

Notice of Meeting and Agenda



Midlothian Integration Joint Board - Audit and Risk Committee

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

Date: Thursday, 05 March 2020

Time: 14:00

Morag Barrow
Chief Officer

Contact:

Clerk Name: Mike Broadway

Clerk Telephone: 0131 271 3160

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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

4.1 Minutes of Meeting held on 5 December 2019 - For Approval 3 - 10

4.2 Rolling Action Log - March 2020 11 - 12

5 Public Reports

5.1 Risk Register – Report by Risk Manager 13 - 26

5.2 Midlothian Integration Joint Board Annual Audit Plan Year ending 31 March 2020 - Report by EY, External Auditors. 27 - 50

5.3 Midlothian IJB Internal Audit Annual Plan 2020/21 – Report by Chief Internal Auditor. 51 - 56

5.4 Performance Monitoring of the Midlothian Acute Services Plan - Report by Integration Manager (Acute). 57 - 68

5.5 NHS Lothian Recovery Update – Report by Chief Officer. 69 - 80

5.6 Integration Authorities Financial Performance for 2019/20 after Quarter 2 – Report by Chief Finance Officer. 81 - 86

5.7 Audit Scotland Report on Local Government in Scotland Financial Overview 2018-19 – Report by Chief Finance Officer. 87 - 92

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 4th June 2020 at 2.00 pm**

Minute of Meeting



Midlothian Integration Joint Board Audit and Risk Committee

Date	Time	Venue
Thursday 5 December 2019	1.30pm	Meeting Room 5, Midlothian House, Buccleuch Street, Dalkeith EH22 1DN.

Present (voting members):

Cllr Jim Muirhead (Chair)	Carolyn Hirst (substitute for Angus McCann)
Jane Cuthbert (Independent Member)	

Present (non voting members):

Morag Barrow (Chief Officer)	Claire Flanagan (Chief Finance Officer)
Jill Stacey (Chief Internal Auditor)	

In attendance:

Pam Russell (MIJB Member)	Chris Lawson (Risk Manager, Midlothian Council)
Mairi Simpson (Integration Manager, Midlothian Council)	Mike Broadway (Clerk)

Apologies:

Councillor Pauline Winchester	Angus McCann
Alex Joyce	Grace Scanlin (EY, External Auditor)

Midlothian Integration Joint Board

Audit and Risk Committee

Thursday 5 December 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, following which there was a round of introductions.

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

4.1 The Minutes of Meeting of the Midlothian Integration Joint Board Audit and Risk Committee held on 5th September 2019 was submitted and approved as a correct record.

4.2 A Rolling Action Log – December 2019 was submitted.

The Committee, having received updates on the various action points detailed therein, agreed:-

- (a) to close off the completed actions;
- (b) to note that a further follow-up report on progress with the remaining Internal Audit Follow-Up Review recommendations was included on today's agenda; and
- (c) to note that regular updates on the NHS Lothian escalation were being included in the Chief Officer's Report to the Board.

(Action: Chief Officer/Chief Finance Officer/Clerk)

5. Public Reports

Report No.	Report Title	Presented by:
5.1	Risk Register – Report by Risk Manager	Chris Lawson
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.		

Midlothian Integration Joint Board

Audit and Risk Committee

Thursday 5 December 2019

Summary of discussion
<p>Chris Lawson, Risk Manager in presenting the report to the Committee highlighted the most significant issues and risks on the MIJB strategic risk profile.</p> <p>The Committee, in considering issues arising from Midlothian's use of Unscheduled Care (unplanned hospital use), received an update from Chief Officer, Morag Barrow on some of the measures that had been, or were being, put in place to help address this, these were covered in more detail in the Board report on the IJB Improvement Goals Progress, and would also be picked up as part of the Q3 monitoring report.</p>
Decision
<p>The Audit and Risk Committee, after further discussion:-</p> <ul style="list-style-type: none"> • noted the current Risk Register; • noted the current position on Unscheduled Care and welcomed plans to report on this further to the Board and to also pick it up as part of the Q3 monitoring report; • noted the updates provided on the risk control measures and the progress being made to address all risks; and • confirmed that, otherwise, the risks contained in the Risk Register reflected the current risks/opportunities facing the MIJB.
Action
Risk Manager

Report No.	Report Title	Presented by:
5.2	Progress Update on Delivery of Midlothian IJB Internal Audit Annual Plan 2019/20	Jill Stacey

Executive Summary of Report
<p>With reference to paragraph 5.6 of the Minutes of 7 March 2019, there was submitted a report the purpose of which was to inform the Committee of the progress Internal Audit had made, in the first 6 months of the year to 30 September 2019, towards completing the Internal Audit Annual Plan 2019/20 for the Midlothian Integration Joint Board (MIJB).</p> <p>The report detailed the audit days allocated to specific activities, which had been updated to reflect the confirmed 30 days audit resources from NHS Lothian Internal Audit that was not reflected in the approved MIJB Internal Audit Annual Plan 2019/20, and the consequential reallocation of MLC Internal Audit resources to other planned assurance audits; these amendments required formal approval by the MIJB Audit and Risk Committee. Additionally, it also provided details of Internal Audit reports by partners' Internal Audit providers (MLC Internal Audit for Midlothian Council; Grant Thornton for NHS Lothian) that had been presented to their respective Audit Committees within the first half year 2019/20 which were relevant to MIJB for assurance purposes, with a summary of assurances contained therein.</p>

Midlothian Integration Joint Board

Audit and Risk Committee

Thursday 5 December 2019

Summary of discussion

The Committee, having heard from Jill Stacey (Chief Internal Auditor), who responded to Members questions and comments, welcomed the inclusion of information regarding Internal Audit reports by partners' Internal Auditors that are relevant to MIJB; and also the progress which was being made in delivering the Annual Internal Audit Plan. With regards the Internal Audit of Performance Management, it was acknowledged that this was a challenging area that was still evolving, which the MIJB was keen to develop, so it would be interesting given the work that was already underway to see the outcome.

Decision

After further discussion, the Audit and Risk Committee:-

- **Noted the progress Internal Audit had made by the mid-year point with activity in the approved Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20 (Appendix 1);**
- **Approved the revised Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20 (Appendix 1) that reflected the auditor resources set out in this report and was deliverable; and**
- **Noted the list of Internal Audit reports by partners' Internal Auditors presented to their respective Audit Committees that were relevant to MIJB for assurance purposes (Appendix 2), and the assurances contained therein.**

Action

Chief Internal Auditor

Report No.	Report Title	Presented by:
5.3	MIJB Internal Audit Recommendations Progress Report – Report by Chief Internal Auditor	Jill Stacey

Executive Summary of Report

With reference to paragraph 5.4 of the Minutes of 5 September 2019, there was submitted a report the purpose of which was to provide information on the number of recommendations raised by Internal Audit for the MIJB; note the MIJB's reported performance in addressing the associated internal control and governance issues by the agreed implementation; and highlight the main governance and financial risks where recommendations were found to be outstanding.

The report confirmed that of the 61 recommendations raised since the inception of the MIJB, 55 (90%) were recorded as complete, 3 (5%) had not yet reached their due date, and 3 (5%) were identified as being overdue. After reviewing all the recommendations, Management had established revised target dates for the 3 overdue recommendations and 2 of the 'in progress' recommendations which have been agreed by Internal Audit based on the further work required to implement these recommendations in full.

Midlothian Integration Joint Board

Audit and Risk Committee

Thursday 5 December 2019

Summary of discussion

Chief Internal Auditor, Jill Stacey provided the Committee with an update on the recommendations which had not yet reached their due date or had been identified as being overdue, and confirmed that there had been a reduction in the number of overdue recommendations compared to the previous year's report.. After responding to questions and comments raised by the Committee, she confirmed that the revised target dates were considered reasonable given the complexities involved in addressing the issues concerned, and that they should allow the respective recommendations to be completed in full.

Decision

The Audit and Risk Committee -

- **noted the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks;**
- **approved the revised due dates for completion of the Internal Audit recommendations and agreed that no other actions were required; and**
- **noted that Internal Audit would continue to monitor the completion of the outstanding recommendations and would provide further update reports to the Committee as required.**

Action

Chief Internal Auditor

Report No.	Report Title	Presented by:
5.4	Integration Authorities Financial Performance for 2019-20 after Quarter 1 - Report by Chief Finance Officer	Claire Flanagan

Executive Summary of Report

The purpose of this report was to summarise the quarterly report from the CIPFA IJB CFO Section on the Financial Performance for all the Integration Authorities (IA's) for financial year 2019-20 after Quarter 1. Key messages were summarised in the report, along with details of Midlothian's (ML) position as a comparison.

Summary of discussion

Claire Flanagan, Chief Finance Officer in presenting the report highlighted that this was the first summary report which presents an overview of financial performance for all 31 IA's for 2019-20. The report included forecasted year-end positions for 26 IA's and year to date positions at Quarter 1 for 5 IA's, showing the key factors contributing to these positions principally increased demand and higher costs.

The Committee, welcomed the report and the narrative provided by the Chief Finance Officer, as it gave a better prospective of the Midlothian IJB's position and an opportunity to explore common issues. It also confirmed that the challenging financial position was likely to continue for the foreseeable future.

Midlothian Integration Joint Board

Audit and Risk Committee

Thursday 5 December 2019

Decision
After further discussion, the Audit and Risk Committee agreed to note the report and the key messages.
Action
Chief Finance Officer.

Report No.	Report Title	Presented by:
5.5	Scottish Government: When is Hospital bad for your Health? Publication - Report by Chief Finance Officer	Claire Flanagan

Executive Summary of Report
The purpose of this report was to bring to the attention of the Committee the recent Scottish Government Health and Sport Committee publication of its findings on budget, outcomes and progress within the integration of health and social care. The report "Looking ahead to the Scottish Government Health Budget 2020-21: When is hospital bad your health?" summarised how the NHS in Scotland was performing and what was required to achieve a sustainable NHS.
Summary of discussion
Claire Flanagan, Chief Finance Officer in presenting the report highlighted the key messages, many of which would be familiar to Members of the Committee.
Decision
After discussion, the Audit and Risk Committee agreed to note the publication and the key messages that it contained.
Action
Chief Finance Officer.

Report No.	Report Title	Presented by:
5.6	Audit Scotland Report on NHS Scotland in 2019 - Report by Chief Finance Officer	Claire Flanagan

Executive Summary of Report
The purpose of this report was to summarises the key messages contained in the Audit Scotland report "NHS Scotland in 2019", which explored how the NHS in Scotland was performing and what was required to achieve a sustainable NHS.
Summary of discussion
The Committee, having heard from Claire Flanagan, Chief Finance Officer, discussed the key messages arising from the publication, in particular the acknowledgement that there was real pressure on the NHS; that financial sustainability remained a challenge; and that large scale system wide reform that led to less reliance on hospitals and more community based care was needed.

Midlothian Integration Joint Board

Audit and Risk Committee

Thursday 5 December 2019

Decision
After discussion, the Audit and Risk Committee agreed to note the publication and the key messages that it contained.
Action
Chief Finance Officer.

Report No.	Report Title	Presented by:
5.7	Scirocco Exchange: Self-Assessment of the Health and Social Care Partnership's Maturity in Relation to Integrated Care - Report by Integration Manager	Mairi Simpson

Executive Summary of Report
<p>The purpose of this report was to summarise details of the Scirocco Exchange programme and examine the rationale for Midlothian Health & Social Care Partnership's proposed participation.</p> <p>The report explained that this EU funded programme would assist the Partnership to self-assess its maturity around integration and participate in a knowledge exchange programme involving 8 European sites. It would also support the Partnership in its ambition for continuous improvement around health and social care integration.</p>
Summary of discussion
<p>Having heard from Mairi Simpson, Integration Manager, who responded to Members questions and comments, the Committee in discussing the Scirocco Programme, acknowledged that the main resource implication was staff time and that whilst outwith the anticipated timelines it should still be possible to benefit from the programme.</p>
Decision
After further discussion, the Audit and Risk Committee welcomed the proposal and agreed to note the intention of Midlothian Health & Social Care Partnership to engage in the Scirocco knowledge exchange programme.
Action
Integration Manager.

6. Private Reports

No private business to be discussed at this meeting.

7. Date of next meeting

The next meetings of the Midlothian Integration Joint Board Audit and Risk Committee would be held on Thursday 5 March 2020 at 2.00 pm.

The meeting terminated at 2.15 pm.

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5th March 2020, 2.00pm

Rolling Action Log - March 2020

Item number: 4.2

No	Subject	Date	Action	Action Owner	Expected completion	Comments
1	5.1 Risk Register: Unscheduled Care	05/12/2019	<ul style="list-style-type: none">Welcomed plans to report on this further to the Board and to also pick it up as part of the Q3 monitoring report.	Chief Officer/ Chief Finance Officer		
2	5.3 MIJB Internal Audit Recommendations Progress Report	05/12/2019	<ul style="list-style-type: none">Noted that Internal Audit would continue to monitor the completion of the outstanding recommendations and would provide further update reports to the Committee as required.	Chief Internal Auditor	June 2020	Two follow-up reports are presented each year in accordance with the Internal Audit Annual Plan.

Completed Actions

No	Subject	Date	Action	Action Owner	Expected completion date	Comments
1	5.2 2018/19 Audited Annual Accounts	05/09/2019	<ul style="list-style-type: none"> Agreed to recommended the 2018/19 Annual Accounts to the Midlothian Integration Joint Board 	Chief Finance Officer	Sept 2019	Annual Accounts submitted to the Special Board meeting held on 12 September.
2	5.3 Risk Register – NHS Lothian Escalation	05/09/2019	<ul style="list-style-type: none"> Noted that this would be picked up in the next Risk Register and in regular updates to the MIJB 	Risk Manager/ Chief Officer	Dec 2019/ Ongoing	Regular updates to be provided to the Board as part of the Chief Officers report.
3	5.4 MIJB Recommendations Internal Audit Follow-Up Review Completed Actions	05/09/2019	<ul style="list-style-type: none"> Noted that a further follow-up report would be presented in December 2019 on progress with the remaining recommendations 	Chief Internal Auditor	Dec 2019	Further follow-up report included on the agenda
4	5.5 Midlothian Health and Social Care Integration Joint Board Audit and Risk Committee Annual Report 2018/19	05/09/2019	<ul style="list-style-type: none"> Agreed that the MIJB Audit and Risk Committee Annual Report 2018/19 should be presented to the MIJB 	Chief Internal Auditor	Oct 2019	Annual Report submitted to the Board meeting held on 10 October.

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5th March 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 scrutinised. However, it is important that Midlothian IJB is kept informed of its key risks and the actions undertaken to manage these risks. The current version of the IJB's strategic risk profile is attached.

Committee members are asked to:

1. Consider the strategic risk profile.

Risk Profile

1 Purpose

- 1.1 This includes 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's Audit and Risk Committee regularly scrutinises the strategic risk profile and reports back to the IJB quarterly.
- 3.2 The 2019/20 quarter 3 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

- Issues relating to Midlothian's use of Unscheduled Care (unplanned hospital use) will now be considered by a new forum, Midlothian Acute Services Planning Group, involving the HSCP staff in Midlothian, RIE staff and Strategic Planning staff from the Royal Infirmary. A Plan for Acute Services is developed and been discussed at the IJB. Also there is now a pan Lothian Recovery Board on Unscheduled Care.
- Services for people with COPD and dementia have continued to develop and make an impact by reducing hospital admissions and length of stay. In addition the Discharge to Assess Team continues to ensure that people are supported to go home from hospital promptly.
- 'Workforce Capacity including recruitment and retention of health and social care staff', continues to be a challenge for the

Partnership. Various actions are being undertaken to address this including initiatives to enhance capacity in care at home provision. New care at home services commissioning process being undertaken.

- During July 2019, NHS Lothian was placed on the Scottish Government's Performance Escalation Framework (Level 3: significant variation from plan). NHS Lothian has adopted a collaborative whole system approach to the development and implementation of a recovery plan. A joint approach is therefore in place with each of NHS Lothian's IJBs, and three pan-Lothian programme boards have been established to facilitate implementation and monitoring of the recovery plans. The four Lothian IJB Chief Officers are members of the Recovery Plan Oversight Group, along with the NHS Lothian Executive Team and performance support from the Scottish Government. As a result of this the Audit & Risk Committee should consider whether this should be added to the IJB Risk Register. A report on this issue is a paper on the Audit & Risk agenda.

Risk

The risk 'Balancing the budget in future years' remains. The Financial forecast report was presented to IJB and IJB was updated on Transformation/saving programme in February 2020.

- The Reserves Policy was reviewed in quarter 3 and approved in October 2019.

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 meetings are held in public and IJB papers along with those of the IJB 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.

AUTHOR'S NAME	Chris Lawson
DESIGNATION	Risk Manager
CONTACT INFO	chris.lawson@midlothian.gov.uk
DATE	March 2020

Appendices:

1. Strategic Risk Profile

IJB Strategic Risk Profile




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 flow '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	Q3 19/20: Unscheduled Care and Hospital Plan discussed at IJB, H&SCP representatives now members of joint forums with acute services (including Front Door Redesign) and both NHS Recovery Boards (in particular the Unscheduled Care	Chief Officer	31-Mar-2020	

		Board), short term plans and leads for Emergency Department and unscheduled care identified. Operational leads identified to support Programme Manager. Further development of services such as Discharge to Assess and Integrated Care Model. Discussions with IJB commenced regarding use of Midlothian Community Hospital.			
IJB.RA.18.2	Increased investment in services to reduce hospital admission and stay.	Q3 19/20: Increased investment to Discharge to Assess, Highbank multidisciplinary team, rapid response, increased investment in primary care eg physio, pharmacists, etc to improve access to GP appointments	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.10.3	Work stream focused on care at home provision	Q3 19/20: 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	
IJB.RA.10.4	Increase recruitment to care at home	Q3 19/20: Social media and other approaches taken to increase the profile of care at home as a career option with the view to increasing number of carers recruited.	Head of Older People and Social Care	31- Mar-2020	
IJB.RA.10.5	Opportunity for staff to achieve SVQ qualifications and meet registration requirements.	Q3 19/20: SVQ team supporting council staff to get qualifications as applicable.	Head of Adult Services	31-Mar-2020	
	Care at Home	Q3 19/20: February IJB agreed to begin process of recomissioning services.	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 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 and medium term financial plan developed</p> <p>New Governance arrangements in place which includes a finance and performance group.</p>	4	5	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.01.2	Financial Plan	<p>Q3 19/20: Financial forecast report was presented to IJB and IJB was updated on Transformation/saving programme in February 2020.</p> <p>The Reserves Policy was reviewed in quarter 3 and approved in October 2019.</p>	Chief Finance Officer	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</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Routine update 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>	5	4	


	<p>Inability to meet demand within existing resources.</p> <p>Risk effect Demands made on Social Care resource budget exceed available budget. Capacity to maintain and develop preventative services is put at risk.</p>		<p>Business Transformation Board – Council Transformation Board</p> <p>Demographic profiling to ensure forward planning reflects the demographic profile of the IJB. Captured in financial Strategy</p> <p>Dialogue with partners regarding allocation/demographic issues impacting on Midlothian.</p>			
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IJB.RR.04 Governance

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


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.04.02	Ministerial Steering Group (MSG) Progress of Integration self-assessment	Q3 19/20: action plan in place and reviewed quarterly	Chief Officer	31-Mar-2020	
	Review of Scheme of Integration	Q3 19/20: In line with regulatory requirements, the scheme of Integration will be reviewed.	Joint Director Midlothian Health and Social Care Partnership	15-May-2020	

IJB.RR.07 Managing Change




Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.07	<p>Risk cause Information on changes to service released before service user or employees consultation strategy developed.</p> <p>Risk event There is the potential for information to be released on draft schemes or proposals for changes to service delivery.</p> <p>Risk effect This could have a negative impact on Service Users and Employees by creating unnecessary concern regarding potential changes which have not been fully considered or consulted on.</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Strategic plan.</p> <p>Directions made and monitored.</p> <p>Performance reporting against delivery of strategic plan and other key indicators.</p> <p>There is an Organisational Development Officer in post, delivering an OD programme alongside a number of Lothian-wide initiatives. Workforce Planning</p> <p>Strategic Planning Group minutes routinely available to IJB.</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.07.1	Communications Strategy	Q3 19/20: Communication plans are being developed and implemented across the service.	Joint Director Midlothian Health and Social Care Partnership	31-Mar-2020	


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>	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	


	Risk effect The lack of integration of the information between the systems reduces the potential for holistic reporting.					
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Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.08.1	Interagency Information Exchange	Q3 19/20: Contract signed to update Mosaic. Work has begun and due to complete in June 2020.	Business Applications Manager	30-Jun-2020	
IJB.RA.08.2	Performance Information	Q3 19/20: 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 Partnership	31-Mar 2020	
IJB.RA.08.3	IT software development	Q3 19/20: Google Chrome now enabled. Resilience Dashboard now operational.	Head of Older people and Social Care	31-Mar-2020	

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 active 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>Component of the Single Midlothian Plan</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.11.2	Strengthening engagement with the independent sector	Q3 19/20: Findings of self-assessment are influencing current actions to improve representation of the independent sector.	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>	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</p>	3	4	

	Risk effect The IJB fails to make good progress with the implementation of its Strategic Plan.		arrangements in place to monitor third party suppliers. (Check local code of governance)			
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Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.14.1	UK Exit from European Union	Q3 19/20: IJB will monitor UK government transitional arrangements and proposed arrangement for post 31 December 2020.	Chief Officer	31-Dec-2020	

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>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>Directions provides clarity and specificity about actions flowing from the Strategic Plan.</p> <p>Strategic Planning Group has been established to monitor implementation of Strategic plan.</p> <p>Annual Delivery Plan.</p> <p>Working with local planning groups and services to develop plans for future years.</p>	5	4	

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

Annual Audit Plan

Year ending 31 March 2020

**Draft for Audit & Risk Committee
5 March 2020**

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About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Accounts Commission has appointed us as external auditor of Midlothian Integration Joint Board (the IJB) for financial years 2016/17 to 2020/21. We undertake our audit in accordance with the Local Government (Scotland) Act 1973 and our responsibilities as set out within Audit Scotland's Code of Audit Practice (the Code), issued on 26 May 2016.

This report is for the benefit of the IJB and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Our key contacts:

Stephen Reid
Partner
sreid2@uk.ey.com

Grace Scanlin
Senior Manager
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Our independence:

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as your external auditor.

Purpose of this report

The Accounts Commission appointed EY as the external auditor of Midlothian Integration Joint Board ("the IJB") for the five year period to 2020/21.

This Annual Audit Plan, prepared for the benefit of IJB management and the Audit and Risk Committee, sets out our proposed audit approach for the audit of the financial year ending 31 March 2020. This plan sets out the work we will perform to allow us to provide our independent auditor's report on the financial statements and meet the wider scope requirements of public sector audit, including the audit of Best Value. After consideration by the IJB, the plan is provided to Audit Scotland and published on their website.

We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; International Standards on Auditing (UK); relevant legislation; and other guidance issued by Audit Scotland. The Code sets out the responsibilities of both the IJB and the auditor, more details of which are provided in Appendix A.

Our Financial Statement Audit

We are responsible for conducting an audit of the financial statements of the IJB. We provide an opinion as to:

- ▶ whether they give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the IJB as at 31 March 2020 and of its income and expenditure for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- ▶ whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of the other information prepared and published by the IJB along with the financial statements.

Wider Scope audit responsibilities

Under the Code, we are required to provide judgements and conclusions on the four dimensions of wider-scope public audit, as well as an assessment around the IJB's arrangements for securing Best Value:

- ▶ Financial management;
- ▶ Financial sustainability;
- ▶ Governance and transparency; and
- ▶ Value for money

Audit Dashboard

The following ‘dashboard’ summarises the significant accounting and auditing matters outlined in this report, providing an overview of our initial risk assessment and materiality.

Key Financial Statement Risks

There are no new financial statements risks identified at the IJB for 2019/20:

Significant Risk:

Risk of fraud in expenditure recognition, including through management override of control

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. For the IJB we consider this risk to manifest itself through the above revenue recognition risk around expenditure.

Materiality levels have been set at the planning stage of the audit as follows:

Planning Materiality	Tolerable Error	Reportable differences
£1.4 million	£1 million	£70,000
Materiality has been set at approximately 1% of expenditure for the year.	Materiality at an individual account level, representing 75% of our planning materiality	Level of error that we will report to committee

We apply a lower level of materiality to the audited part of the Remuneration Report. Professional judgement is also applied to the materiality of related party transactions.

Wider Scope Risks

We have updated our understanding of the risks impacting the IJB through discussions with management, review of relevant committee reports, and our knowledge of the environment in which the IJB is currently operating.

Financial Sustainability:

Continuing financial and demographic pressures

The IJB has a forecast savings gap of £10 million in the period to 2023/24 as a result of a growing and ageing population. While a revised financial outlook for 2020/21 forecasts an improved position for 2020/21, further work is needed to fully address forecast pressures and difficulties in delivering savings and service transformation as planned.

Value for Money:

Demonstrating the achievement of Best Value

As part of Audit Scotland’s continuing interest, we will consider and report on how the IJB demonstrates that it is achieving Best Value. This will include our assessment of the governance arrangements in place to support partnership working, along with the IJB’s annual performance reporting.

2. Sector developments

In accordance with the principles of the Code, our audit work considers key developments in the sector. We obtain an understanding of the strategic environment in which the IJB operates to inform our audit approach.

Scrutiny

A National Scrutiny Plan (NSP) was published by the Accounts Commission (on behalf of the Strategic Scrutiny Group) in September 2019. The NSP summarises all planned and announced strategic scrutiny activity from September 2019 in each of Scotland's 32 councils. The plan was based on a shared risk assessment undertaken by a local area network (LAN), comprising representatives of all the scrutiny bodies who engage with the various councils.

While there is no formal Shared Risk Assessment (SRA) process for integration authorities, the LAN for the associated local authority considers health and social care outcomes, governance and partnership working as part of their assessment of the local authority. We are also the appointed auditor of Midlothian Council and act as the LAN lead for the Midlothian Council SRA. The 2020/21 LAN process is underway and we will report any emerging risks to the IJB as appropriate.

Political uncertainty

Continuing uncertainty exists around a number of political factors in the foreseeable future including:

- ▶ **EU withdrawal:** the UK formally exited the EU on 31 January 2020, and will be in a transition period until 31 December 2020. During this transition period, the UK will continue to apply EU laws but it will no longer be represented in the EU institutions. The negotiations on the future partnership between the EU and the UK commenced once the UK left the EU.
- ▶ **Scotland Independence Referendum:** there is continued uncertainty regarding whether a Scottish independence referendum will be held.
- ▶ **Scottish Parliament Elections:** Scottish elections are due to be held on 6 May 2021.

We noted in 2018/19 that the IJB had worked well with partners to plan for the implications of EU withdrawal, although there was scope to enhance the reporting of strategic risks impacting the Board. Proposals for points based entry to the UK may present additional risk in relation to workforce planning across the partnership.

We also note that there has been significant change in the make up of the Board, including changes at Chair and Chief Officer level. The IJB's risk register notes that despite change, the IJB continues to operate effectively.

We will continue to review how the IJB prepares for, and responds to, the implications of political factors throughout the audit year.

The 2019/20 Midlothian Scrutiny Plan highlighted no significant risks in relation to the IJB

Accounts Commission Overview

The Accounts Commission (“the Commission”) published their Local Government in Scotland: Financial overview 2018/19 report in December 2019. Part 4 of this report provides an overview of the performance of integration joint boards in 2018/19.

The report notes that the overall pace of health and social care integration has been too slow and there has been limited evidence to suggest any significant shift in spending from health to social care.

Budget setting was another key area of concern: overall, IJB budgets increased by 3% in 2018/19. However, a third of the IJBs had failed to agree a budget with their partners for the start of the 2019/20 financial year. They noted that for several IJBs, although the budgets were set on time, they still had an element of unidentified savings which meant that they were unbalanced at the start of the year.

Other key messages included:

- ▶ The identified budget gap reduced from £248 million (2.9% of total income) in 2018/19 to £208 million (2.5% of total income) for 2019/20.
- ▶ The majority of IJBs struggled to achieve break-even and 19 would have recorded a deficit without additional funding from partners at year end.
- ▶ A focus on long-term financial planning is required by IJBs to assist effective decision making, and to support long-term financial sustainability.
- ▶ Over a third of IJB senior staff have changed during 2018/19.

Similarly, the Auditor General for Scotland produces an annual overview of the NHS in Scotland with the most recent report issued in October 2019. The report notes that the healthcare system faces increasing pressure from rising demand and costs, and it has difficulty meeting key waiting times standards. NHS boards now have a requirement to develop three-year financial and performance plans to enable them to more effectively plan how services will be delivered in the longer term. However, achieving financial sustainability still remains a major challenge for NHS boards.

The report makes a number of recommendations for the Scottish Government, NHS boards and also integration authorities. The detail of these, within the context of the report, can be found at: https://www.audit-scotland.gov.uk/uploads/docs/report/2019/nr_191024_nhs_overview.pdf.

As part of our work around the value for money dimension of wider scope, we will continue to review the IJB’s performance in the context of the rest of the sector, including progress in shifting the balance of care and in delivering the transformation programme.

Budget setting process 2020/21

The Government's budget announcement scheduled for the 6 November 2019 was cancelled due to the timing of the United Kingdom's general election.

As a consequence, the Scottish Government's Cabinet Secretary for Finance, Economy and Fair Work, in consultation with the Convenor of the Finance and Constitution Committee, postponed presentation of the Scottish Government's budget bill which was originally planned for 12 December 2019.

The Scottish Budget for 2020 to 2021 was published on 6 February 2020. This announcement indicates that health and care funding will rise to more than £15 billion for the first time.

The IJBs are dependent on agreeing budgets with their partners before the start of the year. Due to the delays in the Scottish Budget announcement, partner organisations will be delayed in agreeing their budgets. This is likely to lead to further challenges in IJBs budgets before the start of the financial year.

We will consider the IJB's approach to budget setting as part of our wider scope work on Financial Management in 2019/20.

Impact reporting

As part of the 2019/20 wider scope audit work, we will review the IJB's arrangements for considering national reports, including evaluating the findings and implementing recommendations as appropriate.

We expect that the IJB will be requested to provide information during the 2019/20 audit year to support assessing the impact of the Children and Young People's Mental Health report (published in 2018) by May 2020.

3. Financial Statement Risks

Introduction

The IJB's annual financial statements enables the IJB to demonstrate accountability for, and its performance in the use of its resources. They are prepared in accordance with proper accounting practice, which is represented by the 2019/20 Code of Practice on Local Authority Accounting in the United Kingdom.

Audit Opinion

We are responsible for conducting an audit of the financial statements of the IJB. We will provide an opinion on the financial statements as to:

- ▶ whether they give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the IJB as at 31 March 2020 and of its income and expenditure for the year then ended;
- ▶ Have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- ▶ whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of the other information prepared and published by the IJB along with its financial statements.

Other Statutory Information

During 2018/19, we highlighted the good practice guidance that Audit Scotland had released to support IJBs to improve the quality of the financial statements. The management commentary and narrative reporting continues to be an area of increased scrutiny as a result of rising stakeholder expectations, including continuing interest by the Financial Reporting Council. We will therefore continue to work with the Chief Finance Officer to support the improvement of the financial statements, including narrative disclosures, in 2019/20.

Audit Approach

We determine which accounts, disclosures and relevant assertions could contain risks of material misstatement. Our audit involves:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the IJB, including assurances from the auditors of the constituent councils and health boards in respect of the controls in place and the amounts included in the IJB financial statements.
- ▶ Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit and Risk Committee reporting appropriately addresses matters communicated by us to the Audit and Risk Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.
- ▶ Maintaining auditor independence.
- ▶ Substantive tests of detail of transactions and amounts. For 2019/20 we plan to follow a predominantly substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Materiality

For the purposes of determining whether the financial statements are free from material error, in accordance with ISA (UK) 320 we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss expectations regarding our detection of misstatements in the financial statements if required.

The amount we consider material at the end of the audit may differ from our initial determination. At the end of the audit we will form, and report to you, our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

Materiality Level	Rationale
Planning Materiality £1.4 million	Planning materiality (PM) - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. For planning purposes, materiality for 2019/20 has been set at £1.4 million. This represents approximately 1% of the IJB's projected expenditure for the year.
Tolerable Error £1 million	Tolerable error (TE) - materiality at an individual account balance, which is set so as to reduce to an acceptably low level that the aggregate of uncorrected and undetected misstatements exceeds PM. We have set it at £1,045,000 which represents 75% of planning materiality.
Summary of Audit Differences £70,000	Summary of Audit Differences (SAD) Nominal amount - the amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements. The Code requires that auditors report at no more than £0.25 million. We have set it at £70,000, which represents 5% of planning materiality.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

Based on these considerations, we apply lower materiality levels to the following areas we consider to be material by nature rather than size:

- ▶ Remuneration Report; and
- ▶ Related Party Transactions.

We will therefore review the disclosures related to the above areas in greater detail compared to the materiality thresholds outlined above.

Significant Risks

We have set out one significant risk identified for the current year audit along with the rationale and expected audit approach. The risks identified may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in expenditure recognition, including through management override of control

Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of income. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which means we also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Other than expenditure recognition, we have not identified any specific areas where management override will manifest as a significant fraud risk, however we will continue to consider this across the financial statements throughout the audit.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

As a result of the nature of funding to the IJB from Midlothian Council or NHS Lothian, we rebut the assumed fraud risk in respect of the income.

For expenditure we associate the recognition risk to the completeness and occurrence of expenditure incurred by the IJB in commissioning services, and any associated creditor balances held by the IJB at yearend, in particular through management override of controls.

Work we will perform:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ In particular we will challenge management around how the IJB gains assurance over the expenditure incurred by its partner bodies, so that it can account for the recognition of expenditure to those bodies.
- ▶ Substantively test income and expenditure transactions as appropriate and material, in particular in respect of any reserve funding held by the IJB.
- ▶ Obtaining supporting documentation through independent confirmations of the expenditure incurred by the IJB's partners and those bodies auditors, in line with the protocols set out by Audit Scotland for 2019/20 audits.
- ▶ Performing mandatory procedures including testing of all material journal entries and other adjustments in the preparation of the financial statements.
- ▶ We will report our findings in these areas within our 2019/20 Annual Audit Report.

4. Wider scope audit risks

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to the overall assessment and assurance on the achievement of Best Value.

We will include commentary within our Annual Audit Report on how the IJB demonstrates that it is meeting its Best Value duties.

The Code sets out the four dimension that comprise the wider scope audit for public sector in Scotland. These are: financial sustainability, financial management, governance and transparency, and value for money. The Accounts Commission has also set five strategic Audit Priorities that we will integrate into our 2019/20 work:

- ▶ Clear priorities with a focus on outcomes, supported by effective long term planning.
- ▶ Effective appraisal of options for changing how services are delivered in line with their priorities.
- ▶ Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.
- ▶ Empowering local communities and involving them in the design and delivery of local services and planning for their local area.
- ▶ Reporting on performance in a way that enhances accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.

Our procedures

As part of our risk assessment procedures, we have reviewed each dimension to assess potential areas of risk. We set out our areas of focus, along with specific significant risks relating to each dimension below.

Audit dimension

Financial sustainability: considers the medium and longer term outlook to determine if planning is effective to support service delivery. This will focus on the arrangements to develop viable and sustainable financial plans.

Significant risk

Continuing financial and demographic pressures

Work we will perform in 2019/20

We noted in 2018/19 that the IJB has developed the key strategies necessary to support the delivery of the updated Strategic Plan (2019-2022), including the Medium Term Financial Strategy and Integrated Workforce Plan. In June 2019, the IJB identified a significant funding gap in the period to 2023/24 (estimated at £10.8 million). A Finance and Performance group has been established to ensure that the partnership can continue to deliver its Strategic Plan despite the significant financial pressures.

The IJB has a rolling 5 year financial plan in place which continues to be refined and informed by the Scottish Government's Medium Term Financial Framework for Health & Social Care. As a result of uncertainties for the partner organisations, there is not yet a balanced financial plan with agreed savings in place to support the implementation of the Strategic Plan.

We will consider the pace and extent of progress by the IJB to address overall financial sustainability as part of our audit work, including the IJB's achievement of planned savings.

Audit dimension	Significant risk	Work we will perform in 2019/20
<p>Financial management: considers the effectiveness of financial management arrangements, including whether there is sufficient financial capacity and resources, sound budgetary processes and whether the control environment and internal controls are operating effectively.</p>	<p>No specific additional audit focus</p>	<p>We noted in our 2018/19 Annual Audit Report that the IJB had delivered a £2.9 million underspend against budget in 2018/19. The IJB's reserve balances now total £3.88 million, of which £1.4 million has been earmarked for committed projects.</p> <p>We will continue to review the outturn position against the forecasts produced during the year to inform our view on the robustness of financial management and monitoring information, and consider how financial monitoring reports have developed based on our recommendation in our 2018/19 Annual Audit Report. We will also consider the ongoing robustness of the financial regulations established by the IJB.</p>
<p>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.</p>	<p>No specific additional audit focus</p>	<p>We have not identified a specific focus area in respect of the IJB's governance arrangements. We concluded in our 2018/19 Annual Audit Report that key features of good governance at the IJB are in place and operating effectively.</p> <p>The IJB completed a self-evaluation of progress against key features of integration in 2018/19, and this highlighted that good progress has been made to achieve the level of collaborative leadership and partnership working necessary to deliver integration. The IJB must also have an updated and published integration scheme by May/ June 2020.</p> <p>We are also satisfied that the IJB has an established risk management strategy, and the risk register is regularly updated by the relevant risk owners and is subject to quarterly scrutiny by the Audit and Risk Committee.</p> <p>Our audit strategy for 2019/20 will consider:</p> <ul style="list-style-type: none"> ▶ Can the IJB demonstrate that the governance arrangements are appropriate and operating effectively, particularly in light of changes to key personnel including the Chair and the Chief Officer? ▶ Is there effective scrutiny, challenge and transparency on decision making and financial and performance reports? ▶ Is the Governance Assurance Statement complete and does it reflect key findings from audit, scrutiny and inspection? ▶ Can the IJB demonstrate adequate progress against audit recommendations?

Audit dimension	Significant risk	Work we will perform in 2019/20
<p>Value for money: considers whether value for money can be demonstrated in the use of resources. This includes the extent to which there is an alignment between spend, outputs and outcomes delivered and that there is a clear focus on improvement.</p> <p>This also relates to assessing the IJB's arrangements for securing Best Value.</p>	<p>Demonstrating the achievement of Best Value</p>	<p>In 2018/19, we concluded that the IJB's Strategic Plan was not yet fully supported by an established Performance Management Framework. We noted that there is scope to improve performance reporting arrangements to provide assurance to the IJB that the delivery of the Strategic Plan is on track. This will be followed up as part of audit work in 2019/20 to allow us to consider and report on how the IJB can demonstrate that it is achieving Best Value.</p> <p>In July 2019, NHS Lothian was placed on the Scottish Government's Performance Escalation Framework (Level 3: significant variation from plan). NHS Lothian has adopted a collaborative whole system approach to the development and implementation of a recovery plan. A joint approach is therefore in place with each of NHS Lothian's IJBs, and three pan-Lothian programme boards have been established to facilitate implementation and monitoring of the recovery plans:</p> <ul style="list-style-type: none"> ▶ Unscheduled care and delayed discharges; ▶ Scheduled care and cancer waiting times; and ▶ Mental health and learning disabilities. <p>The four Lothian IJB Chief Officers are members of the Recovery Plan Oversight Group, along with the NHS Lothian Executive Team and performance support from the Scottish Government.</p> <p>The recovery plan will therefore form a core area of our assessment against guidance issued by Audit Scotland in March 2018, <i>Auditing Best Value - Integration Joint Boards</i>, including consideration of:</p> <ul style="list-style-type: none"> ▶ How the IJB is demonstrating the impact of integration; ▶ The effectiveness of plans in improving the outcomes for local people; ▶ How the integration partners are working together to deliver integration reform; and ▶ The overall pace and scale of change.



Appendices

A - Code of Audit Practice: responsibilities

B - Independence and audit quality

C - Required communications with the Audit and Risk Committee

D - Timing and deliverables of the audit

E - Audit fees

F - Additional audit information

Appendix A: Code of Audit Practice Responsibilities

Audited Body's Responsibilities

Corporate Governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial Statements and related reports

Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:

- ▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- ▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures.
- ▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- ▶ maintaining proper accounting records.
- ▶ preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.
- ▶ Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- ▶ such financial monitoring and reporting arrangements as may be specified
- ▶ compliance with any statutory financial requirements and achievement of financial targets
- ▶ balances and reserves, including strategies about levels and their future use
- ▶ how they plan to deal with uncertainty in the medium and longer term
- ▶ the impact of planned future policies and foreseeable developments on their financial position.

Best Value

Local authority bodies have a statutory duty, under the Local Government (Scotland) Act 1973 and associated statutory guidance, to make arrangements to secure best value through the continuous improvement in the performance of their functions.

Appendix B: Independence Report

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard. 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as your external auditor.

Appendix C: Required Communications

Required communication	Our reporting to you
Terms of engagement / Our responsibilities Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. Our responsibilities are as set out in our engagement letter.	Audit Scotland Terms of Appointment letter – audit to be undertaken in accordance with the Code of Audit Practice
Planning and audit approach Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Annual Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Annual Audit Plan Annual Audit Report
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> Whether the events or conditions constitute a material uncertainty Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements The adequacy of related disclosures in the financial statements 	Annual Audit Report
Misstatements <ul style="list-style-type: none"> Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected Corrected misstatements that are significant Material misstatements corrected by management 	Annual Audit Report
Fraud <ul style="list-style-type: none"> Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity Any fraud that we have identified or information we have obtained that indicates that a fraud may exist A discussion of any other matters related to fraud 	Annual Audit Report
Consideration of laws and regulations <ul style="list-style-type: none"> Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Annual Audit Report or as occurring if material.

Required communication	Our reporting to you
Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	No significant matters have been identified. Annual Audit Report or as occurring if material.
Independence Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	Annual Audit Plan Annual Audit Report
Internal controls Significant deficiencies in internal controls identified during the audit	This Annual Audit Report - no significant deficiencies reported
Representations We will request written representations from management and/or those charged with governance.	Annual Audit Report
Subsequent events Where appropriate, asking the audit committee whether any subsequent events have occurred that might affect the financial statements.	Annual Audit Report
Material inconsistencies and misstatements Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Annual Audit Report
Fee Reporting <ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Annual Audit Plan Annual Audit Report

Appendix D: Timing and deliverables of the audit

We deliver our audit in accordance with the timeline set by the IJB, in accordance with guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables through the 2019/20 audit cycle.

	Audit Activity	Deliverable	Timing
JAN			
FEB	<ul style="list-style-type: none"> Audit planning; setting scope and strategy for the 2019/20 audit LAN meetings held with other scrutiny partners 	Annual Audit Plan	March 2020
MAR			
APR			
MAY	<ul style="list-style-type: none"> Ongoing assessment around wider scope dimensions and support of Audit Scotland requested information 	Impact report: Children and Young People's Mental Health	May 2020
JUN			
JUL	<ul style="list-style-type: none"> Year-end substantive audit fieldwork on unaudited financial statements 	Audit clearance meeting	August 2020
AUG	<ul style="list-style-type: none"> Conclude on results of audit procedures Issue opinion on the IJB's financial statements 	Certify Annual Financial Statements Issue Annual Audit Report	September 2020
SEP			

Appendix E: Audit fees

The audit fee is determined in line with Audit Scotland's fee setting arrangements, set out in recent communications to all audited bodies in line with their publication on '*Our Approach to setting audit fees*' (http://www.audit-scotland.gov.uk/uploads/docs/um/audit_fee_approach.pdf).

Audit Fees		2019/20	2018/19
	Component of fee:		
	Auditor remuneration - expected fee	£18,300	£17,200
	Audit Scotland fixed charges:		
	Pooled costs	£1,790	£1,670
	Performance audit and best value	£5,360	£5,050
	Audit support costs	£1,110	£1,080
	Total fee	£26,560	£25,000

The expected fee for each body, which for 2019/20 has been set centrally by Audit Scotland, assumes that it has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate draft financial statements and supporting schedules, and meets the agreed timetable for the audit. It also assumes there is no major change in respect of the scope of work in the year and an unqualified audit opinion resulting from the audit.

Should any of these circumstances not be in place throughout the audit, it is expected that additional costs will be incurred through the course of the audit which will be subject to recovery in line with the agreed process and rates set out by Audit Scotland. Under this process, fees can be agreed between the auditor and audited body by varying the auditor remuneration by up to 10% above the level set, or more with the approval of Audit Scotland.

Appendix F: Additional audit information

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards	<ul style="list-style-type: none"> ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control. ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. ▶ Conclude on the appropriateness of the going concern basis of accounting. ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ▶ Read other information contained in the financial statements, the Audit & Risk Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and ▶ Maintaining auditor independence.
Purpose and evaluation of materiality	<p>For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.</p> <p>Materiality determines the locations at which we conduct audit procedures and the level of work performed on individual account balances and financial statement disclosures.</p> <p>The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.</p>
Audit Quality Framework / Annual Audit Quality Report	<p>Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.</p> <p>We support reporting on audit quality by proving additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: www. https://www.audit-scotland.gov.uk/uploads/docs/report/2019/as_audit_quality_1819.pdf.</p> <p>EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: https://www.ey.com/en_uk/who-we-are/transparency-report-2019</p>

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Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5th March 2020, 2.00pm

Midlothian IJB Internal Audit Annual Plan 2020/21

Item number: 5.3

Executive summary

The purpose of this report is to gain approval to the proposed Internal Audit Annual Plan 2020/21 for the Midlothian Health and Social Care Integration Joint Board (MIJB) to enable the MIJB Chief Internal Auditor to prepare the annual opinion on the adequacy of the overall control environment of the Midlothian Health and Social Care Integration Joint Board.

The MIJB Audit and Risk Committee is therefore asked to approve the MIJB Internal Audit Annual Plan 2020/21 (Appendix 1).

Midlothian IJB Internal Audit Annual Plan 2020/21

1. Purpose

- 1.1 The purpose of the Report is to present the proposed Internal Audit Annual Plan 2020/21 for the Midlothian Health and Social Care Integration Joint Board for discussion and approval by the MIJB Audit and Risk Committee.

2. Recommendations

- 2.1 To approve the Internal Audit Annual Plan 2020/21 for the Midlothian Health and Social Care Integration Joint Board.

3. Background and main report

- 3.1 Internal Audit activity adds value to the organisation (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance. The Internal Audit programme of work is designed to add value to and improve the Midlothian Health and Social Care Integration Joint Board's operations in order to meet the objectives set out in the Strategic Plan.
- 3.2 The key standards within the Public Sector Internal Audit Standards (2017) which relate to the preparation of the Internal Audit plan are summarised below:
- Standard 2010 – Planning which states that “the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals”
 - Standard 2020 – Communication and Approval which states that “the chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.”
- 3.3 The Internal Audit Annual Plan 2020/21 for the MIJB (Appendix 1) includes sufficient work to enable the MIJB's appointed Chief Internal Auditor to prepare an annual independent and objective audit opinion on the adequacy of the arrangements for risk management, governance and control of the delegated resources in the MIJB's fourth year of operation.

4. Reporting of Internal Audit Results

- 4.1 At the end of the year the Internal Audit Annual Assurance Report 2020/21 for the MIJB which will be reported to Management and to the MIJB Audit and Risk Committee, for governance and scrutiny purposes, will include the audit opinion based on the audit work during the year, and will state the results from each audit engagement outlining the risks, controls and conclusions. It will also state any Internal Audit recommendations that have been made to improve internal controls and governance in the form of an improvement action plan that will include the responsible owner and timescale for implementation. The outcomes of any monitoring of implementation of agreed actions or acceptance of risk will also be stated.
- 4.2 The Internal Audit findings and annual opinion will be used to inform the MIJB's Annual Governance Statement for inclusion in the MIJB's Annual Report and Accounts.

5. Policy Implications

- 5.1 The establishment of the Integration Joint Board, as required by the Public Bodies (Scotland) Act 2014, introduces some complexity in the governance arrangements for health and social care. It is very important that clear governance arrangements are developed to ensure the achievement of the objectives of Integration. Robust Risk Management and Audit arrangements will be critical to the capacity of the IJB to function effectively.

6. Equalities Implications

- 6.1 There are no equalities implications.

7. Resource Implications

- 7.1 There is a commitment by Midlothian Council to provide Internal Audit resource to the MIJB. The Midlothian Council Internal Audit Annual Plan 2020/21, to be presented to its Audit Committee on 10 March 2020 for approval, allocates a total of 70 days to support the MIJB Internal Audit Annual Plan 2020/21, including providing the MIJB Chief Internal Auditor.
- 7.2 There is a commitment by NHS Lothian to provide Internal Audit resource to the MIJB. The NHS Lothian Internal Audit team (Grant Thornton) will provide 30 days per IJB which will be reflected in the NHS Lothian Internal Audit Annual Plan 2020/21 that is scheduled for presentation to its Audit Committee in April 2020 for approval.

8. Risks

- 8.1 Key components of the audit planning process include a clear understanding of the MIJB's functions, associated risks, and potential range and breadth of audit areas for inclusion within the plan. As in previous years, to capture potential areas of risk and uncertainty more fully, key stakeholders have been consulted. This exercise is informed by key developments at both a national and local level and other relevant background information, for example the Strategic Plan. Discussions with the MIJB's Chief Officer and Chief Financial Officer will continue on a regular basis to ensure Internal Audit assurance meet the needs of the MIJB and Management and other key stakeholders. The MIJB Internal Audit Annual Plan 2020/21 has been informed by the risks, controls and mitigation actions as set out within the IJB's Strategic Risk Register to ensure that Internal Audit plans are risk-based and provide relevant assurance.
- 8.2 The PSIAS require Internal Audit to evaluate the effectiveness of the MIJB's Risk Management arrangements and contribute to improvements in the process. Each Internal Audit assignment will be risk-based and will test the MIJB's management of risk.
- 8.3 The MIJB Internal Audit Annual Plan 2020/21 should be considered to be flexible and will be periodically reviewed, and amended as required, to reflect any new arrangement or changing risks and priorities. Any amendments relating to the MIJB will be brought to the MIJB Audit and Risk Committee for approval.

9. Involving People

- 9.1 Consultation on this Plan has been undertaken with Midlothian MIJB Chief Officials, the Chief Internal Auditor of NHS Lothian, and Midlothian MIJB's External Auditors, EY, prior to submission to the MIJB Audit and Risk Committee.

10. Background Papers

See Appendix 1.

AUTHOR'S NAME	Jill Stacey
DESIGNATION	MIJB Chief Internal Auditor
CONTACT INFO	
DATE	26/02/2020

Ref	Category	Audit	Days	Commentary
1.	Assurance	Annual Assessment of Internal Control and Governance	20	Prepare an annual assurance report for MIJB Management and MIJB Audit and Risk Committee summarising the work undertaken by Internal Audit during the year and forming an opinion on the adequacy of the MIJB's arrangements for risk management, governance and internal control for delegated resources. Test a sample of the key elements in the MIJB Code of Corporate Governance to determine whether these are operating effectively. This will be used to inform the MIJB's Annual Governance Statement.
2.	Assurance	tbc	30	NHS Lothian Internal Audit team (Grant Thornton) will deliver this Audit. The scope of the Audit is yet to be determined. Options for discussion: Focus on a specific IJB direction or commissioned services; The implementation of the ministerial task force recommendations; Set aside and financial planning; or Other area of risk.
3.	Assurance	Performance Management	25	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 and validate the evidence of improvement of health and wellbeing within Midlothian through integrating health and social care services. Review and evaluate the source systems, data and processes to produce the annual performance report required by the Scottish Government.

Ref	Category	Audit	Days	Commentary
4.	Other	Recommendations Follow Up Review	10	Undertake two reviews: The first will assess performance against closing Audit Actions by the agreed due date; and the second will include a sample check on the adequacy of new internal controls for Audit Actions flagged as closed.
5.	Other	Administration of Audit Scotland Reports	2	Monitor publication of Audit Scotland reports and co-ordinate submission by Management of relevant Audit Scotland Reports to the MIJB Audit and Risk Committee / Board.
6.	Other	Audit Committee Self-Assessment	3	Provide assistance to Chair in undertaking a self-assessment of the MIJB Audit and Risk Committee against the CIPFA best practice guidance.
7.	Other	Attendance at Boards / Committees	5	Prepare for and attend MIJB Board / Audit and Risk Committee meetings.
8.	Other	Audit Planning for 2021/22	5	Renew risk assessment, develop and consult on proposed coverage within the MIJB Internal Audit Annual Plan 2021/22.
	Total		100	Midlothian Council's Internal Audit function will provide 70 days and NHS Lothian Internal Audit team (Grant Thornton) will provide 30 days to support the delivery of the Plan.

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5th March 2020, 2.00pm

Performance Monitoring of the Midlothian Acute Services Plan

Item number: 5.4

Executive summary

This report is concerned with the new Midlothian Acute Services Plan laying out a series of actions over the next two years designed to reduce demands on acute hospitals. This is a key responsibility of the IJB. However, it is very challenging given the growing and ageing population and the increasing number of people living longer with long-term health conditions. In view of this, it is vital that a strong performance management system is in place to ensure the plan remains on track in terms of implementation and impact. This report outlines the approach now underway to manage performance thereby enabling the Partnership to continually adapt and reshape its services.

Board members are asked to:

1. Approve the approach to performance management
2. Agree to receive six monthly performance reports to reinforce the need for progress to be maintained.

Performance Monitoring of the Midlothian Acute Services Plan

1 Purpose

- 1.1 The purpose of this report is to seek approval for the approach now in development, to the measurement of the impact of local community services in relation to the demands on acute hospitals.

2 Recommendations

- 2.1 As a result of this report Members are asked to:
 - 2.1.1 Agree to the overall approach to ensuring effective measurement of the impact of community services upon the hospital system
 - 2.1.2 Agree to receive progress reports, including performance information, on a six monthly basis

3 Background and main report

- 3.1 The need to adopt a whole system approach to the delivery of health and social care was reflected in the requirement to integrate services provided by the Councils and NHS Boards and crucially, in the required delegation of the budget for unscheduled care (unplanned attendances and admissions) in hospitals.
- 3.2 Nationally, while there has been good progress in integrating services, the Audit Scotland Report, *Review of Integration* (November 2018), reported much less progress in the delegation of hospital services.
- 3.3 In order to bring about improvement in this regard locally, a new forum, the Midlothian Acute Services Planning Group, now meets regularly, chaired by the Chief Officer and involving the Clinical Director for Primary Care in Midlothian, local Heads of Service and Strategic Planning staff from the Royal Infirmary.
- 3.4 This group meets monthly and has overseen the construction of a local plan designed to reduce pressures on acute hospitals in terms of attendances at A&E; unplanned admissions; and through earlier discharge. Alongside these service and system developments has been a commitment to strengthen working relationships between acute hospital and community-based staff.
- 3.5 The Midlothian Plan is now in place although the conclusions of the Integrated Impact Assessment, undertaken on 30th January 2020, have yet to be incorporated in the Plan. Alongside this plan, and in response to Scottish Govt. placing NHS Lothian at level 3 of the national performance framework, a short-term plan covering the six months between October 2019 and March 2020 was developed

and the local Planning Group monitors progress on a fortnightly basis. Active management during this period is particularly important given the increasing demand routinely experienced by hospitals over the winter.

- 3.6 In order to ensure delivery of the Plan a formal performance monitoring system is being introduced which will actively oversee actions and the impact of service developments and system improvements. Key aspects of the Plan will also be reflected in the Directions issued to NHS Lothian and Midlothian Council for 2020-2021.
- 3.7 The national MSG indicators are currently the main mechanism for checking the progress of Health and Social Care Partnerships. Locally, these are reported to the IJB regularly and to the Joint Management Team every month. However, these indicators fail to reflect adequately the changing demands on the whole system including significant population growth; increasing numbers of people with long-term health conditions and frailty; and a rapidly ageing population, with a consequent increase in conditions such as dementia and cancer. Progress is being made in developing a performance framework for community services that are intended to have a direct effect on the demands on acute hospitals. The main local services whose performance has a direct impact on the capacity of acute hospitals are listed at appendix 1 for information.
- 3.8 The key development is that a number of these services are now required to estimate, as far as possible, the impact of their interventions in relation to reduced hospital demand in terms of bed days saved and costs avoided. Inevitably, these calculations involve a judgement about what is likely to have happened if the service in the community had not been provided and, as such, cannot be considered wholly accurate. However, the current arrangements whereby the impact of these interventions are not considered alongside performance against the MSG indicators, does not provide a full picture of the demands on the whole system. One graphic example of this is the continuing high numbers of people delayed in hospital awaiting a care at home package. Considered in isolation this could suggest a failure to make progress but when considered in a broader context it is clear the demands on the service have grown considerably; there are now one thousand more hours of care at home provided every week than a year ago.
- 3.9 The two services that are actively adopting this approach to performance management are the Community Respiratory Team and the Discharge to Assess Team; Tables 1 and 3 provide some information about their performance during 2019-20 (see Appendix 2).
- 3.10 Other services are developing alternative indicators. One example is the Hospital at Home Team. The current performance is shown in Table 2 Appendix 2 providing data on similar indicators to inpatient care-numbers of patients and occupancy level. While occupancy levels are relatively low, this is in part a consequence of the service's ability to discharge the patient as soon as they are medically fit because they are already living at home. Work is now being undertaken to measure the complexity of the patients admitted to hospital at home in terms of frailty and long-term health conditions and how their length of stay compares to similar patients admitted to an acute hospital.
- 3.11 Another example is the new approach to supporting frail patients. The Midlothian HSCP and GP Cluster are using analytics and quality improvement to improve the

frailty system of care. One of the measures in the e frailty evaluation framework is the impact on unscheduled care in hospital. The graph in Table 4 Appendix 2 is included as an illustration of how the HSCP is using data to track progress. MidMed is one of the initiatives in the eFrailty programme. A paired T-test (a statistical hypothesis test) has been used to assess the impact of MidMed of risk of unplanned hospital admission and indicates that between June and December 2019 MidMed has had a positive impact on risk of admission compared with other frail practice populations in Midlothian. Further, more robust, data will emerge during 2020 to understand the impact of the e frailty programme.

- 3.12 The Care at Home Support Team has a remit to support good quality care in local care homes. One dimension of this work is to avoid where possible, unplanned admissions to hospital. Table 5 Appendix 2 illustrates a continuing decline since June 2015 of attendances and admissions to acute hospitals from local care homes.
- 3.13 The objective of this work is to ensure that decisions regarding service design and investment are based on a comprehensive understanding of the demands and interventions across the whole system, not only what is happening within the Acute Hospital setting.
- 3.14 More broadly, the Partnership has now committed to adopt a more rounded approach to performance management incorporating a methodology referred to as “contribution analysis”. This recognises that, while quantifiable data is very important, the complexity of the health and care system is such that change in performance is seldom attributable to one service or intervention alone. The challenge is to introduce ways of evidencing that a service has made a meaningful and worthwhile contribution to improving performance. This will include quantifiable data but also other measures such as patient stories and the views of staff.

4 Policy Implications

- 4.1 A key objective of the Integration policy is to increase the capacity of community services and avoid further expansion of acute hospitals services if possible. The purpose of the Midlothian Acute Services Plan is to help this become a reality given the continual rising pressures on acute hospitals.

5 Directions

- 5.1 While this report does not require a new Direction to be issued, the requirement to deliver the new Midlothian Acute Services Plan with a robust performance management system in place will be included in the 2020-21 Directions.

6 Equalities Implications

- 6.1 An integrated impact assessment is underway and will be completed by the end of January 2020

7 Resource Implications

- 7.1 There are no direct financial implications arising from this report. The set-aside budget for Midlothian is in the region of £18m although the methodology for agreeing this level of resources is under review. However, the IJB does have a responsibility to ensure the demands made upon the hospital system are commensurate with the budget available.

8 Risk

- 8.1 The risks of failing to support the hospital system effectively include people being delayed unnecessarily in hospital and scheduled operations being cancelled because the unplanned activity has put too much pressure on the system.

9 Involving people

- 9.1 The key staff are those involved in delivering these services, ensuring that they are able to record the impact of their interventions in avoiding demand on the hospital system. This is being progressed through the relevant team managers.

10 Background Papers

10.1 Midlothian Acute Hospital Services Plan 2019-22

10.2 Joint Management Team Performance Report January 2020

AUTHOR'S NAME	Tom Welsh
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CONTACT INFO	0131 271 3671 tom.welsh@midlothian.gov.uk
DATE	21 January 2020

Appendices:

1. Main Service Developments designed to reduce demand on Acute Hospitals
2. Performance data relating to three services:

Table 1: Community Respiratory Team

Table 2: Hospital at Home

Table 3: Discharge to Assess

Table 4: Emergency Admissions of Frail People

Table 5: Care Home Admissions to Hospital

Appendix 1

Community Services whose performance impacts on demand on Acute Hospitals

SERVICE	
Hospital at Home	15 places
Intermediate Care-Residential	35 assessment rehabilitation and interim beds
Midlothian Community Hospital	40 intensive rehabilitation and complex care 40 mental health and dementia (reducing to 20)
Interim Care Home Places	7 purchased from private sector
Care at Home	Overall Capacity 8,000 hours per week
Care Home Support Team	Support high quality care and minimise admissions to hospital (See Appendix 3 for trend)
Primary Care GPs	10/12 Open Lists January 2019
District Nursing	41 District Nursing Staff. Of particular note is the work undertaken to support palliative care patients remain in their own home rather than in hospital
Primary Care (Wider Team) Additional capacity	Physiotherapy in all practices Wellbeing in all practices Pharmacy 5 FTE working across Practices Psychiatric Nursing in 8 Practices
Frailty Service	3 GPs plus 14 GP session across 14 Practices. Red Cross FTE Support Worker. District Nurse and OT in Winter Frailty Team (1.8 FTE)
Anticipatory Care Plans	GPs, Frailty Teams, Community Respiratory Teams, District Nurses (palliative care) and the Care at Home Support Team all working to improve the proportion and quality of ACPs
Intermediate Care Community Services	Discharge to Assess Team
	Community Respiratory Team
	Falls Practitioner
	Rapid Response Service
Working with 'Frequent Attenders' at A&E	Community Health Inequalities Team
	Local Multi-Disciplinary Team Meetings 6 weekly
Managing Flow in and Out Hospital	Daily Delayed Discharge Meetings

Appendix 2

Table 1 Community Respiratory Team Performance

Area	Type	Cost Avoided to Date (£)	Forecast Cost Avoidance (£)
RIE	Prevention of Admissions	322,560	387,072
RIE	Facilitated Discharge	94,080	112,896
Totals		416,640	499,968

Month	Activity Data			
	Prevention of Admissions	Bed Days Saved	Facilitated Discharges	Bed Days Saved
April	14	84	7	28
May	12	72	5	20
June	22	132	10	40
July	22	132	9	36
August	24	144	3	12
September	22	132	1	4
October	15	90	10	40
November	8	48	9	36
December	30	180	16	64
January	23	138	14	56
February				
March				
Totals	192	1152	84	336

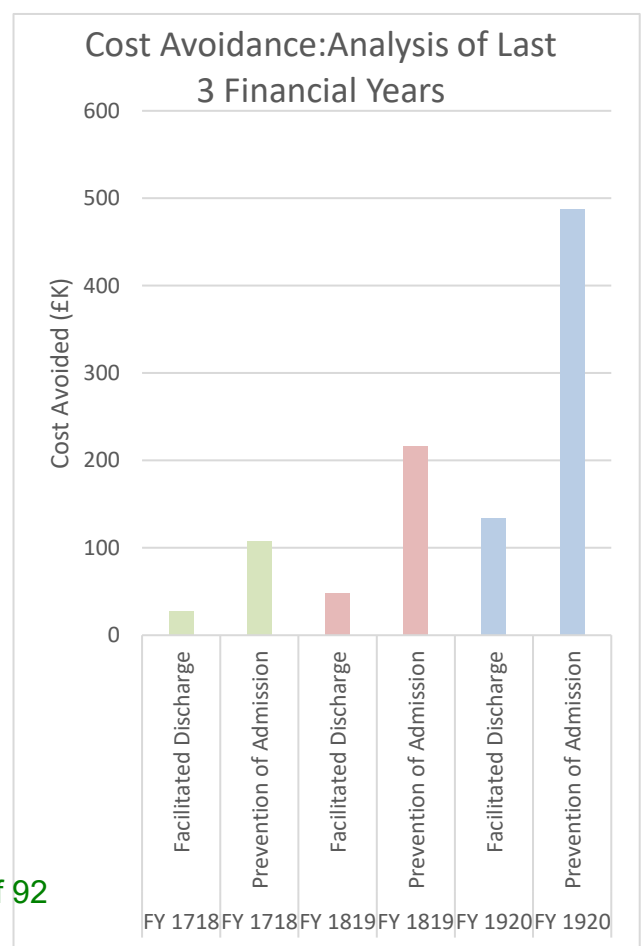
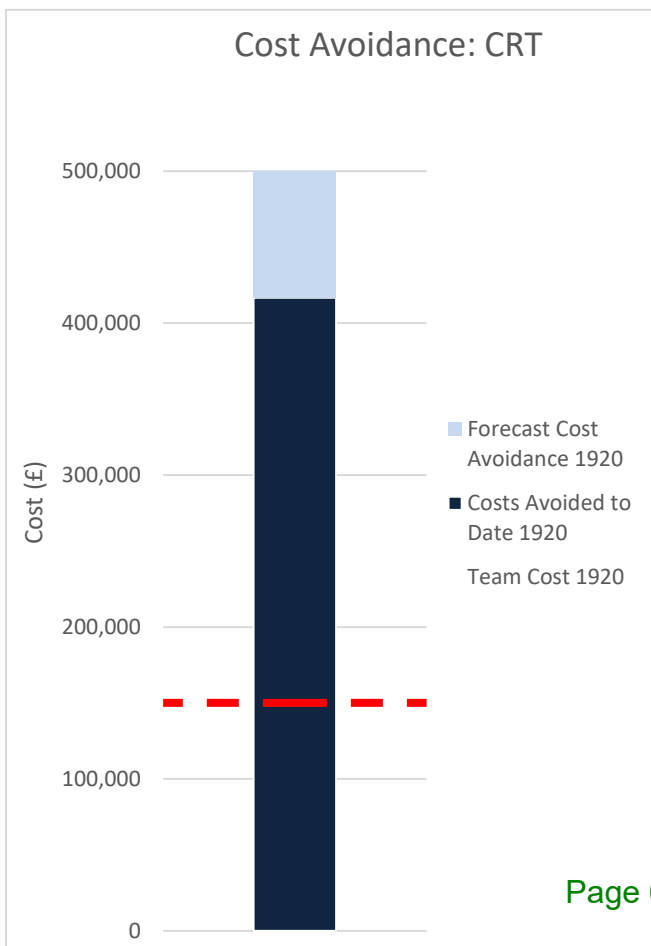


Table 2 Hospital at Home

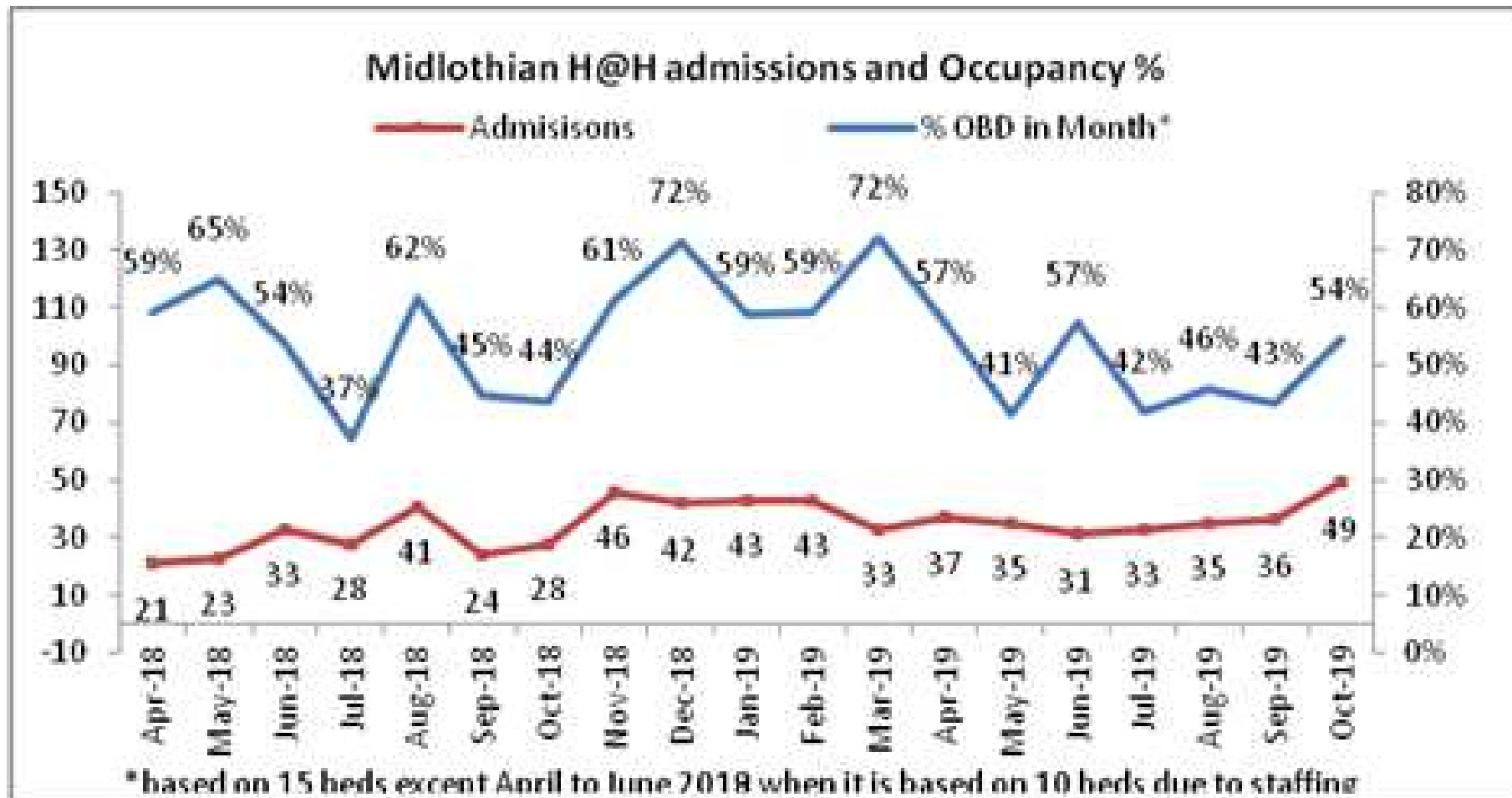


Table 3 Discharge to Assess Team Performance

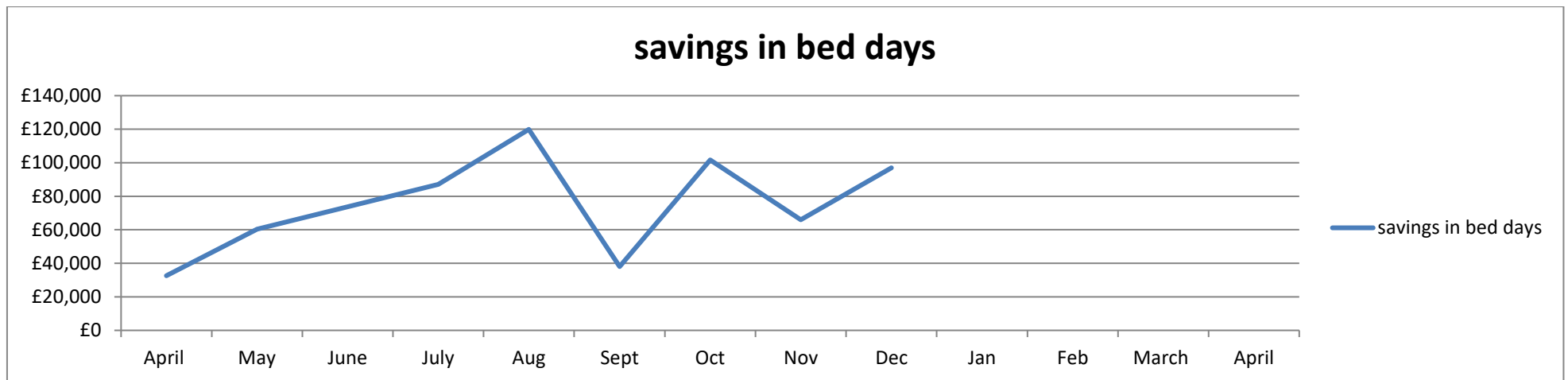


Table 4 Emergency Admissions of Frail People Registered in Newbattle Practice

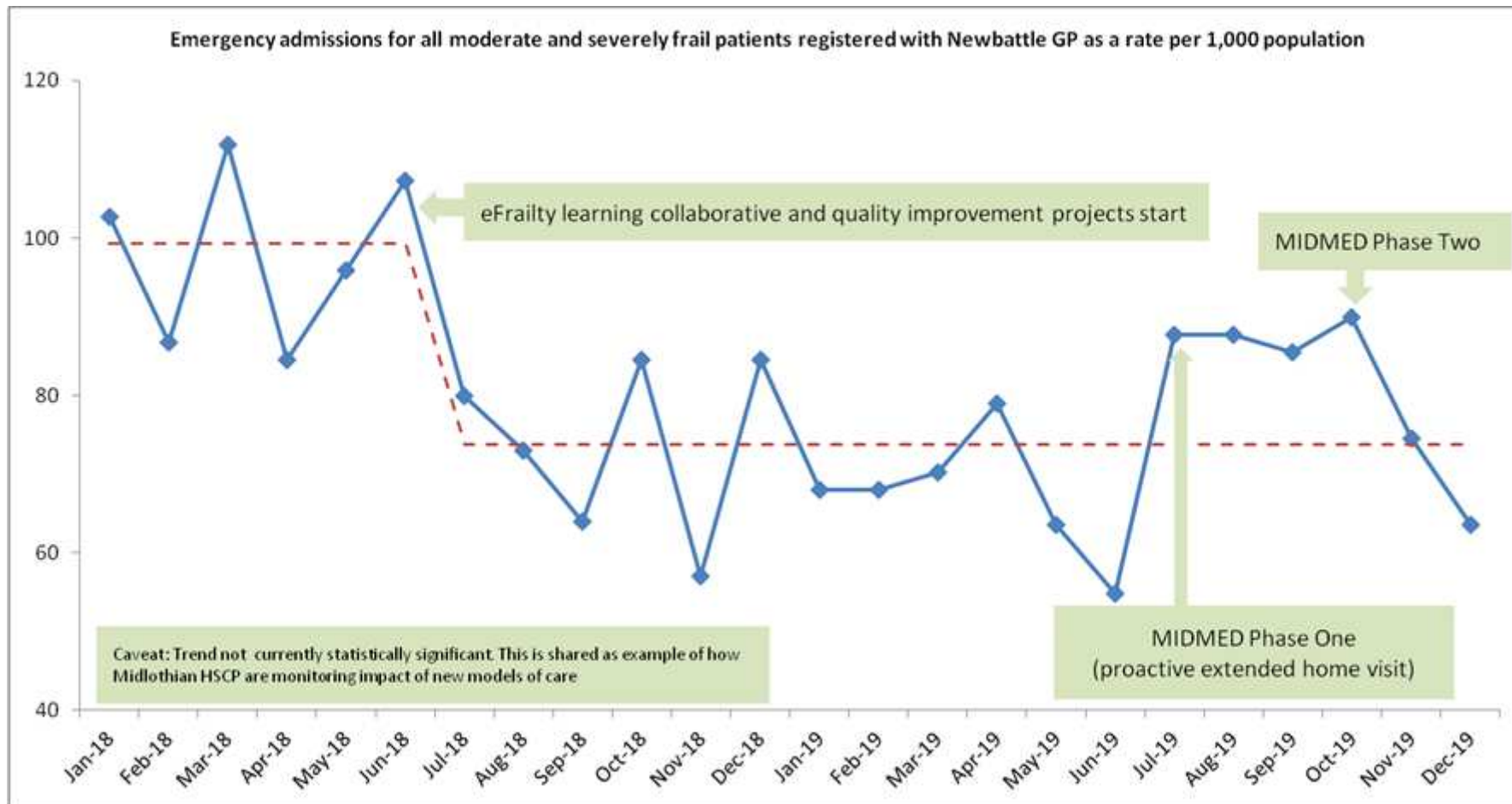
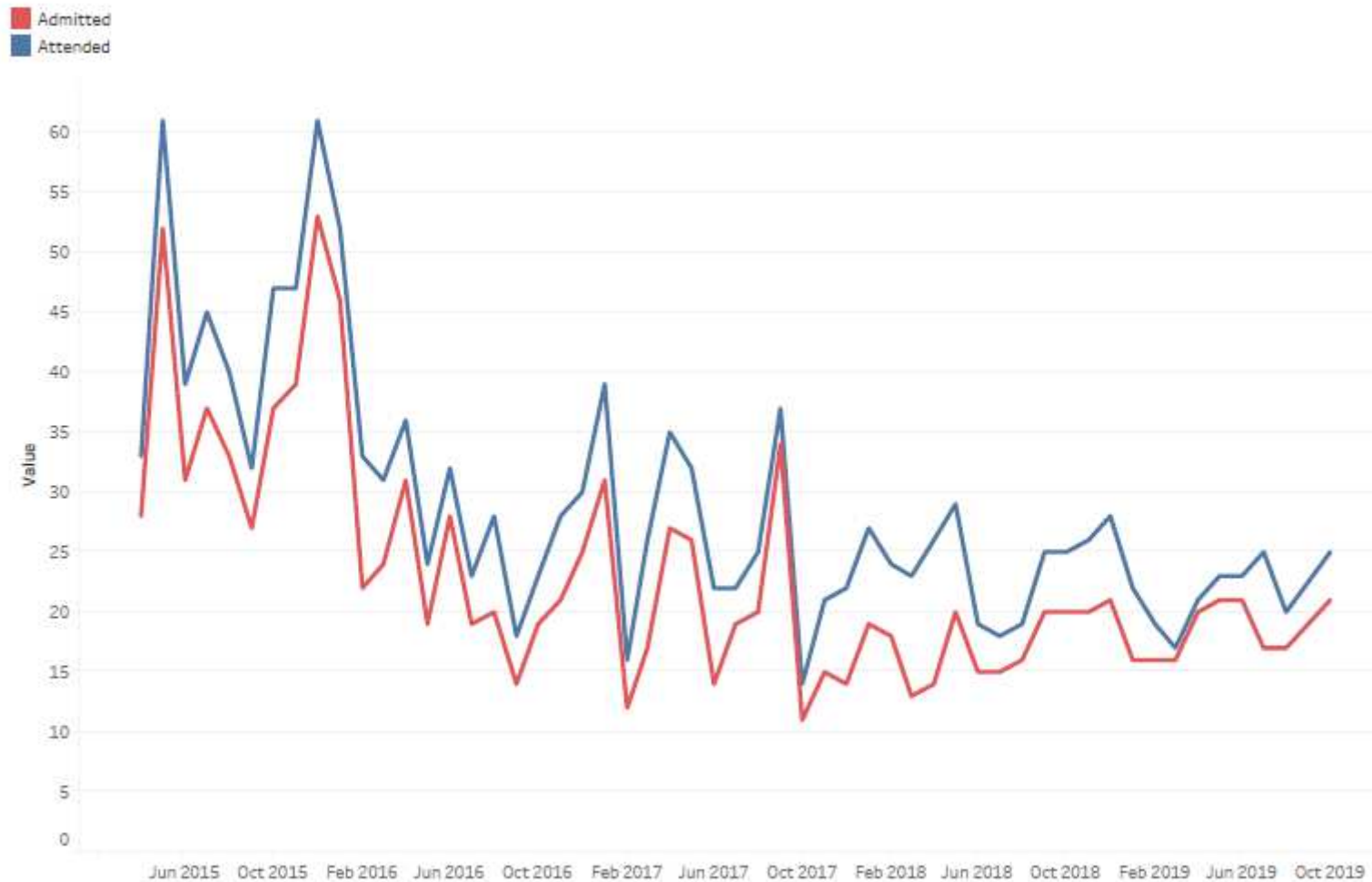


Table 5 Attendances and Admissions to Hospital from Care Homes

Chart 1: Attendance from Midlothian Care Home at A&E and subsequent admission into hospital



Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5th March 2020, 2.00pm

NHS Lothian Recovery update

Item number: 5.5

Executive summary

The Midlothian IJB receive a regular update form the Chief Officer on the current progress with NHS Lothian Recovery programme. The paper in Appendix 1 is the report that is presented to NHS Lothian Board on a monthly basis. This will provide an overview of work underway, and assurance of planning in place.

Board members are asked to:

1. *Note the progress made, and planning in place*
2. *Agree to receive six monthly update report to continue to provide assurance relating to improvement, and any changes in Scottish Government escalation*

NHS Lothian Recovery update

1 Purpose

- 1.1 The purpose of this report is to provide the committee with the latest report from NHS Lothian on the progress made around Recovery. As NHS Lothian is one of the parent organisations supporting the IJB, it is important that IJB Audit and Risk Committee are provided with regular updates.

2 Recommendations

- 2.1 As a result of this report Members are asked to:
- Note the progress made, and planning in place by NHS Lothian
 - Agree to receive six monthly update report to continue to provide assurance relating to improvement, and any changes in Scottish Government escalation

3 Background and main report

- 3.1 Appendix 1 contains the full NHS Lothian Board report for February 2020, detailing all progress made and planning underway.

4 Policy Implications

- 4.1 The 3 main work-streams delegated to the IJBs in Lothian are:
- Learning Disability
 - Mental Health (including Psychological Therapies)
 - Unscheduled care: Delayed discharges and A/E attendance

These feature across all IJB Strategic plans, and are integral components to the success of Integration. However, it should also be noted that Cancer waiting times, and Outpatient waiting times (although not delegated) have a direct influence in the wellbeing of our local population.

5 Directions

- 5.1 Improvement across the Unscheduled care pathways and Psychological Therapies waiting times feature across many of the current Directions, but also feature heavily in draft Directions to be presented and agreed at March IJB meeting.

6 Equalities Implications

- 6.1 Impact assessments will be completed for any service redesign.

7 Resource Implications

- 7.1 There are no direct financial implications arising from this report. The set-aside budget for Midlothian is in the region of £18m although the methodology for agreeing this level of resources is under review. However, the IJB does have a responsibility to ensure the demands made upon the hospital system are commensurate with the budget available.

8 Risk

- 8.1 The risk relating to Midlothian IJB is that failure of any partner to perform at a level acceptable to Scottish Government, will impact on Midlothian residents directly, as well as provide potential instability to the Integration agenda, NHS Lothian and Midlothian Council support Midlothian IJB in a positive, fair and equitable way, and this position has supported the Board to develop and thrive in challenging conditions..

9 Involving people

- 9.1 Programme Boards are established, with leadership from the Director of Improvement (NHS Lothian) and the four Chief Officers. Senior operational managers are involved in the leadership of themed sub-groups to ensure and equitable representative across all four IJBs.

10 Background Papers

- 10.1 None

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DATE	25 February 2020

Appendix

1. NHS Lothian Recovery Plan update February 2020

NHS Lothian

**Board Meeting
12th February 2020**

Director of Improvement

Lothian Recovery Plan Update**1 Purpose of the Report**

- 1.1 The purpose of this report is to update the Board on progress in relation to the ongoing Lothian Performance Recovery Programme following the Scottish Government's escalation of NHS Lothian to Level 3 (significant variation from plan) of the Scottish Government Performance Escalation Framework. As part of the escalation process the Scottish Government require a formal Recovery Plan with clear milestones to be developed. The responsibility for developing this plan has resided with NHS Lothian with oversight provided by a Director within the Scottish Government.

Any member wishing additional information should contact the Executive Lead in advance of the meeting.

2 Recommendations

- 2.1 Accept this report as a source of moderate assurance that a comprehensive programme of whole system work has been initiated to support the delivery of the Lothian Performance Recovery Programme and delivery of core performance targets. In particular, the plans and actions in place within the Unscheduled Care Programme as set out in Appendix 2.
- 2.2 The Board is asked to note current performance against the nine performance targets included in the Recovery Programme scope.

3 Discussion of Key Issues

- 3.1 A system wide Recovery Plan was submitted to the Scottish Government at the end of November 2019 setting out an integrated approach to improving performance across a range of performance indicators. The team met with the Scottish Government on the 23 January 2020 to provide an update on progress in the delivery of the Recovery Plan. At the meeting the Scottish Government indicated they would make a decision on the potential for de-escalation in March 2020 as part of the review of the Annual Operating Plan (AOP). This decision would be based on delivery of relevant performance targets as well the robustness of plans in the AOP. An extract from the minutes of the meeting in relation to de-escalation and next steps is provided below.

De-escalation

John Connaghan advised that a decision around de-escalation was hoped to be made early in 2020/21 financial year, although this was dependant on a number of factors, including acceptance of the Board's AOP and trajectories and continued progress.

Progress was noted in all areas (Scheduled Care, Unscheduled Care, Cancer Waiting Times, Mental Health – patients no longer accommodated on mattresses and Delayed Discharges) and NHS Lothian will consider what more might be done to improve the situation at Paediatric Services at St John's, following the review/advice from The Royal College of Paediatrics and Child Health in February, 2020.

AOCB

NHS Lothian officials were thanked for their open and regular communication which had contributed to the efficiency of Group business, throughout its cycle, which Tim Davison agreed ran well, with NHS Lothian being kept informed throughout.

The meeting ended at 4pm, concluding the final meeting of the NHS Lothian Recovery Oversight Group. From now on SG will continue to monitor progress and meet with NHS Lothian to finalise their AOP for 2020/21 during Feb/March.

- 3.2 The remainder of this paper provides an update on performance against each of the core targets included within the scope of the Recovery Plan as of December 2019. Provisional management information is available for the festive period and January and has been presented where relevant.

Table 1. Core Recovery Plan Metrics

Metric		Dec 2019	Nov 2019	Nov 2018	Chan	Target
Delayed Discharges	Standard	201	197	266	-24%	200 (Dec 19)
	Standard & Complex	228	228	294	-22%	-
4 Hour ED Waiting Time		80.3%	81.5%	89.2%	-10%	95%
Outpatient >12 week waiting time		23,274	23,181	25,647	-9%	16,151*
Treatment Time Guarantee		2,753	2,530	2,135	+29%	2,472*
Cancer Waiting Times (62 day target)		83.8%	80.8%	77.5%	+8%	95%

Mental Health & Learning Disability Bed occupancy	88.1%	87.3%	96.4%	-9%	85-90%
CAHMS >18 week target	45.0%	48.4%	54.3%	-17%	90%
Psychological Therapies > 18 week target	84.7%	80.0%	72.7%	+16%	90%
Paediatrics and St John's	4 days a week 24x7	4 days a week 24x7	Closed to inpatients	-	7 days a week 24x7

^P some November 2019 is provisional management information and may be subject to small variation.

* 2019/20 AOP Trajectory at year end

* Green denotes an improvement, red deterioration, and amber no change since Nov 2018

- 3.3 The table illustrates that whilst performance has improved across a number of metrics over the past year, it is still significantly below Government targets in a number of areas with particular concern in relation to the 4 Hour ED access standard. Provisional management information illustrates that during January 2020 performance deteriorated in a number of areas including scheduled care and delayed discharges. Part of this reflects the usual challenges of maintaining services over the festive break. Further details are set out below and in Appendices 1 and 2.

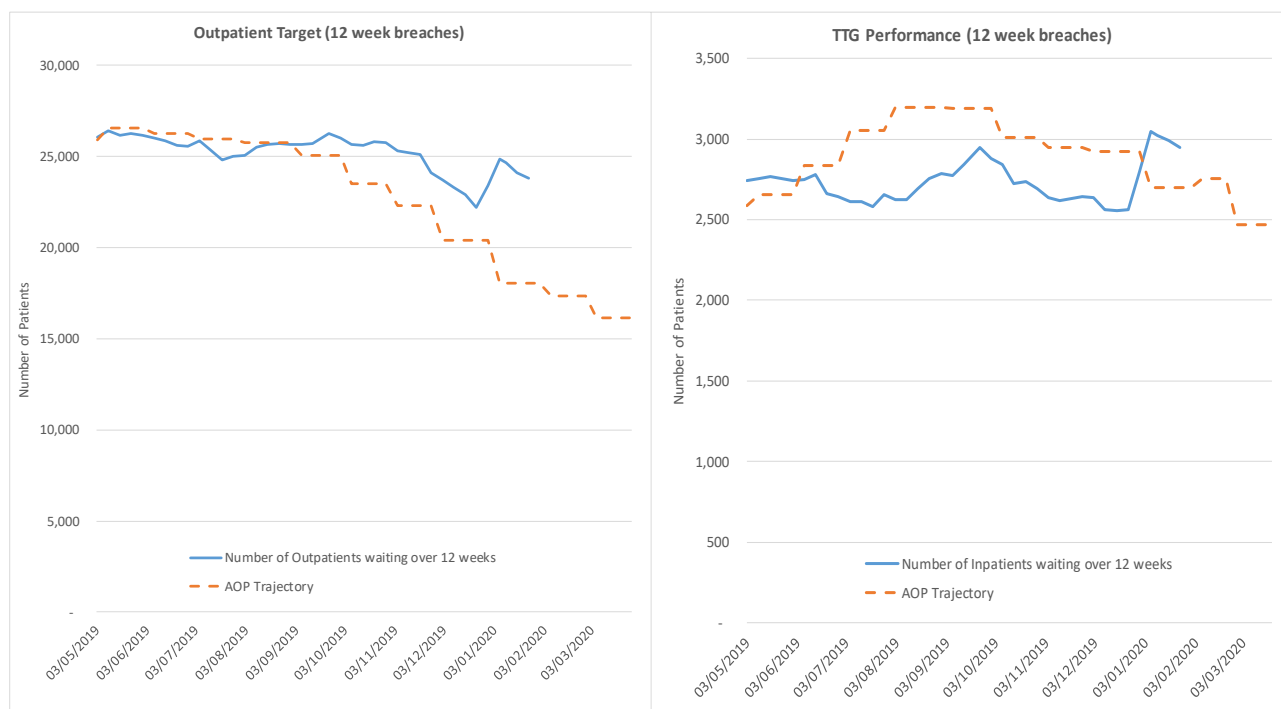
Cancer

- 3.4 The 62 day Cancer Waiting Time target is now on an upward trajectory following actions put in place to improve colorectal and prostate cancer pathways with performance in December at 83.8%. These actions have focused on ensuring earlier diagnosis and reducing the decision to treat backlog through a multidisciplinary approach to patient tracking within weekly cancer huddles. Over the festive period this backlog increased slightly, but has since recovered. The team are confident that performance will continue to incrementally improve up until March 2020 and will be in the 84-88% range over this period. Planning for next year is underway, although the team recognises that achieving the 95% target will be difficult without further redesign and will be constrained by the availability of clinical staff in certain cancer subspecialties. The 31 day Cancer Waiting Time target is now above the Government target at 96.1%.

Scheduled Care

- 3.5 The total number of outpatient and TTG 12 week waits both increased in December with outpatients now behind planned trajectory. The figure below illustrates the latest position for January based on un-validated management information. It illustrates that performance deteriorated for both outpatients and TTG over the festive period and work is now underway to bring these waits back down.

Figure 1. OP and TTG waits
(un-validated weekly management information)



- 3.6 The last quarter of 2019/20 requires a significant reduction in the number of patients waiting longer than 12 weeks, to meet the outpatient AOP trajectory. Work continues to ensure all existing capacity is fully booked and a number of plans are in place to increase further the use of external facilities, in particular the East Lothian Community Hospital. From October 2019 to March 2020, over 13,000 cases will be seen in external facilities compared to an initial plan of 9,750. This is largely due to the external provision of ENT capacity as well as the planned booking of 2,000 patients into the ELCH (predominately for dermatology and GI clinics). Further opportunities are being activity pursued in relation to the external provision of rheumatology and dental activity, although limited benefits will be realised this performance year.
- 3.7 These actions will continue to reduce the number of over 12 week outpatient waits. However, following a review of the projected outturn at a specialty level, NHS Lothian is now forecasting a March 2020 position of 18,000 outpatient breaches. There are a number of reasons for this variance, such as workforce shortages, a reduction in weekend waiting list initiatives linked to pension changes and under-performance within the Edinburgh Dental Institute (EDI). As members are aware, waiting time information for outpatients at EDI was moved onto Trak in November and following a data cleansing exercise, over 3,500 12 week breaches have been identified compared to an initial estimate of around 2,000 – 2,750.
- 3.8 Achievement of the revised outturn forecast would still represent a 25% reduction in outpatient 12 week breaches from April last year.
- 3.9 Performance against TTG deteriorated slightly in December and whilst under trajectory, the latest management information highlights a continued increase into January 2020. Our latest forecasts indicate that performance will not meet the AOP target (2,474 vs a revised forecast of 3,100). This relates to shortfalls in a number

of specialties as well as further cancellations over the winter period (127 since early November). One of the primary drivers of this change in forecast relates to the inability to use theatre capacity in Forth Valley Health Board. It was anticipated that Lothian would be able to send approximately 1,000 TTG patients to Forth Valley, however due to delays in preparing the theatres, restrictions on the type of procedure that could be undertaken and low patient uptake, it is expected that only 200 procedures will be performed. Appendix 1 provides further details at a specialty level, long waits and the performance in diagnostics within the Waiting Time Improvement Plan paper.

- 3.10 These changes were communicated to the Scottish Government as part of the Recovery Plan update on the 23 January. The changes were noted, and it was recognised that the outpatient target is still expected to be significantly lower than the start of the year, and whilst TTG breaches have increased, they remain below the Scottish average. However, any further material deviations from these re-forecasted positions may negatively impact on the Scottish Government's confidence in the Recovery Programme.
- 3.11 Work is underway to develop waiting time trajectories for the 2020/21 financial year and will be submitted as part of the AOP process. Initial estimates comparing expected demand with capacity illustrate a structural capacity gap for both outpatients and TTG. In order to deliver a net neutral position next year there will remain heavy reliance on external provision as well as a continued focus on service redesign. Preliminary analysis indicates that it will be challenging to maintain further downward momentum into March 2021 without redesign, other actions and external capacity higher than historical levels.
- 3.12 A more detailed paper setting out these issues will be brought to the Board at the March 2020 meeting. This will link to the longer term strategy to increase scheduled care capacity including the proposed Short Stay Elective Centre at St John's Hospital. At present, the Outline Business Case is still awaiting sign off from the Scottish Government, at a recent Capital Investment Group meeting, the development was not approved as further clarity was being sought in a number of areas. The team are now working closely with the Scottish Government to minimise any subsequent delays.

Paediatrics at St Johns

- 3.13 The Recovery Plan reiterated NHS Lothian's commitment to consolidating the success of the four day a week full inpatient paediatric service at St John's Hospital by increasing the resilience of existing rotas, and build towards a full seven day 24/7 service subject to further recruitment.
- 3.14 The Paediatric Programme Board (PPB) met again on the 14 January 2020 to make a further assessment of whether it would be possible to move to seven day 24/7 opening. A full assessment of the current out of hours staffing position for the resident middle grade rota was made, and the unanimous view was that the current rota position would not support full opening at this point.
- 3.15 The decision was based on the continued fragility of the mid-grade staffing model with one of the Hybrid Consultants absent due to sickness, further training was required for one of the APNPs and a deterioration in the Neonatal staffing position (the RIE has been allocated less Trainees than usual from February onwards). In

addition, there were no applicants for the last recruitment adverts at the end of 2019 for a trained APNP. Some of these issues are expected to be resolved in the next 3-6 months with a newly appointed consultant due to take post at the end of Feb 2020. A number of roles will also be re-advertised.

- 3.16 Lothian will seek further advice of the Royal College of Paediatrics and Child Health as they will be carrying out a further review of the service in mid-February 2020. This will inform NHS Lothian's decision on full opening and next steps. In particular, NHS Lothian will request guidance on the likely prospects of success of another international recruitment drive.
- 3.17 Moving towards a seven day a week services remains a high priority for the Scottish Government and therefore the current position remains a risk to the delivery of the Recovery Programme.

Mental Health and Learning Disabilities

- 3.18 Performance in relation to the CAHMS and Psychological Therapies 18 week target has remained relatively consistent in the last month, albeit below the Government standard. The focus remains on recruitment into new roles to increase capacity and manage changes in operating policies as discussed at the last Board meeting. The latest management information indicates that patients waiting over 18 weeks for the CAMHS service are starting to reduce. Performance against the 90% access standard improved in December within Psychological Therapies, although the number of patients waiting over 18 weeks on the adult waiting list is still increasing as recruits are yet to come into post.
- 3.19 Acute adult mental health bed occupancy has been maintained within an appropriate target range over the past month.

Unscheduled Care

- 3.20 Sustained increases in attendance at EDs have been experienced across the three adult acute sites across the 2019 calendar year. This increase in attendance combined with an increasing acuity of patient and high occupancy across the three sites has contributed to a deteriorating four hour emergency access standard performance. These challenges are not unique to Lothian and similar patterns are occurring across Scotland.
- 3.21 Performance in December continued to be extremely challenging with adherence to the four hour access standard dipping to 80.3%. There were over 200 twelve hour breaches in the run up to Christmas (mainly between the 11th to the 22nd December) and the RIE was under particular strain. However, over the festive period performance was much improved, with a number of days at or near 95% against the access standard and in general staff reported positively on ED morale over the period.
- 3.22 This improved performance continued into early January, but pressure on the system has been building up over the course of the month. Performance has been particularly challenged at the Western General (mid to low 70%) and despite St John's opening additional cubicle capacity it is also running in the region of 85% against the 4 hour target.

- 3.23 In part, these challenges are related to a spike in delayed discharges particularly in the Edinburgh HSCP. Whilst Each HSCP has made significant progress in reducing the number of unplanned OBDs lost to delayed discharges and met plan at circa 200 for standard delays in December, this increased to over 250 in early January. This increase is primarily related to challenges in the Edinburgh care at home market over Christmas with a number of providers handing back care at home contracts. Further details are set out in Appendix 2 in the Unscheduled Care Recovery paper.
- 3.24 The Scottish Government is aware of both the performance challenges in December as well as the improvement over the festive period (when Lothian was one of the best performing Boards in the country). They recognised that delayed discharges tend to increase during the winter period and the Partnerships have all committed to bringing delays back down to 200 by the end of March 2020.

4 Key Risks

- 4.1 A number of short term risks to the delivery of the Recovery Programme and the prospects of de-escalation have been set out in this paper and can be summarised below:
- the ability to hit the revised trajectories for outpatients and TTG by the end March 2020;
 - the ability to recruit to mid-grade staff within Paediatrics at St John's and establish a seven day 24x7 services; and
 - the ongoing management of unscheduled care services over the winter period.
- 4.2 In addition, it will be important to set out clear plans as part of the AOP process to provide confidence of delivery. A further risk remains in relation to the tight budget settlement in social care.

5 Risk Register

- 5.1 The Corporate Risk Register has been updated to reflect the risks specifically associated with the Recovery Programme with reference to a number of linked risks (Risk ID 4820). The Risk Register will be subject to ongoing review and update by the Recovery Programme team.

6 Impact on Inequality, Including Health Inequalities

- 6.1 An integrated impact assessment associated with the Recovery Plan has not been undertaken. Following approval of NHS Lothian's 2019/20 AOP, communication was sent to responsible directors where new services, redesign of services and new strategies/plans are referenced to allow NHS Lothian's lead on Equalities and Human Rights to follow up and review whether the necessary integrated impact assessments have been completed as appropriate. The final Recovery Plan submission will also be forwarded for information

7 Duty to Inform, Engage and Consult People who use our Services

- 7.1 NHS Lothian Directors, IJB Chief Officers and their teams have supported the development of the Recovery Plan. Due to the timelines associated with the development of the Recovery Plan, public engagement and consultation relating to the contents of the plan will not have been undertaken.

8 Resource Implications

- 8.1 Recovery Plan discussions will continue with the Scottish Government to clarify any further investment to support performance improvement as well as delivery of the 2020/21 AOP.

Peter Lock
Director of Improvement
30 January 2020

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5th March 2020, 2.00pm

Integration Authorities Financial Performance for 2019-20 after Quarter 2

Item number: 5.6

Executive summary

This report summarises the quarterly publication from the CIPFA IJB CFO Section on the Financial Performance for all the Integration Authorities (IA's) for financial year 2019-20 after Quarter 2.

Committee members are asked to:

1. *Committee members are asked to note the key messages*

Integration Authorities Financial Performance for 2019-20 after Quarter 2

1. Purpose

- 1.1 This report summarises the quarterly report from the CIPFA IJB CFO Section on the Financial Performance for all the Integration Authorities (IA's) for financial year 2019-20 after Quarter 2. Key messages are summarised below, including Midlothian's (ML) position as a comparison.

2. Recommendations

- 2.1 Committee members are asked to:
- 2.1.1 note the key messages

3. Background and main report

- 3.1 This is the second summary report produced which presents an overview of financial performance for all 31 IA's for 2019-20. IAs have different reporting approaches; at this stage of the financial year, 28 IAs report projected outturns for the year-end and 3 IAs report year to date (second quarter) positions. Midlothian reports on a projected outturn basis.

Key Messages:

- 3.2 The total budget for health and social care services across IAs in 2019-20 is currently forecast at £9,349m, an increase of £112m (1%) since Quarter 1 (Q1). (ML budget increased to £140.2m since Q1 (2%) rise).
- 3.3 Total forecast reserves for 2019-20 after Q2 is £110m (£77.3m contingent, £33.2m earmarked), a decrease from Q1 of £3.2m. Of the 31 IA's 8 do not have a reserve, 1 has a negative reserve and 6 do not have a contingency reserve. The contingent reserve equals 0.4% of the £9,349m overall funding envelope.
- 3.4 ML reserve at 1 April 2019 was £3.878m (earmarked £1.493m, contingency £2.385m). At Q2 ML is forecasting a potential contingent reserve of £2.385m (representing 1.7% of total funding) and no earmarked reserve. Earmarked reserves have been released into operational budgets for 2019-20.
- 3.5 Of the 28 IA's (representing £8,116m of budget), a year end overspend of £66.4m is projected. (ML is forecasting £285K overspend at Q2, compared to £601k overspend projected at Q1). The remaining 3 IA's (representing £1,233m) reported a year to date overspend of £2.8m.

- 3.6 Variance analysis is summarised below of the 28 IA's that show a year end forecast and for completeness the total budget for the remaining 3 IA's is also shown below:

Variance Analysis after Q2	28 IAs Reporting Year end Forecast	Year End Midlothian Forecast at Q2
	£m	£m
Non Delivery of Savings	41.0	0.0
Demographics	15.0	0.7
Staffing Pressures	10.0	0.0
Prescribing	7.0	-0.2
Price Increases	3.0	
Other Net Pressures / (Underspends)	6.9	-0.1
Overspend (23 IA's)	82.9	0.3
Under spend (4 IA's)	-16.5	
Breakeven (1 IA)	-	
Overall Net Projection	66.4	0.3
Overall Budget	8,116.0	140.1
Budget of 3 IA's reporting YTD position	1,233.0	
Total Budget for 31 IA's	9,349.0	

Table 1: Variance Analysis of IAs

- 3.7 These are the positions before any additional financial support from partners, the impact of financial recovery plans or further use of reserves is taken into consideration.
- 3.8 The projected £69.2m overspend will be addressed by anticipated additional funding from NHS Boards (£28.8m), Local Authorities (£6.8m), and Financial Recovery Plans (£12.8m). Leaving £20.8m to be determined.
- 3.9 The key factors contributing to these forecasted positions which were highlighted in the last report remain relevant are largely driven by increased demand and higher costs:
- Increased demand across all services and increasing complexity of needs across older people, adults and children's services.
 - Cost increases in staffing and use of locums, increased cost pressures in prescribing.
 - Difficult in delivering savings from reducing services when demand is increasing, new models of service taking longer than originally anticipated to implement

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	February 2020

Appendix - Integration Authorities Financial Performance FY 2019-20 Q2 Report

Integration Authorities

Financial Performance

Financial Year 2019/20 (Quarter 2)



OVERVIEW - BUDGET POSITION 2019/20

This is the second summary report which presents the overview of financial performance for all Integration Authorities (IA's) for quarter 2 of the financial year 2019/20. The position in respect of the NHS Highland Lead Agency arrangement is also included. The total budget for health and social care services at quarter 2 is £9,349m. This is an increase of £112m (1%) from £9,237m at quarter 1 as follows:

- 26 IAs reported an increase of £3.8m in the set-aside budget which now totals £816m.
- The NHS non-set aside budget increased by £99m to £5,708m.
- The local authority budget increased by £2.5m to £2,789m.
- The use of reserves increased by £7m to £36m.



FINANCIAL VARIANCES 2019/20 – YEAR-END OUTTURN AND YEAR TO DATE

IAs have different reporting approaches. At this stage of the financial year, 28 IAs report projected outturns for the year-end and 3 IAs report year to date (second quarter) positions.

Of the 28 IAs, representing £8,116m of the total budget, a year end overspend of £66.4m is projected. Projected outturns across these IAs vary as follows:

- 23 IAs are projecting overspends totalling £82.9m
- 1 IA is projecting a break-even position
- 4 IAs are projecting underspends totalling £16.5m

This is the position before additional financial support from partners, the impact of financial recovery plans and the further use of reserves is taken into consideration.

Year-end Projected Outturns

- £41m non delivery of savings
 - £15m demographics
 - £10m staffing pressures
 - £7m prescribing
 - £3m price increases
 - £6.9m other net cost pressures
- Projected cost pressures - £82.9m

Year to Date Cost Pressures - £2.8m

- Demographics (£2.8m), staffing pressures (£2.2m) and non delivery of savings (£0.6m)
- Net underspends (£2.8m)

Of the 3 IAs, representing £1,233m of the total budget, a year to date overspend of £2.8m is reported at the end of quarter 2. The year to date positions across these IAs vary as follows:

- 2 IAs are reporting overspends totalling £3.4m
- 1 IA is reporting an underspend of £0.6m



SIGNIFICANT FACTORS 2019/20

The factors contributing to the variances reported by IAs are detailed on the schedule which accompanies this covering report.

The key highlights, which were reported at quarter 1, remain relevant and are summarised as follows:

- the challenge to deliver savings, in particular planned reductions in services not materialising due to increased demand being experienced
- increased activity of acute services
- additional demand for services and the increasing complexity of health and social care needs across older people, adult and children's services
- the timeline to implement new models of service delivery taking longer than originally anticipated
- ongoing challenges associated with identifying further cost reduction and savings opportunities
- prescribing cost pressures; and
- staffing costs including the cost of locums.

As part of their financial strategies, 14 IAs are relying on the planned use of reserves totalling £36m at this stage of the financial year. As reported previously, the increase in costs is partly offset by underspends as a result of staff vacancies and slippage in the implementation of new funding. Both of these provide non-recurring financial relief.

Work continues to be progressed to develop the set-aside monitoring arrangements.



IMPACT ON FUNDING 2019/20

It is currently estimated that the projected overspend totalling £69.2m will be addressed as follows:-

- | | |
|--|--------|
| ▪ Anticipated additional funding from NHS Boards | £28.8m |
| ▪ Anticipated additional funding from Local Authorities | £6.8m |
| ▪ Agreed financial recovery plan with no impact for partners | £12.8m |

The funding impact of £20.8m remains 'not yet determined' or has still to be publicly reported in respect of 12 IAs.

A total of 4 IAs remain in repayment arrangements with partners (£14.7m).

Repayment of Funding Advances

- £2.7m in 19/20
- £12m due 20/21 or later



UPDATE ON RESERVES

The IA's reserves have reduced by £3.2m at quarter 2 to £110m (Earmarked £77m; Contingency £33m). The contingency reserve continues to represent 0.4% of the total financial envelope of £9,349m. 8 IAs do not have a reserve. 6 IAs do not have a contingency reserve. 1 IA has a negative reserve. For 16 IAs, the contingency reserves range from 0.03% to 3.8% of their available funding.



FUTURE REPORTS

IA's will continue to standardise presentation.

Midlothian Integrtrion Joint Board

Audit and Risk Committee



Thursday 5th March 2020, 2.00pm

Audit Scotland Report on Local Government in Scotland Financial Overview 2018-19

Item number: 5.7

Executive summary

The Accounts Commission overview report of the 2018-19 financial year, provides an independent, public assessment of how effectively Scottish local government is managing public money and responding to the financial challenges it faces. It is aimed primarily at councillors and senior council officers as a source of information and to support them in their complex and demanding roles. This report summarises its findings and key messages in the context of Midlothian Integrated Joint Board.

Committee members are asked to:

1. Committee members are asked to note the key messages

Audit Scotland Report on Local Government in Scotland Financial Overview 2018-19

1. Purpose

- 1.1 This report summarises how Local Government in Scotland is performing and what challenges it faces. The report recognises that councils face the increasing challenge of meeting changing and growing demands on their services, but their income is straining to keep pace

2. Recommendations

- 2.1 Committee members are asked to:
- 2.1.1 Note the key messages

3. Background and main report

- 3.1 Audit Scotland published a report on 17 December 2019 - "Local Government in Scotland Financial Overview 2018-19" "The full publication of the report can be found here: <https://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201819> The report cover the following topics in four parts:

- Part 1 Councils' income in 2018/19
- Part 2 Councils' financial position in 2018/19
- Part 3 Councils' financial outlook
- Part 4 Integration Joint Boards' overview 2018/19

Key Messages:

- 3.2 The report recognises that councils face the increasing challenge of meeting changing and growing demands on their services, but their income is straining to keep pace. Although Scottish Government funding to councils has been relatively stable this year, since 2013/14 it has fallen in real terms.
- 3.3 Funding is forecast to fall further in the medium term against a backdrop of increasing volatility in public finances.

- 3.4 The Commission also notes that two-thirds of councils have reduced their general fund reserves over the last three years rather than maintaining or building their reserves. The signs of a trend in reducing reserves may be emerging.
- 3.5 The Accounts Commission previously highlighted that ongoing use of reserves to manage funding gaps is not sustainable.
- 3.6 The report further noted that after several years of tightening budgets, the Accounts commission recognise that councils have already made savings through restructuring and efficiencies, but transformation in terms of service redesign is required to deal with the further reductions forecast.
- 3.7 In 2018/19, the funding gap was three per cent of total budget. Councils planned to manage this primarily through savings, though a shortfall in savings achieved meant that more of the funding gap was met from reserves than planned.
- 3.8 Councils are increasingly drawing on their revenue reserves. The net draw on revenue reserves in 2018/19 was £45 million. Twenty-three councils have reduced their general fund reserves over the last three years.

Report Breakdown

- 3.9 Part 1 - Councils' income in 2018/19.
- In addition to the key messages above the report highlights that an increasing proportion of council budgets is committed to national policy initiatives. This reduces the flexibility councils have for deciding how they plan and prioritise the use of funding to respond to local priorities.
 - In its response to the Local Government and Communities Committee on the 2019/20 budget, COSLA's view is that Scottish Government policies and fixed commitments represented 58 per cent of local government revenue expenditure budgets in 2018/19 and 60 per cent in 2019/20.
- 3.10 Part 2 – Councils' Financial Position in 2018/19.
- The 2018/19 funding gap of three per cent was less than the previous year (four per cent). Councils planned to manage this primarily through savings, though a shortfall in savings achieved meant that a higher proportion of the funding gap was met from reserves than planned.
 - Across Scotland councils increased their use of revenue reserves. The net draw on revenue reserves in 2018/19 was £45 million. Over the past five years the position has changed, with councils increasingly drawing on their revenue reserves.
- There is no doubt that difficult decisions lie ahead for all Councils and the report highlights the importance of being proactive in addressing the financial pressures.
- 3.11 Part 3 – Councils' Financial Outlook.
- Scottish Government revenue funding to local government in 2019/20 increased by 2.9 per cent in cash terms (0.9 per cent in real terms).

- Councils' 2019/20 financial plans identified a total funding gap of £0.5 billion (three per cent of income). This continues the increasing pressure on councils to find further cost savings, redesign services, reduce services, increase income or use reserves. These decisions are likely to become increasingly difficult for councillors. Councils planned to manage their funding gaps mainly through identified cost savings.

3.12 Part 4 – Integration Joint Boards' overview 2017/18.

- The pace of health and social care integration has been too slow and there is limited evidence to suggest any significant shift in spending from health to social care.
- Overall, IJB budgets increased by three per cent in 2018/19. The identified budget gap reduced from £248 million (2.9 per cent of total income) in 2018/19 to £208 million (2.5 per cent of total income for 2019/20).
- A majority of IJBs struggled to achieve break-even and 19 would have recorded a deficit without additional funding from partners at the year end.
- Around a third of the IJBs failed to agree a budget with their partners for the start of the 2019/20 financial year. For several IJBs, although the budget was set on time, it still had an element of unidentified savings which meant it was unbalanced at the start of the year.
- A focus on long-term financial planning is required by IJBs to assist effective decision making that will support long-term financial sustainability.
- The Commission has a strong interest in the performance and development of IJBs and are planning to review their progress in delivering Best Value for their communities.
- Over a third of IJB senior staff have changed during 2018/19. This instability inevitably impacts on leadership capacity and the pace of progress.

3.13 During 2017-18 the IJB started to build up a general reserve and in 2018-19 a further surplus of £2.97m was added. The reserves at 31 March 2019 are split between a general reserve of £2.38m (equating to 1.7% of net expenditure in 2018-19), and specific reserves of £1.5m. A prudent level of general reserves would represent 2% of net expenditure. Like all IJB's Midlothian continues to face significant financial challenges given the increasing demand for services.

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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