

**Scottish Borders Health and Social Care Partnership  
IJB Audit Committee**

19 June 2023



Scottish Borders  
**Health and Social Care**  
PARTNERSHIP

**EXTERNAL AUDIT POINTS UPDATE**

Report by Hazel Robertson, Chief Financial Officer

**1. PURPOSE AND SUMMARY**

- 1.1. This report is to provide assurance to the Audit Committee that external audit action points are being appropriately implemented.
- 1.2. The Committee is asked to consider the report and seek clarification of any aspects.
- 1.3. This is an ambitious improvement agenda and relies on strong collaboration across the Partnership. Steady progress is being made.
- 1.4. One action is delayed – ensuring compliance with Set Aside guidance but work is in hand to progress this.
- 1.5. One recommendation has been rejected, following further discussion across the partnership, as it does not add value, and will require additional resources to implement – implementation of a separate ledger for the IJB.

**2. RECOMMENDATION**

- 2.1. **The Scottish Borders Health and Social Care Integration Joint Board (IJB) Audit Committee is asked to consider the attached update and seek clarification of any aspects.**

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

- 3.1. It is expected that the proposal will impact on the Health and Social Care Strategic Framework Objectives and 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	

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

	Team Borders approach	services			honesty and responsibility
	x				

#### 4. INTEGRATION JOINT BOARD DIRECTION

4.1. A Direction is not required.

#### 5. ASSESSMENT

5.1. Most of these recommendations are historic, having been highlighted in successive years. Since coming into post in August 2022 I have undertaken extensive developmental work on the Financial Framework and am confident that this will place the HSCP and IJB in a better position of being able to understand the financial position and make choices about the best use of scarce resources.

5.2. Some of these points will be mirrored in the partners external audit points.

5.3. Good working arrangements are in place between the Executive Finance leads and at an operational level through the virtual HSCP finance team. The programme of work is noted below.

Creation of the Programme Budgeting and Marginal Analysis approach (PBMA), also known as Best Value for Every Pound. This approach is currently being tested in three different service areas.
Extensive review and updating of the Financial Regulations (elsewhere on agenda).
Creation of a finance risk register. This was originally planned for the IJB in March however due to the different risk scoring matrices across this partnership, further discussion is required.
Creation of a scheme of delegation / decision making. All parties are agreed this is required and will be commence development in June. Workload associated with annual accounts across the partnership has delayed commencement.
Agreement among the three finance leads to development of a 5-10 year long term strategy. This will commence in July.
Timetables and HSPC/IJB requirements are being agreed and documented. We had a plan in place for the external audit process that ensured as much synergy as possible with partner bodies.

5.4. The three finance leads have agreed a return to a more formal approach to enabling the IJB requirements to be met. The IJB CFO has written to the two partner bodies setting out requirements and timescales. This will include the IJB CFO becoming more involved in significant issues and decision making within partner bodies, eg Financial Recovery Plan and Savings Plans.

5.5. Workload for the Executive and operational teams is high however all are committed to working in partnership to support the IJB / HSPC with the information and support required. Team members are very experienced and willing to work with me to achieve good results.

5.6. I anticipate being able to demonstrate to external audit that extensive progress has been made.

#### 6. OUTSTANDING ACTION POINTS

6.1. The attached update provides the background and current position in relation to each action point.

6.2. In light of the extensive improvement programme above and strong partnership working, the creation of a separate ledger for the IJB is not considered to add sufficient value to justify the

resource consequences of establishing a separate instance and would create a distracting focus on transaction processing rather than value added finance activities. The focus needs to be on strategic financial planning, financial information to support decision making, and robust financial management and control. The IJB CFO can request supplementary information as required to perform the role.

## 7. IMPACTS

### Community Health and Wellbeing Outcomes

7.1. The table below highlights a connection with this outcomes.

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.	x

### Financial impacts

7.2. There are no costs attached to any of the recommendations contained in this report.

7.3. There is an opportunity to improve financial control, financial reporting and planning.

### Equality, Human Rights and Fairer Scotland Duty

7.4. Equalities impacts will be assessed as part of the Financial Plan, Budget and Financial Recovery Plan.

### Legislative considerations

7.5. S95 requirements provide the essential requirements in relation to financial control, management, reporting and planning. The CFO is progressing a substantial improvement programme to ensure these requirements are met.

## **Climate Change and Sustainability**

7.6. There is no impact on climate change and sustainability.

## **Risk and Mitigations**

7.7. There is a risk of capacity challenges for the virtual finance team given the scale of the budgetary challenge. The team works well together and I remain confident that we will work our way through any capacity issues by good communication and being clear about priorities and timescales.

## **8. CONSULTATION**

### **Communities consulted**

8.1. The Integration Planning and Delivery Principles are not applicable at this juncture. Consultation with groups will take place through the Financial Plan and Budget processes. Directions will be developed as required.

8.2. Development of Locality Planning and Participatory Budgeting will involve communities directly in planning and monitoring the use of resources.

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

8.3. The IJB Chief Finance Officer is the lead on these matters and the IJB Chief Officer has been consulted.

8.4. In addition, consultation has occurred with our statutory operational partners and through the SCP Joint Executive

### **Approved by:**

IJB Chief Finance Officer

### **Author(s)**

IJB Chief Finance Officer

**Background Papers:** External Audit Action Points

**Previous Minute Reference:** November 2022 Annual Audit Report

For more information on this report, contact us at

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**Scottish Borders IJB External Audit Action Plan**

**13/06/2023**

Topic	Issue/Risk	Recommendation	Agreed management action/timing
<p>1. <u>Annual accounts preparation</u></p> <p>The unaudited annual accounts for the IJB were not prepared and available for inspection at the start of July, as required by the Local Authority Accounts (Scotland) Regulations 2014. This was partly due to the new Chief Financial Officer (CFO) not being in post until the start of August 2022.</p>	<p>There is a risk that the IJB does not comply with the regulations and that accounts are not available for adequate scrutiny by the public.</p>	<p>The IJB should ensure that arrangements are in place for its annual accounts to be prepared and made available for inspection in line with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.</p>	<p>The appointment of a permanent CFO provides the capacity and capability to achieve this statutory requirement.</p> <p>Responsible officer: CFO Agreed date: end June 2023 then end November 2023</p> <hr/> <p><b><i>Current status and timescale</i></b></p> <p><i>Finance staff across the Partnership have worked well to meet Audit deadlines, workload was higher than anticipated to respond to audit queries.</i></p>
<p>2. <u>Financial sustainability</u></p> <p>The most recent financial monitoring report for the IJB up to September 2022 is forecasting an overspend of £6.7 million against the budget, due to costs of Covid-19 and undelivered savings.</p>	<p>There is a risk that the IJB is not able to budget and manage expenditure effectively if full savings plans are not in place.</p>	<p>The IJB should continue to work with partner organisations to ensure savings plans are identified and ensure the partnership is able to move into a position of financial sustainability.</p>	<p>The Financial Plan is about more than savings, it is being able to respond to and support/invest in strategic priorities. The new Financial Framework will support short and long-term planning, best practice regulations, PBMA approach has been approved which will enable prioritisation of financial plans to drive best value. PBMA tool is currently being piloted. The CFO will become more involved in the NHS B savings approach, providing strategic support and challenge to the plans being made. Reserves Policy has been approved. Regulations updated and will be taken to Committee once the changes have been discussed at the NHSB Audit Committee. Finance strategic risk register being prepared.</p> <p>Responsible officer: CFO /DOF NHSB Agreed date: Initial Financial Plan and Budget will be signed off before 31 March. Not fully met – will be end June 2023 Financial Framework, including Plan, Budget, Financial Risk Register and Regulations, will be signed off end June 2023, subject to NHSB approvals process for Plan and Recovery</p>

Topic	Issue/Risk	Recommendation	Agreed management action/timing
			Plan. Mostly achieved. <hr/> <b><i>Current status and timescale</i></b> <i>On track.</i> Addition of Financial Recovery plan, still to be completed.
<p>3. <u>Hospital Acute Services (Set Aside)</u></p> <p>As reported in the previous four years, arrangements for the sum set aside for hospital acute services under the control of the IJB are not yet operating as required by legislation and statutory guidance. A notional budget has been agreed and included in the annual accounts. This was a transitional arrangement for 2016/17 that was agreed by the Scottish Government to continue into 2020/21. In 2019/20 management agreed that the Set Aside group would be re-formed with representatives from the Senior Management of the IJB and NHSB however this has not happened.</p>	<p>Risk – the sum set aside in the annual accounts is not being managed by the IJB as expected by the legislation.</p>	<p>The IJB and NHSB should prioritise establishing revised processes for planning and performance management of set aside hospital functions and associated resources in 2021/22.</p>	<p>The revised approach will be signed off for the new financial year. Guidance shared with Acute Services Deputy Director of Finance.</p> <p>Responsible officer: CFO            Agreed date: meeting to be held before end March 2023</p> <p>Delayed</p> <hr/> <b><i>Current position and timescale:</i></b> Initial discussions held. Have formally written to NHSB Director of Finance to highlight lack of compliance with national guidance. Also shared requirements with NHSB Executive staff. <p>To agree for by end March 2023 if possible.            Date not achieved, now targeting end June.</p>
<p>4. <u>Financial Sustainability</u></p> <p>The 2021/22 budget for the IJB was agreed in March 2021, however this included the need for an additional £7.4 million in savings which had yet to be identified. The most recent financial monitoring report for the IJB to June 2021 is forecasting an overspend of</p>	<p>The IJB should continue to work with partner organisations to ensure savings plans are in place to support the budget for the year.</p>	<p>The delivery of savings is only one part of the financial plan, which also needs to respond to strategic priorities. A new financial approach has been approved by the SPG and the Financial Plan for next year will</p>	<p>See above re action 2</p> <hr/> <b><i>Current position and timescale:</i></b> CFO has joined the NHS Financial Improvement Board; PBMA offers possibility for future, starting to test PBMA with three very different areas.

Topic	Issue/Risk	Recommendation	Agreed management action/timing
£6.0m against the original budget, which includes additional costs of Covid-19. Risk – there is a risk that the IJB is not able to budget and manage expenditure effectively if full savings plans are not in place		reflect this. See point 2 above	
5. <u>CFO</u>			<i>Action closed</i>
6. <u>Financial Ledger</u>			<i>Action rejected and closed</i>
7. Governance – Ministerial Self Evaluation In March 2019 the Ministerial Strategic Group for Health and Community Care (MSG) issued a self-evaluation template as part of an evaluation of progress with the integration of health and social care. The IJB evaluated itself as being not yet established in one area, partly established in 15 areas, established in 6 areas and exemplary in no areas. An action plan has been put in place and was presented to the March 2020 audit committee. There has been no further update presented to the committee since the initial action plan was presented.	Risk – There is a risk that health and social care are not fully integrated and this could lead to the IJB operating in an ineffective manner.	Progress on the implementation of the self-evaluation action plan should be reported periodically to the audit committee to ensure effective scrutiny of the progress the IJB is making.	<p><b><i>Current position and timescale:</i></b></p> <p>The Improvement Service were commissioned to facilitate an updated assessment. Self Assessment workshop and action plan are complete.</p> <p><b><i>Action closed</i></b></p>