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

On: 19 June 2020

Report by: Chief Finance Officer

Heading: Unaudited Annual Governance Statement 2019/20

1. Purpose of Report

- 1.1. To present to the IJB Audit, Risk and Scrutiny Committee, the Unaudited Annual Governance Statement for the Renfrewshire Integration Joint Board for 2019/20 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 six principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "*Delivering Good Governance in Local Government*". 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 2019/20 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.

Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – none
5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights** – none
8. **Health & Safety** – none
9. **Procurement** – none
10. **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.
11. **Privacy Impact** – none.

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 performance 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, as well as those of the IJB.

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

The IJB has adopted governance arrangements consistent where appropriate, with the six principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "*Delivering Good Governance in Local Government*". 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 will be 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 7 other voting members; four are Council Members nominated by Renfrewshire Council, and, four are Board members of NHSGGC. There are also a number of non-voting professional and stakeholder members on the IJB Board. Stakeholder members currently include representatives from the third and independent sector bodies, carers and service users. Professional members include the Chief Officer and Chief Finance 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 within its geographical area.

The main features of the governance framework in existence during 2019/20 were:

- 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, Financial Governance arrangements; these are subject to regular review.
- A Local Code of Corporate Governance was approved by the IJB early in 2017 which is subject to ongoing updates as required. Board members adhere to an established Code of Conduct and are supported by induction and ongoing training and development. Performance and Personal Development (PPD) schemes are also in place for all staff, the aim of which is to focus all staff on their performance and development that contributes towards achieving service objectives
- The overarching strategic vision and objectives of the IJB are detailed in the IJB's Strategic Plan 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 is undertaken with its Health Service and Local Authority partners. The IJB publishes information about its performance regularly as part of its public performance reporting.
- 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 IJB's Senior Management Team, the main Board and the Audit, Risk and Scrutiny Committee, as appropriate.
- The RHSCP 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 RHSCP Quality, Care and Professional Governance Framework and the Clinical and Care Governance principles specified by the Scottish Government.
- RHSCP has an Organisational Development and Service Improvement Strategy developed in partnership with its parent organisations. Progress, including an update on the Workforce Plan, is reported annually to the IJB.
- 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.
- 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.

- Performance management, monitoring of service delivery and financial governance is provided by RHSCP 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.
- The IJB's approach to risk management is set out in its Risk Management Strategy and the Corporate Risk Register. Regular reporting on risk management is undertaken through regular reporting to the Senior Management Team and also to the IJB Audit, Risk and Scrutiny Audit Committee for their review and comment.
- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by the external auditors, Inspectorates and the appointed Internal Audit service to the IJB's Senior Management Team, the main Board and the Audit, Risk and Scrutiny Committee.
- The HSCP's medium term approach (Tier 2) to financial planning recognised the need to transform the way in which the HSCP delivers services, to ensure the sustainability of health and social care services going forward. A key element of the Tier 2 approach is the implementation of the HSCP's Transformation Programme. A Programme Board which will provide governance and oversight of progress has been established, and through implemented governance structures, all transformational activity will reflect and contribute to the delivery of four guiding principles which have been developed to align with the key principles set out in the Financial Plan.

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 Internal Audit service operates in accordance with the CIPFA "Public Sector Internal Audit Standards 2017".

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 Audit Risk and Scrutiny Committee operates in accordance with CIPFA's Audit Committee Principles in Local Authorities in Scotland and Audit Committees: Practical Guidance for Local Authorities.

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 Senior Management Team (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 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 NHS GGC. The Senior Management Team 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 significant internal control issues identified by the review.

Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process. The appointed Chief Internal Auditor provides an annual report to the Audit Committee 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 Members' 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 Management Commentary provides an overview of the key risks and uncertainties facing the IJB.

Although no system of internal control can provide absolute assurance, nor can Internal Audit give that 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.

Significant Governance Issues due to the Impact of Covid-19

The IJB's agreed governance framework has been in place for the majority of the year ended 31 March 2020. However, from March 2020 the governance context in which the IJB operates has been impacted by the need to implement business continuity processes in response to the significant public health challenge presented by the Covid-19 pandemic. The planning and delivery of health and social care services has had to adapt to meet this challenge and the IJB has had to adapt its governance structures accordingly. In response to the pandemic and the requirement to move quickly and decisively to manage the subsequent pressures on health and social care services in Renfrewshire, the IJB approved and initiated temporary decision-making arrangements at its meeting of Friday 20 March 2020. The temporary arrangements will be in place for as long as is necessary, subject to ongoing review.

Under these temporary arrangements, authority is delegated, if required, to meet immediate operational demand, to the Chief Officer in consultation with the Chair and Vice Chair of the IJB.

HSCP Clinical Governance Groups have been postponed as key individuals are leading or have been deployed to assist with COVID response. This will remain under review and will be reinstated once the impact of the virus lessens. Additional governance implemented includes:

- HSCP participation in daily CMT meetings with Renfrewshire Council
- HSCP participation in NHS Board COVID-19 Governance at Strategic, Tactical and Operational Level.
- HSCP SMT meetings, held three times a week, to discuss and manage key issues and risks, using implemented risk, issue and decision monitoring, absence and status reporting (with additional meetings as required).
- Financial governance remains in place and has been supplemented by additional controls to manage and monitor Covid19 related expenditure.

Renfrewshire IJB is working with partners to participate in the wider response to the pandemic at Health Board and national level and is a key participant in the Council family and Greater Glasgow and Clyde governance structures working with other HSCPs to manage the impact of the pandemic.

The HSCP has implemented new service areas in response to the pandemic, examples of which have included the establishment of an assessment centre to support assessment and testing of potential COVID-19 patients and the creation of a hub to support the distribution of PPE to our social care services and those delivered by the third and independent sector and personal assistants and carers.

With significant disruption to how health and social care services across Renfrewshire are currently being delivered likely to continue in the short to medium term, officers within the HSCP are developing plans to capture the extent of the shift from business as usual activity and ensure the IJB can continue to meet need and achieve the strategic priorities set out in the Strategic Plan. A vital element of the recovery planning activity being undertaken is learning

from the interim changes put in place. The HSCP are actively seeking to understand the impact of the measures implemented to identify which could be retained or adapted to improve services and continue to meet individuals' outcomes. Some of the innovative approaches and service alterations put in place out of necessity may present opportunities as we seek to re-start services within the new context in which health and social care services need to be delivered. In doing so the IJB will continue to follow appropriate governance structures and consider equalities and human rights requirements.

The financial impact of implementing the required changes to services and service delivery models (e.g. to support social distancing requirements, support staff with the appropriate protective equipment, and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. A detailed approval/decision tracker log is being maintained internally by the Chief Finance Officer to record the details, including approval routes, of any decisions with financial implications for the IJB. This is supported by a mobilisation plan which has been approved by the Scottish Government, with discussions in relation to funding ongoing.

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 Audit, Risk and Scrutiny Committee.

A copy of the agreed Action Plan is included in the following table:

Agreed Action	Responsible Person	Date
Reprofile scheduling of 2020/21 savings targets and transformational activity for period to 2022/23 in response to Covid-19 crisis and implement robust programme and benefits management to ensure continued financial grip	Chief Finance Officer	November 2020
Implement standing agenda item at each IJB Audit, Risk and Scrutiny Committee to provide update on transformational activity and benefits management in line with above reprofiling	Chief Finance Officer	November 2020
Put in place a plan to review, on a rolling basis, IJB key governance documents, including for example Standing Orders, Scheme of Delegation and Financial Regulations.	Head of Administration / Chief Finance Officer	November 2020

Appendix 1

Working with NHSGGC and the five other GGC HSCP's Develop commissioning plans in relation to acute set-aside resources	Chief Officer / Head of Strategic Planning and Health Improvement	November 2020
Review existing Risk Management arrangements, including an agreed risk appetite statement.	Head of Administration / Strategic Service Improvement Manager	March 2021
Review existing Business Continuity arrangements, in light of current COVID19 impact on service delivery and lessons learned.	Head of Administration / Strategic Service Improvement Manager	March 2021

Update on 2018/19 Action Plan

Agreed Action	Progress	Responsible Person	Date
Review and update, as necessary, the Audit Committee Terms of Reference	Completed and approved by IJB in January 2020. IJB Audit Committee will be renamed IJB Audit, Risk and Scrutiny Committee.	Head of Administration	Complete
Implement Ministerial Steering Group Review of Integration Proposals and Self Actions identified to be delivered over 2019/20, including: the development of commissioning plans to support the implementation of the set aside arrangements; working closely with the IJB and the Director of Finance for NHSGGC to ensure that all possible steps are taken to enable the IJB to approve the delegated health budget prior to the start of the financial year.	In progress. Work ongoing to develop updated Set Aside arrangements in line with MSG recommendations through the Unscheduled Care Commissioning Plan	Chief Officer	Ongoing

Carry out a review of the Renfrewshire Integration Scheme in line with the Public Bodies (Joint Working) (Scotland) Act 2014)	Updated Integration Scheme drafted and will be subject to consultation following Covid-19 pandemic. Action plan developed to complete review in line with legislative requirements.	Chief Officer	June 2020
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Conclusion and Opinion on Assurance

While recognising that improvements are required, 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 Jacqueline Cameron
IJB Chair
Date: 20/09/19

David Leese
Chief Officer
Date: 20/09/19