
Integrated Joint Board
21 June 2018
Agenda Item No.

Subject: **Annual Governance Statement 2017/18**

Purpose: To seek IJB approval of the Health and Social Care Partnership (HSCP) Annual Governance Statement for 2017/18 which will be included within the Annual Accounts.

Recommendation: That the IJB approves the Annual Governance Statement which is attached at Appendix 1 to this report.

Glossary of Terms	
NHS AA	NHS Ayrshire and Arran
HSCP	Health and Social Care Partnership
IJB	Integrated Joint Board
PSMT	Partnership Senior Management Team
CIPFA	Chartered Institute of Public Finance & Accountancy
SOLACE	Society of Local Authority Chief Executives

1.	EXECUTIVE SUMMARY
1.1	The Partnership's Annual Governance Statement outlines the governance framework which is in place.
1.2	Approval of the Statement by the IJB will ensure that the Partnership complies with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.
2.	BACKGROUND
2.1	North Ayrshire Health and Social Care Partnership 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.
2.2	The Partnership is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
2.3	The Partnership has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'.

2.4	The Local Authority Accounts (Scotland) Regulations 2014, which came into force on 10 th October 2014, require preparation of an Annual Governance Statement, in accordance with proper practices in relation to internal control, and that this Annual Governance Statement should be approved by the appropriate committee of the body.
2.5	Following approval of the Annual Governance Statement by the IJB it requires to be signed by the Chief Officer and the IJB chair prior to its inclusion within the Partnership's draft annual accounts.
2.6	The Annual Governance Statement, which is attached in full at Appendix 1 to this report, explains how the Partnership complies with the Code of Corporate Governance. It identifies the main components of the Corporate Governance framework which is in place, including the system of internal control. The Annual Governance Statement complies with the requirements of recent guidance published by the Scottish Government in relation to the Annual Accounts for 2017/18.
2.7	The Statement also identifies a number of actions which the Partnership intends to implement during 2018/19 to further strengthen the governance framework and concludes with an assurance statement by the Chief Officer and the IJB Chair.
3.	PROPOSALS
3.1	It is proposed that the Integrated Joint Board approves the Annual Governance Statement for 2017/18 which is attached in full at Appendix 1 to this report.
3.2	<u>Anticipated Outcomes</u>
	The 2017/18 annual accounts will be prepared in accordance with the relevant governance framework.
3.3	<u>Measuring Impact</u>
	The 2017/18 annual accounts will be externally audited.
4.	IMPLICATIONS

Financial :	None
Human Resources :	None
Legal :	None
Equality :	None
Environmental & Sustainability :	None
Key Priorities :	Good governance arrangement help to underpin the delivery of the Partnership's key priorities.
Risk Implications :	Failure to comply with governance requirements could lead to a breach of specific regulations resulting in enforcement action from governing bodies, adverse public reaction and/or prosecution.
Community Benefits :	None

Direction Required to Council, Health Board or Both	Direction to :-	
	1. No Direction Required	x
	2. North Ayrshire Council	

	3. NHS Ayrshire & Arran	
	4. North Ayrshire Council and NHS Ayrshire & Arran	

5.	CONSULTATION
5.1	None
6.	CONCLUSION
6.1	Approval of the Statement by the IJB will ensure that the Partnership complies with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.

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Annual Governance Statement 2017/18

The Annual Governance Statement explains how North Ayrshire IJB complies with the Code of Corporate Governance and meets the requirements of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government 2016' and the 'Code of Practice for Local Authority Accounting in the UK: A Statement of Recommended Practice', in relation to the Statement on the System of Internal Financial Control.

Scope of Responsibility

North Ayrshire 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.

The IJB is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

In discharging this responsibility, the Chief Officer has put in place arrangements for governance which includes the system of internal control. Reliance is placed on these controls which are designed to manage risk to a reasonable level, but cannot eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable but not absolute assurance of effectiveness.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values by which the IJB is directed and controlled and the activities through which it accounts to and engages with the community. It enables the IJB to monitor the achievement of its strategic priorities and to consider whether those priorities have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of North Ayrshire IJB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework

The main features of the governance framework that was in place during 2017/18 are summarised below:

- The IJB, comprising all IJB Board members, was the key decision making body. The Performance and Audit Committee considered all matters in relation to Internal and External Audit, Risk Management and Performance;
- Strategic decision-making is governed by the IJB's key constitutional documents including the Integration Scheme, standing orders, scheme of administration, scheme of delegation to officers and financial regulations;
- The Integration Scheme sets out financial contributions by partners to Integration Joint Boards. This includes the Health Board and Council each considering funding their pay cost pressures and contracted inflation with shared responsibility for demographic cost pressures.

- The IJB's purpose and vision are outlined in the IJB Strategic Plan which links closely to the vision of the North Ayrshire Community Planning Partnership and the Local Outcome Improvement Plan (LOIP) and is underpinned by an annual action plan and performance indicators. Regular progress reports on the delivery of the Strategic Plan were provided to the Performance and Audit Committee and the IJB;
- The Performance Management Strategy focuses very firmly on embedding a performance management culture throughout the IJB. Regular reporting to Board Members takes place.
- A risk management strategy and strategic risk register is in place for the IJB
- A Health and Care Governance Framework was agreed by the IJB on 9 March 2017. This covers governance arrangements in relation to complaints and customer feedback, risk management, health and safety, Internal Audit, workforce planning and public protection.
- The IJB has adopted a 'Code of Conduct' for all of its Board Members and employees, a register of interests is in place for all Board members and senior officers;
- The IJB has in place a development programme for all Board Members, the Senior Management Team and senior managers across the Partnership. Performance and Personal Development (PPD) schemes are in place for all staff, the aim of which is to focus all staff on their performance and development that contributes towards achieving service objectives;
- The IJB has established six locality planning forums, reflecting the previously agreed local planning areas. These provide Board Members, health and social care staff and local community representatives with the opportunity to be involved in considering the priorities for each area; and
- A Change programme is in place, covering four main themes of building teams around children, developing a wider range of primary care services, supporting older people and people with complex care needs and creating mental health and learning disability services to better support people to stay well. A Change Programme Board, chaired by the Chief Officer and with senior representation from all IJB services as well as third and independent sector partners, has oversight of all the IJB's significant transformation projects.

The governance framework was in place during the year ended 31 March 2018.

The System of Internal Financial Control

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of these systems is undertaken by NHS Ayrshire & Arran and North Ayrshire Council as part of the operational delivery of the Health and Social Care Partnership.

In particular, these systems include:

- Financial regulations and codes of financial practice;
- Comprehensive budgeting systems;

- Regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- Formal project management disciplines.

The IJB's financial management arrangements conform to the governance requirements of the CIPFA statement: 'The Role of the Chief Financial Officer in Local Government (2010)'.

Review of Effectiveness

North Ayrshire IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Senior Management Team who have responsibility for development and maintenance of the governance environment, the annual report by the Chief Internal Auditor and reports from Audit Scotland and other review agencies.

The Chief Internal Auditor reports directly to the IJB Performance and Audit Committee on all audit matters, with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Performance and Audit Committee on any matter. In accordance with the principles of the code of corporate governance, regular reports were made to the IJB's Performance and Audit Committee during 2017/18.

The internal audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal control. During 2017/18, the service operated in accordance with relevant professional audit standards and the Public Sector Internal Audit Standards.

The Chief Internal Auditor is responsible for forming an annual opinion on the adequacy and effectiveness of the systems of internal control.

It is the opinion of the Chief Internal Auditor that the systems of internal control relied upon by the IJB continue to provide reasonable assurance against loss.

Governance Developments during 2017/18

Membership - the membership of the Integration Joint Board changed following the Local Government Elections in May 2017, and due to the resignation of key members.

New appointments were made to the undernoted positions:-

Chair and Vice Chair, IJB

Chair and Vice Chair, Performance and Audit Committee

Chair, Strategic Planning Group

Chair, Health & Care Governance Group

Service User and Carer Representative

Third & Independent Sector Representative

NHS Board Voting Member

New reporting responsibilities were placed on Integration Joint Boards by the Public Bodies (Joint Working) (Scotland) Act 2017, during 2017.

These were:-

- Complaints Handling Procedure
The Scottish Public Services Ombudsman Complaints Standard Authority required all IJBs in Scotland to adopt their own model Complaints Handling Procedure.
- Model Publication Scheme
The Freedom of Information (Scotland) Act 2002 (FOISA) requires Scottish public authorities to produce and maintain a publication scheme. North Ayrshire IJB adopted the Model Publication Scheme produced by the Scottish Information Commissioner.
- Climate Change Reporting
Scottish Government issued guidance to Integration Joint Boards in May 2017 setting out the duty to produce an annual Climate Change report. This report will be submitted on the Sustainable Scotland Network (SSN) online portal by 30th November each year. North Ayrshire IJB submitted their report by the deadline of 30th November 2017. The North Ayrshire IJB report was published on the Sustainable Scotland Network on 31st January 2018.

North Ayrshire Integration Joint Board has no responsibility for employees, buildings or fleet vehicles and therefore the IJB Climate Change report does not include detail of these but instead reference is made to the two respective parent bodies plans as they have retained responsibility for these.

Health and Care Governance - the IJB agreed proposals submitted by the Chair of the Health & Care Governance Group to provide regular updates on clinical and care governance activity for North Ayrshire HSCP.

Annual Performance Report - the IJB endorsed the Annual Performance Report at the meeting in July 2017. This report, highlighted IJB's operations in 2016/17, outlined the good performance of the Health and Social Care Partnership and how it delivered against the strategic priorities and the national outcomes.

Review of Integration Scheme

A report was presented to the NHS Board, East Ayrshire and North Ayrshire Councils in June 2017 seeking approval to consult on and review the Ayrshire Health and Social Care Integration Schemes to explore whether there was a need for change to further improve the delivery of health and social care locally.

The consultation indicated that there is no clear case for changing the Integration Scheme at present. Indeed, there are elements within the existing scheme that have not been fully implemented and there are a number of issues which could be improved upon.

Carer's (Scotland) Act 2016

The Integration Schemes have been amended to reflect the requirements of the Carers (Scotland) Act 2016. The revised Integration Schemes for East Ayrshire, North Ayrshire and South Ayrshire IJBs were submitted to Scottish Government in March 2018 and approved by the Cabinet Secretary on 3rd April 2018.

Finance

The 2016/17 and 2017/18 overspend will require to be recovered by the IJB and this will be reflected in the updated Medium Term Financial Plan.

The IJB agreed to appoint a full-time Chief Finance and Transformation Officer to assist with the monitoring of financial performance and to drive transformational change in support of the future financial challenge.

Strategic Plan

Work was carried out to refresh the Strategic Plan for the period 2018-2021 and this was approved by the IJB in April 2018.

Clinical and Care Governance

Arrangements in relation to the Health and Care Governance Group were strengthened during 2017/18.

Further Actions

The IJB has identified the following actions for 2018/19 that will assist with the further strengthening of corporate governance arrangements:

- Records Management Plan

The Public Records (Scotland) Act 2011 came into force in 2013 and states that named authorities are required to prepare a Records Management Plan (RMP) for the management of the authority's records, and to submit the plan to the Keeper of the Records of Scotland for agreement. North Ayrshire Integration Joint Board is a named authority under the Act. The Keeper of Records of Scotland will invite IJBs to submit their RMPs in November 2018, for plans to be in place by March 2019. Arrangements are in place to meet this deadline.

- Financial Management

A new financial framework involving enhanced financial reporting and service performance is being implemented to ensure effective financial planning and management alongside robust governance and control measures to deliver services within the financial envelope.

- Change and Transformation

The Change Programme Board will establish more robust arrangements to secure delivery of change and transformation at scale and pace.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2017/18 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our actions will be identified and actions taken to avoid or mitigate their impact.

Systems are in place to continually review and improve the governance and internal control environment and action plans are in place to address identified areas for improvement.