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**To:** Renfrewshire Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 21 June 2024

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**Report by:** Chief Finance Officer

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**Heading:** Unaudited Annual Governance Statement 2023/24

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## 1. Purpose

1.1 To present to the IJB Audit, Risk and Scrutiny Committee, the Unaudited Annual Governance Statement for the Renfrewshire Integration Joint Board for 2023/24 and:

- To provide the Audit, Risk and Scrutiny Committee, with the opportunity to provide comment on and approve the Annual Governance Statement; and,
  - To agree that assurances on the governance framework can be provided to Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC).
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## 2. Recommendation

It is recommended that the IJB Audit, Risk and Scrutiny Committee:

- Approve the draft Annual Governance Statement, as set out in Appendix 1.
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## 3. Background

3.1. The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.

3.2. In discharging these responsibilities, the Chief Officer has a reliance on NHSGGC and Renfrewshire Council's systems of internal control which support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

3.3. The IJB has adopted governance arrangements consistent, where appropriate, with the principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "Delivering Good Governance in Local Government" and the CIPFA Financial Management Code (FM Code). The Annual Governance statement explains how the IJB has complied with these governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which includes the requirement for an Annual Governance Statement.

3.4. In addition, the Annual Governance Statement which forms a key part of the Annual Accounts provides readers of the Accounts with assurance that the governance framework is fit for purpose.

- 3.5. The Annual Governance Statement for 2023/24 is attached and has been prepared in accordance with the relevant regulation and guidance taking account of the Internal Audit Annual Report and the Chief Officer's evaluation of the operation of the governance arrangements within each service area.
- 3.6. The Governance Statement is subject to statutory audit by the Council's External Auditors as part of their review of the Annual Accounts.
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### **Implications of the Report**

1. **Financial** – none
  2. **HR & Organisational Development** – none
  3. **Strategic Plan and Community Planning** – none
  4. **Wider Strategic Alignment** – none
  5. **Legal** – none
  6. **Property/Assets** – none
  7. **Information Technology** – none
  8. **Equality & Human Rights** – none
  9. **Fairer Duty Scotland** – none
  10. **Health & Safety** – none
  11. **Procurement** – none
  12. **Risk** – The Annual Governance Statement provides information on the effectiveness of the IJB Governance Framework. Specific risks identified from the Chief Auditor's Annual Report and the assessments of the CO are disclosed in the statement.
  13. **Privacy Impact** – none.
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### **List of Background Papers – none**

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### Annual Governance Statement

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

#### Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The IJB also aims to foster a culture of continuous improvement in the delivery of the IJB's functions and to make arrangements to secure best value.

To meet this responsibility, the IJB has established arrangements for governance which includes a system of internal control. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the NHSGGC and Renfrewshire Council systems of internal control which support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives.

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

The IJB has adopted governance arrangements consistent, where appropriate, with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework "Delivering Good Governance in Local Government" and the CIPFA Financial Management Code (FM Code). This statement explains how the IJB has complied with the governance arrangements and meets the requirements of the Code of Practice on Local Authority Accounting in the UK, which details the requirement for an Annual Governance Statement.

#### Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the objectives set out in the IJB's Strategic Plan. The governance framework is continually updated to reflect best practice, new legislative requirements, and the expectations of stakeholders.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IJB's objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively.

#### Governance Framework and Internal Control System

The Board of the IJB comprises the Chair and seven other voting members. Overall, four are Elected Members nominated by Renfrewshire Council, and four are non-executive members of NHSGGC Board. There are also a number of non-voting professional and stakeholder members on the IJB including representatives from the third and independent sector bodies, carers, service users and trade unions. Professional members include the Chief Officer, Chief Finance Officer and the Chief Social Work Officer. The IJB, via a process of delegation from NHSGGC and Renfrewshire Council, and its Chief Officer, has responsibility for the planning, resourcing and operational delivery of all delegated health and social care services within its geographical area.

The main features of the governance framework in existence during 2023/24 were:

- Principles
  - The IJB follows the principles set out in CoSLA's Code of Guidance on Funding External Bodies and Following the Public Pound for both resources delegated to the IJB by the Health Board and Local Authority and resources paid to its Local Authority and Health Service partners.
  
- Formal frameworks
  - The IJB is formally constituted through the Integration Scheme agreed by Renfrewshire Council and NHSGGC and approved by Scottish Ministers.
  - The IJB operates within an established procedural framework. The roles and responsibilities of Board members and officers are defined within: Standing Orders and Scheme of Administration; Contract Standing Orders; Scheme of Delegation, and Financial Governance arrangements; these are subject to regular review.
  - A Local Code of Corporate Governance Arrangements is in place to ensure that the IJB's governance arrangements are robust and informed by good practice. The Local Code is subject to regular review, with the most recent iteration having been approved by the Audit, Risk and Scrutiny Committee (ARSC) in June 2023. The IJB also abides by a Code of Conduct which sets out how members should conduct themselves in undertaking duties. The current Code was revised in 2022 following updated Scottish Government guidance, and approved by the Scottish Government on 29 June 2022.
  - Board members are supported by induction and ongoing training and development. Staff 'Performance and Personal Development' (PPD) schemes are also in place, the aim of which is to focus on performance and development that contributes towards achieving service objectives.
  - The HSCP has a robust Quality, Care and Professional Governance Framework and supporting governance structures which are based on service delivery, care and interventions that are: person centred, timely, outcome focused, equitable, safe, efficient, and effective. This is reported annually to the IJB and provides a variety of evidence to demonstrate the delivery of the core components within the HSCP's Quality, Care and Professional Governance Framework and the Clinical and Care Governance principles specified by the Scottish Government. The most recent report – covering the period April 2022 to March 2023 - was reviewed by the IJB in September 2023. It noted that governance arrangements are in place to support enhanced multidisciplinary arrangements to support care homes which aim to provide scrutiny and support, including ongoing assurance visits and oversight of care homes across Renfrewshire.
  
- Strategic planning
  - The overarching strategic vision and objectives of the IJB are detailed in the IJB's Strategic Plan 2022-25 which sets out the key outcomes the IJB is committed to delivering with its partners.
  - The Strategic Planning Group sets out the IJB's approach to engaging with stakeholders. Consultation on the future vision and activities of the IJB (such as the development of the IJB's Strategic Plan) is undertaken with this group which includes

stakeholders from NHSGGC, Renfrewshire Council, Renfrewshire Carers Centre and third sector organisations. Further engagement with the IJB's partners NHSGGC and Renfrewshire Council is through agreed governance structures. As part of the strategic planning approach, services also utilise Care Planning Groups to support engagement with stakeholders. The IJB also considers and publishes information about its performance regularly as part of its public performance reporting. This information is available through the IJB's published papers.

- The Medium-Term Financial Plan 2022-25 is aligned to and complements the Strategic Plan 2022-25 and highlights the key financial challenges the IJB faces, as well as the strategic aims that it aspires to deliver and the community priorities that it strives to meet.
  - The Workforce Plan 2022-25 aligns with the IJB's Strategic Plan and Medium-Term Financial Plan covering the same period. It reflects national ambitions to deliver the recovery, growth, and transformation of our workforce in coming years, and is underpinned by the Scottish Government's five pillars to guide workforce development actions: (i) Plan; (ii) Attract; (iii) Employ; (iv) Train; and (v) Nurture. A supporting delivery plan is monitored through the HSCP's Workforce Planning and Organisational Development group.
  - The Palliative and End of Life Care Strategy 2022-25 describes how we will endeavour to improve the quality of life of patients and their families in Renfrewshire who are living and dealing with a life limiting illness, ensuring everyone receives person-centred, dignified, and compassionate care which reflects individual choices.
  - The Unpaid Adult Carers' Strategy 2022-25, Short Breaks Services Statement for Adult Carers 2022, and Adult Carer Eligibility Criteria 2022, reaffirm the value we place on unpaid carers and the contribution they make to the wider community of Renfrewshire and reflect the feedback received in consultation with carers, staff, and partners.
  - Additional to the continued delivery of the above noted strategies:
    - In June 2023 the IJB published its Market Facilitation Plan 2023-2025. The Plan aims to inform, influence and adapt service delivery to ensure the right services are available at the right time, and to help providers of local Health and Social Care services make informed business decisions and plan for future service delivery in Renfrewshire.
    - In September 2023 the IJB approved its Strategic Delivery Plan for Year 2 of the Strategic Plan 2022-25, providing an overview of the deliverables to be taken forward to the end of March 2024.
    - In November 2023 the IJB approved the Refresh of the Strategy for Mental Health Services in Greater Glasgow and Clyde 2023-2028. Produced by the Greater Glasgow and Clyde Mental Health Programme on behalf of all six HSCPs within NHSGGC, this Strategy spans across both Adult Mental Health Inpatient and Community Services to ensure services are modern, patient focused, effective and efficient. It takes a whole system approach, linking the planning of services across NHSGGC, incorporating the planning priorities of the six HSCPs, and is aligned with delivery of the Scottish Government's Mental Health Strategy 2017-27.
- Oversight

- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Inspectorates and the appointed Internal Audit service to the HSCP's SMT, the IJB and the IJB ARSC, as appropriate.
- Performance management, monitoring of service delivery and financial governance is provided by the HSCP to the IJB, who are accountable to both the Health Board and the Local Authority. It reviews reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget. This ensures there is regular scrutiny at senior management, committee, and Board level. Performance is linked to delivery of objectives and is reported regularly to the IJB. Information on performance can be found in the Annual Performance Report published on the IJB website.
- Risk management
  - The IJB's risk management processes are well developed. The Risk Management Framework sets out the principles by which the HSCP and IJB identify and manage strategic and operational risks impacting upon the organisation and forms a key strand of the IJB's overall governance mechanisms. This Risk Framework is reviewed every two years.
  - In June 2023 the IJB received a favourable internal audit of the Risk Framework, following which, in August 2023 the bi-annual review of the framework was undertaken by the HSCP. The review took cognisance of the internal audit and proposed minor changes to the framework to reflect compound risk, consistency across services, refinement around the residual risk score, and further clarity on the routes of escalation.
  - As part of a planned review of the IJB's Risk Policy and Strategy, IJB members were consulted in January and February 2024 on their risk appetite across key risk categories. This reflected a recommendation from the internal audit review of the IJB's existing risk management arrangements and was to enable the identification of the IJB's average risk appetite position across the risk categories. A consolidated risk appetite position was also developed. The associated risk appetite statements were considered by the IJB ARSC on 15 March 2024 and were approved alongside the IJB's updated Risk Policy and Strategy.
  - The IJB's approach to managing its obligations with regards public records as set out in the Public Records (Scotland) Act 2011 is outlined in the IJB Records Management Plan.
  - Staff are made aware of their obligations to protect client, patient, and staff data. The NHS Scotland Code of Practice on Protecting Patient Confidentiality has been issued to all staff.
  - Staff are also required to undertake annual mandatory training on information security.
- Financial control
  - Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Finance Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability.

Development and maintenance of these systems is undertaken by managers within the HSCP supported by NHSGGC and Renfrewshire Council in relation to the operational delivery of health and social care services.

- Sustainable Futures
  - An overarching theme of the Strategic Plan 2022-25, Sustainable Futures was defined to ensure that available resources in the health and social care system across Renfrewshire are used effectively, whilst recognising that further reform of services would be required alongside an ongoing focus on the delivery of savings within a challenging financial context. In June 2023 the IJB formally approved an approach and scope for the implementation of the **Sustainable Futures** programme, succeeding the IJB's Recovery and Renewal programme which had been in delivery since summer 2020, and focussed on closing the significant budget gap projected over the medium term.

### Roles and Responsibilities

The Chief Officer is the Accountable Officer for the IJB and has day-to-day operational responsibility to monitor delivery of integrated services, with oversight from the IJB.

The IJB complies with the CIPFA Statement on "The Role of the Chief Finance Officer in Local Government 2014". The IJB's Chief Finance Officer has overall responsibility for RHSCP's financial arrangements and is professionally qualified and suitably experienced to lead the IJB's finance function and to direct finance staff.

The IJB complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Organisations 2019". The IJB's appointed Chief Internal Auditor has responsibility for the IJB's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The purpose, authority and responsibility of Internal Audit has been formally defined in an internal audit charter.

Board members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of IJB services. The IJB's ARSC operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and CIPFA's Audit Committees Position Statement 2022. Additionally, and in line with CIPFA guidance the ARSC undertook a self-assessment process in October 2023 to support the planning of the audit committee work programme and training plans, and also inform the annual report.

The Committee's core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance arrangements.

### Review of Adequacy and Effectiveness

The IJB has responsibility for conducting, at least annually, a review of effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the SMT (who have responsibility for the development and maintenance of the internal control framework environment), the work of the internal auditors and the Chief Internal Auditor's annual report, and reports from external auditors and other review agencies and inspectorates.

The Internal Audit service operates in accordance with the CIPFA “Public Sector Internal Audit Standards 2017” which require the Chief Internal Auditor to deliver an annual opinion and report to inform the IJB’s governance statement.

The review of the IJB’s governance framework is supported by a process of self-assessment and assurance certification by the Chief Officer. The Chief Officer completes “Self-assessment Checklists” as evidence of review of key areas of the IJB’s internal control framework, these assurances are provided to Renfrewshire Council and NHSGGC. The SMT has input to this process through the Chief Finance Officer. In addition, the review of the effectiveness of the governance arrangements and systems of internal control within the Health Board and Local Authority partners places reliance upon the individual bodies’ management assurances in relation to the soundness of their systems of internal control. There were no internal control issues identified by the review. In addition, the Chief Officer and Chief Finance Officer are satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Internal Audit undertakes an annual programme of reviews following an assessment of risk completed during the strategic audit planning process. The appointed Chief Internal Auditor provides an annual report to the ARSC and an independent opinion on the adequacy and effectiveness of the governance framework, risk management and internal control.

Due to the nature of IJB Board Membership, a conflict of interest can arise between an IJB Board Member’s responsibilities to the IJB and other responsibilities that they may have. The IJB has arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of Board and Committee Members to declare any potential conflicts of interest, and it is the responsibility of the Chair of the relevant Board or Committee to ensure such declarations are appropriately considered and acted upon.

The arrangements continue to be regarded as fit for purpose in accordance with the governance framework and the FM Code.

### **Internal audit opinion**

No system of internal control, nor Internal Audit, can provide absolute assurance. On the basis of audit work undertaken during the reporting period and the assurances provided by the partner organisations, the Chief Internal Auditor is able to conclude that a reasonable level of assurance can be given that the system of internal control, risk management and governance is operating effectively within the organisation as evidenced in the Internal Audit Annual Report for 2023/24.

### **Certification**

On the basis of assurances provided, we consider that the internal control environment operating during the reporting period provides reasonable and objective assurance that any significant risks impacting upon the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the internal control environment and the following action plan is in place to identify areas for improvement.

### **Action Plan**

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the IJB’s governance. Regular updates on progress of the agreed actions will be monitored by the IJB ARSC.



Agreed Action	Responsible Person	Status
The Board should agree an updated approach to report on hosted services activity. This should include the IJB's audit trail requirements to support the disclosure in the financial statements. The CFO will work with the other five CFOs across Greater Glasgow and Clyde to develop a revised process for reporting on hosted services activity.	Chief Finance Officer	Complete
The IJB should work with partners to ensure that medium term financial planning is updated regularly and reflects the ability of the IJB to deliver financial sustainability.	Chief Officer & Chief Finance Officer	Ongoing
The ARSC should conduct a self-assessment against updated good practice guidance for local government audit committees.	Chief Internal Auditor	Complete

#### Actions Completed in 2023-24

Agreed Action	Responsible Person	Status
Develop and implement the Strategic Delivery Plan for Year 2 of the Strategic Plan - informed by relevant Care Planning Groups – setting out success measures and milestones, to evidence how the agreed strategic objectives will be progressed each year.	Head of Strategic Planning and Health Improvement	Complete

#### Outstanding Actions

Agreed Action	Progress	Responsible Person	Status
Assess the implications of agreed recommendations taken forward following the Independent Review of Adult Social Care (Feeley Review), with a particular focus on implications for IJB governance, and provide regular assessments to the IJB.	Draft legislation on the creation of the National Care Service was published by the Scottish Parliament in June 2022. Following multiple delays at Stage 1 of the parliamentary process, the Bill progressed to Stage 2 in March 2024. This action remains on hold pending further updates from the Scottish Government.	Chief Officer	Ongoing
Carry out a review of the Renfrewshire Integration Scheme in line with the Public Bodies (Joint Working) (Scotland) Act 2014).	Following joint review of the Renfrewshire Integration Scheme, undertaken by a pan-GGC HSCP working group, a consultation draft of the revised Scheme was approved by Renfrewshire Council Leadership Board in February 2024 and the formal consultation process has now been completed.	Chief Officer	Ongoing

	It is currently anticipated that the Integration Scheme will be considered through partner governance arrangements following the finalisation of a small number of outstanding points, after which the final version will be submitted to the Scottish Government for approval. The version approved by the Scottish Government will be submitted to the IJB for noting and published on the HSCP's website.		
Working with our partners, explore and implement new ways of working to effect change and reform in HSCP service delivery, to assist in addressing the budget gap projected in the medium term and to ensure financial sustainability.	Through its Sustainable Futures programme, the IJB has agreed a rolling suite of savings and reform proposals for delivery over the medium term. Proposals to a value of c£2,490k have been delivered in 2023/24. A further c£958k has been agreed for delivery in 2024/25, with a number of additional proposals in development for delivery in 2024/25 and beyond.	Chief Officer	Ongoing

### Conclusion and Opinion on Assurance

While recognising the importance of continuous improvement, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to regularly review and improve the internal control environment and the implementation of the action plan will be monitored by the HSCP Senior Management Team throughout the year.

CLlr Jennifer Adam, Chair, Renfrewshire Integration Joint Board Date: \_\_\_\_\_

Christine Laverty, Chief Officer Date: \_\_\_\_\_