in the care at home provision.

Risk

The risk 'Balancing the budget in future years', has two additional actions, the first is the Financial Plan which is being developed with a report due to be presented to June IJB. The second action is the Business Transformation Board - Realistic Care Realistic Medicine Programme, the previous Realistic Care, Realistic Expectations group has been expanded into Realistic Care Realistic Medicine Transformation Programme, to support deliver the financial strategy in operational terms.

4 Policy Implications

- 4.1 There are no new policy issues raised in this paper.

5 Directions

- 5.1 This report does not require a new direction.

6 Equalities Implications

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

7 Resource Implications

- 7.1 There are no direct resource implications associated with this report.

8 Risk

- 8.1 The risks relevant to the business of the IJB are set out within the attached strategic risk profile.

9 Involving people

- 9.1 The IJB's meetings are held in public and the IJB's papers along with those of the IJB's Audit and Risk committee are available on the internet. This work is supported by the IJB's Chief Internal Auditor and the partnership's risk management.

10 Background Papers

- 10.1 None.


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DESIGNATION	Risk Manager
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DATE	30 May 2019



Appendices: Strategic Risk Profile

Midlothian Integration Joint Board


Issues



IJB.RR.18 Use of Acute Hospital Beds

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.18	<p>Risk cause Midlothian has too high a usage of hospital beds for people who are fit to be discharged or who did not need to be admitted in the first place.</p> <p>Risk event Acute hospitals are unable to function effectively and efficiently because of the number of people occupying beds who do not require hospital care.</p> <p>Risk effect The difficulty of shifting resources to community based services will continue, and people who need hospital care will experience delays. The acute hospital system has to commission services from private providers to meet national targets.</p>	Chief Officer	<p>On-going monitoring of quality</p> <p>IJB set Targets on use of Acute Beds.</p> <p>Directions set.</p> <p>Patient pathway being improved including the establishment of a local discharge 'hub'</p>	4	5	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.18.1	Project to examine the use of acute hospital beds	Q4 18/19: Project initial focus is on COPD and dementia.	Chief Officer	31-Mar-2020	
IJB.RA.18.2	Increased investment in services to reduce hospital admission and stay.	Q4 18/19: Community respiratory team developments and discharge to assess started in February 2019.	NHS Lothian	31 Mar 2020	


IJB.RR.10 Workforce Capacity Including Recruitment & Retention of Health and Social Care Staff



Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.10	<p>Risk cause Potential future ability to recruit sufficient staff.</p> <p>Risk event Insufficient numbers of qualified people to deliver services based on current models.</p> <p>Risk effect Negative impact on service delivery where services require GPs and care at home staff.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>National program of training for GPS and Health Visitors.</p> <p>Living Wage commitment to address low paid positions.</p> <p>Service Specific Workforce Plan being developed which will include the development of new roles and a changing skill mix.</p> <p>SVQ Assessment Centre Established.</p> <p>Workforce Planning</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.10.2	Scottish Social Service Council Care at Home	Q4 18/19: The process for registration of Care at Home staff underway. This will be a significant step towards professionalising the workforce.	Joint Director Midlothian Health and Social Care Partnership	31-Dec-2019	
IJB,RA.10.3	Transformation Board work stream focused on care at home provision	Q4 18/19: Transformation board are overseeing a range of initiatives aimed at enhancing capacity in the level of care at home provision.	Head of Older People and Primary Care	31 Mar 2020	

Risks

IJB.RR.01 Balancing budget in future years

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.01	<p>Risk cause Inadequate resources to meet demand in the manner in which services are currently delivered.</p> <p>Risk event Inability to meet demand within existing resources.</p> <p>Risk effect Overspends due to excessive demand for services, quality failures, and cuts in other services. The Community Health Partnership will have made financial commitments when in operation some of which will extend in to the period covered by the IJB and will require to be honoured.</p>	Chief Finance Officer	<p>Chief Finance Officer appointed to IJB, this post is responsible for the governance, appropriate management of finance and financial administration of the IJB.</p> <p>Early Warning Indicators from NHS Lothian and Midlothian Council.</p> <p>Strong budget control systems in place in NHS Lothian and Midlothian Council.</p> <p>Financial Strategy developed</p>	4	5	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.01.2	Financial Plan	Q4 18/19: Financial Plan being developed with report due to be presented to June IJB.	Chief Finance Officer	31-Mar-2020	
IJB.RA.01.3	Business Transformation Board - Realistic Care Realistic Medicine Programme	Q4 18/19: Previous Realistic Care, Realistic Expectations group expanded into Realistic Care Realistic Medicine Transformation Programme, to support deliver the financial strategy in operational terms.	Joint Director Midlothian Health and Social Care Partnership	31-Mar-2020	


IJB.RR.03 Demographic Changes

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.03	<p>Risk cause Increasing demands on services as a result of ageing population, and increasing numbers and complexity of need of children moving into Adult Services.</p> <p>Risk event Inability to meet demand within existing resources.</p> <p>Risk effect</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Three yearly review of joint needs assessment so that the allocation of resources can be reviewed and amended.</p> <p>Continual process of service redesign to ensure people access services quickly, and their recovery is supported effectively.</p> <p>Realistic Care, Realistic Medicines programme Board.</p> <p>Business Transformation Board – Council Transformation Board</p>	5	3	


	Demands made on Social Care resource budget exceed available budget. Capacity to maintain and develop preventative services is put at risk.		Demographic profiling to ensure forward planning reflects the demographic profile of the IJB. Captured in financial Strategy			
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IJB.RR.04 Governance



Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.04	Risk cause Complexity of governance arrangements for the three bodies - NHS Lothian , Midlothian Council and the IJB - having to work together Risk event Issues arise which lead to uncertainty about decision making authority. Risk effect The IJB's governance systems are unable to operate effectively.	Chief Officer	Performance Reports Use of Audit to Monitor effectiveness of Internal controls Code of Corporate Governance Integration Scheme Regular formal and informal meetings with partners.	2	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.04.1	Review of Integration Scheme in response to the Carers Scotland Act 2016.	Q4 18/19: Integration scheme reviewed and submitted to the Scottish Government.	Chief Officer	31-Apr-2019	


IJB.RR.07 Managing Change



Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.07	Risk cause Information on changes to service released before service user or employees consultation strategy developed. Risk event There is the potential for information to be released on draft schemes or proposals for changes to service delivery. Risk effect This could have a negative impact on Service	Joint Director Midlothian Health and Social Care Partnership	Strategic plan. Directions made and monitored. Performance reporting against delivery of strategic plan and other key indicators. There is an Organisational Development Officer in post, delivering an OD programme alongside a number of Lothian-wide initiatives.	3	4	

	Users and Employees by creating unnecessary concern regarding potential changes which have not been fully considered or consulted on.		Workforce Planning			
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Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.07.1	Communications Strategy	Q4 18/19: Communication plans are being developed and implemented across the service.	Joint Director Midlothian Health and Social Care Partnership	31-Dec-2019	
IJB.RA.07.3	Development of revised Strategic Plan	Q4 18/19: Strategic plan reported to IJB and approved along with the strategic needs assessment.	Chief Officer	31-Mar-2019	


IJB.RR.08 Management Information

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.08	<p>Risk cause The two main software systems used within the Council (Framework-i) and NHS Lothian (Trak) to support the delivery of adult and social care do not integrate at present.</p> <p>Risk event These systems are used to drive performance information.</p> <p>Risk effect The lack of integration of the information between the systems reduces the potential for holistic reporting.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>The Interagency Information Exchange allows direct and up to date access to other professional's information.</p> <p>Data sharing agreements</p>	5	3	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.08.1	Interagency Information Exchange	18/19: Off Target Business case on move to hosted service for Mosaic to be considered by CMT at end of April 2019.	Business Applications Manager	31-Mar-2018	
IJB.RA.08.2	Performance Information	Q4 18/19: Work continues on the development of a comprehensive performance framework for the IJB. Reports presented to the IJB. Regular reports presented to the IJB.	Joint Director Midlothian Health and Social Care	31-Dec-2019	



			Partnership		
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IJB.RR.09 Leadership Capacity - IJB


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.09	<p>Risk cause Changing membership of IJB creates challenges to ensure all members have a clear understanding of the Integration of Health and Social Care.</p> <p>Risk event New members may have a knowledge gap around the work of the IJB, the planned outcomes and measures to drive forward improvement.</p> <p>Risk effect Ability of new members to make a positive contribution to the IJB.</p>	Chief Officer	<p>National and local Induction programs in place.</p> <p>Membership changes incrementally.</p> <p>User, Carer and Third Sector members receive pre-meeting support.</p> <p>Induction/development programme in place.</p> <p>Leadership Development training in place.</p> <p>The IJB has changed members, chair and CO in the last year yet continues to function well</p>	3	2	


IJB.RR.11 Working With Other Organisations (Partnership)

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.11	<p>Risk cause The establishment of the Integrated Joint Board (IJB) may reduce the efforts required to work with other Community Planning partners.</p> <p>Risk event THE HSCP focusses too narrowly on its immediate responsibilities to deliver direct services in health and care, and neglects the task of building long term sustainability.</p> <p>Risk effect The HSCP does not achieve its long term objectives.</p>	Chief Officer	<p>The IJB Chair and Chief Officer are members of the Community Planning Board.</p> <p>Health and Social Care are actively in Area Targeting Work.</p> <p>Reducing inequality is the key objective of the Community Planning Partnership.</p> <p>Other agencies - e.g. Housing; Libraries; Fire and Rescue; Ambulance - are actively involved in joint planning groups.</p> <p>Regular Summits being held with the voluntary sector 3-4 times per year</p> <p>Ongoing engagement with the Community Planning Partnership</p> <p>Single Midlothian Plan</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.11.1	Single Midlothian Plan	Q4 18/19: Plan for 2018/19 published, IJB contribution to develop next 3 year plan as part of wider community planning partner event.	Joint Director Midlothian Health and Social Care Partnership	31-Mar-2019	
IJB.RA.11.2	Strengthening engagement with the independent sector	Q4 18/19: Undertook a self-assessment as part of review of integration.	Joint Director Midlothian Health and Social Care Partnership	31-Mar-2020	

IJB.RR.14 Business Continuity


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.14	<p>Risk cause Lack of clarity about Business Continuity arrangements.</p> <p>Risk event The Health & Social Care Partnership is unable to implement proposals in the absence of an effective governing body.</p> <p>Risk effect The IJB fails to make good progress with the implementation of its Strategic Plan.</p>	Chief Officer	<p>Integration Scheme - standing orders and a code of governance in place.</p> <p>Substitute IJB members in place by NHS Lothian, Midlothian Council, Users, Carers and Third Sector.</p> <p>The Council and NHS have their own Business Continuity Plans and arrangements in place to monitor third party suppliers. (Check local code of governance)</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.14.1	UK Exit from European Union without a deal	Q4 18/19: IJB seeking confirmation from key strategic partners on their ability to continue to deliver key services in the event of a no deal exit from the European Union on 31 October 2019.	Chief Officer	31-Oct-2019	




Opportunities

IJB.OP.01 Strategic Plan




Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.OP.01	The creation of a Strategic Plan provides the opportunity to describe the future shape of care services.	Joint Director Midlothian Health and Social Care Partnership	<p>The Strategic Plan sets out the direction of travel for all health and care services and identifies how available funding will be used to enable some of these changes to take place.</p> <p>New funding such as social care monies and Primary Care Transformation funds will enable some of the aspirational plans to be put into effect.</p> <p>Direction provides clarity and specificity about actions flowing from the Strategic Plan.</p> <p>Health and Care Transformation Board has been established to ensure a SMART (Specific, Measurable, Achievable, Realistic, Timely) approach to implementation of the Strategic Plan.</p> <p>Annual Delivery Plan.</p>	5	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.OP.01.A4	New Strategic Plan	Q4 18/19: New Strategic plan approved by IJB.	Joint Director Midlothian Health and Social Care Partnership	31-Mar-2019	

Risk Management report Key:

Very low risk	1-3	
Low risk	4-8	
Medium risk	9-15	
High risk	16-20	
Critical risk	25	

Action Key:

In progress	
Complete	
Overdue	

Midlothian Integration Joint Board Audit and Risk Committee



6 June 2019, 2pm

Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2018/19

Item number: 5.2

Executive summary

The purpose of this report is to present to the Midlothian IJB Audit and Risk Committee the Internal Audit Annual Assurance Report for the year to 31 March 2019 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 Midlothian IJB Audit and Risk Committee is therefore asked to consider the Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2018/19 (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 2018/19

1 Purpose

- 1.1 The purpose of this report is to present to the Midlothian IJB Audit and Risk Committee the Internal Audit Annual Assurance Report for the year to 31 March 2019 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

- 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 2018/19 (Appendix 1), and assurances contained therein, and to provide any commentary thereon.

3 Background and main report

- 3.1 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.
- 3.2 The Internal Audit Annual Assurance Report 2018/19 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 2018/19.

4 Policy Implications

- 4.1 There are a growing number of people needing services at a time of limited resources with which to deliver them and, in order that services meet the expectations and needs of service users and are sustainable, these services must be provided more effectively and efficiently in future.
- 4.2 The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) is intended to ensure that health and social care services in Scotland are well integrated, so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.

- 4.3 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.
- 4.4 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.

5 Equalities Implications

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

6 Resource Implications

- 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 the Council's Internal Audit team which has a shared service arrangement with Scottish Borders Council including the appointed IJB Chief Internal Auditor, with support from NHS Lothian Internal Audit team.
- 6.3 The Midlothian IJB Internal Audit Annual Plan 2018/19 approved by the MIJB Audit and Risk Committee on 29 March 2018 was based on the assumption that Midlothian Council's Internal Audit function provides 70 days and NHS Lothian Internal Audit team provides 20 days to support the delivery of the Plan. The Chief Internal Auditor provided an update to the Committee on 7 March 2019 on the progress being made on delivery of the 2018/19 Plan stating that the support from NHS Lothian Internal Audit for her role as Chief Internal Auditor of the MIJB was not necessarily going to deliver the agreed number of days planned. 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

- 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 IJB'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 IJB Management and Audit and Risk Committee on the adequacy and effectiveness of internal controls and governance within the IJB, 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 IJB Management implementing the Internal Audit recommendations made during the year or outstanding from previous years.
- 7.4 In addition to its own governance arrangements, the IJB 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 IJB.

8 Involving people

- 8.1 The MIJB Chief Officer, Chief Finance Officer and Integration Manager have received the MIJB Internal Audit Annual Assurance Report 2018/19 to assist them in discharging their roles and responsibilities and have 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 IJB's Annual Governance Statement 2018/19.

9 Background Papers

- 9.1 Midlothian IJB Internal Audit Annual Plan 2018/19 (approved by the MIJB Audit and Risk Committee on 29 March 2018)

AUTHOR'S NAME	Jill Stacey
DESIGNATION	MIJB Chief Internal Auditor
CONTACT INFO	
DATE	12 May 2019

Chief Internal Auditor's Annual Assurance Report and Opinion 2018/19 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, based on our reviews, risk assessments and knowledge, the MIJB's governance arrangements, risk management and systems of internal control are adequate.

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 by them in line with the MIJB Strategic Plan. Improvements are required to clearly show how the Directions link to the specific objectives stated in the latter.

2.3 The MIJB's Local Code of Corporate Governance has been updated during the year and the format significantly revised by Internal Audit with MIJB Management to ensure this key document complies with the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework' (2016) and 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. The content and format of the Annual Governance Statement should reflect the annual review of compliance with the updated Local Code. The updated MIJB Local Code of Corporate Governance will be submitted for scrutiny by the MIJB Audit and Risk Committee, with the recommendation that it is approved by the Board thereafter.

- 2.4 The budget monitoring process is sound in that the Board receives a financial report at each meeting by consolidating financial data held within Midlothian Council's and NHS Lothian's financial systems. Information is provided at very high level reflecting the strategic governance role of the Board. Midlothian IJB has developed a Financial Strategy covering the period 2019-2022. This is an important step and precursor to the production of a medium term financial plan though this is not yet in place.
- 2.5 Adequate performance monitoring arrangements have been developed to enable the MIJB to monitor the performance of Health and Social Care services in Midlothian though these are the delivery Partners own performance measures. 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. Improvement is required to align the performance measures in the MIJB's Performance Management Framework to key priorities and outcomes of the Strategic Plan.
- 2.6 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.
- 2.7 Further improvements in governance, risk management and internal control have been agreed by Management as highlighted in Section 5. Internal Audit will continue to follow-up progress on their implementation and provide periodic progress reports.

3 Scope of the Internal Audit Annual Plan 2018/19

- 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.

Internal regulation of the Integration Joint Board

- 3.2 In considering the delivery of integrated services we undertook a separate review the MIJB's Corporate Governance arrangements to ensure compliance with the requirements of the seven core principles set out in the 2016 CIPFA/SOLACE Framework:
- 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.

Delivering integrated services which are effective and efficient

3.3 In considering the delivery of integrated services we performed the following work:

- assess 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.
- attend the MIJB meetings to observe planning, approval, monitoring and review activity of Midlothian Health and Social Care Partnership business and performance.

Managing financial capacity and budgetary processes

3.4 We carried out the following work to determine the effectiveness of the financial management arrangements:

- assess the MIJB's financial governance arrangements in place to perform and account for its financial activities in an honest, legal and transparent manner in accordance with best accounting practice.
- review processes in place to ensure appropriate accountability for financial management of financial resources delegated to the partnership and to facilitate the delivery of efficient and effective services, including progress in achieving efficiencies.

Improving effectiveness and delivering a high quality of service for users

3.5 Our assessment below is based the following audit work, carried out to determine the effectiveness of performance management arrangements. This included:

- assess whether there is appropriate alignment of performance measures in the MIJB's Performance Management Framework to key priorities and outcomes of the Strategic Plan 2016 – 2019.

Managing the effect of uncertainty on objectives

3.6 We carried out the following work to determine the effectiveness of arrangements for managing uncertainty;

- consider key areas of risk for the MIJB and.
- assessment of processes for managing and monitoring risks

3.7 Furthermore Midlothian Council Internal Audit function resources were also deployed in undertaking the following Annual Audit work for the MIJB during the year:

- **Recommendation Follow-Up Reviews** (Two reviews were undertaken: The first noted performance against closing issues by the agreed due date while the second included a sample check on the adequacy of actions taken against issues which are flagged as closed, to check that recommendations have been implemented and to ensure that the new controls had the desired effect on improving control, risk and governance).

- **Assessment of Internal Audit against PSIAS** (Refer to Section 6 below).
- **Help Desk Enquiry System** (Guidance and advice was provided on request to Management on governance and internal controls).
- **Planning for 2019/20** (Development of the MIJB Internal Audit Annual Plan for 2019/20).
- **Attendance at MIJB Audit and Risk Committee** (Provision of independent Internal Audit assurance, support and advice).

3.8 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 reports by the Scottish Government.

4 Summary Findings and Conclusions arising from Internal Audit Annual Plan 2018/19 Delivery

4.1 Internal regulation of the Integration Joint Board

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 were approved by the Board .These documents encapsulate the public sector good practice principles and by following them the Board will demonstrate sound governance arrangements.
- 4.1.3 At the time that our audit fieldwork was being conducted, a review and update of the MIJB Local Code of Corporate Governance was being undertaken and a self-assessment was being planned against the revised Local Code.
- 4.1.4 We therefore conducted a high level review the MIJB's existing Scheme of Integration and Local Code of Corporate Governance. We consider that Governance arrangements currently in place are generally sound, although there is some scope for improvement in compliance with some parts of the CIPFA/SOLACE Framework.
- 4.1.5 Certain aspects of the foregoing are referred to in this report where relevant.
- 4.1.6 We have made no recommendations in respect of internal regulation of the Integration Joint Board in this report.

Conclusion

The MIJB has made substantial progress towards operating under good public sector practice governance arrangements. Arrangements currently in place are generally sound. The self-assessment of the Local Code of Corporate Governance will provide an opportunity to identify aspects of governance arrangements where improvement is required.

4.2 Delivering integrated services which are effective and efficient

Delivering integrated services which are effective and efficient requires an agreed formal statement of the MIJB's vision and intended outcomes and plans for the delivery of those outcomes.

- 4.2.1 The MIJB is required to exercise strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for service users.
- 4.2.2 Our attendance of Board meetings and review of the Minutes of meetings which we did not attend indicated that strong leadership is in place and that the Health and Social Care partners are working together in a constructive way.
- 4.2.3 The MIJB has developed and consulted upon the authority's purpose and vision. The vision, strategic objectives and outcomes are reflected in the Strategic Plan. The strategy underpins a common vision which is understood and has been agreed by all partners.
- 4.2.4 Community engagement has been at the heart of developing the Strategic Plan. Feedback from various consultation events, forums and other channels of communication has influenced the objectives and priorities set out in the Strategic Plan in line with good practice.
- 4.2.5 Linkages within the Strategic Plan to the national outcomes set out by Scottish Government are not particularly clear making it difficult to relate local objectives to national objectives.
- 4.2.6 The Strategic Plan is articulated through an Annual Delivery Plan. The MIJB has developed a Delivery Plan for 2018-19 that provides valuable insight into the challenges it faces and what its priorities are. The plan sets out the key actions for the year but does not assign responsibilities or timescales. Required outcomes are not always set out in quantifiable terms.
- 4.2.7 In the case of some actions, but not all, a detailed plan will sit below the delivery plan which does set out more detail of what action is required and who is required to deliver these actions. For example, client group plans, Primary Care Improvement Plan, Extra Care Housing Plan and the Realistic Care Realistic Medicine project plans.
- 4.2.8 During the course of our audit fieldwork, preparations were being made for a replacement Strategic Plan, which was nearing the end of its life, and the Strategic Plan 2019-2022 has since been approved.
- 4.2.9 Legislation requires that the specification of what action the delivery partners are required to undertake are set out in formal instructions to Midlothian Council and NHS Lothian. These instructions are referred to as Directions.
- 4.2.10 We reviewed the Directions issued by the MIJB for 2018-19 and noted that whilst high level and not prescriptive nevertheless follow the Good Practice Note on Directions issued by Scottish Government in terms of their form and content.

4.2.11 Directions are instead based on a set principles which have been distilled over time. These principles are:

- A stronger emphasis on prevention being adopted by all services.
- The development of a shared approach to risk across all parts of the pathway.
- An increased emphasis on people being supported and treated at home.
- A move towards more Realistic Care and Realistic Medicine.
- A move towards more open access and seeking to reduce waiting lists.
- Diagnosis and treatment being provided in hospitals where these can only safely be provided in hospital settings.
- Improved partnership working across all services.

4.2.12 Our review of Directions issued for 2018-19 reveal a number of common themes:

- There are clear linkages to Relevant National Health and Wellbeing Outcomes and to the Strategic Plan but not the Annual Delivery Plan. It is not clear however 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. Where detailed project plans are not in place there is an increased likelihood that:
 - the respective responsibilities of the partners are not defined in the case of joint directions; and
 - outcomes are not properly specified in quantifiable terms.

4.2.13 A significant challenge that the MIJB faces is the lack of a masterplan which describes what a successfully integrated service should look like. In common with other Integration Joint Boards an incremental approach to service change is being taken. The absence of reference could lead to the development of services that do not fit together as well as they otherwise might have done. The Workforce Planning Framework which is focused on aligning integrated service provision to the key strategic plan areas will be covered as part of our Internal Audit work planned for 2019/20.

4.1.14 We have made 2 recommendations in respect of delivering integrated services which are effective and efficient in this report. These are set out in Section 5 (*Recommendations 1 and 2*).

Conclusion

The MIJB is demonstrating strategic leadership by developing and clearly communicating the authority's 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 progress towards delivering fully integrated Health and Social Care services but there is still a long way to go.

4.3 Managing financial capacity and budgetary processes

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment is operating effectively.

- 4.3.1 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.
- 4.3.2 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.
- 4.3.3 NHS Lothian serves four different Integration Joint Boards and, in some service areas, costs are apportioned across the MIJB's using the NRAC %. Work is ongoing to move toward allocating costs based on actual activity of each IJB.
- 4.3.4 The Board receives a financial report at each meeting although information is provided at 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.
- 4.3.5 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. Cost reduction associated with service reconfiguration is reflected through the transformation programme which was approved by the IJB. For operational budget monitoring and control purposes greater detail is received by the Realistic Care Realistic Medicine transformation group.
- 4.3.6 Midlothian IJB has developed a Financial Strategy covering the period 2019-2022. This is an important step and precursor to the production of a medium term financial plan. The Strategy recognises very significant financial challenges over the next two years and that a shift in approach is required using an anticipatory approach routed in prevention rather than treatment. It also introduces the idea that in future financial resources will be viewed as a pool and not those separately of Midlothian Council and NHS Lothian and identifies, in broad terms, how efficiencies are to be delivered by making more effective use of resources.

- 4.3.7 A medium term financial plan is necessary to integrate and balance service priorities, affordability and other resource constraints. The MIJB does not have a Medium Term Financial Plan although indicative budgets are set out in the Financial Strategy for three years. These indicative budgets however do not recognise the impact of transformation, efficiency savings or cost pressures and have limited value for planning purposes. We recognise that this is challenging due to partners budget offers being for 1 year reflecting their funding settlements being for 1 year, though commitment has been made by the Scottish Government to support medium term financial planning.
- 4.3.8 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 of Corporate Governance has concluded: Value for money arrangements within the IJB require further development. Reliance will be placed on the value for money arrangements within the partner organisations. The Audit Scotland report on Auditing Best Value for IJBs was presented to the IJB Audit and Risk Committee in March 2019.
- 4.3.9 We have made 1 recommendation in respect of managing financial capacity and budgetary processes in this report. This is set out in Section 5 (*Recommendation 3*).

Conclusion

The budgetary monitoring process is sound although its value for control purposes is limited by the absence of costed service provision. Appropriate medium term financial planning arrangements are not yet in place.

4.4 Improving effectiveness and delivering a high quality of service for users

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.

4.4.1 Effective performance management relies upon:

- reliably measuring and monitoring relevant aspects of service delivery and outcomes on a timely basis in order to ascertain areas which are performing significantly better or worse than expected; and
- taking appropriate action to secure improvement.

- 4.4.2 The MIJB needs to ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services.
- 4.4.3 Establishing appropriate key Performance indicators (KPIs) is an essential part of the planning process in order to identify how the performance of services is to be measured. Monitoring performance through KPIs is also vital in determining whether desired outcomes are being achieved.
- 4.4.4 The National Health and Wellbeing Outcomes (issued by Scottish Government) provide a strategic framework for the planning and delivery of health and social care services. They 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. There are 9 National Health and Wellbeing Outcomes.
- 4.4.5 The delivery Partners have performance monitoring and reporting controls of their own in operation although it is not clear how the partners' achievements in respect of delivery are being measured.
- 4.4.6 Current reporting to the Board is based on indicators that the Scottish Government Ministerial Group assigned in December 2016 within the Annual Performance Report. Other Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals, though this requires further development. There is not full alignment of performance measures in the MIJB's Performance Management Framework 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.
- 4.4.7 It was not clear from the MIJB's Performance Management Framework how the quality of services it commissions for users is to be measured nor how the information, needed to review service quality, will be collected. The annual self-assessment against the updated MIJB Local Code of Corporate Governance has concluded: The IJB places reliance on Service quality reviews which are performed and undertaken by the Partners. Independent assurance is gained from external inspection bodies.
- 4.4.8 The MIJB publishes an annual performance report as required by legislation which outlines progress against national objectives.
- 4.4.9 We have made 1 recommendation in respect of improving effectiveness and delivering a high quality of service for users in this report. This is set out in Section 5 (*Recommendation 4*).

Conclusion

The Performance Management Framework at present is not fully developed and requires more work in order to be an effective mechanism to monitor delivery of integrated services.

4.5 Managing the effect of uncertainty on objectives

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.

- 4.5.1 Risk management is an important and integral part of a performance management system. It is crucial that risks to the achievement of outcomes are identified and managed.
- 4.5.2 The Risk Management Policy was approved by the MIJB in February 2016. It sets out the risk management framework and process; roles and responsibilities; as well as monitoring arrangements.
- 4.5.3 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. We found numerous instances however where reference is simply made to inclusion in the risk register rather than articulating the specific risk associated with the decision being made.
- 4.5.4 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.
- 4.5.5 The MIJB needs to gain assurance on risks associated with delivering services through the partners. Unlike some other IJB's, 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 risks to the attention of the MIJB.
- 4.5.6 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.
- 4.5.7 We reviewed the risk register and found that it is comprehensive and responsibilities for managing individual Risks are clearly allocated.
- 4.5.8 We have made no recommendations in respect of managing the effect of uncertainty on objectives in this report.

Conclusion

Good progress has been made in developing and maintaining effective risk management processes.

5 Recommendations and actions arising from Internal Audit Annual Plan 2018/19 Delivery

Recommendations in reports are suggested changes to existing procedures or processes. The rating of each recommendation reflects our risk assessment of non-implementation, being the product of the likelihood of the risk materialising and its impact. The ratings are:

Ratings for Recommendations

High – Arising from a finding which leaves the MIJB open to a very high risk of not achieving its strategic objectives, and where the risk is sufficiently significant to require immediate action within one month of formally raising the issue.

Medium – Arising from a finding which leaves the MIJB open to significant risk of not achieving its strategic objectives requiring reasonably urgent action within three months of formally raising the issue.

Low – Arising from a finding which leaves the MIJB open to moderate risk of not achieving its strategic objectives requiring action within six months of formally raising the issue to improve efficiency, effectiveness and economy of operations.

Recommendation	Rating	Agreed Management actions	Responsibility and timescale
1 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.	Medium	This will be incorporated within the Annual Delivery Plan 2019/20, other detailed action plans, and Directions, as appropriate.	Chief Officer October 2019
2 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. Alternatively, this detail could be set out detailed action plans which sit below the Delivery Plan. If this approach is to be adopted then all actions contained in the Delivery Plan should be supported by a detailed action plan. The MIJB should also consider developing annual plans for commissioning services.	Medium	As above	As above

Recommendation	Rating	Agreed Management actions	Responsibility and timescale
3 The MIJB should develop a Medium Term Financial Plan.	Medium	There is a financial strategy for 2019-2022 in place. Currently a longer term rolling financial plan is being developed	Chief Finance Officer June 2019
4 Performance measures in the MIJB's Performance Management Framework should be more appropriately aligned to key priorities and outcomes of its Strategic Plan.	Medium	This will be incorporated within the Performance Reporting during 2019/20.	Chief Officer October 2019

5 Public Sector Internal Audit Standards (PSIAS)

- 5.1 The 2018/19 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, and has confirmed that improvements have been put in place since the External Quality Assessment peer review by Highland Council in March 2018.

Jill Stacey BA(Hons) ACMA CGMA
MIJB Chief Internal Auditor
12 May 2019



Midlothian Integration Joint Board Audit and Risk Committee



6 June 2019, 2pm

Midlothian Health and Social Care Integration Joint Board Local Code of Corporate Governance

Item number: 5.3

Executive summary

The purpose of this report is to propose that the revised Local Code of Corporate Governance of the Midlothian Health and Social Care Integration Joint Board (MIJB), that provides the framework for the governance arrangements for delivering health and social care integration in Midlothian, be considered and be recommended by the MIJB Audit and Risk Committee for approval by the full MIJB Board.

The Midlothian IJB Audit and Risk Committee is therefore asked to consider the revised Local Code of Corporate Governance of the Midlothian Health and Social Care Integration Joint Board, and to recommend it for approval by the full MIJB Board.

Midlothian Health and Social Care Integration Joint Board Local Code of Corporate Governance

1 Purpose

- 1.1 The purpose of this report is to propose that the revised Local Code of Corporate Governance of the Midlothian Health and Social Care Integration Joint Board (MIJB), that provides the framework for the governance arrangements for delivering health and social care integration in Midlothian, be considered and be recommended by the Midlothian IJB Audit and Risk Committee for approval by the full MIJB Board.

2 Recommendations

- 2.1 Members of the MIJB Audit and Risk Committee are asked to:
- (a) consider the revised Local Code of Corporate Governance of the Midlothian Health and Social Care Integration Joint Board as detailed in Appendix 1 of this report, and to provide any commentary thereon;
 - (b) Recommend to the full Board that it approves the revised MIJB Local Code of Corporate Governance for health and social care integration (Appendix 1); and
 - (c) Agrees to the annual review of the MIJB's governance arrangements and reporting of the outcome of that review in an Annual Governance Statement within the statutory accounts scrutinised by the MIJB Audit and Risk Committee in advance of MIJB approval.

3 Background and main report

- 3.1 The public sector has adopted Corporate Governance principles. Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values, by which organisations are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 3.2 Midlothian Health and Social Care Integration Joint Board (MIJB) aims to meet the highest standards of corporate governance to help ensure that it meets its objectives. The MIJB operates through a governance framework for the conduct of its affairs which brings together an underlying set of legislative requirements, governance principles and management processes. The MIJB's Local Code of Corporate Governance was previously approved in February 2016.

- 3.3 The Internal Audit Annual Assurance Report 2017/18 stated “The MIJB’s Local Code of Corporate Governance, which was approved in February 2016, requires to be updated to ensure this key document complies with the CIPFA/SOLACE ‘Delivering Good Governance in Local Government: Framework’ (2016) and 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. The content and format of the Annual Governance Statement should reflect the annual review of compliance with the updated Local Code.”
- 3.4 Significant work has been carried out by Internal Audit as part of the delivery of the approved MIJB Internal Audit Annual Plan 2018/19 to revise the format and content of the MIJB Local Code of Corporate Governance (Local Code), which is attached to this report as Appendix 1, to ensure it continues to be a value-added tool for members and officers of the MIJB in the conduct of its affairs.
- 3.5 The main changes to the Local Code cover:
- a) Updating existing and formalising new governance arrangements as these have been developed and implemented by the MIJB during the year; and
 - b) Addressing gaps in the previous version on how the MIJB demonstrates good governance in practice against each of the supporting principles that underpin the seven core principles of good governance set out in the CIPFA/SOLACE ‘Delivering Good Governance in Local Government’ 2016 Edition.
- 3.6 Authorities are urged to test their structure against the seven core principles of good governance set out in the CIPFA/SOLACE ‘Delivering Good Governance in Local Government’ 2016 Edition (the 2016 Framework) by:
- Reviewing their existing governance arrangements against the Framework;
 - Developing and maintaining an up-to-date local code of governance including arrangements for ensuring its on-going application and effectiveness; and
 - Preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
- 3.7 A self-assessment of compliance with the MIJB Local Code was carried out, using the conclusions and audit opinion from the MIJB Internal Audit Annual Assurance Report 2018/19, to inform the draft MIJB Annual Governance Statement 2018/19 by the Chief Officer prior to its inclusion within the unaudited MIJB Statement of Accounts.
- 3.8 The approval by the MIJB of its Local Code (as set out in Appendix 1) which reflects the seven core principles with supporting principles, each of which in turn translates into a range of specific requirements, will ensure the MIJB meets best practice. Good governance will enable the MIJB to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
- 3.9 An annual review and reporting of the MIJB’s governance arrangements will continue. The basis of the Annual Governance Statement will be an overview of and opinion on the MIJB’s arrangements contained in the approved Local Code. The Annual Governance Statement will provide assurance that internal control and

governance arrangements are adequate and operating effectively in practice or, where reviews of the internal control and governance arrangements reveal gaps, it will identify planned actions that will ensure effective internal control and governance in future.

- 3.10 This process not only creates an opportunity for the MIJB to set out its standard for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised.

4 Policy Implications

- 4.1 The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) is intended to ensure that health and social care services in Scotland are well integrated, so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.
- 4.2 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.
- 4.3 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. Development of its own Local Code of Corporate Governance and arrangements for its annual review will enable the MIJB to comply with best practice. Good governance will enable the MIJB to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

5 Equalities Implications

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

6 Resource Implications

- 6.1 There are no direct resources implications arising from the proposals in this report. Arrangements to ensure that public money is safeguarded and used economically, efficiently and effectively is an integral part of good corporate governance and therefore are embedded within the Local Code of Corporate Governance.

7 Risk

- 7.1 The Local Code of Corporate Governance provides the framework for members and officers of the MIJB to conduct its affairs that are based on seven principles. The review of and revisions to the Local Code of Corporate Governance will ensure that internal controls, risk management and other governance arrangements are improved through the implementation of the framework.

8 Involving people

- 8.1 The MIJB Chief Officer, Chief Finance Officer and Integration Manager have been involved in the annual review of the MIJB's governance framework and the revisions to the MIJB's Local Code of Corporate Governance, with the detailed work having been carried out by Internal Audit as part of the delivery of the approved MIJB Internal Audit Annual Plan 2018/19.
- 8.2 The MIJB Chief Officer has considered the output from the annual review of the MIJB's governance framework, using the revised MIJB Local Code of Corporate Governance, and the Chief Internal Auditor's independent opinion on the adequacy and effectiveness of the governance, risk management and internal controls, from the MIJB Internal Audit Annual Assurance Report 2018/19, when completing the MIJB's Annual Governance Statement 2018/19.

9 Background Papers

- 9.1 References are made to numerous documents within the MIJB Local Code of Corporate Governance. Some examples include Midlothian IJB Scheme of Integration, Standing Orders, Financial Regulations, Strategic Plans, Annual Delivery Plans, and MIJB Board and Audit and Risk Committee papers.

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The public sector has adopted Corporate Governance principles. Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values, by which organisations are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

The 7 core principles of good governance are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Authorities are urged to test their structure against these principles by reviewing their existing governance arrangements against the Framework, developing and maintaining an up-to-date local code of governance including arrangements for ensuring its ongoing application and effectiveness and preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the current period.

The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils the statutory requirement for the authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. This process not only creates an opportunity for the Integration Joint Board to set out its standard for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

A1 Behaving with integrity

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	Reliance is placed on the values and standards set out in the MIJB'S code of conduct and those within of the codes of conduct employer partner organisations and their organisational development plans.
2	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	The Scheme of Integration document serves as the approved constitution. Standing Orders and Scheme of Delegation. Reliance is placed on the values and standards set out in the MIJB'S code of conduct and those within of the codes of conduct employer partner organisations and their organisational development plans.
3	Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Reliance is placed on the arrangements within the employer partner organisations for identifying, mitigating and recording conflicts of interest, hospitality and gifts. Declarations of Interest are a standard agenda item at all meetings of the Board. The Annual Governance Statement will be the outcome of the annual self-evaluation of compliance.
4	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	As A1.3 The role of the MIJB Audit and Risk Committee is to have high-level oversight of internal control, governance and risk management. The MIJB Audit and Risk Committee has been constituted with terms of reference. The MIJB has developed a complaints policy. Reliance is also placed on partner's policies and processes for complaints and whistle blowing

A2 Demonstrating strong commitment to ethical values

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	The Annual Governance Statement is the outcome of an annual self-evaluation of compliance.
2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Reliance will be placed on the arrangements within the partner organisations for <ul style="list-style-type: none"> • Provision of ethical awareness training

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	Developing and maintaining robust policies and procedures	<ul style="list-style-type: none"> • Appraisal processes taking account of values and ethical behaviour • Staff appointments policy • Procurement policy • Ethical values feature in contracts with external service providers
4	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	

A3 Respecting the rule of law

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Advice and overseeing compliance on legal matters will be provided by the Chief Officer, Chief Financial Officer, Chief Internal Auditor and Clerk to the MIJB as appropriate to their roles. If required legal advice would be sought from Central Legal Office.
2	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	The Scheme of Integration sets out the roles and responsibilities of statutory officers (Chief Officer, Chief Financial Officer) Guidance is available. As A3.1.
3	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	The scope is set out in the Scheme of Integration in order to comply with the Public Bodies (Joint Working) (Scotland) Act 2014 which requires Health Boards and Local Authorities to integrate planning for, and delivery of, certain adult health and social care services. Guidance is available on use of powers. As A3.1.
4	Dealing with breaches of legal and regulatory provisions effectively.	In the context of health and social care integration this is a matter for the Chief Officer Reliance will be placed on the arrangements within the partner organisations for ensuring legal compliance in operation of services. Advice and overseeing compliance on legal matters will be provided by the Chief Officer supported by Board Clerk, Chief Financial Officer, and Chief Internal Auditor as appropriate to their roles.
5	Ensuring corruption and misuse of power are dealt with effectively	Reliance will be placed on the arrangements within the employer partner organisations for effective anti-fraud and corruption policies and procedures.

B. Ensuring openness and comprehensive stakeholder engagement
Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

B1 Openness

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	<p>Corporate governance is about openness, integrity and accountability and the Local Code sets out the MIJB's systems and processes through which it accounts to, engages with and, where appropriate, leads its communities.</p> <p>Minutes and Reports are published on the MIJB website. The MIJB business is held in public unless there are good reasons for not doing so on the grounds of confidentiality.</p> <p>Reliance will be placed on the arrangements within the partner organisations to ensure compliance with Data Protection and Freedom of Information legislation.</p>
2	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	As B1.1
3	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	<p>Calendar of dates for submitting, publishing and distributing reports.</p> <p>Reports set out professional advice and considerations in reaching recommendations.</p> <p>Professional advice and overseeing compliance with the legal and financial framework will be provided by the Chief Officer, Chief Financial Officer, Chief Internal Auditor and Clerk to the MIJB as appropriate to their roles.</p>
4	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	Community engagement was encouraged as part of the development of the Scheme of Integration and both the current and refreshed the Strategic Plan.

B2 Engaging comprehensively with institutional stakeholders
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	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	The Strategic Plan was developed following consultations with interested parties including members of the public, therefore highly co-produced.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Midlothian Council and NHS Lothian are the principal partners. Also involved are the third sector, independent sector and user/ carer representatives. The Strategic Planning Group with full representation from the Principal Partners, 3 rd Sector and Patient/Service Users is also part of the governance arrangements.
3	Ensuring that partnerships are based on: <ul style="list-style-type: none"> • trust • a shared commitment to change; • a culture that promotes and accepts challenge among partners; and that • the added value of partnership working is explicit 	As B2.2.

B3 Engaging stakeholders effectively, including individual citizens and service users

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service/other provision is contributing towards the achievement of intended outcomes	As B2.1.
2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	As B2.1
3	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	As B2.1
4	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.	Consultation processes seeks to secure opinion which is as inclusive as possible.
5	Taking account of the interests of future generations of tax payers and service users	The partnership has a statutory responsibility to involve patients and members of the public in how health and social care services are designed and delivered.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

C1 Defining outcomes

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	The vision, strategic objectives and outcomes are reflected in Strategic Plan which has been refreshed.
2	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	As C1.2
3	Delivering defined outcomes on a sustainable basis within the resources that will be available	There is an MIJB approved Medium Term Financial Strategy, a Strategic Plan, an Annual Delivery Plan and routine financial reporting.
4	Identifying and managing risks to the achievement of outcomes	A Risk Management Strategy has been approved by the MIJB. The MIJB maintains a Strategic Risk Register in which risks to its own objectives and achievement of outcomes are identified and managed.
5	Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	As B2.1

C2 Sustainable economic, social and environmental benefits

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	<p>Economic and social (as it relates to improved outcomes) impact of policies and plans are taken into account when taking strategic commissioning decisions about service provision.</p> <p>Reliance is placed on the partners' arrangements for environmental impact assessments at operational level.</p>
2	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<p>Decision-making reports to the MIJB and its Committees generally set out the implications of risk.</p> <p>Potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints would ordinarily be recognised. There is an MIJB approved Medium Term Financial Strategy, annual financial plans and routine financial reporting.</p> <p>Value for money arrangements within the MIJB require further development. In the meantime, reliance will be placed on the value for money arrangements within the partner organisations. The Audit Scotland report on Auditing Best Value for MIJBs was presented to the MIJB Audit and Risk Committee in March 2019.</p> <p>Service redesign through either disinvestment or targeted reinvestment is reflected in the Strategic Plan and the Annual Delivery Plan and through Directions to partners, for example, Liberton, Cowan Court, and Teviot Court. The Realistic Care Realistic Medicine programme board monitors and oversees this transformation work.</p> <p>Performance reporting is in place in respect of identified Ministerial priority areas in the Annual Performance Report. Other Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals.</p>
3	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	As C2.2
4	Ensuring fair access to services	<p>As C2.2.</p> <p>Reliance will be placed primarily on the equality and diversity arrangements within the partner organisations.</p>

D. Determining the interventions necessary to optimise the achievement of the intended outcomes
Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

D1 Determining interventions

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	Decision-making reports to the MIJB and its Committees cover Policy/Strategy, Consultation and assessment of risk. Committee reports are published on the MIJB's website For best value - see C2.2 above
2	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	The strategic plan is based on consultation. The plan is being updated and will be based upon further consultation. The Partnership has a statutory responsibility to involve patients and members of the public in how health and social care services are designed and delivered.

D2 Planning interventions

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Reporting schedule for meetings and timetable for papers. Committee reports are published on the MIJB's website
2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	See D1.2
3	Considering and monitoring risks facing each partner when working collaboratively including shared risks	The MIJB and Partners have their own Risk Management Frameworks in place. The MIJB has decided that the Partners are responsible for managing their own risks and the MIJB's will monitor Partners risks where those risks threaten the delivery of the MIJB's objectives.
4	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Directions have been issued for service redesign.
5	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Performance reporting is in place in respect of identified Ministerial priority areas in the Annual Performance Report. Other Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
6	Ensuring capacity exists to generate the information required to review service quality regularly	The MIJB places reliance on Service quality reviews which are performed and undertaken by the Partners. Independent assurance is gained from external inspection bodies.
7	Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	Budget offers/allocations are made to MIJB from its Partners. The MIJB assesses this in totality to support the delivery of its Strategic Plan.
8	Informing by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	The MIJB is working towards sustainable service provision. Need to be clear that capital is not delegated to the MIJB from partners.

D3 Optimising achievement of intended outcomes

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	A medium term financial strategy has been signed off by the MIJB.
2	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Budgeting currently takes place in the short term only and reflects the current arrangements of annual budget setting by Partners (and Scottish Government).
3	Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	As D3.1
4	Ensuring the achievement of 'social value' through service planning and commissioning <i>(Social Value is technically referred to as Community Benefit in Scotland)</i>	Reliance will be placed on the arrangements for achieving community benefits within the partner organisations.

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

The integration authority needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. The integration authority must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

E1 Developing the entity's capacity

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	Reliance will be placed on the arrangements within the partner organisations.
2	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	Reliance will be placed on the arrangements within the partner organisations.
3	Recognising the benefits of partnerships and collaborative working where added value can be achieved	The benefits of partnerships and collaborative working where added value can be achieved has been recognised and is at the core of MIJB planning and decision making.
4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	The MIJB has developed and maintains a workforce plan.

E2 Developing the capability of the entity's leadership and other individuals

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Regular meetings are held between the Chief Officer Health and Social Care Integration and the Chair and Vice Chair of the MIJB. The Chief Officer also meets regularly with representatives from the partner organisations.
2	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	The Scheme of Integration, Standing Orders and Scheme of Delegation.
3	Ensuring clearly defined and distinctive leadership roles within a structure, whereby the chief officer leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	As E2.1

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.	MIJB Development Sessions have been and continue to be held. There is a development programme in place for the Board Members of the MIJB and there is a leadership development programme for the joint management team supported by workforce plans with a key focus on team leader development.
5	Ensuring that there are structures in place to encourage public participation	The partnership has a statutory responsibility to involve patients and members of the public in how health and social care services are designed and delivered.
6	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	National reports on progress with integration have been reviewed and an action plan for improvement put in place.
7	Holding staff to account through regular performance reviews which take account of training or development needs	Reliance will be placed on the arrangements within the partner organisations
8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Reliance will be placed on the arrangements within the partner organisations

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

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

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

It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

F1 Managing risk

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	A Risk Management Strategy is in place It 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.
2	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	As F1.1
3	Ensuring that responsibilities for managing individual risks are clearly allocated	As F1.1.

F2 Managing performance

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review	The Performance Management Framework exists but is not fully developed or complete. Performance reporting is in place on identified Ministerial priority areas within Annual Performance Report. Other Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals.
2	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Decision-making reports to the MIJB and its Committees.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system)</p> <p>Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</p> <p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>Opportunities for constructive challenge and debate on policies and objectives exist at MIJB Board meetings.</p> <p>Performance reporting to the MIJB on annual delivery plans and on progress towards outcome achievement for monitoring and control purposes.</p>
4	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	As F2.3
5	Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (eg financial statements)	<p>Financial standards, guidance within the employer partner organisations.</p> <p>MIJB Financial Regulations and Standing Orders.</p> <p>External Audit of MIJB annual financial statements.</p>

F3 Robust internal control

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Aligning the risk management strategy and policies on internal control with achieving objectives	A Risk Management Strategy is in place.
2	Evaluating and monitoring risk management and internal control on a regular basis	As F3.1
3	Ensuring effective counter fraud and anti-corruption arrangements are in place	Reliance will be placed on counter fraud and anti-corruption arrangements within the partner organisations.
4	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Internal Audit service is provided by the Council's Internal Audit team which has a shared service arrangement with Scottish Borders Council including the appointed MIJB Chief Internal Auditor, and in liaison with NHS Lothian Internal Audit team which provides specified Internal Audit days.
5	<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon 	The MIJB Audit and Risk Committee has been constituted with a Terms of Reference.

F4 Managing data

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Reliance will be placed on the arrangements for managing data within the employer partner organisations.
2	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	
3	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	

F5 Strong public financial management
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	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	Medium and long-term financial management processes and plans are not in place due to constraints of annual budget setting by Partners (and Scottish Government). There is an MIJB approved medium term financial strategy and routine financial reporting.
2	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Budget monitoring process and reporting to MIJB Board. There is an opportunity for MIJB members to enhance their understanding of the financial papers as required.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.	

G1 Implementing good practice in transparency
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	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Reports are written and communicated in an understandable style appropriate to the intended audience and ensuring that they are easy to access via the MIJB website.
2	Striking 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	An annual performance report is published which is written to inform readers on key matters. The Annual Accounts and Report that sets out the financial position is produced in accordance with accounting regulations.

G2 Implementing good practices in reporting
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	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Reporting at least annually on performance, value for money and the stewardship of its resources	As G1.2 The Audit Scotland report on Auditing Best Value for IJBs presented to the MIJB Audit and Risk Committee in March 2019.
2	Ensuring members and senior management own the results	The Integration Joint Board has approved the statutory roles of Chief Officer and Chief Financial Officer.
3	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Review of the Framework reported in the Annual Governance Statement.
4	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Reliance will be placed on the governance arrangements within the partner organisations.
5	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	As G2.1

G3 Assurance and effective accountability

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring that recommendations for corrective action made by external audit are acted upon.	The Accounts Commission appoints the External Auditors of the MIJB. Any recommendations made by External Audit will be acted upon.
2	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	The Board appointed a Chief Internal Auditor for the Integration Joint Board with agreement that Internal Audit services for the MIJB will be provided by the Council's Internal Audit team which has a shared service arrangement with Scottish Borders Council, and in liaison with NHS Lothian Internal Audit team which provides specified Internal Audit days. Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010). Compliance with Public Sector Internal Audit Standards. Any recommendations made by Internal Audit will be acted upon.
3	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Any recommendations made by Regulatory Bodies or Inspection Agencies will be acted upon.
4	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	As risk management set out in F1 above. Annual Governance Statement included within Statutory Accounts.
5	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	The vision, strategic objectives and outcomes are reflected in the Partnership's Strategic Plan which has been approved and published by the MIJB. The Board is made up of members from the Council and NHS Lothian.

Midlothian Integration Joint Board Audit and Risk Committee



Midlothian IJB Draft Unaudited Annual Accounts 2018/19

Item number: 5.4

Executive summary

This report presents the IJB's draft (unaudited) Annual Accounts for 2018/19. 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 2018/19

1. Purpose

- 1.1 This report presents the IJB's draft (unaudited) Annual Accounts for 2018/19

2. Recommendations

- 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

- 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. The IJB was updated at its May 2019 development session on draft yearend financial position.
- 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

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

5. Equalities Implications

- 5.1 There are no equalities implications arising from this report

6. Resource Implications

- 6.1 There are no resource implications arising from this report.

7 Risks

- 7.1 There are no risks associated.

8 Involving People

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

9 Background Papers

- 9.1 None

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DATE	June 2019



Midlothian Integration Joint Board

Draft Unaudited Annual Accounts 2018/19

The Unaudited Annual Accounts of Midlothian Integration Joint Board for the period from 1 April 2018 to 31 March 2019, 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 2018 to 31 March 2019 is Ernst and Young LLP, 10 George Street, Edinburgh, EH2 2DZ.

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 2019 and considers those issues and risks which may impact upon the IJB's financial position in the future.

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 IJB published its Strategic Plan for these functions covering the period from April 2016 to March 2019 in March 2016. The IJB also publishes an Annual Delivery plan, the plan for 2018/19 being agreed by the IJB at its May 2018 meeting.

Membership of Midlothian Integration Joint Board

The IJB met eight times in 2018/19. There have been a number of changes to the membership of the IJB since the accounts for 2017/18 were published. The members of the IJB at March 2019 were as follows :-

Member	Nominated/Appointed by	Role
Angus McCann	Nominated by NHS Lothian	Voting Member, Chair
Derek Milligan	Nominated by Midlothian Council	Voting Member, Vice Chair
Catherine Johnstone	Nominated by Midlothian Council	Voting Member
Jim Muirhead	Nominated by Midlothian Council	Voting Member, Chair of Audit and Risk Committee
Pauline Winchester	Nominated by Midlothian Council	Voting Member
Alex Joyce	Nominated by NHS Lothian	Voting Member
Carolyn Hirst	Nominated by NHS Lothian	Voting Member
Allister Short	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
Aileen Currie	Appointed by the IJB	MLC Staff Side Representative
Pam Russell	Appointed by the IJB	Carer representative
Ewan Aitken	Appointed by the IJB	Voluntary Sector Representative
Keith Chapman	Appointed by the IJB	User Representative
Wanda Fairgrieve	Appointed by the IJB	NHS Staff Representative
Nik Hirani	Appointed by the IJB	Medical Practitioner

Note -

The Chief Finance Officer of the IJB was David King until his retirement in October 2018 where Claire Flanagan took on the role.

The IJB's Operations for the Year

2018/19 was the third operational year for the IJB. The ambitions for the financial year were laid out in the IJB's 2018/19 annual delivery plan, these were :-

- Reshape Primary Care
- Develop coherent approach to Out of Hours services
- Reducing the use of Unscheduled Care in Acute Hospitals
- Reduce expenditure on Prescribing
- Reshape Learning Disability services
- Review and redesign Carers services
- Develop a Care Home strategy
- Implement new approaches to Care at Home
- Shift the balance of care in Mental Health services
- Strengthen prevention and recovery in Criminal Justice
- Implement a new Public Engagement Strategy
- Design and implement a Prevention strategy and the links to offending and substance misuse
- Reducing the cost of Learning Disability services
- Strengthening the multi-agency approach to Health Inequalities.

Considerable progress has been made on these ambitions specifically on:

- Improvement of Primary Care services with the roll out of physiotherapists, pharmacists and mental health nurses within practices.
- Frailty programme has undertaken a full analysis which has been completed for all Midlothian frail patients and now looks to progress a test of change into a frailty pathway
- Community Respiratory Team this team was enhanced to increase the support for managing COPD in the local community aiming to prevent acute admissions.
- The Wellbeing service is also now fully established in all 12 Midlothian practices.
- Discharge to Assess team was also started at the end of the financial year which will support the work to reduce acute hospital delays

The IJB's Annual Performance report which provides further details on the activity of the IJB and this report is available on the IJB's website.

The IJB's Position at 31 March 2019

Summary

For the year ending 31 March 2019, 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	102,317	100,189	2,127
Social Care Services	39,932	39,081	851
Total	142,249	139,270	2,978

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 2018/19

	Budget	Budget	Expenditure	Expenditure	Variance	Note
	Health	Social	Health	Social Care		
	£000's	Care	£000's	£000's	£000's	
		£000's				
Direct Midlothian Services						
Community AHPS	2,273		2,103		170	
Community Hospitals	4,969		5,274		-305	
District Nursing	2,667		2,593		74	
General Medical						
Services	14,763		14,847		-84	
Health Visiting	1,666		1,596		70	
Mental Health	2,234		2,059		176	
Other	11,969		9,866		2,103	1
Prescribing	18,088		17,788		301	
Resource Transfer	4,943		4,943		0	2
Older People		17,265		14,985	2,281	
Learning Disabilities		12,510		14,388	-1,878	
Mental Health		853		841	12	
Physical Disabilities		3,295		4,046	-751	
Assesment and Care						
Management		3,065		2,865	200	
Other		2,943		1,957	985	3
Midlothian Share of pan-Lothian						
Set Aside	17,146		17,604		-458	4
Mental Health	2,013		2,065		-52	
Learning Disabilities	1,388		1,442		-55	
GP Out of Hours	1,051		1,051		0	
Rehabilitation	754		670		84	
Sexual Health	570		565		5	
Psychology	748		744		4	
Substance Misuse	693		702		-8	
Allied Health						
Professions	1,241		1,173		68	
Oral Health	1,633		1,573		60	
Other	2,305		2,330		-25	
Dental	4,913		4,913		0	5
Ophthalmology	1,649		1,649		0	5
Pharmacy	2,639		2,639		0	5
	102,317	39,932	100,189	39,081	2,978	

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. This also includes £327k of funds which have been taken to the IJB's reserve to be carried forward for specific projects. This is detailed in the discussion on reserves below.
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 is 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 2018/19 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 2018/19 position

From the above table, it can be seen that there were a range of financial issues identified.

Direct Midlothian Services

Within the health budgets, although there were operational overspends within Community Hospitals and GMS, these were offset by underspends in Prescribing and slippage (that is some programmes starting later in the year than planned and thus generating an underspend) within the system.

Within the social care budgets the pressures at the year-end were a significant overspend within adult services, specifically those for clients with Learning Disabilities and Physical Disabilities. This pressure was offset by underspend in services for older people, although there are underlying pressures in some specific services including MERRIT and care at home.

Midlothian Share of pan-Lothian services

The hosted position shows an overspend within the Learning Disabilities services and Mental Health being offset with underspends in community dental (Oral Health), and Rehabilitation Services

The significant overspend within the health budgets is within set aside the main pressures being :-

- A&E – ongoing recruitment issues resulting in additional costs of locums/agency to cover and make safe staffing rotas as well as the additional costs of RIE Minor Injuries Unit
- Diabetes – Pressures on providing new, replacement & additional supplies for Adult Insulin Pumps
- Junior Medical – driven by additional staffing requested to cover rotas for sickness; maternity and vacancies – causing an over-establishment against funded levels in particular within A&E areas. Tighter controls regarding authorisation for additional staffing and reviewing rotas before issues arise are in place and have reduced the pressure during 2018/19
- General Medicine – Pressure driven by ongoing staffing issues (significant at St John's Hospital – where recruitment is proving difficult) and ongoing bed pressures across the sites.
- Infectious Diseases - significant drug pressure reported in year, although expenditure is showing a reduction from 17/18

Reserves

The IJB has reserves at the end of 2018/19 of £3.878m. The IJB had reserves of £900k in March 2018. The movement in can be described as follows :-

	2018/19 Opening	2018/19 Transfers Out	2018/19 Reclassified	2018/19 Transfers in	2018/19 Closing
Committed Project Funds	£000's		£000's	£000's	£000's
MELDAP	132	-132		196	196
SG Funding TEC	77	-77		86	86
Commitment to specific posts			37	270	307
Primary Care					
Investment Fund				240	240
Commitment to GPs				150	150
Integrated Care Fund				145	145
Commitment to Wellbeing Service (PCIF)				121	121
Action 15				96	96
Slippage in Local Programmes				85	85
Other	34	-34		68	68
Committed Project Funds	243	-243	37	1,457	1,493
General Reserves	657	-73	-37	1838	2385
Total	900	-316	-	3295	3878

The IJB similar to last year proposes to use its reserves in 2019/20 as follows :-

- Reserves earmarked for specific projects will be used to support these projects – for example the continuation of substance misuse services (using the MELDAP reserve) and the further development of the use of Technology Delivered Care (using the TEC reserve)
- Transformation Programme – a programme of work has been developed to further support the transformation agenda which will include a Programme Manager to work with acute and other service staff to deliver agreed outcomes. The initial focus will be on progressing the Mental Health plan and on work to support the IJB's ambition to reduce its bed use in the Acute hospital sites, particularly in relation to the respiratory pathway. This development will require investment as part of a 'spend to save' approach
- Waiting Times – the IJB has a number of community services that are reporting significant waiting times (Psychological Therapies, Substance Misuse, occupational therapy assessment), and projects will be developed to reduce these waiting times and to ensure that the service is sustainable thereafter

- Delayed Discharge – as previously reported to the IJB, there continues to be a need to support timely discharge from hospital and resource will be allocated to support the implementation of the delayed discharge action plan
- The residual element of the general reserve will be used as required to support in-year financial pressures, recognising the continuing underlying and significant overspend in social care.
- There will also be proposals put to the IJB during 2019/20 in support utilising reserves to support addressing care gaps within some services.

DRAFT

The IJB's Strategy and Business Model



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



The IJB's remit and goals are laid out in the IJB's Strategic Plan. These are in line with the Scottish Government's national outcomes and will be delivered through:-

1. Prioritising the Allocation of Resources

The IJB will make decisions by reviewing the resources available and prioritising them to achieve the agreed outcomes. Guidance on this process has been issued by the Scottish Government and the themes laid out in this guidance are those that flow through the IJB's strategies. These themes are based on a fundamental review of the current use of resources in order to support the redesign of the overall health and social care system. The move of resources should reflect the key strategic aims of the IJB. The key principles guiding this movement are outlined in this report, along with some specific plans which are being developed to achieve the required shifts in expenditure.

2. Making More Efficient use of Resources

There are immediate pressures on the IJB which require action to bring the expenditure in line with the monies now being made available by the Council and NHS Lothian :-

Social Care: The Realistic Care Realistic Expectations Programme is intended to identify significant savings through more efficient and more equitable ways of providing social care services. This is being overseen by the Council Business Transformation Group

Prescribing: In response to major pressures upon the local prescribing budget GPs and the Pharmacy Service are implementing a series of changes to reduce expenditure

Service Integration: The social care and health teams within the Partnership are being joined together into one overall team with a single management structure. This will generate operational synergies and stop 'double doing' – for example multiple assessments etc.

3. Public Engagement

The emerging financial challenges facing the partners, and therefore the budgets likely to be available to the IJB, require a concerted programme of public engagement. Transforming health and care services will only succeed if the people of Midlothian understand the changes being considered, are able to influence these and are prepared to support them. A Communication and Engagement Plan in relation to Realistic Care has been developed and is now being implemented.

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 and Uncertainties

The challenge for the IJB is to transform the delivery of its delegated functions whilst supporting the delivery of financial balance with an (in real terms) reduction in the financial resources available. There remain a series of uncertainties:-

1. It remains difficult for the partners to recruit elements of the workforce to deliver the IJB's functions, e.g. GPs, District Nurses and Care workers.
2. The increasing population in Midlothian remains a challenge which may exacerbate the staffing pressures above.
3. The financial position for the UK and Scotland remains uncertain and this will provide a challenge to the amount of financial resources available to the IJB.

Angus McCann
IJB Chair

Allister Short
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.

Angus McCann
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 2019 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 2018/19.

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. Angus McCann, as a non-executive member of NHS Lothian Board who was also the Chair of Midlothian IJB has received an additional notional day's remuneration specifically for his role as Chair of the IJB in 2018/19. This remuneration is £8,416 per annum.

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 Allister Short 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, and this was disclosed in the accounts for 2015/16 and thereafter, that 50% of his total remuneration is to be shown in the accounts of the IJB as his 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.

Total 2017/18	Senior Employees	Salary, Fees & Allowances 2018/19	Total 2018/19
£		£	£
29,263	Eibhlin McHugh (to October 2017)	-	-
19,959	Allister Short (from November 2017)	42,530	42,530
26,802	David King (to October 2018)	16,104	16,104
-	Claire Flanagan (from October 2018)	11,030	11,030

Allister Short was appointed in November 2017, his costs above are therefore 5/12th's of the annual costs for 2017-18. David King retired in October 2018, his costs are therefore 6/12ths for 2018-19, thereafter Claire Flanagan was appointed in October 2018, her costs are therefore 6/12 of the annual costs for 2018-19.

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 2019	For year to 2018	As at 31 March 2019		Difference from 31 March 2018	
	£	£	Pension £000	Lump Sum £000	Pension £000	Lump Sum £000
Allister Short	11,600	10,864	18	36	2	2
Claire Flanagan	8,167	0	11	22	-	-
David King	6,618	11,127	37	110	1	4
Eibhlin McHugh	0	11,721	-	-	-	-

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Number of Employees in Band 2017/18	Remuneration Band	Number of Employees in Band 2018/19
0	£50,000 - £54,999	0
0	£55,000 - £59,999	0
0	£60,000 - £65,000	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
0	£80,000 - £84,999	0
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0

Exit Packages

The IJB did not support nor did it direct to be supported by its partners, any exit packages during 2018/19.

Angus McCann
IJB Chair

Allister Short
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 MIJB's Local Code of Corporate Governance (MIJB Local Code) sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. The MIJB Local Code has been revised during the year to reflect 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. This will be presented for scrutiny by the MIJB Audit and Risk Committee then for approval by the full Board. 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 revised Framework in existence during 2018/19 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 Locality 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 2018/19 is being prepared to outline progress against strategic objectives over the year.

The Annual Accounts and Report for 2018/19 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 Internal Audit; 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 Continue to demonstrate the linkages within the Strategic Plan to local and national objectives.
- 2 Enhance specification within the Annual Delivery Plans of how outcomes are to be measured.
- 3 Develop a Medium Term Financial Plan.
- 4 Further develop the Performance Management Framework.

The implementation of these actions to enhance the governance arrangements in 2019/20 will be driven and monitored by the MIJB Chief Officer in order to inform the

next annual review. Internal Audit work planned in 2019/20 is designed to test improvements and compliance in governance and risk management arrangements, achievement of transformation and change in service delivery (and the associated workforce development), and performance management.

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.

Angus McCann
IJB Chair

Allister Short
Chief Officer

Independent Auditor's Report

This will be inserted when this report is completed after the audit of these unaudited accounts

DRAFT

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

2017-18 Net Expenditure £000s		2018-19 Net Expenditure £000s
99,115	Health Care Services - NHS Lothian	100,190
38,023	Social Care Services - Midlothian Council	39,081
137,138	Cost of Services	139,271
-138,038	Taxation and Non-Specific Grant Income	-142,249
-900	Surplus on Provision of Services	-2,978

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

Movements in Reserves During 2018/19

	General Fund Balance	Unusable Reserves: Employee Statutory Adjustment Account	Total Reserves
	£000's	£000's	£000's
Opening Balance at 31 March 2018	900	0	900
Total Comprehensive Income and Expenditure	2978	0	2978
Increase or Decrease in 2018/19	2978	0	2978
Closing Balance at 31 March 2019	3878	0	3878

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

31 March 2018 £000s		31 March 2019 £000s
	Current Assets	
900	Debtors	3,878
	Creditors: amounts falling due within one year	
000		000
900	Total assets less current liabilities	3,878
	Capital and Reserves	
244	Earmarked Reserve	1493
656	General Reserve	2385
900	Total Reserves	3878

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 2018/19 financial year and its position at the year-end of 31 March 2019.

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 2017/18, 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.

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.

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 £3.878m at 31 March 2019.

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

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

Earmarked Reserve	£000's
Commitment to specific posts	307
Primary Care Investment Fund	240
MELDAP	196
Commitment to GPs	150
Integrated Care Fund	145
Commitment to Wellbeing Service (PCIF)	121
Action 15	96
Technology Enabled Care (SG funding)	86
Slippage in Local Programmes	85
Transformation of Older People's Services	34
Smile Project (Big Lottery funding)	16
Autism Strategy (SG funding)	12
Electronic Frailty Index (Health Foundation)	7
General Reserves	2,385
Total Reserves	3,878

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 2018/19 was £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 2019 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. Events After the Reporting Period

The Annual Accounts were authorised for issue by the IJB on 14 xxx. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

4. Expenditure and Funding Analysis

2017/18 £000's	Expenditure	2018/19 £000's
	Services specifically for Midlothian	
59,270	Health	61,068
38,023	Social Care	39,081
	Midlothian's share of Lothian Health Services	
21,273	Hosted	21,516
18,572	Set Aside	17,604
137,138	Total	139,270
	Funded By:	
38,805	Midlothian Council	39,932
99,233	NHS Lothian	102,317
138,038		142,249
900	Surplus	2,978

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.

Corporate Service

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

2017/18		2018/19
£000's		£000's
49	Staff	43
24	Audit Fee	25
73	Total	68

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

5. 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.

2017/18		2018/19
£000's		£000's
99,115	NHS Lothian	100,189
-4,776	Resource Transfer	-4,943
-5,100	Social Care Fund	-4816
89,239		90,430
38,023	Midlothian Council	39,081
4,776	Resource Transfer	4,943
5,100	Social Care Fund	4,816
47,899	Total	48,840

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.

6. VAT

The IJB is not a taxable person and does not charge or recover VAT on its functions.

