

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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