



## **INTEGRATED JOINT BOARD GOVERNANCE – DRAFT FINANCIAL REGULATIONS**

### **Aim**

- 1.1 The purpose of this report is to provide the Integration Joint Board (IJB) with draft Financial Regulations, for noting and approval prior to 1<sup>st</sup> April 2016.

### **Background**

- 2.1 For the last 2 years, NHS Borders and Scottish Borders Council Finance Staff have been working closely to ensure appropriate financial arrangements are in place to support the IJB as part of the Finance Workstream. Development of a robust set of Financial Regulations consistent with those already applied within NHS Borders and Scottish Borders Council is a key objective and deliverable from this workstream.
- 2.2 Accordingly, Scottish Borders Council's Financial Regulations will be reviewed and revised where appropriate in order to ensure they are consistent with and complement these IJB Financial Regulations, as will the Standing Financial Instructions for NHS Borders to recognise the impact of the IJB.

### **Summary**

- 3.1 This report provides the background to and current issues relating to the draft Financial Regulations relating to the Scottish Borders Integrated Joint Board. The Financial Regulations have been developed in partnership between the IJB Chief Officer, NHS Borders and Scottish Borders Council as part of the Finance Workstream and are intended to provide the financial governance framework within which the IJB will operate. A copy of the draft Financial Regulations is included as Appendix 1 to this report.
- 3.2 The Financial Regulations are informed professional guidance developed by the Integrated Resources Advisory Group (IRAG), a national group established to develop guidance to support the implementation of the Public Bodies Joint Working (Scotland) Act 2014, together with work to date from officer working groups comprising NHS and Local Authority finance professionals developing IRAG guidance into a set of procedures that will support the IJB in decision making in strategic and operational finance matters. Reference has also been made to other IJB's Financial Regulations already approved and/or implemented across Scotland so far.
- 3.3 These Draft Financial Regulations remain subject to revision in order to reflect ongoing local and national work in a number of areas including:
  - Treatment of VAT

- Treatment of overheads and support services
- Reserves strategy
- Year end accounts – treatment and content

## **Financial Governance**

- 4.1 A number of key financial principles underpinning the financial governance of the IJB's activities have been developed or are in development, to be completed and implemented by the end of 2015/16. These cover a wide range of areas including:
- Financial Regulations and Standing Financial Instructions
  - Governance Statement and Statement of Internal Control
  - Risk Management, Insurance and Business Continuity
  - Managing Integrated Budgets Guiding Principles and the Treatment of Planned and Windfall Over and Underspend
  - Budget Setting and Financial Planning process
  - Scheme of Virement
  - Capital Planning Process
  - Managing Financial Performance
  - Financial Governance Checklist
  - Internal and External Audit Arrangements
  - Reserves Strategy and the carry forward of Resources
  - Annual Accounts (national issue)
  - Treatment of VAT (national issue)
- 4.2 These policies will be customised for the Scottish Borders IJB beginning with a draft set of Financial Regulations for consideration and approval by the IJB Audit Committee, in January 2016. There are no specific issues to highlight and there is no conflict with Scottish Borders Council's Financial Regulations or NHS Borders Standing Financial Instructions.
- 4.3 Subsequent updates will be brought for approval, to the IJB Audit Committee, as each of the remaining outstanding issues is resolved. In addition to the issues above work remains ongoing on the treatment of overheads and running costs relating specifically to the IJB.

## **Operational Considerations**

- 5.1 As previously discussed, a commencement date of 1 April 2016 for financial responsibilities of the IJB will allow a clean and transparent transfer of resources, including set aside budgets for large hospital services, for the IJB and its partners. This will align with the Strategic Plan covering the period 2016-19.
- 5.2 In the interim, aligned financial reporting will continue to be brought to the IJB for information, with inclusion of large hospital set aside and hosted service budgets and an integrated budget on agreed final position on the integrated scope from April 2016. This will be based on the Financial Statement which will be reported to the IJB in March 2016 and which will support the delivery of the 3-year strategic plan.

- 5.3 Financial reporting will broadly follow the integrated reporting previously presented to the CHCP however it will be further developed to include reporting for large hospital services and for hosted services, with a methodology currently being developed, further enabled by an single integrated reporting mechanism.
- 5.4 Strategic reporting will be developed to include a longer term financial strategy, annual financial performance statements and other requirements as determined in the final professional guidance.

### Other Issues

- 6.1 Employment status of the Chief Officer and Chief Financial Officer remains subject to confirmation, along with associated VAT treatment. An update will be provided upon confirmation. The appointment of a Chief Financial Officer remains pending and an update will be provided when complete.
- 6.2 As the Scottish Borders partnership already has an integrated management structure there are no cost implications or savings opportunities resulting from this legislative change. However the costs of servicing the IJB will be required to be identified and funded. An update will be provided upon confirmation.

### Recommendation

It is recommended that the Health & Social Care Integration Joint Board **notes** the contents of this report and agrees the content of the Draft Financial Regulations.

<b>Policy/Strategy Implications</b>	
<b>Consultation</b>	
<b>Risk Assessment</b>	
<b>Compliance with requirements on Equality and Diversity</b>	
<b>Resource/Staffing Implications</b>	

### Approved by

<b>Name</b>	<b>Designation</b>	<b>Name</b>	<b>Designation</b>
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