

# Public Document Pack



A meeting of the **Health and Social Care Integration Joint Board Audit Committee** will be held on **Monday, 26th June, 2017** at **10.00 am** in Committee Room 2, Scottish Borders Council Headquarters, Newtown St Boswells.

## **AGENDA**

<b>Time</b>	<b>No</b>		<b>Lead</b>	<b>Paper</b>
10:00	1	<b>ANNOUNCEMENTS AND APOLOGIES</b>	Chair	(Verbal)
10:01	2	<b>DECLARATIONS OF INTEREST</b>	Chair	(Verbal)
10:02	3	<b>MINUTES OF PREVIOUS MEETING</b>  Monday 27 March 2017	Chair	(Pages 1 - 6)
10:05	4	<b>MATTERS ARISING</b> Action Tracker	Chair	(Pages 7 - 10)
10:10	5	<b>SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD INTERNAL AUDIT ANNUAL REPORT 2016/17</b>	IJB Chief Internal Auditor	(Pages 11 - 32)
10:30	6	<b>DRAFT ANNUAL REPORT AND STATUTORY ACCOUNTS 2016/17 FOR THE SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD</b>	Interim Chief Financial Officer	(Pages 33 - 72)
11:15	7	<b>SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD LOCAL CODE OF CORPORATE GOVERNANCE</b>	IJB Chief Internal Auditor	(Pages 73 - 92)
11:35	8	<b>ANY OTHER BUSINESS</b>	Chair	(Verbal)

11:40

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**DATE AND TIME OF NEXT  
MEETING**

Chair

(Verbal)

Monday 25 September 2017 at  
2.00pm in Committee Room 2,  
Scottish Borders Council

**Membership of Committee:-** Councillor J Greenwell, Councillor T Weatherston, Mr D Davidson and Mr J Raine (Chair to be appointed)



Minutes of a meeting of the **Health & Social Care Integration Joint Board Audit Committee** held on Monday 27 March 2017 at 10.00am in Committee Room 2, Scottish Borders Council.

**Present:** Cllr J Mitchell Mr J Raine  
Cllr G Garvie Mr D Davidson

**In Attendance:** Mrs E Torrance Miss I Bishop  
Mr P McMenamin Mr G Samson (Audit Scotland)  
Mrs J Stacey Ms G Woolman (Audit Scotland)

### 1. Apologies and Announcements

There were no apologies received.

The Chair confirmed the meeting was quorate.

The Chair welcomed Mrs Gillian Woolman and Mr Graeme Samson from Audit Scotland.

### 2. Declarations of Interest

The Chair sought any verbal declarations of interest pertaining to items on the agenda.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted there were none.

### 3. Minutes of Previous Meeting

The minutes of the previous meeting of the Health & Social Care Integration Joint Board Audit Committee held on 26 September 2016 were amended at page 3, minute 6, paragraph 1, line 1, replace "pension fund" with "Integration Joint Board" and with that amendment the minutes were approved.

### 4. Matters Arising

4.1 **Action 1:** Mr Paul McMenamin advised that the item was scheduled for discussion on the agenda and suggested the item be marked as complete.

4.2 **Action 2:** Mrs Jill Stacey advised that the actions had been incorporated as part of the internal audit annual plan.

4.3 **Action 3:** Mrs Jill Stacey advised that as part of the internal audit annual report the recommendations would be submitted to the Audit Committee for assessment ahead of submission to the Health & Social Care Integration Joint Board.

4.4 **Action 4:** Mrs Jill Stacey advised that a self evaluation would be undertaken in September 2017.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** revised and noted the action tracker.

## 5. Financial Governance and Management

Mr Paul McMenemy presented the third report on financial governance and management covering the previous 12 month period. He spoke of the progress made and outstanding provisions, as well as the financial challenges across partner organisations finances and the delegated budget set for the Health & Social Care Integration Joint Board. In moving forward he highlighted areas of work to be undertaken to strengthen stewardship of resources and provide a more integrated approach to future financial planning and budget setting.

Mr David Davidson noted the high risk identified on page 2, item 4.2 and suggested that the Chief Financial Officer and Director of Finance for Scottish Borders Council and NHS Borders be asked to provide a report for the next meeting of the Audit Committee to consider.

Mr John Raine enquired if there was any reason why the financial regulations were not being reviewed at that stage? Mr McMenemy emphasised that the current financial regulations of both organisations had been written pre integration and given the partnership itself had financial regulations it was important to ensure they were all consistent in application. Mr McMenemy assured the Board that he would be working with partner organisations, as a priority, to ensure the financial regulations were updated and maintained.

Mr Raine enquired when the Risk Register would be submitted to the Audit Committee? Mrs Jill Stacey advised that it was anticipated submission would be to the June meeting. She further advised that there was on-going work taking place to be able to provide assurance to the Committee that both partners were clear on risk ownership and management.

Mr Raine enquired if there were any early indications of significant issues having arisen? Mrs Stacey commented that the financial element was the most significant issue and she anticipated future challenge would be around evidencing an improvement in outcomes. She suggested the performance framework would assist in providing the detail. Mrs Elaine Torrance commented that the Health & Social Care Integration Joint Board would receive the Annual Performance Report at its meeting that afternoon and clarified that it contained the detail of the achievements made during the previous year and also set out the priority areas for the forthcoming year.

Cllr Graham Garvie enquired in regard to the financial regulations, if the intention was to have a revised composite set produced for the Health & Social Care Integration Joint Board? Mr McMenemy commented that the Board had approved a set of financial regulations in 2016, which formed part of the code of corporate governance, and were written to draw on the priorities and controls across partner organisations.

Cllr Garvie enquired about the term “non-current assets”? Mr McMEnamin advised it referred to “fixed assets”.

In regard to the Integrated Resources Advisory Group (IRAG) guidance compliance check, Mr Davidson enquired how action point 18 would be addressed? Mrs Gillian Woolman commented that the external auditor would review the actions being taken by both partner organisations to address the matter.

The Chair suggested he raise the matter at the Health& Social Care Integration Joint Board meeting that afternoon, so that a direction could be issued to both partner organisations to direct them to undertake that refresh of financial regulations across partnership resources.

Mr Raine enquired about the interpretation of action point 3? Mrs Torrance commented that it was in relation to areas of operational responsibility that sat within the Chief Officer remit and where the budget sat within the Health & Social Care Integration Joint Board.

Mrs Torrance further commented that the Health & Social Care Integration Joint Board was responsible for commissioning and setting the strategic direction of travel. She reported directly to the Chief Executives of both organisations and had found that reporting structure to work effectively and assist with delivery.

Mr Davidson requested “Financial Governance & Management” be a standing item on all future Audit Committee agendas. Mr McMEnamin agreed.

Mr Davidson suggested the inclusion of arrows in the RAG status of the IRAG compliance check chart to show if performance was stagnating, improving or decreasing.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the report.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed that the Committee Chair recommend to the Health & Social Care Integration Joint Board the issue of a direction to both partner organisations to direct them to undertake a refresh of financial regulations across partnership resources.

## **6. Internal Audit Annual Plan 2017/2018**

Mrs Jill Stacey introduced the internal audit annual plan. She highlighted several key areas including: the key risks facing the Health & Social Care Integration Joint Board; governance and risk arrangements; follow up on areas of improvement; and ensuring clarity on roles and responsibilities.

The Chair enquired if 30 days was an adequate time period. Mrs Stacey confirmed that it was a reasonable time period.

Cllr Graham Garvie enquired how the development of the members of the Audit Committee would be supported? Mrs Stacey commented that a self evaluation tool kit would be utilised as well as looking at individual’s needs and skill sets.

Mr John Raine welcomed the planned audit approach and commented that it would be a crucial role of the Audit Committee to gauge a feel for success or difficulty, for the Health & Social Care Integration Joint Board to actually achieve the objectives of the strategic plan. Mrs Stacey commented that this was why the risk register was such a vital and critical mechanism to ensure that the objectives were met.

Mr David Davidson enquired about the resilience function arrangements for the Health & Social Care Integration Joint Board. Mrs Stacey commented that the expectation was whoever owned the operational responsibility owned the associated risks and the Health & Social Care Integration Joint Board only required assurance. She further advised that the principles within the Integration Joint Board risk management strategy were clear that if either party required to escalate a matter it would be escalated up through the Chief Officer and Chief Executives to ensure there was awareness and if additional action was required by the Health & Social Care Integration Joint Board then it would have all of the information it required in order to make a decision, issue a direction, etc.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the Internal Audit Annual Plan 2017/18 for Scottish Borders Health and Social Care Integration Joint Board as detailed in Appendix 1 of the report.

## **7. External Audit Annual Plan 2016/17**

Mrs Gillian Woolman introduced the external audit plan and highlighted the 4 audit risks (management override of controls, financial statements preparation, financial sustainability and governance arrangements) and planned audit work. She also spoke of the reporting arrangements, code of audit practice and confirmed that the audit fee was set at the same level for all integration authorities, though the audit fees for the partners (NHS Borders and Scottish Borders Council) were lower compared to the previous year.

Cllr Graham Garvie enquired about the term “materiality”? Mrs Woolman advised that it was the degree to which, if you were a user of the annual accounts, at which point they would be misleading.

Cllr Garvie further enquired about the term “granularity”? Mrs Woolman advised that it referred to further detail.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the External Audit Annual Plan 2017/18.

## **8. Any Other Business**

There was none.

## **9. Date and Time of next meeting**

The Chair confirmed that the next meeting of Health & Social Care Integration Joint Board Audit Committee would take place on Monday 26 June 2017 at 10.00am in Committee Room 2, Scottish Borders Council

*The meeting concluded at 11.18am.*

*Signature: .....*  
*Chair*

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## SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE: Action Tracker

Meeting held 26 September 2016

**Agenda Item:** Scottish Borders Health and Social Care Integration Joint Board Financial Governance and Management

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
1	7	The <b>SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE</b> asked Mr McMenamin to bring an update report to the next meeting.	Paul McMenamin	March 2017	<b>Complete:</b> Item discussed at Audit Committee held on 27.03.17	

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**Agenda Item:** Accounts Commission reports 'Health and Social Care Integration'

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
2	8	The <b>SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE</b> asked that Mrs Stacey review the key recommendations within both reports and bring back an action plan and progress on each to the next meeting.	Jill Stacey	March 2017	<b>In Progress:</b> Mrs Jill Stacey advised that the actions had been incorporated as part of the internal audit annual plan.	

Agenda Item 4

**Agenda Item:** Accounts Commission reports 'Health and Social Care Integration'

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
3	8	The <b>SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE</b> asked that Mrs Stacey review the key recommendations within both reports and bring the recommendations to the attention of the Scottish Borders Health & Social Care Integration Joint Board at its December meeting.	Jill Stacey	December 2016	<b>In Progress:</b> Mrs Jill Stacey advised that as part of the internal audit annual report the recommendations would be submitted to the Audit Committee for assessment ahead of submission to the Health & Social Care Integration Joint Board.	

**Agenda Item:** Accounts Commission reports 'Health and Social Care Integration'

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
4	8	The <b>SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE</b> sought a self evaluation of the Scottish Borders Health & Social Care Integration Joint Board.	Jill Stacey	March 2017	<b>In Progress:</b> Mrs Jill Stacey advised that a self evaluation would be undertaken in September 2017.	

**Meeting held 27 March 2017**

**Agenda Item:** Financial Governance and Management

Action Number	Reference in Minutes	Action	Action by:	Timescale	Progress	RAG Status
6	5	The <b>HEALTH &amp; SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE</b> agreed that the Committee Chair recommend to the	Cllr John Mitchell	March 2017	<b>Complete:</b> Recommendation made by Audit Committee Chair to the Integration Joint Board at its	

		Health & Social Care Integration Joint Board the issue of a direction to both partner organisations to direct them to undertake a refresh of financial regulations across partnership resources.			meeting on 27.03.17.	
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<b>KEY:</b>	
	Overdue / timescale TBA
	<2 weeks to timescale
	>2 weeks to timescale
<b>Blue</b>	Complete – Items removed from action tracker once noted as complete at each H&SC Integration Joint Board meeting

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**IJB AUDIT COMMITTEE**  
**26 JUNE 2017**



**INTERNAL AUDIT ANNUAL REPORT 2016/17 FOR SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD**

**Aim**

- 1.1 To present to the IJB Audit Committee the Internal Audit Annual Report for the year to 31 March 2017; 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 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 Report 2016/17 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 summarises the outcomes of assessments of Scottish Borders Council's Internal Audit service 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: The IJB has made substantial progress towards operating under good public sector practice governance arrangements, but having regard to the significance of matters referred to in the report we consider governance arrangements operating in practice to be partially effective for the IJB. Transparency has been achieved through the online publication of IJB papers and minutes.
  - Financial Management: Adequate financial management processes are in place. We consider that budgetary processes are sound and the control environment and internal controls are operating effectively.
  - Performance Management: 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 Interim Chief Officer. Progress has already been made on actions to support full implementation of the audit recommendations.
- 3.4 The Internal Audit Annual Report 2016/17 has been used to inform the Interim Chief Officer's Annual Governance Statement 2016/17.
- 3.5 The annual internal self-assessment demonstrates sufficient evidence that Scottish Borders Council's Internal Audit section complies with the Public Sector Internal Audit Standards (PSIAS) in all significant respects with an area of further improvement shown in the Quality Assurance and Improvement Plan (QAIP), as reported through the Council's Audit and Risk Committee.

## Recommendation

The Integration Joint Board Audit Committee is asked to **consider** the Internal Audit Annual Report 2016/17 for the Scottish Borders Health and Social Care Integration Joint Board as detailed in Appendix 1 of this report **and provide any commentary** thereon.

<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's Interim Chief Officer and Interim Chief Financial Officer have received the Internal Audit Annual Report 2016/17 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 2016/17. This report will be made available to other

	key stakeholders, including senior financial management and internal and external auditors of the partner organisations to avoid duplication and maximise assurance.
<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 Interim 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>	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>	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.

**Approved by**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Jill Stacey	Chief Internal Auditor, Scottish Borders Health and Social Care		

	Integration Joint Board (SBC's Chief Officer Audit & Risk)		
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**Author(s)**

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



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



**Auditor: Chris Hurt**

**Final Internal Audit Annual Report 2016/17**

**to**

**Interim Chief Officer and Interim Chief Financial Officer**

**on**

**Scottish Borders Health and Social Care Integration**

## 1 Background and Introduction

The case for changing the way health and social care services are delivered in the Scottish Borders is convincing. There are a growing number of people needing services, at a time of limited resources with which to deliver them.

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.

The Scottish Government consider that services will be effectively and efficiently delivered if they are integrated - that is through Scottish Borders Council and NHS Borders working together more closely.

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 Integration Joint Board gives direction and makes payment, where relevant, to the Health Board and Local Authority for delivery of the services in line with the Strategic Plan. The Integration Scheme sets out how the managerial arrangements across the integrated arrangements flow back to the Integration Joint Board and the Chief Officer. These arrangements are further supported by the Scottish Borders Integration Joint Board Local Code of Corporate Governance.

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

## 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

In considering governance of the Integration Joint Board we performed the following work:

- 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.
- attend the IJB meetings to observe planning, approval, monitoring and review activity of Scottish Borders Health and Social Care Partnership business and performance.

- consider key areas of risk for the IJB and the roles and responsibilities of Board members and officers.
- review the IJB's Local Code of Corporate Governance to ensure clarity of roles and responsibilities including, arrangements for the operation of Standing Orders, and the management of risk.

We also performed a specific review of the governance of the Integrated Care Fund which is a transitional resource, to assess the efficacy of decision-making and performance monitoring arrangements in the use of the Fund linked to strategic priorities and outcomes.

## **Financial Management**

Our conclusion below is derived from the following audit work, carried out to determine the effectiveness of the financial management arrangements. This included:

- assess the IJB's financial governance arrangements in place to perform and account for its financial activities in an honest, legal and transparent manner in accordance with best accounting practice.
- review processes in place to ensure appropriate accountability for financial management of financial resources delegated to the partnership and to facilitate the delivery of efficient and effective services, including progress in achieving efficiencies.
- review and evaluate the key internal controls and processes within the financial arrangements and approved IJB Financial Regulations through reliance on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and SBC Internal Audit for Scottish Borders Council.

## **Performance Management**

Our assessment below is based the following audit work, carried out to determine the effectiveness of performance management arrangements. This included:

- assess whether there is appropriate alignment of performance measures in the IJB's Performance Management Framework to key priorities and outcomes of the Strategic Plan 2016 – 2019.
- check to ensure that baseline performance information is in place for 2015/16 to enable the evidence of improvement of health and wellbeing in the Scottish Borders through integrating health and social care services over time.

We have relied on assurance from partners' Internal Audit providers, i.e. through their planned Internal Audit work undertaken on the effectiveness of the performance monitoring and reporting controls in operation to fulfil their partners' roles and responsibilities.

### 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 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.

A Code of Corporate Governance and Standing Orders were approved by the Board at its meeting of 7 March 2016. These documents encapsulate the public sector good practice principles and by following them the Board will demonstrate sound 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 IJB has developed and consulted upon the authority's purpose and vision. The vision, strategic objectives and outcomes are reflected in the Scottish Borders Health & Social Care Partnership's Strategic Plan 2016-2019. The strategy underpins a common vision which is understood and has been agreed by all partners.

*Feedback from various consultation events and forums has influenced the objectives and priorities set out in the strategic plan in line with good practice.*

The Strategic Plan should be articulated through a Commissioning and Implementation Plan which presently lacks sufficient detail to articulate objectives into action.

The lack of a detailed commissioning plan is also significant to ICF funding as under the revised ICF Governance arrangements it acts as a reference for deciding on whether to approve projects for funding. As a result a bottom-up process exists where projects chase funding and are mapped to strategic objectives rather than adopting a top-down approach where strategic objectives are considered first and then projects funded and developed which enable achievement of those objectives.

*It is likely that further consultation would be beneficial in the future as services are reshaped. The partnership would benefit from establishing a clear policy on the types of issues that it will in future meaningfully consult on and when to conduct it. Similarly a clear policy on what, how and when staff and their representatives within the partner organisations are consulted would also be useful. Recommendation 1*

*The Commissioning and Implementation Plan is not sufficiently detailed at the present time to serve as an operational plan - broad objectives are set out with limited detail on how objectives will be achieved and who is responsible for achieving them. Recommendation 2*

### ***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 and NHS Borders working together more closely. The IJB is responsible for commissioning new and reconfigured services which will satisfy these two objectives.

For the financial year 2016-17 the IJB has issued a direction to the partners to deliver business as usual – no services have been introduced, reconfigured or discontinued.

*Until such time that new services are designed and introduced the outcomes for service users are unlikely to improve and tax payers/service users may not receive value for money. Recommendation 2*

### ***Effective leadership***

Effective leadership is essential to the IJB in delivering its strategic objectives. Developing and maintaining shared values including leadership values for the organisation which reflect public expectations is necessary for Health and Social Care integration to succeed.

The present governance structure is composed of 12 Board members supported by an Interim Chief Officer and an Interim Chief Financial Officer. 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 and standing orders and a Local Code of Corporate Governance which is based upon the CIPFA/SOLACE model.

The Board has put the framework for good governance in place, which whilst comprehensive and well considered, requires significant changes to the way that the framework is put into practice. Notable areas which require improvement are set out below.

*Existing arrangements involving EMT attendance at Board meetings have the benefit of tightly integrating the providers with the IJB but also have drawbacks most notably in blurring the boundaries of responsibility. The Chief Executives of the partners for instance have a decision making role in the use of the Integrated Care Fund. Recommendation 3*

Legislation envisages a commissioner and provider arrangement - the IJB Board, following consultation, sets out the strategic intent and then through directions in essence commissions services which the partners then design and deliver as the providers. The IJB monitors service delivery to confirm that the required outcomes are being realised. Organisation on these lines is mirrored in the IJB Code of Corporate Governance.

The agenda for Board meetings is set by the Secretary to the IJB by seeking items for inclusion from a wide range of individuals within the partnership.

*This method to agenda setting has led to an unfocused approach to Board activity with the IJB Board being distracted at times by operational matters unrelated to their strategic role. Recommendation 3*

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. The Chief Officer is accountable directly to the Integration Joint Board for the preparation, implementation and reporting on the Strategic Commissioning 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.

*These legislative requirements subject the Chief Officer to potential conflicts of interest. Safeguards have been developed however 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 with the exception that legal and sustainability implications and risks (discussed further below) are not adequately articulated. The IJB does not appear to have made arrangements to access specialist legal advice that it might require however.

*The effectiveness of the Chief Officer has been limited by an apparent reluctance of the Board to appropriately delegate responsibility to the Chief Officer. This is discussed further below. Recommendation 4*

*The decision making process is protracted with too many levels of authorisation required in order to make a decision. This results in slow decision making which is particularly evident in determining projects funded by the ICF. Recommendation 4*

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

The roles and responsibilities of the Board were set out at various points within the Scheme of Integration. Presentation in this way does not provide Board members with sufficient clarity.

*Producing self-contained Terms of Reference for the Board would help to provide clarity on their roles and responsibilities. Recommendation 5*

In the month following each Board meeting development sessions have been held for Board members. These sessions did not however directly address how members can best fulfil their roles and discharge their responsibilities.

*Whilst support is in place for making specific decisions the Board would benefit from more guidance and training to develop their capacity and capability. Appropriate guidance training will help Board members to better understand their role and recognise and observe the extent of their remit and that of EMT. These measures allied with more appropriate delegation of authority will assist in taking the decisions required to deliver integrated services on a timelier basis. Recommendation 5*

Arrangements are also not in place for reviewing the performance of the Board as a whole and of individual members.

### ***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 and which had its first meeting in September 2016 should provide challenge in areas within its remit.

Four of the members of the Committee as are also members of the IJB Board. The Committee is therefore not independent of the Executive which may give the impression that scrutiny is not as rigorous as it should be.

Challenging progress made with integrating service delivery does not clearly fall within the remit of the 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.

*The scrutiny arrangements in place, which are based on legislative requirements, do not meet with generally accepted principles of good practice. The risks associated with possibly ineffective scrutiny have been implicitly accepted by the IJB Board.*

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

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 hit home. Furthermore the ability to manage risk will help the Board act more confidently on future business decisions. Their knowledge of the risks they are facing will give them various options on how to deal with potential problems.

A Risk Management Strategy was approved by the IJB on 7<sup>th</sup> 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 embedded into the culture of the IJB and any consideration of risk is rarely documented as a consideration in Board deliberations. Recommendation 6*

Reports detailing matters for decision by the Board are based upon a standard reporting template in which discussion of risks associated with options is required.

*Reports for decision making do not properly identify the risks associated with the decision. Recommendation 6*

#### **Conclusion**

The IJB has made substantial progress towards operating under good public sector practice governance arrangements, but having regard to the significance of matters referred to above we consider governance arrangements operating in practice to be partially effective for the IJB. Transparency has been achieved through the online publication of IJB papers and minutes.

## Financial Management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

The financial statements are produced taking relevant accounting information from SBC's and NHS Borders accounting systems and consolidating the information into a single set of notional budget monitoring statements. The financial arrangements are notional as the transfer of resources by the Health Board and Local Authority to the Integration Joint Board and the allocation back from the Integration Joint Board to the Health Board and Local Authority for operational delivery does not necessitate cash transactions.

Neither of the partners is making a charge to the IJB for business support costs other than those relating to the employment costs of the Chief Officer.

The statements are approved by the IJB Chief Officer, prepared by the IJB Chief Financial Officer and have been presented to the IJB at every Board meeting for discussion. The budget monitoring statement contains detailed analysis of significant variances and highlights areas which are critical to achieving an outturn within budget.

The IJB Chief Financial Officer is reliant upon the partners providing accurate financial information to him. In order for the partners to do this they must have appropriate financial internal controls in place to ensure that;

- Financial activities and resources are correctly accounted for in accordance with best accounting practice, and
- Appropriate key internal controls and processes are in place.

For SBC:

We have reviewed the findings from internal controls reports by Internal Auditors for Scottish Borders Council conducted during 2015/16 and 2016/17 together with reports from the External Auditors for 2015/16. No matters came to our attention which indicates that significant weaknesses exist within the financial internal controls environment.

For NHS Borders:

We have reviewed the findings documented in the report by Internal Auditors for NHS Borders "Health and Social Care Integration – Review of Financial and Performance Reporting & Controls" issued in March 2017. No significant weaknesses were identified in the review.

### Conclusion

Adequate financial management processes are in place. We consider that budgetary processes are sound and the control environment and internal controls are operating effectively.

## Performance Management

Performance management is concerned with developing and maintaining 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.

*A Performance Management Framework is being developed but is far from complete. Performance information received by the Board has been infrequent and erratic. National “Core Suite” indicators 1-20 were received by the Board for the first time in March 2017.*

Recommendation 7

*Hesitancy is preventing the framework from being completed and is increasing the amount of retrospective work required to obtain baseline data. It is conceivable that some baseline data may be irretrievable. Recommendation 7*

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

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.

*No decision has been taken by the IJB in the Performance Management Framework of how the quality of services it commissions for users is to be measured nor will how the information needed to review service quality be collected. This is equally true in respect of value for money.*

The capability to capture data and report it to the IJB Board in a timely and meaningful way exists within the partner organisations – the IJB is extremely reliant upon the partners to satisfy informational needs.

Scottish Borders Council’s Internal Auditors recommended in their report *Adult Social Care Services – Health and Social Care Integration* issued in March 2017 that:

“Adult Social Care should align performance monitoring to measure better its support of the Integration Joint Board’s strategic objectives”

Similarly NHS Borders’ Internal Auditors commented in their report *Health and Social Care Integration - Review of Financial and Performance Reporting & Controls* also issued in March 2017 that:

“Performance Monitoring has not been sufficiently developed” and “Responsibility for provision of information to the IJB is not sufficiently defined”

The observations above from the partners' Internal Auditors stem from the Board failing to determine what local indicators it would like to see and the data analysts who will provide the data from Scottish Borders Council and NHS Borders to the IJB waiting for instructions on what indicators to produce.

*In consequence performance monitoring for the purposes of the IJB Board has not been sufficiently developed by either SBC or NHS Borders. This applies at both the strategic and operational level. Recommendation 7*

The intention for 2016/17 was that the framework concentrated on performance measures set out by the Scottish Government (referred to as Level 1 and Level 2 indicators). Most of the information used to populate these measures comes from existing reporting requirements unrelated to Health and Social Care integration and are generally produced on an annual or bi-annual basis. From the Board's point of view, focus on level 1 and 2 measures are of limited use in that:

- The measures will not report recent performance;
- Not all measures will be relevant to the partnership's objectives and priorities; and
- Information regarding variations at a locality level will not be available.

*The introduction of local (level 3) measures including those relating to service quality would be more relevant to the Board when monitoring progress towards achieving its objectives. Recommendation 7*

### **Dealing with service failure**

An essential element in commissioning services is determining in advance what constitutes a failing service, identifying when a service is failing and formulating what action to take in the event of failure occurring. These issues would logically form part of monitoring performance at the service level.

The IJB's Clinical and Care Governance Framework is intended to assist in identifying potential service failure on grounds of poor clinical or care practices but does not specify procedures to follow in the event of actual failure. Under the framework the IJB is given responsibilities including oversight of clinical and governance arrangements as well as receiving and reviewing clinical and care governance issues that require to be brought to its attention.

*It is questionable whether the IJB should have a Clinical and Care Governance Framework of its own given its reliance upon processes operated within the partner organisations.*

*As providers it is the partners which are solely responsible for their own clinical governance arrangements and addressing any shortcomings in their care practices and service delivery. As such the IJB should have no direct responsibilities at all in respect of clinical and care governance. To do so might well have the effect of further blurring the responsibilities of the IJB as commissioners and the partners as providers.*  
Recommendation 8

For many of the areas covered by the framework the only legitimate interest that the IJB has in the partner's clinical governance is where significant existing or emerging clinical and care governance risks could seriously impact the IJB's ability to deliver the outcomes and objectives of the strategy.

*Serious deficiencies in the quality of services provided should become apparent through rigorous contract/performance management at service level which is not taking place.*

*Appropriate actions in response to a consistent failure to achieve outcomes for both clinical and non-clinical reasons are not addressed in the framework or elsewhere and should be developed in preparation of the IJB commissioning new and reconfigured services from the partners.*

Recommendation 8

#### 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 (2013), including the production of this report to communicate the results of the reviews of the arrangements in place for each area considered.

## 4 Recommendations and actions

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:

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### Priority Ratings for Recommendations

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**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.

Findings	Recommendations	Agreed management actions
<b>1 Corporate Governance – Consultation</b>		<b>Priority 3</b>
<p>Feedback from various consultation events and forums has influenced the objectives and priorities set out in the strategic plan in line with good practice.</p> <p>It is likely that further consultation would be beneficial in the future as services are reshaped. The partnership would benefit from establishing a clear policy on the types of issues that it will in future meaningfully consult on and when to conduct it. Similarly a clear policy on what, how and when staff and their representatives within partner organisations are consulted would be useful.</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. 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>
<b>2 Corporate Governance – Commissioning</b>		<b>Priority 2</b>
<p>The Commissioning and Implementation Plan is not sufficiently detailed at the present time to serve as an operational plan - broad objectives are set out with limited detail on how objectives will be achieved and who is responsible for achieving them.</p> <p>For the financial year 2016-17 the IJB has issued a direction to the partners to deliver business as usual – no services have been introduced, reconfigured or discontinued.</p> <p>Until such time that new services are designed and introduced the outcomes for service users are unlikely to improve and tax payers/service users may not receive value for money.</p>	<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>

Findings	Recommendations	Agreed management actions
<b>3 Corporate Governance – Clarity of roles and responsibilities</b>		<b>Priority 1</b>
<p>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.</p> <p>Executive Management Team (EMT) which consists of the Chief Executives and selected senior officers from both of the partners are in attendance at all IJB Board meetings the agenda for which is set by the Secretary to the IJB seeking items for inclusion from a wide range of individuals within the partnership.</p> <p>Existing arrangements involving EMT attendance at Board meetings have the benefit of tightly integrating the providers with the IJB but also have drawbacks most notably in blurring the boundaries of responsibility. The Chief Executives of the partners for instance have a decision making role in the use of the Integrated Care Fund.</p> <p>This method to agenda setting has led to an unfocused approach to Board activity with the IJB Board being distracted at times by operational matters unrelated to their strategic role.</p>	<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>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>A process has been agreed with the new Chair of the IJB for agenda setting for the IJB.</p> <p>Complete</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>

Findings	Recommendations	Agreed management actions
<b>4 Corporate Governance – Decision making and delegation of authority</b>		<b>Priority 1</b>
<p>The effectiveness of the Chief Officer has been limited by an apparent reluctance of the Board to appropriately delegate responsibility to the Chief Officer</p> <p>The decision making process is protracted with too many levels of authorisation required in order to make a decision. This results in slow decision making which is particularly evident in determining projects funded by the ICF.</p>	<p>The Board should consider delegating decision making authority to the Chief Officer on all but significant strategic matters.</p>	<p>This is a Board decision.</p>
<b>5 Corporate Governance – Defining responsibility and developing capacity</b>		<b>Priority 1</b>
<p>The roles and responsibilities of the Board were set out at various points within the Scheme of Integration. Presentation in this way does not provide Board members with sufficient clarity.</p> <p>Producing self-contained Terms of Reference for the Board would help to provide clarity on their roles and responsibilities.</p> <p>In the month following each Board meeting development sessions have been held for Board members. These sessions did not however directly address how members can best fulfil their roles and discharge their responsibilities.</p> <p>Whilst support is in place for making specific decisions the Board would benefit from more guidance and training to develop their capacity and capability. Appropriate</p>	<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 McMenamin, 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>

Findings	Recommendations	Agreed management actions
<p>guidance training will help Board members to better understand their role and recognise and observe the extent of their remit and that of EMT. These measures allied with more appropriate delegation of authority will assist in taking the decisions required to deliver integrated services on a timelier basis.</p>		
<b>6 Corporate Governance – Risk Management</b>		<b>Priority 2</b>
<p>A Risk Management Strategy was approved by the IJB on 7<sup>th</sup> 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.</p> <p>Risk management is not yet embedded into the culture of the IJB and any consideration of risk is rarely documented as a consideration in Board deliberations.</p> <p>Reports detailing matters for decision by the Board are based upon a standard reporting template in which discussion of risks associated with options is required.</p> <p>Reports for decision making do not properly identify the risks associated with the decision.</p>	<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: September 2017</p>

Findings	Recommendations	Agreed management actions
<b>7 Performance Management - Framework</b>		<b>Priority 2</b>
<p>A Performance Management Framework is being developed but is far from complete. Performance information received by the Board has been infrequent and erratic. National “Core Suite” indicators 1-20 were received by the Board for the first time in March 2017.</p> <p>Hesitancy is preventing the framework from being completed and is increasing the amount of retrospective work required to obtain baseline data. It is conceivable that some baseline data may be irretrievable.</p> <p>No decision has been taken by the IJB in the Performance Management Framework of how the quality of services it commissions for users is to be measured nor how the information needed to review service quality will be collected. This is equally true in respect of value for money.</p> <p>Performance monitoring for the purposes of the IJB Board has not been sufficiently developed by either SBC or NHS Borders. This applies at both the strategic and operational level.</p> <p>Local (level 3) measures including those relating to service quality which would be more relevant to the Board when monitoring progress towards achieving its objectives have not been defined.</p>	<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>

Findings	Recommendations	Agreed management actions
<b>8 Performance Management – Service Failure</b>		<b>Priority 2</b>
<p>The IJB's Clinical and Care Governance Framework is intended to assist in identifying potential service failure on grounds of poor clinical or care practices but does not specify procedures to follow in the event of actual failure. Under the framework the IJB are given responsibilities including oversight of clinical and governance arrangements as well as receiving and reviewing clinical &amp; care governance issues that require to be brought to its attention.</p> <p>It is questionable whether the Clinical and Care Governance Framework is relevant to the needs of the IJB given its reliance upon the processes operated within the partner organisations.</p> <p>As providers it is the partners which are solely responsible for their own clinical governance arrangements and addressing any shortcomings in their care practices and service delivery. As such the IJB should have no direct responsibilities at all in respect of clinical and care governance. To do so might well have the effect of further clouding the responsibilities of the IJB as commissioners and the partners as providers.</p>	<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>

**IJB AUDIT COMMITTEE**  
**26 JUNE 2017**



**SCOTTISH BORDERS HEALTH AND SOCIAL CARE PARTNERSHIP INTEGRATION**  
**JOINT BOARD AUDIT COMMITTEE: STATEMENT OF ACCOUNTS 2016/17**

**Aim**

- 1.1 The aim of this report is to provide IJB Audit Committee members with an overview of the Annual Accounts of the Scottish Borders Health and Social Care Partnership Integration Joint Board (IJB) for the financial year ended 31 March 2017.

**Background**

- 2.1 Under the provisions within the Local Authority Accounts (Scotland) Regulations 1985 (as amended), the Scottish Borders Health and Social Care Partnership Integration Joint Board has a statutory obligation to submit unaudited Annual Accounts for the year ended 31 March 2017 to its external auditor by 30 June 2017. At this time, they are approved as draft by the IJB Chief Financial Officer, being the relevant financial officer. The final version of the Accounts will be agreed by the IJB Audit Committee, being the designated Committee, after external audit review, by the 30 September 2017.
- 2.2 The annual and expenditure during the year and balances at accounts provide information on the IJB's income the year end and fulfil the statutory reporting obligations of the partnership. Health and social care functions (and their supporting resources) within the Scottish Borders were formally delegated to the IJB on 01 April 2016, the 'go-live' date of the partnership and the date on which responsibility was assumed. The 2016/17 Annual Accounts therefore represent the financial activity of the IJB during its first full and formal year of operation and its financial position at the end of this first financial year.
- 2.3 A copy of the unaudited Accounts for the financial year to 31 March 2017 is attached as Appendix 1 to this report.

**Summary**

- 3.1 Scottish Borders Health and Social Care Partnership IJB will publish its draft Annual Accounts for the year ended 31 March 2017 on the 30 June 2017. A final audited version of the Accounts will be published on 30 September 2017.
- 3.2 Under the Regulation 5 (1) of the Local Authority Accounts (Scotland) Regulations 1985, copies of the unaudited accounts will be available for public inspection from 1 July 2016 to 22 July 2016. The unaudited Abstract of Accounts may be inspected by any interested person, in part or full, together with all background papers and underlying records during the period of inspection.

- 3.3 Audit Scotland has been appointed as the External Auditor to the IJB for the period 2016/17 to 2020/21. The External Auditor is required to complete its audit by 30 September 2017. When complete, the External Auditor will issue the Independent Auditor's Report and Management Representation Letter, the former of which for inclusion within the final audited Accounts. These will then be signed by the Auditor, the Chair of the Board and by both the Chief Officer and Chief Financial Officer and reported to the IJB Audit Committee for approval.

## Conclusion

- 4.1 The draft annual accounts, subject to audit, show a balanced final financial position for the Scottish Borders Health and Social Care Partnership Integration Joint Board for the year ending 31 March 2017. This is due to all expenditure incurred by the partnership during the financial year having been funded by allocations from both NHS Borders and Scottish Borders Council in line with the level of utilisation by the IJB.

## Recommendation

The Health & Social Care Integration Joint Board Audit Committee is asked to **note** the report and **consider** the unaudited Annual Accounts for 2016/17.

<b>Policy/Strategy Implications</b>	The requirement for the Integration Joint Board to produce Annual Accounts for 2016/17 is contained within Regulation 5 (1) of the Local Authority Accounts (Scotland) Regulations 1985
<b>Consultation</b>	Following preparation of the Annual Accounts for 2016/17, consultation has taken place between the partnership's Chief Financial Officer, NHS Borders' Director of Finance, Scottish Borders Council's Chief Financial Officer and the Chief Internal Auditor of the Integration Joint Board.
<b>Risk Assessment</b>	There are no risks arising from this report. The accounts remain unaudited currently and when audited, are expected to be deemed to represent a true and fair view of the IJB's affairs during 2016/17.
<b>Compliance with requirements on Equality and Diversity</b>	There is no impact on the partnership's equality and diversity requirements arising from this report.
<b>Resource/Staffing Implications</b>	The accounts and their underlying supporting records contain all financial information for the partnership's activities to 31 <sup>st</sup> March 2017.

**Approved by**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Elaine Torrance	Chief Officer	David Robertson	Scottish Borders Council Chief Financial Officer
Paul McMenamin	Integration Joint Board Chief Financial Officer	Carol Gillie	NHS Borders Director of Finance

**Author(s)**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Paul McMenamin	Integration Joint Board Chief Financial Officer		

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# **Scottish Borders Integration Joint Board**

**ANNUAL ACCOUNTS 2016/17**

**For the Financial Year  
01 April 2016 to 31 March 2017**

**(Unaudited)**

# Management Commentary

## Purpose

Welcome to the Annual Accounts for the Scottish Borders Health and Social Care Partnership Integration Joint Board for the year ended 31 March 2017. The purpose of the Management Commentary is to inform all users of the 2016/17 Statement of Accounts and help them assess how the Integration Joint Board (IJB) has performed in fulfilling its duties over the course of the financial year.

## The Scottish Borders

The Scottish Borders area is 473,614 hectares (1,827 square miles) and is located in the South East of Scotland. It has Edinburgh and the Lothians to the North, Northumberland to the South and Dumfries and Galloway to the West.

The Scottish Borders is a rural local authority where 30% of the population live in population settlements below 500 people or in isolated hamlets. The largest town is Hawick with a 2014 estimated population of 14,003, followed by Galashiels with 12,670. The only other towns with a population of over 5,000 people are Peebles, Kelso and Selkirk. The Scottish Borders is the fourth most sparsely-populated mainland local authority area in Scotland after Highland, Argyll and Bute and Dumfries and Galloway.

The population of the Scottish Borders accounts for 2.1% of the total population of Scotland. Since 1988, the Scottish Borders' total population has risen overall. Scotland's population has also risen during this period. In the Scottish Borders, 13.5% of the population are aged 16 to 29 years. This is lower than the rest of Scotland, where 18.3% are aged 16 to 29 years. Persons aged 60 and over make up 30.2% of the Scottish Borders, much higher than the Scottish average, where 24.0% are aged 60 and over.

The overall population of Scotland is expected to increase by 8% over the next 20 years but the overall population of the Scottish Borders is not expected to change significantly during the same period. The constitution of the population by banded age group however is expected to change significantly, with a reduction in the proportion of children and working-age people and an increase in the proportion of older people. Such changes are expected to be more marked in the Scottish Borders than in Scotland as a whole. In particular, the number of the 75+ age group in the Scottish Borders is projected to increase by almost 100%, which is much higher than the projected Scottish increase.

These demographic factors result in unique and challenging influence over the models of providing, levels and costs of health and social care in the Scottish Borders, both currently and in the future.

## Role and Remit of the Integration Joint Board

The Scottish Borders Health and Social Care Partnership is co-terminus. This means that the partnership has the same geographical boundaries as both the health board and the local authority and that partnership working between the area's Health Board and any Local Authorities within the same area exists only on a 1:1 basis. Whilst not exclusive to the Borders, this differs from a number of other partnerships across Scotland where the health

board works in partnership with two or more local authorities within its geographical boundaries.

Since 2005, health and social care partners in the Scottish Borders have worked together as the Scottish Borders Community Health and Care Partnership in order to provide a range of primary and social care services and promote health improvement across the region. Relationships between the health board, local authority and other partners including the voluntary and independent sectors, are therefore well established and have been now formalised legally as a result of the legislation leading to health and social care integration.

The Scottish Borders Integration Joint Board (IJB) is now a legal entity in its own right which was created following the implementation of the Joint Working Public Bodies (Scotland) Act 2014 Act. On 6<sup>th</sup> February 2016, Ministerial approval was given to establish the Integration Joint Board between NHS Borders and Scottish Borders Council in order to integrate the planning and commissioning of health and social care services in the Scottish Borders.

The operation of the IJB is governed by its Scheme of Integration which sets out the body corporate model of integration within the Scottish Borders and details the functions delegated. These delegated functions include:

<b>Healthcare Functions</b>	<b>Social Care Functions</b>
Accident & Emergency Inpatient hospital services relating to a number of branches of medicine Other hospital services such as palliative care, addiction and mental health District Nursing Dental and Ophthalmic services Pharmaceutical services General Medical Services contracts Out of Hours primary medical services Allied Health Professional Services Community Learning Disability services Public Health Outwith hospital services relating to addiction, geriatric medicine, palliative care, mental health, kidney diaysis and continence	Adults and Older People social care Services and support for adults with physical or learning disabilities Mental Health services Drug and Alcohol services Support to Carers Community Care Assessment Support services including Housing Support Residential Care Occupational Therapy, Reablement, Equipment and Assistive Technology Day Services Respite Health Improvement

The IJB has a responsibility for the strategic planning of hospital services most commonly associated with the emergency care pathway. As such, the IJB has control of the resources supporting those associated hospital functions retained by NHS Borders and set-aside for the population of the Scottish Borders: the “Set-Aside Budget”.

## Operations of the IJB

### *Performance against Key Priorities 2016/17*

By working with individuals and local communities, the Partnership aims to assist people to achieve the 9 national health and wellbeing outcomes. These represent what partnerships across Scotland are attempting to achieve through the integration of health and social care, in particular, improving the quality provided. To enable their delivery, the partnership here in the Scottish Borders has agreed 9 local strategic objectives. These are detailed on [Page 12](#).

The Partnership has continued to focus on reducing the number of delayed discharges and reducing the number of inappropriate admissions to hospital. A key focus of this work has been mapping care pathways from hospital to community to identify any potential blocks in the system and seek solutions. This will continue to be a priority over the coming year as

further redesign is undertaken to streamline the pathway, provide a wider range of out of hospital intermediate care and enablement approaches and also make best use of resources. A number of specific priorities for the Partnership were identified for 2016/17. The Integrated Care Fund (ICF) has been used to assist, support and develop the integration of Health and Social care services and below is a summary of progress on [9 Key Priority Actions](#):

- [To develop integrated and accessible transport](#) - *Scottish Borders Council, NHS Borders, The Bridge, The Red Cross, Berwickshire Association of Voluntary Services and the RVS are partners in the Transport Hub project to put in place a co-ordinated, sustainable approach to community transport provision. In its first year of operation the transport hub facilitated 482 journeys and 150 hospital appointments. 80% of service users agreed that the service has increased independence.*
- [To integrate services at a local level](#) – *Three locality co-ordinators have been recruited to develop locality plans and support the redesign of health and social care services at a local level.*
- [To roll out care co-ordination to provide a single point of access to services](#) – *The Community Led Support programme commenced in September 2016 with the aim of making health and social care services more accessible within local communities. Following extensive community engagement, 2 pilot hubs will open during June 2017.*
- [To improve communication and accessible information across groups with differing needs](#) – *Local area co-ordinators for mental health, learning disability and older people have enabled more people to access local community activities and to provide good local information.*
- [Work with communities to develop local solutions](#) - *The Community Capacity Building team have worked with communities to develop local solutions. To date 31 new activity sessions have been developed. A toolkit on co-production has been developed through the Community Planning Partnership supported by an e-learning package to enhance staff skills in this area and promote this approach.*
- [Provide additional training and support for staff and for people living with dementia](#) – *The Stress & Distress Project provides training in understanding and intervening in stress and distressed behaviours in people with dementia. Thus far, bite size training has been provided to 148 staff and full training to 177.*
- [Further develop our understanding of housing needs for people across the Borders](#) - *A housing strategy for older people is now under development. Following a robust business case detailed planning is now in place to build additional Extra Care Housing Developments in the Scottish Borders.*
- [To promote healthy and active living](#) – *The Borders Healthy Living Network works in three of our deprived communities, with community members and other partners to develop a range of activities: cooking skills sessions, food co-ops, activities such as walking football, reminiscence groups, and volunteering development. The Healthier Me network of learning disability service providers continues to work with service users on health eating and active living. Pathways and formal referral routes from health care to physical activity sessions in the community are now in place. Routes from hospital services to smoking cessation advice and to the Lifestyle Adviser Support have been improved. A comprehensive health inequalities impact assessment of screening services is being undertaken to identify improvements required to extend reach and uptake in key vulnerable groups. Borders Community Capacity Building Team have initiated projects ranging from curling and walking football to lunch clubs and have reported significant increases in wellbeing and physical activity as well as providing opportunities for older people to socialise. Further work is underway to develop*

*intergenerational projects around IT. Evaluations to date have shown that 98% of gentle exercise participants have reported that the class has given them increased opportunities to socialise and 45% have reported an increase in confidence following participation in the class.*

- **To improve the transition process for young people with disabilities moving into adult services** – *A project manager has been appointed and mapping workshops have been held to review the pathway and produce an improvement plan to be implemented.*
- **To improve the quality of life of people with long term conditions by supporting self-management and promoting healthy living** – *The evaluation of a pilot initiative on supported self-management has provided valuable learning on the development required in pathways and in staff knowledge and skills. This is being integrated into the planning of our locality services. The pilot showed a 21% improvement in wellbeing for service users. A new initiative is being trialled on diabetes prevention that provides health coaching support and subsidised exercise for those newly diagnosed. Mental health rehabilitation services have developed standardised health assessment and care planning tools to support the health and wellbeing of clients with significant mental health issues.*
- **To improve support for Carers within our communities-** *The Partnership has continued to support the Carers' Centre which offers practical support and advice to Carers as well as undertaking Carer's assessments. In 2016/17, 401 new Carers have been referred to the Carers Centre service. The transitions work has also focused on Carers/Parents as a key partner in this work.*
- **Promote support for independence and reablement so that all adults can live as independently as possible-** *16 transitional care beds focusing on improving the skills and confidence of older people with the key aim of returning home following admission to hospital have been developed in a care home setting. To date, 72% of patients have returned to their original home and 75% have stayed for 6 weeks or less. In addition, two care homes in other localities have identified the potential to provide 9 transitional care beds. The Borders Ability Equipment Store has recently been relocated to a purpose built building to improve the efficiency of the supply of equipment which allows people to live independently in their own homes. This will have an impact of reducing preventable hospital and care home admissions.*

### *Key Partnership Decisions 2016/17*

Since its establishment on 6th February 2016, the Integration Joint Board has met regularly in order to put in place sound governance and operating arrangements and to direct its performance and resource planning, management and reporting. Examples of key governance decisions it has made since its establishment include:

- The appointment of its Chief Officer, Chief Financial Officer and Chief Internal Auditor
- Approval of its Strategic Plan
- Approval of the Scheme of Integration for the Scottish Borders
- Approval of the Local Code of Governance within which the partnership operates
- Established its Audit Committee arrangements

In relation to performance and resources, the IJB has:

- Approved and delivered its 2016/17 financial plan
- Directed the successful delivery of an in-year financial recovery plan
- Directed the use of over £5m of social care funding allocation and £4m of integrated care funding to meet new and existing partnership priorities
- Approved its Performance Monitoring Framework

## Locality Planning

Locality planning is a key tool in the delivery of the changes required to meet the increasing service demands within the Borders and supports the requirements of the Community Empowerment (Scotland) Act 2015. Local working groups across the five localities in the Scottish Borders have been established. These working groups are made up of local representatives and they have made a significant contribution to the development of five Locality Plans. The plans focus on local needs and key priorities for improvement from the perspective of local people who use and deliver health and social care services.

## Governance

During 2016/17 the governance structure for the Partnership was revised in order to streamline the process and clarify the decision making roles within the structure. The revised governance structure consists of two layers:

- **The Executive Management Team (EMT)** which commissions tests of change and/or service redesign. These are then drawn up into business cases by the operational level of the governance structure and returned to the EMT for review and decision making.
- **The Integration Joint Board (IJB)** provides ratification of the decisions made. The IJB receives regular progress updates from the EMT as well as quarterly performance reports.

The Strategic Planning Group, Public Participation Forum and the Joint staff Forum offer advice to the Integration Joint Board whilst the Health and Social Care Joint Management Team provide operational support, delivery and progress reporting for the approved service redesign/tests of change.

During 2016/17, the Partnership worked to fulfil its commitment to ongoing and continuous improvement. A range of activities continue to be developed in order that the Integration Joint Board identifies and understands its key strengths and areas for improvement across all aspects of its governance, operations and performance. In relation to governance specifically, the Integration Joint Board approved the formation of and held the first formal meetings of its Audit Committee during the year delivering the 2016/17 Internal Audit Plan.

At the start, mid-point and end of the financial year, the Integration Joint Board and its partners undertook a full review and evaluation of its degree of compliance with legislation and recommended best practice (Integrated Resources Advisory Group) in relation to the Partnership's financial governance, planning, management and reporting arrangements. A number of positive outcomes have been reported following these processes and clear forward planning is in place to continue to provide full assurance to the Partnership going forward.

A quarterly performance reporting scorecard has been developed for the Integration Joint Board, in line with the themes defined by the Ministerial Strategy Group. In addition to these themes, the scorecard allows for the reporting on more localised measures which have a primary, community or social care focus.

A joint inspection of the Health and Social Care Partnership's older people's services undertaken by the Care Inspectorate and Healthcare Improvement Scotland in early 2017 will also provide assurance and a clear strategy for further improvement across the partnership. The Partnership currently awaits the final report.

## Financial Position at 31 March 2017

### Delegated Budget

Overall, following additional funding delegated to the partnership during the financial year, a breakeven outturn position against the partnership's Delegated Budget at 31 March 2017 is reported. This reported position across delegated functions is summarised below:

<i>Delegated Functions Total</i>	<b>Revised Budget £'000</b>	<b>Actual Outturn £'000</b>	<b>Outturn Variance £'000</b>
Joint Learning Disability Service	19,082	18,951	131
Joint Mental Health Service	16,153	16,084	69
Joint Alcohol and Drug Service	803	738	65
Older People Service	20,635	20,979	(344)
Physical Disability Service	3,448	3,343	105
Generic Services	82,933	82,959	(26)
	<b>143,054</b>	<b>143,054</b>	<b>0</b>

During 2016/17 significant financial pressures were experienced by the partnership and required mitigation and remedial action. These included:

- meeting the increased costs of service provision in areas such as care at home as a result of both increased market costs and the implementation of the Scottish Living Wage for all adult carers
- funding significant price increases of a number of prescribed drugs
- increased demand for services above levels budgeted across functions such as residential care and unplanned admissions to hospital requiring increased bed capacity and staffing
- slippage in the delivery of planned efficiencies
- other staffing pressures

In order to meet these pressures, a recovery plan was implemented during the year in order to deliver mitigating savings. This plan included a range of actions which included:

- direction of additional funding by the IJB
- capital slippage
- planned slippage of the local delivery plan
- additional control measures
- balance sheet flexibility

It is primarily by the delivery of an NHS-Borders-wide recovery plan that the reported position above has been achieved. It is also through the wider recovery plan that sufficient financial capacity has been created across wider non-delegated functions in 2016/17 that enabled an additional contribution of £3.879m to be delegated to the IJB in order to meet the projected outturn variance at 31 March 2017 (£3.840m from NHS Borders, £0.039k from Scottish Borders Council).

The direct impact in 2016/17 of this in-year recovery plan on the partnership's Strategic Plan has been assessed as low to medium. The main positive factors which determine this are:

- securing Scottish Government endorsement and financial support to ensure that adverse impact is minimised
- improved efficiency and control measures which form part of the recovery plan
- utilisation of contingency
- technical financial adjustments which have a low impact directly on front-line functions
- one-off nature of a significant proportion of the plan

Conversely however, the wider medium-term impact is, without further action, likely to be higher as a result of:

- the opportunity cost of directing social care funding and integrated care fund, both on a non-recurring basis, to meet pressures across surge and community hospital beds and prescribing
- the non-recurring nature of much of the recovery plan actions requiring permanent addressing going forward
- the requirement to still deliver previously planned efficiency savings in future financial years
- the continued pressures across key functions threatening overall affordability which have yet to be addressed

Beyond the risks directly attributable to a lack of overall affordability of delegated functions, there are a number of other risks to which the partnership is currently exposed which require management and mitigation:

- the 2017/18 Financial Plan remains draft and does not currently address all historic and existing pressures
- levels of planned efficiency and other savings is significant and delivery in full will be at best, challenging
- the partnership's Strategic Plan is a medium-term document spanning 3 financial years of which 2017/18 forms year 2 of the original plan. Both NHS Borders and Scottish Borders Council will receive only a 1-year financial settlement - future delegated and notional budgets are only indicative and will be subject to change;
- the full impact of in-year recovery in 2016/17 together with the significant level of efficiencies and savings required in 2017/18 and 2018/19 on the ability of the partnership to deliver the plan has yet to be undertaken
- further cost pressures may emerge during 2017/18 that are not yet projected or provided for within either partner's 2017/18 financial plan, nor the resources delegated to the IJB
- prescribing: This is a high risk area due to the level of spend and volatility of supply and price
- ongoing provision of service at Winter Plan levels, other than Prescribing, was the largest area of pressure in 2016/17 and may continue to occur in 2017/18
- further 2017/18 legislative and regulatory requirements including the implementation of the Living Wage of £8.45 in 2017/18 and the financial consequences of the implementation of Carers' legislation
- the risk of loss of service provision as a result of market failure would result in additional costs as alternative supply is transitioned
- the requirement to realign resources in line with priorities / demand and shift resource across the health and social care pathway across functions will be required
- partners' financial plans assume that in the main, the partnership will mitigate against the impact of increased future demographic pressure across delegated services. This has not yet been addressed

The impact on performance as a result of the considerable savings targets required in 2017/18 requires identification and evaluation. The partnership's Strategic Plan was approved prior to the IJB being established and will be updated during 2017/18. The prevalent financial position will provide key context to this review.

### *Large Hospital Budget Retained and Set-Aside*

Legislation sets out that Integration Authorities are responsible for the strategic planning of hospital services most commonly associated with the emergency care pathway along with primary and community health care and social care.

At 31 March 2017, the Scottish Government recognises that, in many partnership areas, arrangements for the sum set-aside for hospital services under the control of Integration Authorities are not yet operating as required by the legislation and statutory guidance. Advice to Health Boards and Integration Authorities will be issued in summer 2017 by the Scottish Government in order to help establish arrangements that meet these requirements for 2017/18 and subsequent years.

In the meantime, Health Boards and Integration Authorities are required to agree a figure for the sum set aside to be included in their respective 2016/17 annual accounts. Where the required arrangements are not yet in place, Integration Authorities should use the sum identified by the Health Board and made available to the Integration Authority when the budget was agreed for 2016/17. It has been acknowledged by the Scottish Government that this means that the sum set aside recorded in annual accounts will not reflect actual hospital use in 2016/17. Whilst further work developing set-aside arrangements is clearly required, for 2016/17, it is projected that the actual utilisation within the Scottish Borders is £24.845m, against a revised budget of £20.864m, a variance of £3.981m.

Applying the Scottish Government's direction in relation to accounting for set-aside resources is a transitional arrangement for 2016/17 only. Health Boards and Integration Authorities should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2017/18. Within the Scottish Borders, this will take place during 2017/18 taking account of any new guidance issued.

In relation to the Large Hospital Budget Retained by NHS Borders and Set-Aside therefore, a balanced breakeven position has been reported at 31 March 2017, summarised as:

<i>Set Aside Healthcare Functions</i>	<b>Revised Budget £'000</b>	<b>Actual Outturn £'000</b>	<b>Outturn Variance £'000</b>
Accident & Emergency	2,043	2,043	0
Medicine & Long-Term Conditions	13,029	13,029	0
Medicine of the Elderly	6,142	6,142	0
Planned Savings and Social Care Fund	(350)	(350)	0
	<b>20,864</b>	<b>20,864</b>	<b>0</b>

£0.500m of social care funding was directed by the partnership in order to supplement the final set-aside budget of the IJB of £20.364m (see below).

### *Other Resources*

#### Social Care Funding

The direction in full by the IJB of its £5.267m Scottish Government allocation of Social Care funding across both its delegated and set-Aside function budgets is included within the

reported position above. In summary however, resources were directed during 2016/17, as follows:

<b>Social Care Funding</b>	<b>Directed Funding 2016/17 £'000</b>
Delegated Functions: Social Care	3,845
Delegated Functions: Healthcare	922
Set-Aside Functions: Healthcare	500
	<b>5,267</b>

In relation to social care, the funding allocation was directed in order to meet the costs of implementation of the Scottish Living Wage from 01 October 2016, increased market provider costs and increased demand for social care services, in particular care at home and equipment. It was also used to address the impact of the loss of income as a result of a change to the basis on which client contributions to the cost of their care are calculated.

In relation to delegated healthcare functions, non-recurring contributions to the partially preserve the level of Alcohol and Drug Partnership services commissioned and to address wider delegated healthcare function financial pressures were made, as part of the in-year recovery plan, during the financial year.

Direction of funding was also made on a non-recurring basis to part-meet the costs of unbudgeted pressure arising as a result of the level of surge beds remaining open during the non-winter period of 2016/17.

#### Integrated Care Fund

In addition to the delegated and set-aside budgets outlined above, the IJB also has assumed responsibility for the direction of the Scottish Borders' Integrated Care Fund (ICF) Allocation. 2016/17 represented year 2 of a 3-year funded programme. The Scottish Borders' allocation of this funding is £2.13m per annum, a total of £6.39m over the life of the current programme.

A summary of the 2016/17 ICF expenditure is detailed below, in the context of previous spend and annual / total allocations:

<b>Actual Outturn 2015/16 £'000</b>		<b>Actual Outturn 2016/17 £'000</b>	<b>Budget/ Allocation 2015/16 £'000</b>	<b>Budget/ Allocation 2016/17 £'000</b>	<b>Slippage at 31/03/2017 £'000</b>
21	NHS Borders-Led	621	21	194	(427)
204	Scottish Borders Council-Led	703	204	703	0
-	Uncommitted Resources	-	1,905	1,233	3,138
<b>225</b>		<b>1,324</b>	<b>2,130</b>	<b>2,130</b>	<b>2,711</b>

£1.324m of the 2016/17 £2.130m allocation was spent during 2016/17. In 2015/16 (year 1 and pre-establishment of the IJB), £225k of the 2015/16 £2.130m allocation was spent. This has resulted in compound carry forward of funding of £1.905m and £0.806m respectively, a total carry forward to 2017/18 of £2.711m. The budget for the remainder of the programme in 2017/18 will therefore, when added to the 2017/18 £2.13m allocation, be £4.841m.

Of this, £2.555m remains uncommitted by the partnership at the current time. Plans are advanced however, for this remaining allocation to be directed in full during 2017/18 in order to enable the significant remodelling of health and social care being developed within the partnership's Integrated Transformation Programme.

<i>Integrated Care Fund</i>	<b>IJB Directed to Date £'000</b>
NHS Borders-Led	1,188
Scottish Borders Council-Led	2,647
Uncommitted Resources	2,555
	<b>6,390</b>

#### Former Older People's Change Fund

Prior to the establishment of the Health and Social Care Partnership, NHS Borders, Scottish Borders Council and their third and fourth sector partners worked in together to deliver the Reshaping Care Programme, funded by Scottish Government Change Fund allocation over 4 years to March 2015. This programme is now complete, but a residual uncommitted balance on the funding allocation of £557k remains for carry forward to 2017/18 for use by the partnership.

### **Strategic Plan**

The Scottish Borders Integration Joint Board ("the Board" or "the IJB") of the Scottish Borders Health and Social Care Partnership ("the Partnership") was established as a body corporate by Scottish Ministers on 6<sup>th</sup> February 2016. The Partnership has published a Strategic Plan for 2016 – 2019 which sets out what we want to achieve to improve health and well-being in the Borders through integrating health and social care services.

The Strategic Plan sets out a high level summary of some of what all partners are doing in order to deliver more personalised care and make best use of advancing technology to achieve "Best Health, Best Care, Best Value". This high-level Plan is supported by the implementation of strategies related to specific themes (such as Dementia, Mental Health) and Locality Plans that reflect differing patterns of need across the Borders.

The partnership's Strategic Plan also describes some of the actions it is taking to start to make the shift towards more community-based health and social care services, the outcomes sought to achieve these and the steps being taken to deliver our local objectives.

In addition, the performance measures used to assess the progress we are making are outlined.

Our **9 Local Objectives** are:

1. We will make services more accessible and develop our communities
2. We will improve prevention and early intervention
3. We will reduce avoidable admissions to hospital
4. We will provide care close to home
5. We will deliver services within an integrated care model
6. We will seek to enable people to have more choice and control
7. We will further optimise efficiency and effectiveness
8. We will seek to reduce health inequalities
9. We want to improve support for Carers to keep them healthy and able to continue in their caring role

## **Risk, Uncertainty and Change**

Management of risk and in particular, Financial Risk is one of the key responsibilities of the Board. Work continues currently to develop both Strategic and Operational Risk Registers for the Partnership. In relation to Financial Risk in particular, the following key areas of risk and uncertainty have been identified:

- Real-term funding reductions
- Insufficient transformation funding
- Slippage in the ambitious programme to transform to new models of care
- Further political policy initiatives and funding conditions
- The delivery of challenging efficiency and savings programmes
- Future demographic (demand) pressures
- Increasing market / provider costs of health and social care services
- Market / provider failure
- Price volatility, in particular increased Drugs costs
- Failure of financial planning, management and governance
- Other emerging pressures

In 2017/18, the IJB chair will be Dr Stephen Mather, who is an NHS Borders Non-Executive Director. The previous Chair, Councillor Catriona Bhatia, has now retired from her role as a local authority member. Mrs Pat Alexander, Vice-Chair of the IJB during 2016/17, has also retired from her role as an NHS Borders Non-Executive Director. Following the Scottish Local Government Election 2017, 5 new local authority members have been nominated to the IJB by Scottish Borders Council.

## **Annual Accounts**

The Integration Joint Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which section 12 of the Local Government in Scotland Act 2003 requires preparation in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) and the Service Reporting Code of Practice 2016/17 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

**Dr Stephen Mather**  
**Chair**

**Elaine Torrance**  
**Chief Officer**

**Paul McMenamin**  
**Chief Financial**  
**Officer**

On behalf of the Integration Joint Board Members and Officers of Scottish Borders Health  
and Social Care Partnership Integration Joint Board

30 September 2017

# Remuneration Report

## Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014. These Regulations require various disclosures about the remuneration and pension benefits of specific IJB members and senior employees in respect of earnings and pension benefits.

## Remuneration

The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Employee. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure below.

The information contained in the report is subject to external audit. The explanatory text within the report is reviewed by external auditors to ensure that it is consistent with the financial statements.

## Remuneration of Integration Joint Board Members

The voting members of the IJB are appointed through nomination by NHS Borders and Scottish Borders Council. Nomination of the IJB Chair and Vice-Chair posts alternates between an elected member (2016/17 chair) and a Health Board representative (2017/18 chair).

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. The details of the Chair and Vice Chair appointments and any taxable expenses paid by the IJB are therefore shown below as nil:

Name	Post(s) Held	Nominated By	Taxable Expenses 2016/17 £
Cllr Catriona Bhatia	Chair	Scottish Borders Council	Nil
Mrs Pat Alexander	Vice-Chair	NHS Borders	Nil
<b>Total</b>			<b>Nil</b>

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair and Vice-Chair of the IJB as they are defined above.

## Remuneration of Senior Employees

The term 'Senior Employee' means:

1. Any employee who has responsibility for the management of the Integration Joint Board to the extent that the person has the power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
2. Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
3. Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The IJB does not employ any staff in its own right. Specific post-holding officers are non-voting members of the board however.

**Chief Officer:** Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014, a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

**Other Officers:** No other staff have been appointed by the IJB under a similar legal regime. The Chief Finance Officer and Secretary to the Integration Joint Board posts' duties are covered by each post holder's substantive posts in Scottish Borders Council and NHS Borders respectively. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

The Chief Officer therefore has responsibility for the management of the IJB, supported by the Chief Financial Officer from a financial context. Regardless of how these posts are supplied to the partnership or funded, both are therefore deemed to be Senior Employees in line with criterion 1 above.

Two officers held the post of Chief Officer during 2016/17. The duration of their undertaking is summarised below:

Total 2015/16 £	Name	Employing Organisation	Salary £	Fees and Allowances £
15,866 (FYE £80,024)	Mrs Susan Manion (01 April 2016 to 11 December 2016)	NHS Borders	57,960 (FYE £82,638)	445
Nil	Mrs Elaine Torrance (01 December 2016 to 31 March 2017)	Scottish Borders Council	26,899 (FYE £80,697)	43
<b>15,866</b>	<b>Total</b>		<b>84,859</b>	<b>488</b>

The Chief Financial Officer role was undertaken during 2016/17 by Mr Paul McMenemy:

Total 2015/16 £	Name	Employing Organisation	Salary £	Fees and Allowances £
Nil	Mr Paul McMenamin	Scottish Borders Council	50,033	Nil
<b>Nil</b>	<b>Total</b>		<b>50,033</b>	<b>Nil</b>

During the period, no payments were made in respect of bonuses, taxable expenses, compensation for loss of office or any non-cash benefits. No exit packages were agreed by the Board during this period.

Susan Manion, employed as Chief Officer from 01 April 2016 to 11 December 2016, held an employment contract with NHS Borders on NHS pay terms and conditions of employment and was a member of the NHS Pension Scheme. Elaine Torrance, employed as Chief Officer from 01 December 2016 to 31 March 2017 held an employment contract with Scottish Borders Council on Scottish Borders Council pay terms and conditions of employment and is a member of the Scottish Borders Council Local Government Pension Scheme (LGPS).

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis, there is no pensions liability reflected on the IJB Balance Sheet for the Chief Officer or any other officers. The IJB however has the responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits and the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions:

Name	In-Year Pension Contributions For Year To		Accrued Pension Benefits At 31 March 2017	
	31 March 2016 £	31 March 2017 £	Pension £	Lump Sum £
Chief Officer Mrs Susan Manion (01 April 2016 to 11 December 2016)	1,499	8,636	12,087	36,262
	Movement from 31 March 2017 =		785	2,356
Chief Officer Mrs Elaine Torrance (01 December 2016 to 31 March 2017)	Nil	4,842	39,827	85,345
	Movement from 31 March 2017 =		680	282
Chief Financial Officer Mr Paul McMenamin	Nil	9,006	22,740	0
	Movement from 31 March 2017 =		2,374	0
<b>Total</b>	<b>1,499</b>	<b>17,642</b>	<b>74,654</b>	<b>121,607</b>
	<b>Total Movement from 31 March 2017 =</b>		<b>3,839</b>	<b>2,638</b>

\*<sub>1</sub> Pro-rata for period employed as Chief Officer 01 April 2016 to 11 December 2016

\*<sub>2</sub> Pro-rata for period employed as Chief Officer 01 December 2016 to 31 March 2017

The regulations require any officer whose remuneration for the year was £50,000 or above, to be disclosed in bandings of £5,000. For the IJB in 2016/17 this is:

Number of Employees in Band 2015/16	Remuneration Band	Number of Employees in Band 2016/17
0	£55,001-£55,500	2

**Dr Stephen Mather**  
Chair

**Elaine Torrance**  
Chief Officer

On behalf of the Councillors and Officers of Scottish Borders Health and Social Care Partnership

30 September 2017

## Statement of Responsibilities

### Integration Joint Board

The Integration Joint Board has appointed its Chief Officer and Chief Financial Officer on an interim secondment basis.

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Joint Board, that officer is the Chief Financial Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Integration Joint Board Audit Committee at its meeting on 25 September 2017.

Signed on behalf of Scottish Borders Health and Social Care Partnership Integration Joint Board

**Dr Stephen Mather**  
**Chair**

### Chief Officer

The Integration Joint Board has appointed a Chief Officer in accordance with section 10 of the Act.

The Chief Officer is accountable directly to the Integration Joint Board for the preparation, implementation and reporting on the Strategic Commissioning Plan, including overseeing the operational delivery of delegated services.

The Chief Officer is a member of the Parties' relevant Executive / Corporate Management teams and is accountable to and managed by the Chief Executives of both Parties.

The Chief Officer is seconded to the Integration Joint Board from Scottish Borders Council.

## Chief Financial Officer

The Chief Financial Officer is seconded at no cost to the IJB from one or other partner organisation. Currently, this post is filled on an interim basis.

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with the proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- kept adequate proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of Scottish Borders Health and Social Care Partnership Integration Joint Board as at 31 March 2017 and the transactions of the Joint Board for the year then ended.

**Paul McMenamin, BA CPFA**  
**Chief Financial Officer**

# Annual Governance Statement 2016/17

## Introduction

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

## Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

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 NHS Borders and Scottish Borders Council (the partners) systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisation's aims and objectives, as well as those of the IJB.

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

## The Governance Framework and Internal Control System

The Board of the IJB comprises voting members, nominated by either NHS Borders or Scottish Borders Council, as well as non-voting members including a Chief Officer appointed by the Board.

The IJB's Local Code of Corporate Governance (IJB Local Code) sets out the framework and key principles, which require to be complied with, to demonstrate effective governance. Revisions were required to the IJB Local Code to ensure it reflects the changing context of integration and is consistent with the principles and recommendations of the new CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and the supporting guidance notes for Scottish authorities. The overall aim of the Framework is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The main features of the governance framework and internal control system associated with the seven core principles of good governance defined in the revised Framework in existence during 2016/17 included:

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

The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board's business are defined in the Scheme of Integration, approved constitution and Procedural Standing Orders to make sure that public business is conducted with fairness and integrity.

Reliance is placed on the values and standards set out in the codes of conduct within the employer partner organisations, which incorporate "The Seven Principles of Public Life" identified by the Nolan Committee on Standards in Public Life.

The IJB is dependent upon arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- ethical awareness training and whistleblowing policies and procedures;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- identifying, mitigating and recording conflicts of interest, hospitality and gifts; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

Other areas where the IJB places significant reliance on arrangements in place within the partner organisations are set out in the remainder of the statement.

The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

Professional advice on the discharge of duties is provided to the Board by the Chief Officer supported by Board Secretary, Chief Financial Officer, and Chief Internal Auditor as appropriate

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

Board meetings are held in public unless there are good reasons for not doing so on the grounds of confidentiality.

Unless confidential, decisions made by the Board are documented in the public domain. 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 was developed following consultations with interested parties including members of the public.

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

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. Planning is underpinned by the Locality Plan.

Equality and Diversity implications are considered during the decision making process to promote fair access to services.

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

In determining how services and other courses of action should be planned and delivered the partnership has a statutory responsibility to involve patients and members of the public. The Scottish Borders Health & Social Care Partnership's Strategic Plan 2016-2019 is based on consultation. The plan will be updated before the end of its life and any update will be based upon further consultation.

Decision makers receive objective analysis indicating how intended outcomes would be achieved.

Community benefit is an important consideration in the procurement of goods and services. Reliance is placed on the arrangements within the partner organisations for achieving community benefits

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

The Board is supported by the Chief Officer and the Chief Financial Officer who are 'employed' by the IJB. The roles of these officers are defined in agreed job profiles. The Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information/support to inform decision-making and scrutiny.

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.

Members of the IJB Board are provided with the opportunity to attend development sessions covering a broad range of subject matter.

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

The Chief Officer has overall responsibility for directing and controlling the partnership. The IJB Board is responsible for key decision-making.

The Partnership has a risk management strategy which 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 Chief Financial Officer is responsible for the proper administration of all aspects of the Partnership's financial affairs including ensuring appropriate advice is given to the Board on all financial matters.

The IJB's system of internal financial control is dependent upon on the framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and systems of delegation and accountability within the partner organisations.

Revenue Budget Monitoring reports are presented to the Board at each meeting for monitoring and control purposes including the annual outturn. Financial reporting for the partnership requires the application of appropriate financial regulations, codes of financial practice, and reporting standards.

The IJB also relies upon the partners for:

- pursuing a proactive, holistic approach to tackling fraud, theft, corruption and crime, as an integral part of protecting public finances, safeguarding assets, and delivering services effectively and sustainably; and
- management of data in accordance with applicable legislation.

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

The Chief Officer Audit & Risk of Scottish Borders Council has been appointed by the Board (as Chief Internal Auditor) to provide an independent and objective annual opinion on the effectiveness of internal control, risk management and governance. This is carried out in conformance with the Public Sector Internal Audit Standards.

Effective working arrangements are in place between the partner's respective Internal Auditors on matters relevant to the IJB.

The Board responds to the findings and recommendations of Internal Audit, External Audit, Scrutiny and Inspection bodies. The IJB Audit Committee is integral to overseeing assurance and monitoring improvements in internal control and governance.

An Annual Performance Report for 2016/17 is being prepared to outline progress against strategic objectives in year 1.

The Annual Accounts and Report for 2016/17 setting out the financial position in accordance with relevant accounting regulations is also being prepared.

## **Review of Adequacy and Effectiveness**

The IJB is required to conduct, at least annually, a review of the effectiveness of its governance framework.

The review was informed by:

- an annual self-assessment against the IJB's Local Code of Corporate Governance consistent with the principles and recommendations of the new CIPFA/SOLACE Framework (2016), carried out by IJB Internal Audit;
- IJB Internal Audit reports;
- IJB External Audit reports;
- relevant reports by other external scrutiny bodies and inspection agencies; and
- relevant partners' (NHS Borders and Scottish Borders Council) Internal Audit and External Audit reports.

The results of the review were reported to the IJB Audit Committee whose role includes high level oversight of the IJB's governance, risk management, and internal control arrangements.

## **Improvement Areas of Governance**

The collective review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the Local Code. Action required is summarised under the following themes:

### *Regulation of the Board and scrutiny arrangements*

- 1 Definition of the roles and responsibilities of Board members clearly set out in formal Terms of Reference (soon to be submitted to the Board), supported by focussed learning and development to assist members in discharging their roles and responsibilities properly.
- 2 Formal assessment of the skills required by Board members to effectively perform their role with personalised learning and development to advance their individual skills set as required.
- 3 Introduction of an appraisal process in order to review the performance of the statutory officers and of individual Board members.
- 4 Development of a formal scheme of delegation and reserve powers within the constitution, including a formal schedule on those matters specifically reserved for collective decision of the Board, taking account of relevant legislation.

- 5 Delegation of relevant powers to the Chief Officer to facilitate implementation of the strategy and managing the delivery of services and other outputs set by members.
- 6 Promotion of a culture that fully endorses and accepts challenge among partners.
- 7 Formal recognition that the Audit Committee is not independent of the Board and the consequent perceived limitations in objective challenge that might result.

#### *Decision making*

- 8 Formalisation of arrangements for access to specialist legal advice that might be required, through the partners' legal services and their support service arrangements.
- 9 Review of the decision making process ensuring that in future reports upon which decisions are to be made identify social and environmental benefits, legal and sustainability considerations and include a comprehensive analysis of risk. The implications of the decision along with possible alternative actions are clearly and consistently set out. When documenting the decision the criteria and rationale used in taking the decision is explained.

#### *Engagement and Implementation*

- 10 Revision and completion the Commissioning and Implementation Plan ensuring that it represents a sufficiently detailed approach to service redesign to bring about intended impact or changes including quality of service and value for money.
- 11 Decision on when consultation on service reconfiguration should take place going forward and reflection of the decision as policy in the Communications and Engagement Plan.
- 12 Commencement of commissioning to bring about required service redesign and intended outcomes through either disinvestment or targeted reinvestment.

#### *Monitoring progress, performance and risk*

- 13 Completion of risk registers currently prepared to a draft stage.
- 14 Embed risk management into the culture of the authority and fully consider risk in the decision making process.
- 15 Continue to develop and then embed a Performance Management Framework which:
  - Establishes, through the development of relevant KPIs, an effective mechanism for monitoring performance and quality of all services including value for money in redesigned services within scope of health and social care integration;
  - assists in objectively challenging progress made with integrating service delivery in terms of activities, outputs and planned outcomes; and
  - performance monitoring reports are regularly presented to the Board.

#### *Financial and resource planning*

- 16 Definition of sustainable outcomes and available resources recognising the significant risk to outcomes posed by the cost of current models of delivery on financial sustainability.
- 17 Development of a medium term financial strategy as proposed in February 2017 along with the development of medium and long term resource plans.

The implementation of these actions to enhance the governance arrangements in 2017/18 will be driven and monitored by the IJB Chief Officer in order to inform the next annual review. Internal Audit work planned in 2017/18 is designed to test improvements and compliance.

## **Conclusion and Opinion on Assurance**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements and system of internal control, while recognising that improvements are required to fully demonstrate compliance with the Local Code in order for the IJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control.

**Dr Stephen Mather**  
**Chair**

**Elaine Torrance**  
**Chief Officer**

On behalf of the Councillors and Officers of Scottish Borders Health and Social Care Partnership

30 September 2016

# Independent Auditor's Report

<will be inserted following completion of independent audit and issue of report prior to 30 September 2017>

## Statement of Accounts

### Comprehensive Income and Expenditure Statement (CIES) for the Year Ended 31 March 2017

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments, these would be included in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. For 2016/17, there are no statutory adjustments.

Gross Expenditure 2015/16	Income 2015/16	Net Expenditure 2015/16		Gross Expenditure 2016/17	Income 2016/17	Net Expenditure 2016/17	Note
£'000	£'000	£'000		£'000	£'000	£'000	
0	0	0	Health Services Delegated	97,322	0	97,322	4,7
0	0	0	Social Care Services Delegated	47,453	0	47,453	
0	0	0	Health Services Retained and Set-Aside by NHS Borders	20,864	0	20,864	
20	0	20	Corporate Services	127	0	127	
<b>20</b>	<b>0</b>	<b>20</b>	<b>Cost of Services</b>	<b>165,766</b>	<b>0</b>	<b>165,766</b>	
0	(20)	(20)	Taxation and Non-Specific Grant Income	0	(165,766)	(165,766)	5
<b>0</b>	<b>(20)</b>	<b>(20)</b>	<b>Surplus or (Deficit) on Provision of Services</b>	<b>165,766</b>	<b>(165,766)</b>	<b>0</b>	
<b>0 Total Comprehensive Income and Expenditure</b>						<b>0</b>	

The Integration Joint Board was established on 06 February 2016. Whilst a legal entity from that date, integrated delivery of health and social care services did not commence until 01 April 2016. Consequently, the 2016/17 financial year is the first fully operational financial year for the IJB and the figures stated in the Comprehensive Income and Expenditure Statement reflect this.

### Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the IJB's General Fund balance are separately identified from the movements due to accounting practices.

The Comprehensive Income and Expenditure Statement reports no net surplus or deficit on the provision of services at 31 March 2017. No statutory adjustments have been made in respect of any absence entitlement on the part of the Chief Officer which has been earned but not yet taken as at 31 March 2017.

Following these positions therefore, no net movement in reserves has been calculated for 2016/17.

	General Fund Balance £'000	Useable Reserves: Employee Statutory Adjustment Account £'000	Total Reserves £'000
<b>Opening Balance at 31 March 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments between accounting basis and funding under regulations	0	0	0
<b>Closing Balance at 31 March 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increase or Decrease during 2016/17	0	0	0

### Balance Sheet at 31 March 2017

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB. At 31 March 2017, these remain nil.

31 March 2016 £'000			31 March 2017 £'000		Note
4		Short-Term Debtors	6,038		6
	<b>4</b>	<b>Current Assets</b>		<b>6,038</b>	
(4)		Short-Term Creditors	(6,038)		6
	<b>(4)</b>	<b>Current Liabilities</b>		<b>(6,038)</b>	
0		Provisions	0		
	<b>0</b>	<b>Long-Term Liabilities</b>		<b>0</b>	
	<b>0</b>	<b>Net Assets</b>		<b>0</b>	
	0	Useable Reserve: General Fund		0	
	0	Useable Reserve: Employee Statutory Adjustment Account		0	
	<b>0</b>	<b>Total Reserves</b>		<b>0</b>	

The unaudited accounts were approved by the IJB's Audit Committee on 26 June 2017 and issued on 30 June 2017. The audited accounts were authorised for issue on 26 September 2017.

**Paul McMenamin BA, CPFA**  
**Chief Financial Officer**

30 September 2017

# Notes to the Annual Accounts

## 1 – Significant Accounting Policies

### 1.1 General Principles

The Annual Accounts summarise the Integration Joint Board's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a section 106 body as defined in the Local Government (Scotland) Act 1973.

It is therefore required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. Section 12 of the Local Government in Scotland Act 2003 requires these to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounting convention adopted in the Annual Accounts is historical cost. They are prepared on a going-concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future.

### 1.2 Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when settlement in cash occurs. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet.
- Where debts may not be received, the balance of debtors is written down.

### 1.3 Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, NHS Borders and Scottish Borders Council. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in the Scottish Borders.

### 1.4 Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a 'Cash and Cash Equivalent' figure on the balance sheet. The funding balance due to / from each funding partner, as at 31 March, is represented as a debtor or creditor on the IJB's balance sheet.

### 1.5 Employee Benefits

The IJB does not directly employ staff. Officers are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report. The charges from the employing partner are treated as Employee-Related costs. Where material, the Chief Officers absence entitlement as at 31 March will be accrued, for example in relation to annual leave earned but not yet taken. There are no charges from funding partners for other staff.

### **1.6 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation, as at 31 March, due to a past event; settlement of the obligation is probable; and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet, but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured.

No provisions or contingent liabilities or assets have been made at 31 March 2017.

### **1.7 Reserves**

The IJB's reserves are classified as either Usable or Unusable Reserves.

The IJB's only Usable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision.

The IJB's only Unusable Reserve is the Employee Statutory Adjustment Account. This is required by legislation. It defers the charge to the General Fund for the Chief Officer's absence entitlement as at 31 March, for example any annual leave earned but not yet taken. The General Fund is only charged for this when the leave is taken, normally during the next financial year.

### **1.8 VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

In November 2016, HMRC issued an opinion on the VAT treatment of services provided by IJB's partners. This related to the VAT treatment of the exchanges of staff between the Health Board and Local Authority, when under the direction of the Integrated Joint Board.

Relevant to the Scottish Borders, where other than the Chief Officer, the supply of these services is seen as part of the party's statutory obligation/contribution to the IJB and therefore the LA/HB have not recharged for any costs incurred, HMRC's opinion is that there is no consideration and as such no supply for VAT purposes.

HMRC has the secondment of the Chief Officer is outside the scope of VAT as the provision of a Chief Officer by and HB and/or LA to the IJB is done under a special legal regime.

Therefore the LA/HB should not be charging VAT to the other party on this supply as it outside the scope of VAT.

## 2 – Events after the Reporting Period

### 2.1 Events after the Reporting Period / Balance Sheet Date

The unaudited Annual Accounts were authorised for issue by the Chief Financial Officer on 30 June 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2017, the figures in the financial statements and notes would normally be adjusted in all material respects to reflect the impact of this information. There are no identified Events after the Reporting Period to 31 March 2017.

## 3 – Expenditure and Funding Analysis

### 3.1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the funding available to the IJB in the form of funding partner contributions has been used in providing services. This is compared to the cost of services on an accounting basis.

2015/16			2016/17		
Net Expenditure Chargeable to the General Fund £'000	Adjustments £'000	Net Expenditure in the CIES £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments £'000	Net Expenditure in the CIES £'000
0	0	0	18,951	0	18,951
0	0	0	16,084	0	16,084
0	0	0	738	0	738
0	0	0	20,979	0	20,979
0	0	0	3,343	0	3,343
0	0	0	82,959	0	82,959
0	0	0	397	0	397
0	0	0	1,324	0	1,324
0	0	0	20,864	0	20,864
0	0	0	127	0	127
<b>0</b>	<b>0</b>	<b>0</b>	<b>165,766</b>	<b>0</b>	<b>165,766</b>
0	0	0	(165,766)	0	(165,766)
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>0</b>	<b>0</b>
0 Opening General Fund Balance	0
0 Surplus or (Deficit) in the Year	0
<b>0</b> Closing General Fund Balance	<b>0</b>

No adjustments are required in relation to the statutory requirement to defer any charge to the General Fund for the Chief Officer's absence entitlement at 31 March 2017.

## 4 – Expenditure and Income Analysis by Nature

### 4.1 Expenditure and Income Analysis by Nature

2015/16 £'000		2016/17 £'000
	0 Services commissioned from NHS Borders	118,186
	0 Services commissioned from Scottish Borders Council	47,453
	16 Employee Benefits Expenditure	110
	4 Auditor Fee: External Audit	17
	(20) Partners' Funding Contributions	(165,766)
	<b>0 Cost of Services</b>	<b>0</b>

The Fee charged by the External Auditor for 2016/17 was £17,470.

## 5 – Taxation and Non-Specific Grant Income

### 5.1 Taxation and Non-Specific Grant Income

2015/16 £'000		2016/17 £'000
	(10) Funding Contribution from NHS Borders	(122,187)
	(10) Funding Contribution from Scottish Borders Council	(43,579)
	<b>(20) Taxation and Non-Specific Grant Income</b>	<b>(165,766)</b>

The funding contribution from the NHS Board shown above includes £20.864m in respect of 'set aside' resources relating to acute hospital and other resources. These are provided by the NHS which retains responsibility for managing the costs of providing the services. The IJB however has responsibility for the consumption of, and level of demand placed on, these resources.

## 6 – Debtors and Creditors

### 6.1 Debtors

The IJB's Debtors include money owed to the partnership at 31 March 2017 and any payments made in respect of delegated functions in advance of the 2017/18 financial year:

31 March 2016 £'000		31 March 2017 £'000
	2 Funding NHS Borders	9
	2 Funding Scottish Borders Council	6,030
	0 Funding Non-Public Sector	0
<b>4</b>	<b>Debtors</b>	<b>6,038</b>

### 6.2 Creditors

The IJB's Creditors include payments due by the partnership not yet made by the 31 March 2017 and any income it has received in advance of the 2017/18 financial year:

31 March 2016 £'000		31 March 2017 £'000
	(2) Funding NHS Borders	(688)
	(2) Funding Scottish Borders Council	(5,350)
	0 Funding Non-Public Sector	0
<b>(4)</b>	<b>Creditors</b>	<b>(6,038)</b>

## 7 – Related Party Transactions

### 7.1 Related Party Transactions

The IJB has related party relationships with NHS Borders and Scottish Borders Council. In particular the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's accounts are presented to provide additional information on the relationships.

#### NHS Borders

2015/16 £'000		2016/17 £'000
(10)	Funding Contributions	(122,187)
0	Service Income	0
0	Expenditure on Services Provided	118,186
0	Key Management Personnel	75
10	Support Services	9
<b>0</b>	<b>Net Transactions with NHS Borders</b>	<b>(3,918)</b>

Key Management Personnel: The non-voting Board members employed by the NHS Board and recharged to the IJB include only the Chief Officer (01 April 2016 to 11 December 2016). Details of the remuneration for some specific post-holders is provided in the Remuneration Report.

31 March 2016 £'000		31 March 2017 £'000
	2 Debtors: Amounts Due from NHS Borders	9
	(2) Creditors: Amounts Due to NHS Borders	(688)
	<b>0 Net Balance with NHS Borders</b>	<b>(680)</b>

### Scottish Borders Council

2015/16 £'000		2016/17 £'000
	(10) Funding Contributions	(43,579)
	Service Income	0
	Expenditure on Services Provided	47,453
	Key Management Personnel	35
	10 Support Services	9
	<b>0 Net Transactions with Scottish Borders Council</b>	<b>3,918</b>

Key Management Personnel: The senior officers employed by the Local Authority and recharged to the IJB include only the Chief Officer (01 December 2016 to 31 March 2017). Details of the remuneration for some specific post-holders is provided in the Remuneration Report.

31 March 2016 £'000		31 March 2017 £'000
	2 Debtors: Amounts Due from Scottish Borders Council	6,030
	(2) Creditors: Amounts Due to Scottish Borders Council	(5,350)
	<b>0 Net Balance with Scottish Borders Council</b>	<b>680</b>

## 8 – Other Notes to the Accounts

**8.1 Provisions:** No provisions have been made at the 31 March 2017.

**8.2 Useable Reserve: General Fund:** The IJB does not hold a balance on its General Fund Reserve at 31 March 2017. The IJB has an approved Reserves Policy which enables it over time to earmark or build up funds which are to be used for specific purposes in the future such as known or predicted future expenditure needs. This supports strategic financial management. The Policy can also enable a contingency fund to be established in order to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

**8.3 Unusable Reserve: Employee Statutory Adjustment Account:** Only one officer, the Chief Officer, requires to be considered in relation to absence entitlement earned but not yet taken at 31 March 2017. The value of this untaken but accrued entitlement is not considered material to the overall financial position of the IJB as presented in the Comprehensive Income and Expenditure Statement.

**8.4 Agency Income and Expenditure:** The Scottish Borders Partnership IJB is co-terminus between NHS Borders and Scottish Borders Council. The IJB does not act as the lead agency / manager for any delegated health or care services nor does it commission services on behalf of any other IJBs.

**8.5 Contingent Assets and Contingent Liabilities:** No Contingent Liabilities or Contingent Assets have been identified relating to any item not recognised on the IJB's Balance Sheet.

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**IJB AUDIT COMMITTEE**  
**26 JUNE 2017**



**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 7 March 2016.
- 2.3 Authorities are urged to test their structure against the seven (previously six in 2007) core principles of good governance set out in the new CIPFA/SOLACE 'Delivering Good Governance in Local Government' 2016 Edition (the 2016 Framework), which applies to Annual Governance Statements prepared for the financial year 2016/17 onwards, 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 Report 2016/17, to inform the draft IJB Annual Governance Statement 2016/17 by the Chief Officer prior to its inclusion within the draft IJB Statement of Accounts. During the 2016/17 review it was concluded that revisions are required to the IJB Local Code to ensure it reflects the changing context of the IJB and complies with the new Framework.

## 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 Integration Joint Board in its early years of operation; and
  - b) The layout of the document to ensure it is compliant with the new Framework and concise though not too lengthy.
- 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 the requirements of the best practice good governance framework. 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** that the full Board approve its 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 its 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.

<p><b>Policy/Strategy Implications</b></p>	<p>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.</p>
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<b>Consultation</b>	The IJB Interim 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>	<b>Name</b>	<b>Designation</b>
Elaine Torrance	Chief Officer Health and Social Care		

**Author(s)**

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
Jill Stacey	SBC Chief Officer Audit and Risk and IJB Chief Internal Auditor		

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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 will be 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 the constitution and standing orders.  Reliance will be 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 will be 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 Annual Governance Statement will be 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 terms of reference and has periodic meetings during the year in line with audit cycle (first meeting in September 2016).  Reliance placed on partner’s 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 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 will be 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 will be 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 will be placed on the arrangements within the partner organisations for ensuring legal compliance in operation of services. Advice and overseeing compliance on legal matters will be 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 will be 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>Minutes and committee reports are published on modern.gov website. The IJB business is held in public unless there are good reasons for not doing so on the grounds of confidentiality.</p> <p>Reliance will be 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>Calendar of dates for submitting, publishing and distributing reports.</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 will be 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 was developed following consultations with interested parties including members of the public, therefore highly co-produced. The draft strategy had a consultation form at the end to encourage comment. There has been an extensive process of engagement leading to the publication of Locality Plans in October 2017. The Communications and Engagement Plan sets out the key requirements for effective communications and engagement with all relevant stakeholders. It was developed primarily to assist in production of the strategy.

	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 with full representation is 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 Strategy (page 56) states that it will be reviewed at least every three years, based on on-going assessment of need.
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	Scottish Borders Health & Social Care Partnership’s Strategic Plan 2016-2019
3	Delivering defined outcomes on a sustainable basis within the resources that will be available	
4	Identifying and managing risks to the achievement of outcomes	The Risk Management Strategy was approved by the IJB, on 7 <sup>th</sup> 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.
5	Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available	

**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 organisation's intended outcomes and short-term factors such as the political cycle or financial constraints should be recognised as part of value for money considerations and medium term financial planning when developed.</p> <p>Reliance will be placed on the value for money arrangements within the partner organisations.</p> <p>The IJB has issued a direction to the partners to deliver business as usual, with the exception of a limited amount of commissioning through ICF and Social Care funding. Value for Money has therefore not been a consideration at present.</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.</p> <p>Regular performance reporting is now in place on identified Ministerial priority areas.</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 will be 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 plan will be updated before the end of its life 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 a direction to the partners to deliver business as usual. 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 now in place but only on identified Ministerial priority areas.
6	Ensuring capacity exists to generate the information required to review service quality regularly	
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	

### 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	
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 D3.1
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 will be 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	
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 will be 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 will be 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	Regular meetings are held between the Chief Officer Health and Social Care Integration 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 Code of Corporate Governance provides for delegation of functions but not powers. The Scheme of Integration does provide some guidance however.
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	Regular meetings are held between the Chief Officer Health and Social Care Integration 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. Following May 2017 Local Elections 6 of 10 IJB members are new and therefore an induction process has been put in place
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	
7	Holding staff to account through regular performance reviews which take account of training or development needs	Reliance will be 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 will be 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 <sup>th</sup> 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.
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. Regular performance reporting is now in place but only on identified Ministerial priority areas.
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>	<p>The Performance Management Framework is not fully developed or complete.</p> <p>Regular performance reporting is now in place but only on identified Ministerial priority areas.</p>
4	<p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>The Performance Management Framework exists but is not fully developed or complete.</p> <p>Regular performance reporting is now in place but only on identified Ministerial priority areas.</p>
5	<p>Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (eg financial statements )</p>	<p>Financial standards, guidance within the employer partner organisations.</p> <p>IJB Financial Regulations and Standing Orders.</p> <p>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	<p>Aligning the risk management strategy and policies on internal control with achieving objectives</p>	<p>The Risk Management Strategy was approved by the IJB, on 7<sup>th</sup> March 2016.</p>
2	<p>Evaluating and monitoring risk management and internal control on a regular basis</p>	<p>As F3.1</p>
3	<p>Ensuring effective counter fraud and anti-corruption arrangements are in place</p>	<p>Reliance will be placed on counter fraud and anti-corruption arrangements within the partner organisations.</p>
4	<p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p>	<p>Internal Audit service is provided by the Council's Internal Audit team. Effective liaison with NHS Borders Internal Audit team.</p>
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>	<p>The IJB Audit Committee has been constituted with terms of reference and has periodic meetings during the year in line with audit cycle (first meeting in September 2016).</p>

**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 will be placed on the arrangements for managing data within the employer 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.
2	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Budget monitoring process and 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 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	An annual performance report is published (2015/16 based on shadow year; 2016/17 is being prepared to outline progress against strategic objectives in year 1). The Annual Accounts and Report that sets out the financial position is produced in accordance with accounting regulations (2015/16 based on shadow year; 2016/17 is being prepared).

#### 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 published (2015/16 based on shadow year; 2016/17 is being prepared to outline progress against strategic objectives in year 1). The Annual Accounts and Report that sets out the financial position is produced in accordance with accounting regulations (2015/16 based on shadow year; 2016/17 is being prepared).
2	Ensuring members and senior management own the results	The Integration Joint Board 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)	Review of the Framework reported in the Annual Governance Statement.
4	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Reliance will be 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 will be 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 Jill Stacey, Chief Officer Audit and Risk, Scottish Borders Council, as Chief Internal Auditor for the Integration Joint Board on 1 February 2016 with agreement that Internal Audit services for the IJB will be 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. Any recommendations made by Internal Audit will be acted upon.
3	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Any recommendations made by Regulatory Bodies or Inspection Agencies will be 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 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. Annual Governance Statement included within 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 vision, strategic objectives and outcomes are reflected in the Scottish Borders Health & Social Care Partnership's Strategic Plan 2016-2019 has been approved and published by the IJB. The Board is made up of members from the Council and NHS Borders.