



**HEALTH & SOCIAL CARE  
INTEGRATION JOINT BOARD AUDIT  
COMMITTEE  
TO BE HELD ON MONDAY, 25TH JUNE,  
2018**

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**Please find attached the Reports in respect Items 5 and  
7 on the agenda for the above meeting**

5.	<b>SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2017/18 (Pages 3 - 20)</b>	
7.	<b>SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD LOCAL CODE OF CORPORATE GOVERNANCE (Pages 21 - 40)</b>	

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**IJB AUDIT COMMITTEE**  
**25 JUNE 2018**



**INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2017/18 FOR  
SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD**

**Aim**

- 1.1 To present to the IJB Audit Committee the Internal Audit Annual Assurance Report for the year to 31 March 2018 for Scottish Borders Health and Social Care Integration Joint Board; this includes the IJB Chief Internal Auditor's independent assurance opinion on the adequacy of the Scottish Borders Health and Social Care Integration Joint Board's overall control environment.

**Background**

- 2.1 The SBC Internal Audit function follows the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) effective 1 April 2013 (updated 2017) which requires that:  
"The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.  
The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.  
The annual report must incorporate:
  - the opinion;
  - a summary of the work that supports the opinion; and
  - a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."
- 2.2 The role of the IJB Audit Committee is to provide high-level oversight of the IJB's governance, risk management and control frameworks and to oversee the financial reporting and annual governance processes. It receives reports from Internal Audit (such as this one) and External Audit, helping to ensure efficient and effective assurance arrangements are in place.

**Summary**

- 3.1 The Internal Audit Annual Assurance Report 2017/18 for the Scottish Borders Health and Social Care Integration Joint Board, at Appendix 1, includes the annual internal audit opinion regarding the adequacy and effectiveness of the IJB's framework of governance, risk management and internal control, provides details of the Internal Audit activity that supports the opinion, and provides a statement of Scottish Borders Council's Internal Audit service conformance against the Public Sector Internal Audit Standards (PSIAS).

- 3.2 The IJB Chief Internal Auditor's opinion on the effectiveness and appropriateness of the arrangements in place for each area considered is that:
- Governance (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): The IJB operates under good public sector practice governance arrangements, but having regard to matters referred to in the report we consider governance arrangements operating in practice to be partially effective for the IJB.
  - Risk Management (Risk Management arrangements will assist the IJB making informed business decisions and provide options to deal with potential problems): Risk Management is not yet fully embedded into the culture of the IJB and documentary evidence of risk deliberations in decision making requires improvement. Strategic risks should be regularly considered and reviewed at IJB meetings.
  - Performance Management (Performance requires a strategic and integrated approach to improving the effectiveness of the organisation in delivering a high quality of service for users which represents value for money): The Performance Management Framework at present is not fully developed or complete and does not meet the needs of the Board. Existing arrangements are not an effective mechanism to monitor service delivery.
- 3.3 Audit recommendations have been made to improve internal controls and governance arrangements which have been agreed by the Chief Officer. Progress has already been made on actions to support full their implementation.
- 3.4 The Internal Audit Annual Assurance Report 2017/18 has been used to inform the Chief Officer's Annual Governance Statement 2017/18.
- 3.5 Scottish Borders Council's Internal Audit function conforms with the professional standards as set out in the Public Sector Internal Audit Standards (2017), as reported through the Council's Audit and Scrutiny Committee.

## Recommendation

The Scottish Borders Health and Social Care Integration Joint Board Audit Committee is asked to note the Internal Audit annual opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control set out within the Internal Audit Annual Assurance Report 2017/18 as detailed in Appendix 1 of this report.

<b>Policy/Strategy Implications</b>	The establishment of appropriate audit arrangements is one of the key components of good governance.
<b>Consultation</b>	The IJB Chief Officer and Interim Chief Financial Officer have received the Internal Audit Annual Assurance Report 2017/18 to assist them in discharging their roles and responsibilities and have been advised to take into account the work of Internal Audit and independent opinion on the adequacy and effectiveness of the systems of internal control and governance when completing the IJB's Annual Governance Statement 2017/18.

<b>Risk Assessment</b>	<p>Internal Audit provides assurance to IJB's Management and Audit Committee on the adequacy and effectiveness of internal controls and governance within the IJB, including risk management, and to highlight good practice and recommend improvements.</p> <p>Key components of the audit planning process include a clear understanding of the IJB's functions, associated risks, and potential range and breadth of audit areas for inclusion within the plan to provide the audit opinion.</p> <p>It is anticipated that improvements in the management and mitigation of IJB risks will arise as a direct result of the Chief Officer implementing the Internal Audit recommendations made in this report.</p> <p>In addition to its own governance arrangements, the IJB places reliance on the governance arrangements adopted by NHS Borders and Scottish Borders Council, the partners. Where appropriate, existing mechanisms embedded within both NHS Borders and Scottish Borders Council have been used to provide assurance to the Health and Social Care Integration Joint Board.</p>
<b>Compliance with requirements on Equality and Diversity</b>	<p>It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.</p>
<b>Resource/Staffing Implications</b>	<p>Internal Audit services for the IJB have been provided by Scottish Borders Council's Internal Audit team. Reliance has been placed on relevant assurance work undertaken by the Internal Auditors of the partners, NHS Borders and Scottish Borders Council.</p>

**Approved by and Author**

<b>Name</b>	<b>Designation</b>
Jill Stacey	Chief Internal Auditor, Scottish Borders Health and Social Care Integration Joint Board (Scottish Borders Council's Chief Officer Audit & Risk)

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Jill Stacey  
Chief Officer Audit & Risk, Scottish Borders Council  
Chief Internal Auditor, Scottish Borders Health and Social  
Care Integration Joint Board



**SBC Internal  
Audit Section**

**Auditors: Sue Holmes  
Chris Hurt**

**Internal Audit Annual Assurance Report 2017/18 (Final)**

**to**

**Chief Officer and Interim Chief Financial Officer**

**for**

**Scottish Borders Health and Social Care Integration Joint Board**

## 1 Background and Introduction

The Public Bodies (Joint Working) (Scotland) Bill was passed by the Scottish Parliament on 25 February 2014 establishing the framework for the integration of health and social care in Scotland. Under the framework the Integration Joint Board (IJB) was established which via the process of delegation from the Health Board and Local Authority and its Chief Officer, has responsibility for the planning, resourcing and operational delivery of all integrated services which have been delegated.

The Scottish Borders Health and Social Care IJB is a legal entity in its own right, created by Parliamentary Order on 6 February 2016 following Ministerial approval of a Scheme of Integration which sets out the detail of the integration arrangement, as agreed by NHS Borders and Scottish Borders Council. It is therefore expected to operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities.

The IJB, as strategic commissioner of health and social care services, gives directions to NHS Borders and Scottish Borders Council for delivery of the services in line with the Strategic Plan. The Scheme of Integration sets out how the managerial arrangements across the integrated arrangements flow back to the IJB and the Chief Officer. These arrangements are further supported by the IJB's Local Code of Corporate Governance.

There are a growing number of people needing services, at a time of limited resources with which to deliver them, and in order that services both meet the expectations and needs of service users and are sustainable these services must be provided more effectively and efficiently in future.

## 2 Scope

We summarise below the work we have undertaken to obtain assurances over the arrangements in place for each area considered and our conclusions on the effectiveness and appropriateness of these arrangements.

### Corporate Governance

- assess the IJB's corporate governance arrangements in place to deliver services to meet the needs of service users and the strategic priorities for health and social care integration set out in the Strategic Plan.
- assess the IJB's progress in commissioning redesigned services and their fit with stated strategic objectives.
- attend the IJB meetings to observe planning, approval, monitoring and review activity of Scottish Borders Health and Social Care Partnership business and performance.
- review the IJB's Local Code of Corporate Governance to ensure compliance with the CIPFA/SOLACE Revised Code, including clarity of roles and responsibilities, compliance with the Scheme of Integration, and arrangements for the operation of Standing Orders.

### Risk Management

- consider key areas of risk for the IJB and the roles and responsibilities of Board members and officers.

### Follow up of previous Internal Audit recommendations

- follow-up of progress on areas of improvement recommended in 2016/17 audit assurance work relating to corporate governance, financial management and performance management.



### 3 Summary Findings and Conclusions

#### Corporate Governance

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.

#### ***Requirement for good governance***

The Integration Joint Board (IJB) is a legal entity in its own right and as a public body it should operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities. We have reviewed and updated the Local Code of Corporate Governance for the IJB to reflect current practice and compliance with their governance arrangements.

#### ***Strategic direction***

The IJB is required to exercise strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for service users. The Strategic Plan should be articulated through a Commissioning and Implementation Plan. The Strategic Plan is currently being updated and the Commissioning and Implementation Plan 2017-2019 was approved by the Board in October 2017, which represents a significant improvement on the previous version. This plan links local strategic objectives to national objectives as well as local objectives to local projects.

Whilst the Commissioning and Implementation plan sets out project responsibilities and timescales and is more operationally based than previously, it is still presented at a high level and requires support from more detailed individual project plans that are generally not yet in place.

The successful delivery of the plan relies heavily upon the realisation of Integrated Care Fund (ICF) and Transformation and Efficiencies (T&E) programmes. Update reports have been provided to the Board; however they did not facilitate critical appraisal and analysis. During the meeting of 19 March 2018 it was recognised that better transparent financial information was required. The IJB Board should be better sighted on progress with ICF funded projects.

The Commissioning & Implementation Plan follows on from the Strategic Plan but in future these documents will be combined. The production of a single plan will need to ensure that the lines between strategic and operational decision making are made clear. During the 2017/18 year the IJB has been busy preparing for the redesign of services. Two major steps on that path are the production of Locality Plans and the update of the Commissioning and Implementation Plan.

A significant change to services following an IJB direction is Discharge to Assess. Notwithstanding this development it appears that limited progress has been made with integration and transformation of other services. It is difficult to gauge what practical benefits have accrued from the use of the ICF. Central to integration and transformation is the successful delivery of identified transformation and efficiency projects. At the IJB meeting on 12 February 2018 the IJB Transformation Programme Tracker report states, at section 2.4, that "projects remain at a relatively early stage and new models of service delivery are still in the process of being determined or scoped."

### ***Improvement in outcomes for service users and Value for money***

The integration of Health and Social Care is predicated upon services both meeting the expectations and needs of service users and being provided more effectively and efficiently through Scottish Borders Council, NHS Borders and the third sector working together more closely. The IJB is responsible for commissioning new and reconfigured services which will satisfy these two objectives.

There is no evidence to suggest that the Communications and Stakeholder Engagement Plan has been updated, as previously recommended and agreed. A review of the IJB minutes (2017/18) confirms that no updated plan has been presented to the Board for approval. Similarly there is no consideration of any revised plan at meetings of the Strategic Planning Group (SPG) up to 10 January 2018. During the year Locality Plans have been produced and subjected to a 2 month consultation. A low number of responses received from the consultation were noted, with disparities between areas. This might cast doubt on the effectiveness of engagement processes.

### ***Effective leadership***

Effective leadership is essential to the IJB in delivering its strategic objectives. The present governance structure is composed of 10 voting Board members supported by a Chief Officer and an Interim Chief Financial Officer, whose role is being fulfilled on a temporary basis by SBC's Chief Financial Officer and NHS Borders' Director of Finance. The Board meets every two months at which members of the Executive Management Team (EMT) are in attendance. EMT consists of the Chief Executives and selected senior officers from both of the partners. There is an approved Constitution, Standing Orders and standalone Terms of Reference as well as a Local Code of Corporate Governance which is based upon the CIPFA/SOLACE model.

The agendas for Board meetings are set by the Secretary to the IJB, in consultation with the Chief Officer and Chair of the IJB, by seeking items for inclusion from a wide range of individuals within the partnership. Agenda setting has improved since our previous audit, although there is still a need to make the distinction clearer between strategic matters and provider operational issues for the benefit of the IJB Board Members.

Good governance requires that a senior officer is made ultimately responsible and accountable to the authority for all aspects of operational management. Within the context of the IJB this is the Chief Officer. The Chief Officer's role is in this regard subject to some difficulty brought about by the way in which the IJB is structured in accordance with national legislation. The Chief Officer is accountable directly to the IJB for the preparation, implementation and reporting on the Strategic Plan, including overseeing the operational delivery of delegated services whilst on the other hand legislation requires that the Chief Officer be an employee of one of the partners. Legislative requirements subject the Chief Officer to potential conflicts of interest; however, safeguards have been developed by the Chief Officer to ensure that potential conflicts of interest are identified and managed.

### ***Transparent and effective Decision Making***

Decisions made by the Board should be based on comprehensive information and appropriate advice. The rationale for decisions should be clear and relevant documentation made available for public inspection except where exemption applies.

The Board is transparent about how decisions are taken and has developed and maintained open and effective mechanisms for documenting evidence for decisions although possible alternative action including “doing nothing” is generally not specified, making the rationale behind the decision less clear. The decision making process is supported by having good quality information and professional advice

The Chair of the IJB meets with the Chief Officer every week/fortnight to discuss matters. Operational decisions are made by EMT, where the Chief Officer attends these meetings. Strategic decisions are made by the IJB. However, if there are any urgent decisions to be made, it is written in the Standing Orders of the IJB that the Chair, Chief Officer and Vice Chair can do this, as approved by IJB in November 2017.

### ***Defining responsibility and developing capacity of the Board***

The Board has an approved Terms of Reference and continues to be offered Development Sessions which generally appear to be more relevant to their needs than was previously the case. Importantly, sessions have been delivered on Corporate Governance, Commissioning and the IJB Board role, as well as Finance and Budgeting.

Arrangements are not yet in place for reviewing the self-evaluation of the performance of the Board as a whole and of individual members, as set out in the IJB Local Code of Corporate Governance

### ***Developing processes for effective scrutiny***

An effective scrutiny function which provides the Board with constructive challenge and enhances the partnership’s performance overall is an essential component in a well-run organisation. The IJB Audit Committee which has been constituted with Terms of Reference should provide challenge in areas within its remit.

Challenging progress made with integrating service delivery does not fall within the remit of the IJB Audit Committee although its responsibility to consider the assurances on value for money service delivery might provide some basis for challenge. If this is not the case then progress will not be subject to scrutiny.

#### **Conclusion**

The IJB operates under good public sector practice governance arrangements, but having regard to matters referred to above we consider that governance arrangements operating in practice are partially effective for the IJB

## ***Managing risk in decision making***

Risk Management arrangements will assist the IJB making informed business decisions and provide options to deal with potential problems.

It is important that the IJB has its own robust risk management arrangements in place because if objectives are defined without taking the risks into consideration, the chances are that direction will be lost should any of these risks materialise. Furthermore the ability to manage risk will help the Board act more confidently on future business decisions. Knowledge of the risks they face will give them various options on how to deal with potential problems.

A Risk Management Strategy was approved by the IJB on 7 March 2016 which includes the: reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance. Risk management is not yet fully embedded into the culture of the IJB; however, whilst committee reports follow a standard reporting template in which discussions of risks associated with options is required, there are no real Board deliberations or properly documented evidence of risk discussion.

A strategic financial risk register was prepared in 2016 but never finalised; however a new strategic risk register is currently a work in progress.

### **Conclusion**

Risk Management is not yet fully embedded into the culture of the IJB and documentary evidence of risk deliberations in decision making requires improvement. Strategic risks should be regularly considered and reviewed at IJB meetings.

## **Performance Management**

Performance requires a strategic and integrated approach to improving the effectiveness of the organisation in delivering a high quality of service for users which represents value for money.

### ***Developing performance management arrangements***

Effective performance management relies upon:

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

From January 2018 performance is reported to the Board via the Integrated Performance Group (IPG).

The IPG continues to report the 6 indicators requested by Scottish Government for the Ministerial Steering Group for Health and Social Care Partnerships. Additional indicators have been added by the IPG which are more relevant to social care reducing the predominance of Health related indicators.

The Strategic Plan sets out objectives and priorities which are tailored to local needs. The Scottish Government has produced a set of indicators that will serve to show progress nationally but are less relevant to the local dimension.

The Commissioning and Implementation Plan approved in October 2017 notes:

*“A robust appraisal process is essential to ensure services are efficient and cost effective and that resource decisions are equitable and justifiable. A key component of this is an evidence based review programme. In the Scottish Borders we have developed an Integrated Performance Management Reporting process, which continues to evolve and develop over time.”*

Whilst there is a positive direction of travel as far as performance reporting is concerned more work is required to address the substantial disjoint between both national and local objectives set and monitoring progress in achieving those objectives.

The Commissioning and Implementation Plan contains a number of measures in the Performance Monitoring (“Review” and “Analyse”) component of the plan.

However:

- Most of the measures currently in use are produced by the partners but not shared with the IJB; and
- For a significant number of targets/benefits, performance indicators to measure outcomes have not been defined.

Service users are entitled to receive a high quality of service and this is recognised in the Strategic Plan along with the need to make best use of resources so that tax payers/service users receive value for money.

A decision has still not been taken by the IJB of how the quality of services it commissions for users is to be measured nor how the information will be collected needed to review service quality. This remains equally true in respect of value for money.

#### Conclusion

The Performance Management Framework at present is not fully developed or complete and does not meet the needs of the Board. Existing arrangements are not an effective mechanism to monitor service delivery.

Scottish Borders Council’s Internal Audit function conforms with the professional standards as set out in the Public Sector Internal Audit Standards (2017), including the production of this report to communicate the results of the reviews of the arrangements in place for each area considered.

#### 4 Follow-up of previous Internal Audit recommendations

Recommendations	Agreed management actions	Current Findings	Further Recommendations See Section 5 Action Plan
<b>1 Corporate Governance – Consultation</b>	<b>Priority 3</b>		
<p>The Communications and Stakeholder Engagement Plan should be updated to provide clear guidance on the types of issues that consultation or engagement with the public and service users will take place in the future and when to conduct it.</p> <p>Similarly a clear policy on what, how and when staff and their representatives within the partner organisations are consulted should be developed.</p>	<p>This is being updated and will include consultation arrangements.</p> <p>Responsible Owner: Elaine Torrance, Chief Officer</p> <p>Completion Date: December 2017</p>	<p>See Section 3 “Improvement in outcomes for service users and Value for money”</p>	<p>The Communications and Stakeholder Engagement Plan should be updated to provide clear guidance on the types of issues that consultation or engagement with the public and service users will take place in the future and when to conduct it.</p> <p>Similarly a clear policy on what, how and when staff and their representatives within the partner organisations are consulted should be developed.</p>
<b>2 Corporate Governance – Commissioning</b>	<b>Priority 2</b>		
<p>The Commissioning and Implementation Plan should be revised with assistance from people with experience of commissioning and provide more detail on how objectives will be achieved and who is responsible for achieving them.</p>	<p>A final draft has been completed linked to 2017-2019 Priorities. This will be presented to the IJB in June 2017.</p> <p>Responsible Owner: Elaine Torrance, Chief Officer</p> <p>Completion Date: June 2017</p>	<p>See Section 3 “Strategic Direction” and “Developing performance management arrangements”</p>	<p>Detailed individual project plans should be developed to support the Commissioning and Implementation Plan.</p> <p>The IJB Board should be better sighted on progress with ICF funded projects as the successful delivery of the plan relies heavily upon the realisation of ICF and Transformation and Efficiencies (T&amp;E) programmes.</p>

Recommendations	Agreed management actions	Current Findings	Further Recommendations See Section 5 Action Plan
			The Commissioning and Implementation Plan follows on from the Strategic Plan but in future these documents will be combined. The production of a single plan will need to ensure that the lines between strategic and operational decision making are made clear.
<b>3 Corporate Governance – Clarity of roles and responsibilities</b>	<b>Priority 1</b>		
<p>The agenda for meetings of the IJB should be set by the Chief Officer of the IJB who through discussion with the Board identifies the issues that merit the attention in accordance with its remit.</p>	<p>A process has been agreed with the new Chair of the IJB for agenda setting for the IJB.</p> <p>Complete</p>	<p>See Section 3 “Effective Leadership”</p>	<p>Consideration should be given to making the distinction clearer between IJB strategic matters and provider operational issues when setting agendas.</p>
<p>Whilst the Scottish Government’s principle of Co-production requires that the use of the fund must be developed in partnership, primarily between Health and Social Care, responsibility for the fund lies with the IJB and therefore decisions over the use of funds should be taken within the IJB most sensibly by the Chief Officer under a delegated authority.</p>	<p>It has been agreed by the IJB that resources in the ICF will be used to progress the transformation / change agenda in line with the transformation programme.</p> <p>Complete</p>		

Recommendations	Agreed management actions	Current Findings	Further Recommendations See Section 5 Action Plan
<b>4 Corporate Governance – Decision making and delegation of authority</b>	<b>Priority 1</b>		
The Board should consider delegating decision making authority to the Chief Officer on all but significant strategic matters.	This is a Board decision.	This is now complete with the proviso that it is not just the Chief Officer who makes decisions.	None
<b>5 Corporate Governance – Defining responsibility and developing capacity</b>	<b>Priority 1</b>		
<p>Self-contained Terms of Reference for the Board should be developed</p> <p>The Board should organise targeted guidance and training in order to develop their capacity and capability.</p>	<p>A Terms of Reference for the Board will be developed in line with the Scheme of Integration.</p> <p>Responsible Owner: Paul McMenamain, Chief Financial Officer</p> <p>Completion Date: June 2017</p> <p>The Board members' training needs and the content of development sessions will be discussed with the new Chair of the IJB taking account of the Terms of Reference for the Board as part of the Induction of new Board members.</p> <p>Responsible Owner: Elaine Torrance, Chief Officer</p> <p>Completion Date: June 2017</p>	This is now complete.	None



Recommendations	Agreed management actions	Current Findings	Further Recommendations See Section 5 Action Plan
<b>6 Corporate Governance – Risk Management</b>	<b>Priority 2</b>		
<p>Risk should be properly considered as part of everything that the IJB does in order to fulfil its strategic plan. Considerations of risk should be properly documented.</p>	<p>A strategic risk register will be finalised and approved by the Joint Management Group.</p> <p>The section on risk for all IJB reports will be further developed, reflecting the risks and mitigations contained with the strategic risk register.</p> <p>Responsible Owner: Elaine Torrance, Chief Officer</p> <p>Completion Date: Sept 2017</p>	<p>See Section 3 “Managing risk in decision making”</p>	<p>The IJB strategic risk register should be finalised.</p> <p>Ensure IJB strategic risks are considered and reviewed regularly at IJB meetings.</p> <p>Risk management deliberations associated with IJB decision making should be clearly documented.</p>
<b>7 Performance Management - Framework</b>	<b>Priority 2</b>		
<p>The Board, with assistance from the data analysts should determine what local indicators are to be developed in order to monitor the achievement of strategic objectives.</p> <p>Indicators should be set which allow for the quality of services it commissions for users to be monitored.</p> <p>The IJB should provide clear guidance on what performance information it requires from the partners.</p>	<p>Regular performance reporting is now in place on identified Ministerial priority areas.</p> <p>Complete</p> <p>A final draft Annual Performance Report 2016/17 has been completed which is a full report on all key performance data. This will be presented to the IJB in June 2017.</p> <p>Responsible Owner: Elaine Torrance, Chief Officer</p> <p>Completion Date: June 2017</p>	<p>See section 3 “Performance Management and Framework”</p>	<p>The IPG should continue to develop performance reporting with emphasis on monitoring</p> <ul style="list-style-type: none"> <li>the progress in achieving national and local objectives set.</li> <li>the quality of services it commissions for users</li> <li>value for money within commissioned services</li> </ul>

Recommendations	Agreed management actions	Current Findings	Further Recommendations See Section 5 Action Plan
<b>8 Performance Management – Service Failure</b>	<b>Priority 2</b>		
<p>Consideration should be given to revising the IJB’s Clinical and Care Governance Framework to reflect better the respective responsibilities and risks.</p> <p>Rigorous contract/performance management arrangements should be developed such that serious deficiencies in the quality of services provided by either of the partners become apparent.</p> <p>The IJB Board need only receive reports concerning the partner’s clinical governance arrangements where a significant existing or emerging clinical and care governance risk could seriously impact the delivery of outcomes for services which it has commissioned.</p>	<p>Possible change to the existing framework will be considered to better reflect the responsibilities and risks.</p> <p>Responsible Owner: Elaine Torrance, Chief Officer</p> <p>Completion Date: September 2017</p>	<p>There is no evidence to suggest that the IJB’s Clinical and Care Governance Framework has been revised to reflect better the respective responsibilities and risks.</p> <p>We noted from a review of meeting minutes that during the period April 2017 to March 2018 neither the IJB nor the SPG have received any Clinical and Care Governance reports.</p>	<p>Consideration should be given to revising the IJB’s Clinical and Care Governance Framework to better reflect the respective responsibilities and risks.</p> <p>Rigorous contract/performance management arrangements should be developed such that serious deficiencies in the quality of services provided by either of the partners become apparent.</p> <p>The IJB Board need only receive reports concerning the partner’s clinical governance arrangements where a significant existing or emerging clinical and care governance risk could seriously impact the delivery of outcomes for services which it has commissioned.</p>

## 5 Action Plan

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

### Priority Ratings for Recommendations

**Priority 1** – Arising from a finding which leaves the IJB open to a very high risk of not achieving its strategic objectives, and where the risk is sufficiently significant to require immediate action within one month of formally raising the issue.

**Priority 2** – Arising from a finding which leaves the IJB open to significant risk of not achieving its strategic objectives requiring reasonably urgent action within three months of formally raising the issue.

**Priority 3** – Arising from a finding which leaves the IJB open to moderate risk of not achieving its strategic objectives requiring action within six months of formally raising the issue to improve efficiency, effectiveness and economy of operations.

### Recommendations

### Agreed action owner and timescale

#### 1 Corporate Governance – Consultation

#### Priority 3

The Communications and Stakeholder Engagement Plan should be updated to provide clear guidance on the types of issues that consultation or engagement with the public and service users will take place in the future and when to conduct it.

Responsible Owner: Robert McCulloch-Graham,  
Chief Officer

Similarly a clear policy on what, how and when staff and their representatives within the partner organisations are consulted should be developed.

Completion Date: March 2019

#### 2 Corporate Governance – Commissioning

#### Priority 2

Detailed individual project plans should be developed to support the Commissioning and Implementation Plan.

Responsible Owner: Robert McCulloch-Graham,  
Chief Officer

The IJB Board should be better sighted on progress with Integrated Care Fund (ICF) funded projects as the successful delivery of the Plan relies heavily upon the realisation of ICF and Transformation and Efficiencies (T&E) programmes.

Completion Date: December 2018

The Commissioning and Implementation Plan follows on from the Strategic Plan but in future these documents will be combined. The production of a single plan will need to ensure that the lines between strategic and operational decision making are made clear.

Recommendations	Agreed action owner and timescale
<p><b>3 Corporate Governance – Clarity of roles and responsibilities</b></p> <p>Consideration should be given to making the distinction clearer between IJB strategic matters and provider operational issues when setting agendas for the benefit of the IJB Board Members.</p>	<p><b>Priority 2</b></p> <p>Responsible Owner: Robert McCulloch-Graham, Chief Officer</p> <p>Completion Date: December 2018</p>
<p><b>4 Corporate Governance – Risk Management (previous rec 6)</b></p> <p>The IJB strategic risk register should be finalised.</p> <p>Ensure IJB strategic risks are considered and reviewed regularly at IJB meetings.</p> <p>Risk management deliberations associated with IJB decision making should be clearly documented.</p>	<p><b>Priority 2</b></p> <p>Responsible Owner: Robert McCulloch-Graham, Chief Officer</p> <p>Completion Date: December 2018</p>
<p><b>5 Performance Management – Framework (previous rec 7)</b></p> <p>The IPG should continue to develop performance reporting with emphasis on monitoring:</p> <ul style="list-style-type: none"> <li>• the progress in achieving national and local objectives set;</li> <li>• the quality of services it commissions for users; and</li> <li>• value for money within commissioned services.</li> </ul>	<p><b>Priority 2</b></p> <p>Responsible Owner: Robert McCulloch-Graham, Chief Officer</p> <p>Completion Date: December 2018</p>
<p><b>6 Performance Management – Service Failure (previous rec 8)</b></p> <p>Consideration should be given to revising the IJB’s Clinical and Care Governance Framework to better reflect the respective responsibilities and risks.</p> <p>Rigorous contract/performance management arrangements should be developed such that serious deficiencies in the quality of services provided by either of the partners become apparent.</p> <p>The IJB Board need only receive reports concerning the partner’s clinical governance arrangements where a significant existing or emerging clinical and care governance risk could seriously impact the delivery of outcomes for services which it has commissioned.</p>	<p><b>Priority 2</b></p> <p>Responsible Owner: Robert McCulloch-Graham, Chief Officer</p> <p>Completion Date: December 2018</p>

**IJB AUDIT COMMITTEE**  
**25 JUNE 2018**



**INTEGRATION JOINT BOARD LOCAL CODE OF CORPORATE GOVERNANCE**

**Aim**

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

**Background**

- 2.1 The public sector has adopted Corporate Governance principles. Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values, by which organisations are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 2.2 Scottish Borders Health and Social Care Integration Joint Board (IJB) aims to meet the highest standards of corporate governance to help ensure that it meets its objectives. The IJB operates through a governance framework for the conduct of its affairs which brings together an underlying set of legislative requirements, governance principles and management processes. The IJB's Local Code of Corporate Governance was previously approved by the IJB Board on 28 August 2017 following consideration and a recommendation of their approval by the IJB Audit Committee on 26 June 2017.
- 2.3 Authorities are urged to test their structure against the seven core principles of good governance set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government' 2016 Edition (the 2016 Framework) by:
  - Reviewing their existing governance arrangements against the Framework;
  - Developing and maintaining an up-to-date local code of governance including arrangements for ensuring its on-going application and effectiveness; and
  - Preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
- 2.4 A self-assessment of compliance with the IJB Local Code was carried out, using the conclusions and audit opinion from the IJB Internal Audit Annual Assurance Report 2017/18, to inform the draft IJB Annual Governance Statement 2017/18 by the Chief Officer prior to its inclusion within the unaudited IJB Statement of Accounts. During the 2017/18 review it was concluded that revisions are required to the IJB Local Code to ensure it reflects the changing context of the IJB.

## Summary

- 3.1 Revisions are required to the IJB Local Code of Corporate Governance (Local Code), which is attached to this report as Appendix 1, to ensure it continues to be a value-added tool for members and officers of the IJB in the conduct of its affairs.
- 3.2 The main changes to the Local Code cover:
- a) Updating existing and formalising new governance arrangements as these have been developed and implemented by the IJB during the year; and
  - b) Addressing gaps in the previous version on how the IJB demonstrates good governance in practice against each of the supporting principles that underpin the seven core principles of good governance set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government' 2016 Edition.
- 3.3 The approval by the IJB of its Local Code (as set out in Appendix 1) which reflects the seven core principles with supporting principles, each of which in turn translates into a range of specific requirements, will ensure the IJB meets best practice. Good governance will enable the IJB to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
- 3.4 An annual review and reporting of the IJB's governance arrangements will continue. The basis of the Annual Governance Statement will be an overview of and opinion on the IJB's arrangements contained in the approved Local Code. The Annual Governance Statement will provide assurance that internal control and governance arrangements are adequate and operating effectively in practice or, where reviews of the internal control and governance arrangements reveal gaps, it will identify planned actions that will ensure effective internal control and governance in future.
- 3.5 This process not only creates an opportunity for the IJB to set out its standard for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised.

## Recommendation

The Health & Social Care Integration Joint Board's Audit Committee is asked to:

- (a) Recommend to the full Board that it approves the revised IJB Local Code of Corporate Governance for health and social care integration as detailed in Appendix 1 of this report; and
- (b) Agrees to the annual review of the IJB's governance arrangements and reporting of the outcome of that review in an Annual Governance Statement scrutinised by the IJB Audit Committee in advance of IJB approval.

<b>Policy/Strategy Implications</b>	Development of its own Local Code of Corporate Governance and arrangements for its annual review will enable the IJB to comply with best practice. Good governance will enable the IJB to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
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<b>Consultation</b>	The IJB Chief Officer and IJB Interim Chief Financial Officer have been involved in the annual review of the IJB's governance framework and the revisions to the IJB's Local Code of Corporate Governance.
<b>Risk Assessment</b>	The Local Code of Corporate Governance provides the framework for members and officers of the IJB to conduct its affairs that are based on seven principles. The review of and revisions to the Local Code of Corporate Governance will ensure that internal controls, risk management and other governance arrangements are improved through the implementation of the framework.
<b>Compliance with requirements on Equality and Diversity</b>	It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.
<b>Resource/Staffing Implications</b>	There are no direct financial implications arising from the proposals in this report. Arrangements to ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively is an integral part of good corporate governance and therefore financial governance and key internal financial controls are embedded within the Local Code of Corporate Governance.

**Approved by**

<b>Name</b>	<b>Designation</b>
Rob McCulloch-Graham	Chief Officer Health and Social Care Integration

**Author(s)**

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**Scottish Borders Health and Social Care Integration Joint Board Local Code of Corporate Governance (approved 28 August 2017)**

**(updated May 2018)**

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

The 7 core principles of good governance are:

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

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

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

**A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

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

**A1 Behaving with integrity**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	Reliance is placed on the values and standards set out in the codes of conduct within the employer partner organisations, as well as the organisational development plans, which incorporate “The Seven Principles of Public Life” identified by the Nolan Committee on Standards in Public Life.  Shared values are reflected in the Strategic Plan.
2	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	The Integration Joint Board has an approved Constitution, Standing Orders and Terms of Reference.  Reliance is placed on the values and standards set out in the codes of conduct within the employer partner organisations, as well as their organisational development plans.  Shared values are reflected in the Strategic Plan.
3	Leading by example and using these standard operating principles or values as a framework for decision making and other actions	The IJB Audit Committee remit includes promotion of the highest standards of conduct and professional behaviour.  Reliance is placed on the arrangements within the employer partner organisations for identifying, mitigating and recording conflicts of interest, hospitality and gifts.  Declarations of Interest are set out in the IJB's Standing Orders which govern the conduct of each Committee meeting. They are also a standard agenda item at all meetings of the Board.  The standard template for decision-making reports to the IJB and its Committees includes a section on implications covering Policy/Strategy, Consultation, Risk Assessment, Compliance with requirements on Equality and Diversity, and Resource/Staffing Evaluation of the implications in reports could be more consistently applied  The IJB’s Annual Governance Statement is the outcome of the annual self-evaluation of compliance.
4	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	As A1.3  The role of the IJB Audit Committee is to have high-level oversight of internal control, governance and risk management. The IJB Audit Committee has been constituted with a Terms of Reference and has periodic meetings during the year in line with the Audit Cycle.  Reliance is placed on partners’ policies and processes for complaints and whistle blowing.

**A2 Demonstrating strong commitment to ethical values**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	The IJB's Annual Governance Statement is the outcome of an annual self-evaluation of compliance.
2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Reliance is placed on the arrangements within the partner organisations for: <ul style="list-style-type: none"> <li>• Provision of ethical awareness training</li> <li>• Appraisal processes taking account of values and ethical behaviour</li> <li>• Staff appointments policy</li> <li>• Procurement policy</li> <li>• Ethical values feature in contracts with external service providers</li> </ul>
3	Developing and maintaining robust policies and procedures	
4	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	

**A3 Respecting the rule of law**

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

**B. Ensuring openness and comprehensive stakeholder engagement**

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

**B1 Openness**

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

**B2 Engaging comprehensively with institutional stakeholders**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	The Strategic Plan, which was developed following consultations with interested parties including members of the public (therefore highly co-produced), is currently being reviewed and updated. Locality Plans have been produced and published (October 2017) following consultation. The Communications and Engagement Plan, which sets out the key requirements for effective communications and engagement with all relevant stakeholders, requires review and update.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Scottish Borders Council and NHS Borders are partners in the Scottish Borders Health & Social Care Partnership which also involves the third sector, independent sector and user/ carer representatives. The Strategic Planning Group and the Integrated Performance Group which have representation from partners are also part of the governance arrangements.
3	Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>• trust</li> <li>• a shared commitment to change;</li> <li>• a culture that promotes and accepts challenge among partners; and that</li> <li>• the added value of partnership working is explicit</li> </ul>	As B2.2.

### B3 Engaging stakeholders effectively, including individual citizens and service users

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

**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

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

**C1 Defining outcomes**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions	The vision, strategic objectives and outcomes are reflected in the Scottish Borders Health & Social Care Partnership’s Strategic Plan 2016-2019 and the associated Commissioning and Implementation Plan. The Strategic Plan is currently being reviewed and updated to ensure it is based upon on-going assessment of need. The Commissioning and Implementation Plan has been updated during 2017/18.
2	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	As C1.1
3	Delivering defined outcomes on a sustainable basis within the resources that will be available	As C1.1
4	Identifying and managing risks to the achievement of outcomes	The Risk Management Strategy was approved by the IJB on 7 March 2016. It includes the: reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance. The IJB Strategic Risk Register is a work in progress.
5	Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available	As C1.1

**C2 Sustainable economic, social and environmental benefits**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	The standard template for decision-making reports to the IJB and its Committees includes a section on implications covering Policy/Strategy, Consultation, Risk Assessment, Compliance with requirements on Equality and Diversity, and Resource/Staffing.
2	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<p>The standard template for decision-making reports to the IJB and its Committees includes a section on implications covering Policy/Strategy, Consultation, Risk Assessment, Compliance with requirements on Equality and Diversity, and Resource/Staffing.</p> <p>Potential conflicts between the IJB's intended outcomes and short-term factors such as the political cycle or financial constraints of the partner organisations are recognised as part of value for money considerations and medium term financial planning.</p> <p>Reliance is placed on the value for money arrangements within the partner organisations.</p> <p>The IJB has issued directions to the partners primarily to deliver business as usual, with the exception of a limited amount of commissioning through ICF and Social Care funding.</p> <p>As limited commissioning has taken place it follows that little in-roads has been achieved in service redesign through either disinvestment or targeted reinvestment. It is therefore unclear how value for money will be assessed in those commissioning decisions.</p> <p>The performance management framework does not contain any value for money metrics e.g. cost per case throughput. The performance management framework is being further developed over time by the Integrated Performance Group.</p>
3	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	As C2.2
4	Ensuring fair access to services	<p>As C2.2</p> <p>To promote fair access to services compliance with requirements on Equality and Diversity are considered during the decision making process and reliance is placed on the equality and diversity arrangements within the partner organisations.</p>

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

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

**D1 Determining interventions**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	The standard template for decision-making reports to the IJB and its Committees include a section on implications covering Policy/Strategy, Consultation, Risk Assessment, Compliance with requirements on Equality and Diversity, and Resource/Staffing.  Officers attend IJB and its Committee meetings to advise as appropriate.  Committee reports are published on modern.gov one week in advance of meeting dates  For best value - see C2.2 above
2	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	The Scottish Borders Health & Social Care Partnership's Strategic Plan 2016-2019 is based on consultation. The Strategic Plan is currently being reviewed and updated and any update will be based upon further consultation.  The partnership has a statutory responsibility to involve patients and members of the public in how health and social care services are designed and delivered.

**D2 Planning interventions**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Reporting schedule for meetings and timetable for papers.  Committee reports are published on modern.gov one week in advance of meeting dates.
2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	See D1.2
3	Considering and monitoring risks facing each partner when working collaboratively including shared risks	A risk management framework is in place but risk management is not yet embedded.
4	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	The IJB has issued directions to the partners primarily to deliver business as usual with the exception of a limited amount of commissioning through ICF and Social Care funding.  In future there will be more use of directions as service redesign and recommissioning in line with the transformation programme is progressed.



	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
5	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Regular performance reporting is in place on identified Ministerial priority areas and other indicators which are more relevant to social care reducing the predominance of Health related indicators.  The performance management framework is being further developed over time by the Integrated Performance Group.
6	Ensuring capacity exists to generate the information required to review service quality regularly	As D2.5
7	Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	Budgets are based on existing service configuration which will not necessary align with objectives where major service reconfiguration is required.
8	Informing by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	As D2.7.  Reliance is placed on the financial strategies and planning arrangements within the partner organisations.

### D3 Optimising achievement of intended outcomes

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	As D2.7
2	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Budgeting guidance and protocols take account of the budgeting processes of the partner organisations.
3	Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	As D2.7
4	Ensuring the achievement of 'social value' through service planning and commissioning  <i>(Social Value is technically referred to as Community Benefit in Scotland)</i>	Reliance is placed on the arrangements for achieving community benefits within the partner organisations.

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

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

**E1 Developing the entity's capacity**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	Reliance is placed on the operational arrangements, performance and use of assets within the partner organisations relating to the services commissioned by the IJB.
2	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	Reliance is placed on the arrangements for resource allocation within the partner organisations.
3	Recognising the benefits of partnerships and collaborative working where added value can be achieved	Scottish Borders Health & Social Care Partnership is a partnership specifically created to deliver agreed outcomes.
4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Reliance is placed on the arrangements for managing people within the employer partner organisations.

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

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	The Chair and Vice Chair of the IJB are involved in the appointment process of the Chief Officer. Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the IJB. The Chief Officer also meets regularly with the Chief Executives of the partner organisations.
2	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	The IJB's Standing Orders were amended on 8 November 2017 to include emergency powers for urgent decision making.
3	Ensuring clearly defined and distinctive leadership roles within a structure, whereby the chief officer leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	The Scheme of Integration sets out the roles and responsibilities of statutory officers (Chief Officer, Chief Financial Officer) and the Board, whose standalone Terms of Reference were approved on 28 August 2017. Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the IJB. The Chief Officer also meets regularly with the Chief Executives of the partner organisations.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.	IJB Development Sessions have been held for Board members during the year relevant to their role. An Induction process is in place for any new Non-Executive Directors of NHS Borders and SBC Councillors appointed to the IJB Board.
5	Ensuring that there are structures in place to encourage public participation	The partnership has a statutory responsibility to involve patients and members of the public in how health and social care services are designed and delivered.
6	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Feedback from inspection reports have been presented to the IJB who have supported the improvement actions set out by Management.
7	Holding staff to account through regular performance reviews which take account of training or development needs	Reliance is placed on the arrangements for managing people within the employer partner organisations.
8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Reliance is placed on the arrangements for managing people within the employer partner organisations.

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

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

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

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

### F1 Managing risk

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	The Risk Management Strategy was approved by the IJB on 7 March 2016. It includes the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance.  The IJB Strategic Risk Register is a work in progress, and the arrangements for managing strategic IJB risks are not yet fully embedded.
2	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	As F1.1
3	Ensuring that responsibilities for managing individual risks are clearly allocated	As F1.1.

### F2 Managing performance

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review	The Performance Management Framework exists but is not fully developed or complete. Development is ongoing. Regular performance reporting is in place on identified Ministerial priority areas and other indicators which are more relevant to social care reducing the predominance of Health related indicators.
2	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	The standard template for decision-making reports to the IJB and its Committees include a section on implications covering Policy/Strategy, Consultation, Risk Assessment, Compliance with requirements on Equality and Diversity, and Resource/Staffing.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system)</p> <p>Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</p> <p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	As F2.1
4	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	As F2.1
5	Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements)	<p>Reliance is placed on Financial standards and guidance within the partner organisations.</p> <p>There are IJB Financial Regulations and Standing Orders.</p> <p>Arrangements are in place for the External Audit of IJB annual financial statements.</p>

### F3 Robust internal control

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Aligning the risk management strategy and policies on internal control with achieving objectives	The Risk Management Strategy was approved by the IJB on 7 March 2016, though these arrangements are not yet fully embedded. The IJB Strategic Risk Register is work in progress.
2	Evaluating and monitoring risk management and internal control on a regular basis	As F3.1
3	Ensuring effective counter fraud and anti-corruption arrangements are in place	Reliance is placed on counter fraud and anti-corruption arrangements within the partner organisations.
4	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Internal Audit service is provided by Scottish Borders Council's Internal Audit team. Effective liaison with NHS Borders Internal Audit service providers.
5	<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> <li>provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>that its recommendations are listened to and acted upon</li> </ul>	The IJB Audit Committee has been constituted with a Terms of Reference and has periodic meetings during the year in line with the Audit Cycle.

**F4 Managing data**

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

**F5 Strong public financial management**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	Financial management extends only to the short term. In February 2017 proposals made to extend financial management planning horizon to three years were noted and the policy outlining the arrangements for the maintenance of IJB reserves was approved by the Board.  Reliance is placed on the budget setting and monitoring arrangements within the partner organisations.
2	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	There is a budget monitoring process and regular reporting to IJB Board.

### G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

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

#### G1 Implementing good practice in transparency

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	There is a standard template for decision-making reports to the IJB and its Committees. Reports are available for transparency on the modern.gov website.
2	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	As G1.1

#### G2 Implementing good practices in reporting

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Reporting at least annually on performance, value for money and the stewardship of its resources	An Annual Performance Report is presented to the IJB Board and then published. The Annual Accounts and Report that sets out the financial position is produced in accordance with accounting regulations and is presented in draft and then final after the External Audit process to the IJB Audit Committee and then to the IJB Board.
2	Ensuring members and senior management own the results	The IJB has approved the statutory roles of Chief Officer and Chief Financial Officer.
3	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	The Annual Review of the Framework is reported in the IJB's Annual Governance Statement.
4	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Reliance is placed on the governance arrangements within the partner organisations.
5	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	As G2.1

**G3 Assurance and effective accountability**

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring that recommendations for corrective action made by external audit are acted upon.	The Accounts Commission appoints the External Auditors of the IJB on a 5-year appointment: Audit Scotland from 2016/17 – 2020/21. Any recommendations made by External Audit are acted upon.
2	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	The Board appointed Scottish Borders Council's Chief Officer Audit and Risk as Chief Internal Auditor for the Integration Joint Board on 1 February 2016 with agreement that the Internal Audit service for the IJB is provided by the Council's Internal Audit team. Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010). Compliance with Public Sector Internal Audit Standards (2017). Any recommendations made by Internal Audit are acted upon.
3	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Any recommendations made by Regulatory Bodies or Inspection Agencies are acted upon.
4	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	The approved IJB Risk Management Strategy includes the: reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance. These arrangements are not yet fully embedded, and the IJB Strategic Risk Register is a work in progress. The IJB Annual Governance Statement is included within its Statutory Accounts.
5	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	The Scottish Borders Health & Social Care Partnership involves partners from Scottish Borders Council, NHS Borders, the third sector, the independent sector and user/carer representatives. The IJB is made up of voting members from Scottish Borders Council and NHS Borders (Elected Members and Non-Executive Directors respectively), and other non-voting members from the partners (professional advisors). The IJB, as the strategic commissioner of health and social care services, gives directions to the Council and NHS Borders for delivery of the services in line with the Strategic Plan, and monitors performance thereon.