

# Scottish Borders Health and Social Care IJB Audit Committee

19 June 2023

## IJB ANNUAL GOVERNANCE STATEMENT 2022/23

Report by Chris Myers, IJB Chief Officer



### 1. PURPOSE AND SUMMARY

- 1.1. **To propose that the IJB Audit Committee considers and approves the draft Annual Governance Statement 2022/23 of the Scottish Borders Health and Social Care Integration Joint Board by the IJB Chief Officer for inclusion in the unaudited IJB Annual Report and Accounts 2022/23 in preparation for the statutory audit process.**
- 1.2. The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016), which is deemed appropriate for the IJB under the legislative framework for integration authorities, urges authorities to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 1.3. Part of the IJB Audit Committee's remit is to assess the adequacy and effectiveness of the IJB's internal controls and corporate governance arrangements against the good governance framework and consider the annual governance reports and assurances to ensure that the highest standards of probity and public accountability are demonstrated.
- 1.4. The IJB Annual Governance Statement 2022/23 (Appendix 1), in compliance with the CIPFA/SOLACE Framework, provides details of the IJB's Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance, and Overall Opinion.

### 2. RECOMMENDATIONS

- 2.1. **The Scottish Borders Health and Social Care Integration Joint Board (IJB) Audit Committee is asked to:-**
  - a) Consider the details of the Annual Governance Statement 2022/23 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1) to ensure it reflects the risk environment and governance in place to achieve objectives, and acknowledges the actions identified by Management to improve internal controls and governance arrangements; and
  - b) Approve that it be published in the unaudited Annual Report and Accounts 2022/23 of the Scottish Borders Health and Social Care Integration Joint Board in preparation for the statutory audit process.

### 3. ALIGNMENT TO STRATEGIC OBJECTIVES AND WAYS OF WORKING

- 3.1. The IJB's systems of governance, risk and internal control are designed to achieve the Health and Social Care Strategic Framework Objectives and will indirectly impact the Ways of Working below:

Alignment to our strategic objectives					
Rising to the workforce challenge	Improving access	Focusing on early intervention and prevention	Supporting unpaid carers	Improving our effectiveness and thinking differently to meet need with less	Reducing poverty and inequalities
X	X	X	X	X	X

Alignment to our ways of working					
People at the heart of everything we do	Good agile teamwork and ways of working – Team Borders approach	Delivering quality, sustainable, seamless services	Dignity and respect	Care and compassion	Inclusive co-productive and fair with openness, honesty and responsibility
X	X	X	X	X	X

### 4. INTEGRATION JOINT BOARD DIRECTION

- 4.1 A Direction is not required. This is a routine good governance report for assurance purposes.
- 4.2 The IJB Annual Governance Statement 2022/23 (in Appendix 1) refers to the IJB's Directions Policy and procedures, as part of its governance arrangements.

### 5. BACKGROUND

- 5.1. 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.
- 5.2. 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 approved Scheme of Integration, Constitution and Standing Orders to make sure that public business is conducted with fairness and integrity. The Board has a standalone Terms of Reference setting out its remit.
- 5.3. The IJB Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- 5.4. The IJB approved its Local Code of Corporate Governance in September 2018, on recommendation by the IJB Audit Committee, which helps to ensure proper arrangements continue to be in place to meet these responsibilities. The Local Code is consistent with the principles and requirements of the CIPFA/SOLACE Framework 'Delivering Good Governance in

Local Government’ (2016) which is deemed appropriate for the IJB under the legislative framework for integration authorities.

- 5.5. Fundamentally, Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
- 5.6. The CIPFA/SOLACE Framework urges authorities to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 5.7. Part of the IJB Audit Committee’s remit is to assess the adequacy and effectiveness of the IJB’s internal controls and corporate governance arrangements against the good governance framework and consider the annual governance reports and assurances to ensure that the highest standards of probity and public accountability are demonstrated. This includes to ‘Be satisfied that the authority’s assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority’s objectives’ .

## 6. IJB ANNUAL GOVERNANCE STATEMENT 2022/23

- 6.1. The IJB Annual Governance Statement 2022/23 (Appendix 1), in compliance with the CIPFA/SOLACE Framework, provides details of the IJB’s Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance, and Overall Opinion.
- 6.2. In terms of overall corporate governance it is the IJB Chief Officer’s opinion that, although there are a few areas of work to be completed for full compliance with the Local Code, the overall governance arrangements of the IJB are operating adequately. The Annual Governance Statement 2022/23 is informed by the work of Internal Audit, External Audit and Inspection agencies, and existing governance and assurance mechanisms embedded within both NHS Borders and Scottish Borders Council.

## 7. IMPACTS

### Community Health and Wellbeing Outcomes

- 7.1. This is a routine good governance report for assurance purposes and, as a result, assessment of the impact on the National Health and Wellbeing Outcomes is not relevant.

N	Outcome description	Increase / Decrease / No impact
1	People are able to look after and improve their own health and wellbeing and live in good health for longer.	
2	People, including those with disabilities or long term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.	
3	People who use health and social care services have positive experiences of those services, and have their dignity respected.	
4	Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	
5	Health and social care services contribute to reducing health inequalities.	

6	People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and well-being.	
7	People who use health and social care services are safe from harm.	
8	People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	
9	Resources are used effectively and efficiently in the provision of health and social care services.	

### **Financial impacts**

- 7.2. There are no additional costs attached to any of the recommendations contained in this report.
- 7.3. The IJB Annual Governance Statement 2022/23 (in Appendix 1) refers to the IJB's Financial Governance arrangements.

### **Equality, Human Rights and Fairer Scotland Duty**

- 7.4. This is a routine good governance report for assurance purposes and, as a result, completion of an integrated impact assessment is not an applicable consideration.

### **Legislative considerations**

- 7.5. The Scottish Borders Health and Social Care Integration Joint Board, established as a separate legal entity as required by the Public Bodies (Joint Working) (Scotland) Act 2014, is responsible for the strategic planning and commissioning of a wide range of integrated health and social care services across the Scottish Borders partnership area, based on resources which have been delegated to it by the partners, Scottish Borders Council and NHS Borders.
- 7.6. The IJB is therefore expected to operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities to ensure the achievement of the objectives of Integration.

### **Climate Change and Sustainability**

- 7.7. The IJB Annual Governance Statement 2022/23 (in Appendix 1) refers to the IJB's governance arrangements to enable it to fulfil its legal obligations including those relating to climate change and sustainability.

### **Risk and Mitigations**

- 7.8. The IJB Annual Governance Statement 2022/23 details areas where additional work would further enhance the internal control environment, or improve risk management, and corporate governance arrangements of the IJB.
- 7.9. 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 SBC have been used to provide assurance to the IJB.

## **8. CONSULTATION**

### **Communities consulted**

- 8.1. This is a routine good governance report for assurance purposes and, as a result, consultation with communities is not required.

### **Integration Joint Board Officers consulted**

- 8.2. The IJB Chief Officer, the IJB Chief Financial Officer and IJB Chief Internal Auditor have been engaged during consultation on the content of the IJB Annual Governance Statement 2022/23.

### **Approved by:**

Chris Myers, IJB Chief Officer

### **Author(s)**

Jill Stacey, IJB Chief Internal Auditor (Scottish Borders Council's Chief Officer Audit & Risk)

**Background Papers:** IJB Local Code of Corporate Governance

**Previous Minute Reference:** IJB Audit Committee 20 June 2022

For more information on this report, contact us at Internal Audit [intaudit@scotborders.gov.uk](mailto:intaudit@scotborders.gov.uk)

# Annual Governance Statement 2022/23

## 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.

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 third sector, carer, public and professional non-voting members, and a Chief Officer and Chief Financial Officer appointed by the Board.

The IJB's Local Code of Corporate Governance (IJB Local Code), which was approved by the Board in September 2018, sets out the framework and key principles which require to be complied with to demonstrate effective governance. The IJB Local Code 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 IJB Local Code's 7 core principles of good governance in existence during 2022/23 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 approved Scheme of Integration, Constitution and Standing Orders to make sure that public business is conducted with fairness and integrity. The Board has a standalone Terms of Reference setting out its remit.

The IJB has adopted the new model code of conduct for members of devolved public bodies. Reliance is placed on the values and standards set out in the codes of conduct for the health and social care partnership staff 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 and places significant reliance on arrangements within the partner organisations for areas such as:

- ensuring legal compliance in the operation of services;
- handling complaints;
- counter fraud and corruption arrangements in line with best practice, including ethical awareness training, whistleblowing policies and procedures, and identifying, mitigating and recording conflicts of interest, hospitality and gifts;
- staff appointment and appraisal processes which take account of values and ethical behaviour;
- management of data in accordance with legislation; and
- procurement of goods and services which are sustainable, represent value of money and which reinforce ethical values.

The IJB 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 IJB Chief Officer supported by the Board Secretary, Chief Financial Officer, and Chief Internal Auditor as appropriate.

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

Board meetings are 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.

The key principles of stakeholder consultation and engagement, including the integration planning principles were applied during the development of the Strategic Framework 2023-26. A new Equalities and Human Rights Framework was approved in March 2023 which includes a new Equalities and Human Rights Impact Assessment that promotes consultation with people with protected characteristics and harder to reach groups.

A Future Strategy Group (FSG) supports the Strategic Planning Group (SPG) in undertaking the 'analyse and plan' commissioning segments of the strategic commissioning cycle.

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

The vision, strategic objectives, ways of working and outcomes are reflected in the Health & Social Care Strategic Framework 2023-26, informed by the comprehensive Joint Needs Assessment.

Implications and Consultation are considered during the decision-making process by way of the new report template (March 2023) covering: Community Health and Wellbeing Outcomes; Financial impacts; Equality, Human Rights and Fairer Scotland Duty; Legislative considerations; Climate Change and Sustainability; Risk and Mitigations.

### **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 IJB has a statutory responsibility to involve patients and members of the public.

The Strategic Framework applies to the IJB as its Strategic Commissioning Plan, and supports the IJB in its oversight of all delegated and set aside services and integration agenda. It sets out how the IJB will transform, commission and provide health and social care services over the next three years to improve and support the health and wellbeing of the people of the Scottish Borders.

An Integrated Financial Framework is being developed to support the Strategic Framework, and ensure that the strategic objectives and ways of working are prioritised from a financial perspective in line with the principles of Programme Budgeting and Marginal Analysis and Best Value. An annual plan for 2023/24 will outline the priorities of the IJB and its partners for the year ahead.

Directions are routinely used by the IJB in line with the Directions Policy and Procedure. Monitoring of progress on Directions is reported to the Audit Committee.

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

The IJB Chief Officer is responsible and accountable to the Board for all aspects of strategic 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 relevant to their role, as do members of the IJB Audit Committee to enhance skills and knowledge. The latter undertakes an annual self-assessment against Audit Committee best practice. A facilitated self-evaluation with the IJB Board will inform areas for improvement.

The Integrated Workforce Plan 2022-2025 is interlinked with the Strategic Framework to support transformation, change and redesign to meet the current and emerging needs of the communities.

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

The IJB Chief Officer has overall responsibility for the strategic commissioning of health and social care services. The IJB Board is responsible for key decision-making.

The IJB has approved a Risk Management Strategy. Improved strategic risk review and reporting to the Board have been established to embed risk management into IJB's culture.

The IJB Chief Financial Officer is responsible for the proper administration of all aspects of the IJB's financial affairs.

The IJB's system of internal financial control is dependent upon on the framework of appropriate financial regulations, codes of financial practice, and reporting standards.

Quarterly Revenue Budget Monitoring reports are presented to the Board for monitoring and control purposes including the annual outturn.

The 2023/24 budget includes reference to the development of a Financial Recovery Plan with its partners. It is expected that Directions will be used to support this.

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

Quarterly Performance Reports were presented to the IJB Board for the purposes of monitoring and control. An Annual Performance Report for 2022/23 will be presented to the Board to outline progress against strategic objectives during the year.

The independent and objective audit opinion of the IJB Chief Internal Auditor on the effectiveness of the IJB's internal control, risk management and governance arrangements is stated in the Internal Audit Annual Assurance Report for the IJB. Provision of Internal Audit services for the IJB by Scottish Borders Council's Internal Audit team is carried out in conformance with Public Sector Internal Audit Standards to fulfil statutory Internal Audit provision.

The IJB responds to the findings and recommendations of Internal Audit, External Audit, and other bodies via the IJB Audit Committee, which is integral to overseeing assurance and monitoring improvements in internal control, risk and governance. The IJB Audit Committee undertakes its functions in compliance with the CIPFA Audit Committees Guidance, including the production of an annual report to the IJB on the performance of the IJB Audit Committee against its remit.

The Annual Accounts and Report for 2022/23 sets out the financial position in accordance with relevant accounting regulations, and are presented for review by the IJB Audit Committee prior to submission to the IJB Board for approval.

### **Review of Adequacy and Effectiveness**

The IJB is required to conduct an annual review of the effectiveness of its governance framework.

The review was informed by: an annual assessment by Internal Audit against the IJB's Local Code of Corporate Governance; Internal Audit reports for IJB; External Audit reports for IJB; 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.

In respect of the four improvement areas of governance identified by the IJB in 2021/22, there has been progress made with their implementation. Two recommendations are now complete (Develop the Workforce Planning Framework to align to Strategic Commissioning Plan; Ensure the key themes of consultation and sustainability are evidenced in reports used for decision-making to enhance transparency), and two recommendations are still in progress with extensions granted to completion dates to enable the IJB Chief Officer to fully implement these. These therefore continue to be noted below, nos. 1-2. One further recommendation was made by Internal Audit arising from their 2022/23 review to enhance corporate governance arrangements, no. 3 below.

### **Improvement Areas of Governance**

The review activity outlined above has identified the following areas where further improvement in governance arrangements can be made to enhance compliance with the IJB Local Code:

- 1 Ensure regular updates on progress against the Ministerial Strategy Group (MSG) Self Evaluation HSCP Action Plan and Best Value Areas of Improvement.
- 2 Review and update the Communications Strategy to ensure that it remains relevant in the current environment in respect of stakeholder consultation and engagement.
- 3 Establish a mechanism for the Partnership Joint Staff Forum to monitor and report on cross sector organisational development during the delivery of the Integrated Workforce Plan.
- 4 Develop financial reporting to ensure compliance with guidance in relation to the set aside, in collaboration with NHS Borders.
- 5 Formalise engagement of the IJB Chief Financial Officer in the scrutiny and monitoring arrangements for the NHS Borders Financial Improvement Plan.

The implementation of the associated Action Plan, Nos.1-3 set out within the Internal Audit Annual Assurance Report 2022/23 and Nos. 4-5 set out in the External Audit Annual Report 2021/22, to enhance the governance arrangements will be driven and monitored by the IJB Chief Officer and IJB Chief Financial Officer in order to inform the next annual review. Internal Audit work planned in 2023/24 will follow-up on progress with implementation of the Action Plan.

### **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 and risk arrangements and system of internal control, while recognising that improvements are required to fully demonstrate compliance with the IJB Local Code in order for the IJB to fully meet its principal objectives. Systems are in place to regularly review and improve governance and risk arrangements and the system of internal control.



Chris Myers  
IJB Chief Officer  
mm 2023

Lucy O'Leary  
Chair of the IJB  
mm 2023