

**Please note any items relating to Committee business are embargoed and should not be made public until after the meeting**



**AUDIT86/2017  
Audit Committee  
14 December 2017**

## **TAYSIDE NHS BOARD AND INTEGRATION JOINT BOARD GOVERNANCE**

### **1. PURPOSE OF THE REPORT**

This report details the impact of operating two models of governance between Tayside NHS Board and the three Integration Joint Boards (IJBs) in Tayside and seeks to reach agreement about the way forward and the action required.

### **2. RECOMMENDATIONS**

To allow the necessary updating to NHS Tayside's governance arrangements and in particular the Code of Corporate Governance the Audit Committee is asked to:

- Agree that two models of governance should operate in Tayside. One between Tayside NHS Board and Dundee and Angus Integration Joint Boards and one between Tayside NHS Board and Perth and Kinross Integration Joint Board (IJB).
- Agree to the underlying principles to these two models as described in Appendix One.
- Agree the required work to be progressed to update the NHS Tayside governance arrangements to allow these to be in place for April 2018. The responsible Directors are detailed below:

Local Operational Delivery Arrangements  
NHS Tayside Code of Corporate Governance  
Strategy  
Risk Management  
Performance Reporting  
Finance  
Care Governance  
and Nurse Director  
Staff Governance

IJB Chief Officers  
Board Secretary  
Medical Director  
Board Secretary  
Director of  
Medical Director  
Director of Human  
Resources and

Financial Governance  
Finance  
Information Governance

Organisational  
Development  
Director of  
Board Secretary

### 3. **EXECUTIVE SUMMARY**

This report describes the current governance arrangements between Tayside NHS Board, Dundee, Angus and Perth & Kinross Council as well as Angus, Dundee and Perth and Kinross IJBs, explains underlying principles, seeks explicit agreement to the principles and the two models of IJB Governance for Tayside and provides an overview of the work to be progressed to underpin this.

### 4. **REPORT DETAIL**

Whilst the Integration Schemes approved by Tayside NHS Board on 27 August 2015 are broadly similar there are actually two governance models operating across NHS Tayside.

Dundee IJB and Angus IJB have taken responsibility for the governance of operational services, whereas Perth & Kinross IJB is of the view that responsibility for operational services remains with the parent bodies (Tayside NHS Board and Perth & Kinross Council).

National guidance is not entirely clear or coherent on this issue, but there are elements of it which do state that IJBs should take operational responsibility for some services. However, this guidance has been interpreted very differently and different models have been adopted across Scotland.

Any change to an Integration Scheme would require approval from the Scottish Government Health and Social Care Directorate (SGHSCD) and particularly the Health & Social Care Integration Unit. Therefore the report recommends that the status quo of two models of governance across Tayside should apply.

#### **Health and Social Care Integration Principles**

Fife, Tayside and Forth Valley (FTF) Internal Audit has produced a set of principles, covering all aspects of governance, which are designed to operate within both models. These are outlined in Appendix One of this report.

Whilst the principles have been accepted by the IJB Chief Officers and Chief Financial Officers (CFO) they have yet to be discussed with Local Authority partners but are included in this report for agreement by the Audit Committee. Following agreement by the Audit Committee it is recommended that these principles are shared with the three Local Authorities in Tayside.

Following this agreement the relevant director for each element will develop an action plan which will assign responsibility to ensure implementation of the principles.

In practice, most processes would be largely identical no matter which model is used, with any variation mostly affecting the final stages i.e. reporting and assurance lines.

The following considers each of the principles (as detailed in Appendix One) in turn and the impact on them of a two model solution. It is important, however, to note that the principles take account of the different models in place, and shows that the impact of a two-model solution is not as significant as would otherwise be the case.

### **General Principles**

All principles still apply, albeit, there may be an impact on the following:

#### ***No omission, no unnecessary duplication***

***Authority and responsibility and therefore control and assurance should reside in the same body as far as possible;*** the nature of national guidance is such that this principle was already the most difficult to understand and to implement in the context of HSCI. Clearly, the acceptance of two models of governance means that the 'optimal' solution cannot be adopted across Tayside; however, the main point is to ensure that any divergence is identified and the consequences understood, both models have points of divergence but in different areas.

### **Local Operational Delivery Arrangements**

There is a particular issue in relation to the Acute Mental Health Services hosted by Perth and Kinross IJB. The risks associated with this service are such that they represent a strategic risk to NHS Tayside as well as Perth and Kinross IJB and potentially the other Tayside IJBs. Whilst this could be seen as a manifestation of the different model in Perth and Kinross, in reality, it reflects the deeper underlying question of the Health Board's role and accountabilities when faced with urgent and serious clinical risk. This issue is not fully addressed in either the Integration Schemes nor the National Guidance but is raised in the overall principle that

*'Ultimately, where the Chief Officer has operational management responsibilities, the accountable officers for delivery are still the Chief Executives of the NHS Board and Council'.*

In the case of the NHS this extends to Tayside NHS Board.

This is an important issue and there needs to be a clear understanding of how decisions will be made in these circumstances, which gives due regard to the views of the IJBs and their Chief Officers, without impeding the ability to maintain safe and effective clinical services. This and the status of the NHS accountable officer will be further addressed in exploring each of the elements detailed below in the work to update NHS Tayside's Code of Corporate Governance.

### **Corporate Governance**

There are no key principles which would be violated by a two-model solution, albeit greater attention would need to be paid to Tayside NHS Board's Code of Corporate Governance and Standing Committee remits which would need to reflect the nuances of the different assurance flows under each model.

### **Strategy**

This section would be entirely unchanged by a two-model solution. However, for the Perth & Kinross IJB model, it will be necessary to have an agreed understanding of the difference between strategy, commissioning and operational activity.

### **Risk Management**

This area is perhaps the most complex; under the risk management principles Perth & Kinross IJB operational risks would remain with the Board and Perth & Kinross Council, but in Dundee and Angus IJBs, the operational risks would belong to the IJBs. However, because of the dual impact of many of these risks, the process would be very similar under both models. 'Shared' risks must be identified in both models and the arrangements structured such that, operationally, there would be little practical difference until we reach the point of considering where these risks are reported, escalated and assured. Even at that point, there is little separation, as NHS Tayside will need to be assured on shared risks; the only difference is whether NHS Tayside has prime responsibility, and therefore, takes the decisions where it feels mitigating actions/controls are not sufficient, or whether it highlights any deficiencies to the IJB for action where the IJB has the primary responsibility.

### **Performance Reporting**

The principles are exactly the same for both models and would be implemented identically, albeit with a different theoretical underpinning. The only exception might be where the Board (or indeed Local Authority) has concerns around performance; however, this issue is likely to require careful handling under either model.

### **Care Governance**

The principles and the mechanisms are exactly the same under both models and necessarily so, as all three IJBs signed up to the same Clinical Governance approach, so again the difference between the two models is largely conceptual. It is far more important that an agreed approach is implemented and that reporting and assurance are taking place as expected, both to the IJBs and to NHS Tayside's Care Governance Committee.

In order to ensure implementation of the principles an action plan for each element will need to be developed and assigned to the relevant officers.

### **Staff Governance**

The Health Board carries Statutory responsibility for the governance of all health workforce matters. As such the principles are exactly the same under both models and would be implemented identically. The only exception may be in future circumstances where the Board and its Local Authority partner agree the development of new roles that bridge both employers

- however, this issue would require the same careful consideration under either model.

## **5. CONTRIBUTION TO NHS TAYSIDE'S STRATEGIC AIMS**

Robust governance arrangements will assist NHS Tayside in achieving its strategic aims.

## **6. HEALTH EQUITY**

Clear and consistent governance arrangements should underpin our arrangements to promote and take forward the required work in the area of Health Equity.

## **7. MEASURES FOR IMPROVEMENT**

Comprehensive governance arrangements which are understood and therefore can be applied effectively across NHS Tayside.

## **8. IMPACT ASSESSMENT & INFORMING, ENGAGING & CONSULTING**

During the last year a number of meetings have been held within NHS Tayside and with colleagues in the three Integration Joint Boards.

This matter has also been discussed at both Tayside NHS Board and Audit Committee meetings.

Following a period of debate regarding the governance models operating in NHS Tayside, the FTF Chief Internal Auditor prepared a discussion paper and a set of principles to apply to the governance arrangements. These were widely circulated to allow further discussion to take place and feedback was received.

A Board Development Event was held on 28 September 2017 at which FTF's Chief Internal Auditor presented scenarios to allow Board Members to consider the principles that should apply to the governance arrangements between NHS Tayside and the three IJBs.

## **9. PATIENT EXPERIENCE**

Thorough governance arrangements are required to underpin operational service delivery to NHS Tayside's patients.

## **10. RESOURCE IMPLICATIONS**

### **Financial**

The Schemes of Integration for all three IJBs are explicit in the treatment of any overspend resulting at year end. From 2018/2019 any overspend will/ may be allocated based on each Parties' proportionate contribution to the Integration Joint Board's budget requisition for that financial year on a like for like basis. The means that the health vote could be exposed to a social care overspend.

### **Workforce**

There are no workforce implications.

## **11. RISK ASSESSMENT**

This is not recorded as a risk for the organisation as currently no existing governance arrangements have been set aside since the formation of the IJBs.

However both Internal Audit and Audit Scotland, NHS Tayside's external auditors have highlighted the risk of continuing with ambiguity regarding the models of governance in place within NHS Tayside and the three IJBs.

**12. LEGAL IMPLICATION**

Putting in place robust governance arrangements will mitigate future legal implications.

**13. INFORMATION TECHNOLOGY IMPLICATIONS**

There are no information technology implications.

**14. HEALTH & SAFETY IMPLICATIONS**

There are no Health and Safety implications.

**15. HEALTHCARE ASSOCIATED INFECTION (HAI)**

There are no Healthcare Associated Infection implications.

**16. DELEGATION LEVEL**

The governance arrangements and the scheme of delegation will describe the delegation levels.

**17. TIMETABLE FOR IMPLEMENTATION**

Arrangements as described in this report are required to be in place for 1 April 2018.

**18. REPORT SIGN OFF**

**Margaret E Dunning**  
**Board Secretary**

**Mr Lindsay Bedford**  
**Director of Finance**

**December 2017**

**19. SUPPORTING DOCUMENTS**

See Appendix One

## Post Integration Corporate Governance Health and Social Care Key

### Principles Introduction

This paper is intended to set out key principles to be applied to take forward the governance of integration. It does not and cannot provide concrete solutions for each aspect of governance but does provide the parameters within which those solutions can be found.

For the following areas, which this framework covers, an action plan will need to be developed by the Lead Director for each element in order to ensure the implementation of the principles:

Local Operational Delivery Arrangements	IJB Chief
Officers NHS Tayside Code of Corporate Governance	Board
Secretary Strategy Director	Medical
Risk Management	Board Secretary
Performance Reporting	Director of Finance
Care Governance	Medical Director and Nurse Director
Staff Governance	Director of Human Resources and Organisational Development
Financial Governance	Director of Finance
Information Governance	Board Secretary

### General Principles to be applied

1. Must comply with statute and regulations, including professional regulation.
2. Must follow the approved Integration Schemes or revise the Integration Scheme in line with guidance.
3. The following principles will be applied:
  - a. The guiding principle will be of measures, pragmatic collaboration in the interests of the people of Tayside;
  - b. Principles and detail will be communicated with clarity and consistency;
  - c. No omission, no unnecessary duplication;
  - d. The standards of responsibility, accountability and assurance must be maintained, including the provision of independent oversight and should be as consistent as possible throughout the system;
  - e. Any delegation of governance must take into account the resources available to maintain levels of assurance;
  - f. Authority and responsibility and therefore control and assurance should reside in the same body as far as possible;
  - g. Ultimately, where the IJB Chief Officer has operational management responsibilities, the accountable officers for delivery are still the Chief Executives of the NHS Board and Council. (Audit Scotland);
  - h. Operational activities directed by the Chief Officer of the IJB are enacted through their role as a senior member of the management team in both the Local Authority and Health Board;

- i. The model in Perth and Kinross IJB is based on the premise that responsibilities for operational activities remain with the parent bodies, from whom the Perth & Kinross IJB commission services.
- j. Independent oversight at the appropriate level is a fundamental component of all governance and assurance systems;
- k. All solutions can only be based on current understanding and current circumstances. IJBs are developing organisations with emergent systems; all solutions will require frequent review in order to reflect both experience of and changes in their operation;
- l. Whilst each IJB has to develop a system appropriate for its own requirements and circumstances, wherever practicable, common solutions across Tayside should be sought;
- m. Due consideration shall be given to the level of support services required to deliver any solution within the context of the provisions set out for these services within the Integration Scheme.

### **Langland's Principles**

The Langland's principles, which are considered best practice for all public bodies in Scotland are as follows. The most relevant principles to decisions on Health and Social Care Integration governance are highlighted in yellow, although all are applicable to both the IJB and the parent bodies:

- 1. Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users
  - 1.1 Being clear about the organisation's purpose and its intended outcomes for citizens and service users
  - 1.2 Making sure that users receive a high quality service
  - 1.3 Making sure that taxpayers receive value for money
- 2. Good governance means performing effectively in clearly defined functions and roles
  - 2.1 Being clear about the functions of the governing body
  - 2.2 Being clear about the responsibilities of non-executives and the executive, and making sure that those responsibilities are carried out
  - 2.3 Being clear about relationships between governors and the public
- 3. Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour
  - 3.1 Putting organisational values into practice
  - 3.2 Individual governors behaving in ways that uphold and exemplify effective Governance
- 4. Good governance means taking informed, transparent decisions and managing risk
  - 4.1 Being rigorous and transparent about how decisions are taken
  - 4.2 Having and using good quality information, advice and support
  - 4.3 Making sure that an effective risk management system is in operation
- 5. Good governance means developing the capacity and capability of the governing body to be effective
  - 5.1 Making sure that appointed and elected governors have the skills, knowledge and experience they need to perform well
  - 5.2 Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
  - 5.3 Striking a balance, in the membership of the governing body, between continuity and renewal



6. Good governance means engaging stakeholders and making accountability real
- 6.1 Understanding formal and informal accountability relationships
- 6.2 Taking an active and planned approach to dialogue with and accountability to the public
- 6.3 Taking an active and planned approach to responsibility to staff
- 6.4 Engaging effectively with institutional stakeholders

One of the most important questions in governance is 'How do you KNOW?'

Within the overall NHS Tayside system there are now 7 corporate bodies which are mutually reliant for assurance, asking this question from each of their perspectives and within each category, is a powerful tool for analysing the effectiveness of any proposed systems and the systems currently in place.

### **Local Operational Delivery Arrangements**

This issue has been the subject of considerable debate and regulations are unclear and at times, apparently contradictory. It is certainly the case that different Health Board areas and indeed different IJBs have come to different conclusions on this issue. It should be noted that there are important distinctions, in governance terms, to be drawn between:

- i) The role of the Chief Officer (CO) as an officer of both the Local Authority and the Health Board and their role as IJB CO. Some advice received by NHS Tayside has appeared to conflate the two, which is not helpful when considering governance and assurance arrangements. It has been concluded that the most appropriate and helpful interpretation is that the IJB makes the decision, but, in essence, it directs the parties to undertake these operational activities with the IJB CO managing these in their capacity as an officer of the relevant parent body.
- ii) At times the terms IJB and Health and Social Care Partnership have been used interchangeably. The key distinction is that the IJB is a legal entity subject to public sector (in this case Local Authority) governance and accountability regulations, and an HSCP can be merely formalised joint working arrangements, without legal status. In practice, the HSCP term is often used to apply to all staff working within it, even though they are technically still NHS or Council employees. Between the IJB and the Health and Social Care partnership; it would be perfectly feasible to have an IJB as a legal entity without a HSCP and vice-versa. The Integration Schemes for all three bodies are almost identical but subject to different interpretations. The roles, responsibilities and accountability held by the respective officers must be recognised at the respective levels; not merged and not duplicated.

There are strong arguments on both sides over where responsibility for operational activities should lie. This paper is not intended to make a determination on these but to ensure that the issues arising from those debates and the potential weaknesses they highlight are taken into account in the further development of governance arrangements across Tayside.

Within Angus and Dundee, the understanding is that the governance of the delivery of delegated functions will be undertaken by the IJB. Within Perth and Kinross, the interpretation is that responsibility for delivery, including for hosted services, remains with the parent bodies.

At question are the following key sections. The following is taken from the Perth and Kinross Integration Scheme but similar passages are found in all three: *'The Integration Joint Board is responsible for operational governance and oversight of Integrated Functions and, through the Chief Officer, is responsible for the operational management of Integrated Functions excluding Acute Services. The Integration Joint Board will direct the Parties to deliver these functions in accordance with the Strategic Plan'*.

The phrase 'operational governance' is not in common usage in governance guidance (although its provenance seems to be from an internal Scottish Government document). In normal circumstances, governance and operations are considered to be distinct. Whilst the meaning of 'operational

governance' is unclear, the most likely interpretation given the recollection of NHS, Scottish Government and IJB officers is that it was intended to mean governance over operational activities.

The Angus and Dundee Integration Schemes only, contain the following:

*'All relevant resources at the disposal of the Parties, relating to the functions will be delegated to the Integration Joint Board. These resources will be managed to ensure that the arrangements for carrying out the integration functions, as set out in the Strategic Plan, are implemented in full.'*

This passage carries a clear implication that the Angus and Dundee IJBs do have responsibility for these functions, although the passage itself appears to contradict the relevant regulations in that '*all relevant resources*' would presumably include property, which is not delegated to IJBs. The equivalent passage in the Perth and Kinross Integration Scheme only relates to hosted services not all delegated functions.

However, it should be noted that first passage above and other elements of the Integration Schemes still require the IJB to direct the parties to deliver the services. This is an important principle and it would appear to reinforce the understanding that the decisions of the IJB are enacted by the Chief Officer through their position as an officer in the parties, not directly through the authority of the IJB. The important consequence of this is that the Standing Orders/Code of Corporate Governance of the parties and the associated systems of control, would apply to any operational activity such as purchasing, staff management etc.

The Memorandum of Understanding between the IJBs would need to be amended were Perth and Kinross IJB not to take on operational responsibility for hosted services and that this would also have an impact on the governance and assurance routes for those services.

On the basis of the above, there are differences between the Angus and Dundee Integration Schemes and the Perth and Kinross Integration Scheme which could indicate different approaches. However, the passage in the Perth and Kinross Integration Scheme in relation to hosted services is clear and is not consistent with a commission model.

In addition to any required amendments to the Integrations Scheme, the Memorandum of Understanding between the IJBs would need to be amended were Perth and Kinross IJB not to take on operational responsibility for hosted services and that this would also have an impact on the governance and assurance routes for those services

### **Code of Corporate Governance**

The following principles will apply:

The Scheme of Delegation of the Health Board and Local Authority as described within the Standing Orders should be amended to reflect the areas where strategic decisions have been delegated to IJBs

The remits of Board, Local Authority and IJB Standing Committees will be updated to reflect the new arrangements including the roles of Assurance Committees in other bodies and the provision of cross-assurances including the timing and content of Committee and especially Audit Committee annual reports; building on the solid foundation of assurances provided by the IJB and NHS Tayside Audit Committees and the NHS Tayside Care Governance Committee. Where control weaknesses in one body impact on the Governance Statement of another body, suitable assurance on remedial action will be provided and reported to their Audit Committee. Schemes of Delegation must provide IJB Chief Officers with the authority required to undertake their functions and also specify the delegation and reservation of powers;

Any delegation must take into account the resources available to maintain appropriate levels of assurance and governance; at present IJBs do not have governance infrastructures which would replicate the level of governance oversight within the parent bodies. Therefore in Perth and Kinross

the IJB will need to place reliance on those structures, receiving suitably tailored and granular assurance on the services it commissions:

- i) Existing processes to ensure that laws and guidance are enacted should be extended to include IJBs, whose own governance processes should ensure compliance.
- ii) Internal Audit arrangements will need to be coherent and cohesive with coordinated audit planning, agreement on the sharing of audit outputs and assurance on follow-up.
- iii) Best Value assurances will build on the existing arrangements in the parent bodies, operating on the principle that the IJB activities are enacted through the parent bodies and therefore subject to their Best Value arrangements. In the first instance, this means that the parent bodies should provide assurance on Best Value (BV) to the IJBs, accepting that NHS BV requirements are analogous but not identical to their Council equivalents.

## **Strategy**

Regulations, also reflected within the Integration Schemes, require the Health Board and Local Authorities to take account of the Strategic Plans of the IJBs, which however are not required to take into account the strategies of their parent bodies, only those of other IJBs. Whilst these regulations are clearly intended to establish the primacy of IJBs in decisions around delegated functions, it is not an appropriate or sensible way to approach holistic strategy and planning for health and care systems with complex interdependencies facing significant financial, workforce and demographic pressures and therefore a more collegiate local approach is required.

Streamlined processes are required for approval of the setting of strategic direction including changes to major service provision, which reflect the importance of public engagement and consultation with stakeholders but also the need to shift the balance of care and do not unduly delay the urgent action required to create sustainable services. The following principles will apply:

- i) In all strategy and service redesign developments there must be absolute clarity around which body will make the final decision and the extent to which that body must take account of stakeholder views.
- ii) In recognition of the need for holistic solutions across the NHS Tayside area, IJBs will consult the parent bodies, as key stakeholders, on major strategic change for delegated functions, including those for hosted services, whilst retaining the final decision-making authority, with the host IJB making the final decision for hosted services;
- iii) The consulted parties, including the Health Board, Local Authority and other IJBs where appropriate, will identify which Committee (or their Board) will provide their formal response, minimising the number of consultation meetings required whilst ensuring that the implications are fully explored, particularly in relation to clinical and care governance, which must be taken into account in all strategic decisions.
- iv) Strategic Planning processes should be co-ordinated as far as possible, so that, from an early stage, interdependencies are explored and all stakeholders' objectives are taken into account. Whilst IJBs do not have responsibility for property, it is vital that the parent bodies' Property Strategies are congruent with the IJBs Strategies or the Perth and Kinross IJB's Strategic Commissioning Plan.
- v) Any arrangements must take into account and make best use of the limited resources available for Strategic Planning.
- vi) The implications of Large Hospital Set-aside (LHSA) on Health Strategy will be explored

further and clarity achieved on the lead role for strategic decisions on LHSA which recognises the interdependences between non-delegated acute and LHSA functions.

## **Risk Management**

The IJB's Integration Schemes states that "The Partners and the Integration Joint Board will develop a Shared Risk Management Strategy by 1 November 2015". A model Risk Management Strategy (RMS) was produced for the IJBs. The IJB Risk Management Strategy approved by Perth and Kinross IJB states that 'Parent bodies will retain responsibility for managing operational risks', which is consistent with the commissioning model adopted by Perth and Kinross IJB. However this was not consistent with the Dundee and Angus IJB governance models where controls have passed from the parent body to the IJB. Dundee IJB, recognising this inconsistency, has subsequently updated their Risk Management Strategy to reflect their view of the shared ownership of operational risks.

The Integration Scheme also states that *'the Partners and the Integration Joint Board will consider and agree which risks should be taken from their own risk registers and placed on the shared risk register within three months of the establishment of the Integration Joint Board sources'* and that *'The Chief Officer will be responsible for drawing together the joint risks from the relevant organisations and preparing a joint risk register within 3 months of the establishment of the Integration Joint Board'*. These actions have not yet taken place. The NHS Tayside Risk Management System (RMS) has not been updated to reflect integration and whilst Perth & Kinross Council have recognised the need to reflect integration in their Risk Management Policy and Strategy, this work has not yet concluded.

The IJBs RMS contains a number of inconsistencies and does not contain robust processes for advising parent bodies of emerging risks and its requirement to use a Board Assurance Framework (BAF) approach for Strategic risks has not been fully implemented in by the IJBs.

The following principles will apply:

- i) The Risk Management Strategies of the IJB and the parties will be amended so that they consistently and clearly set out :
  - a. Responsibility for managing operational risks. In the case of Perth and Kinross IJB this will need to remain with the parties.
  - b. A process and timetable for identifying risks where one body is responsible for the service, but the risks are of a nature or materiality that it could have a significant impact on the other body. The definition of 'shared' risks will need to be explored carefully as operational responsibility cannot be shared effectively, but there are many risks which would impact on both parties.
  - c. Clear assurance arrangements both internally and to other bodies; if a full BAF approach is not practicable, then any arrangements must ensure that assurances are received over the controls mitigating key risks.
  - d. Resourcing of Risk Management will be agreed, in line with the Integration Scheme to ensure that appropriate support is available.
  - e. Perth and Kinross IJB whilst operational risks remain with the parties and therefore will be retained within the parent bodies risk management systems, parent bodies will need to grant access to all appropriate HSCP staff, whether employed by that parent body or not. In Dundee and Angus IJBs and any risks transferred to IJBs can still be hosted on the parent body's risk management system. However, again the parent bodies will need to grant access to all appropriate IJB staff, whether employed by that parent body or not. Resource issues relating to any longer term transfer of risks will need to be included in wider consideration of the implications of any move to integrated governance systems within the IJB, but would need to be planned well in advance.
  - f. Audit Committees should be clearly sighted on the extent to which they rely on the risk management systems of other bodies and should receive appropriate year-end assurances on their operation.

## **Performance Reporting**

The requirements on performance reporting to the IJB are set out in regulations, in guidance, in the Integration Scheme and in further guidance issued by the Scottish Government in January 2017. However, linkages between the IJB and the parent bodies are less clear. Whilst in theory, the model adopted in relation to responsibility for operational services might impact on reporting, in practice, the three IJBs have adopted similar reporting structures based on similar Integration Schemes.

**The Dundee and Angus IJB Integration Schemes state:** *The Parties will develop a performance management framework which will contain a list of targets and measures that relate to the integration functions for which responsibility will transfer in full or part. The performance framework will also contain a list of targets and measures, which relate to the non-integrated functions of the partners that will have to be taken into account by the Integration Joint Board when preparing their Strategic Plan.'*

**The Perth and Kinross IJB Integration Scheme states:** *'The Partners and the Integration Joint Board will establish a Performance Management Framework focused upon the delivery of the nine National Outcomes for Health & Social Care Integration. A framework of outcomes, indicators and targets will be further developed, with clear linkages flowing from the National Outcomes through the Perth and Kinross Community Plan/Single Outcome Agreement 2013/23, to the Strategic Plan and into Locality Plans and the Partners' delivery plans for commissioned services.'*

*The Performance Framework will also contain a list of targets and measures, which relate to the non-integrated functions of the partners that will have to be taken into account by the Integration Joint Board when preparing their Strategic Plan.'*

The following principles will apply:

- i) IJBs will continue to monitor mandatory targets for which their parent bodies are responsible and include their achievement within their Strategic Plans;
- ii) For delegated functions, the IJB will take the lead in Performance Management and therefore have primary responsibility for deciding on appropriate remedial action where required, and monitoring its implementation and effectiveness and providing appropriate reports and assurance to the nominated Committee of the parent body. For Large Hospital Set-Aside (LHSA) functions, NHS Tayside will take the lead and provide assurance and reports to the IJBs;
- iii) Both NHS Tayside and Local Authorities will agree clear reporting arrangements with the IJB which provide the parent bodies with appropriate assurance on the achievement of objectives for which they are still accountable or where they continue to bear significant risk, respecting the principles set out in ii) above.
- iv) Wherever possible, performance reports will state overtly the link to key risks and provide overt assurance on whether the performance reports are consistent with their description and risk scoring within the IJBs Strategic Risk Register and those of the parent bodies.

## **Care Governance**

The Integration Schemes states that *'NHS Tayside Board is accountable for Clinical and Care Governance in relation to services provided by NHS Tayside.'* This reinforces the view that the Health Board (and presumably, by extension the Council) are still ultimately responsible for these arrangements and therefore require to receive the necessary assurances. This has profound implications, not only for Clinical Governance but also Risk Management.

The national guidance and therefore also the Integration Schemes provide guidance on both professional accountability and clinical governance. Whilst the two are closely linked, they are separate and the key issue for all bodies is assurance over the overall health and well-being of the

population, of the safety and effectiveness of care provided and of the adequacy and effectiveness of the systems and governance structures which provide that assurance.

Professional accountability appears to be well-covered within the Integration Schemes and the provision of professional advice in Tayside will be through the Tayside Clinical and Care Governance and Professional Governance group. Due to the complexity of the issues involved this should continue to be kept under review.

The following principles will apply to assurance:

- i) Consistency of care and clinical governance as far as possible i.e. the level and quality of assurance should be determined consistently (see below) whether in delegated or non- delegated healthcare functions or within social care activities. This will be particularly important as the boundaries between health and social care blur; there is no reason why assurance around the safety and effectiveness of care should change as an individual transitions between one part of the system to another, or if service provision changes. For example the local authority equivalents to SAERs, aggregated incident reports, HAI reports etc. should be reported in parallel and in aggregate with the Health equivalents within IJB reporting;
- ii) Proportionality; assurance should be inextricably and overtly linked with risk and the extent to which key controls manage that risk;
- iii) There must be a distinction between professional lines of accountability and governance assurance;
- iv) Independent oversight is a fundamental component of clinical governance assurance; this includes oversight from independent non-executives/councillors/voting members at an appropriate level based on robust, relevant and reliable data;
- v) Clear linkages to performance data, including operational, financial and quality performance; the ideal is a holistic system which integrates performance, clinical and other data level so that performance is measured once, used often.
- vi) Where assurances are not deemed sufficient or they highlight significant unmitigated risks, there must be clarity around which body will take the decision on the appropriate action to be taken and how they will provide assurance to other parties on the implementation and effectiveness of those actions.
- vii) All systems should distinguish between pro-active and reactive, internal and external assurance and develop effective triangulation to ensure that each assurance component contributes to an overall assessment of governance. For example, the key information to be taken from an external review is not about the specific circumstances found but whether they are consistent with assurances received from internal systems. Wherever practicable, the emphasis should be on internal systems which provide advance warning of any issues.
- viii) The Tayside Clinical and Care Governance and Professional Governance group is the group that will provide assurance in this area. This group has recently developed new terms of reference.
- ix) The provisions in the Integration Scheme for seeking professional advice should be kept under regular review to ensure they continue to function as intended.

## **Staff Governance**

IJBs being subject to Local Authority regulations are not subject to the statutory duty of Staff Governance which applies to Health Boards. However, the three Integration Schemes state that the IJB Board shall receive a staff governance and workforce planning report and also required the Parties to deliver, within three months of the establishment of each Integration Joint Board, a Workforce and Organisational Development Strategy for integrated functions, which would be subject to review in conjunction with the IJB. There is thus an inherent tension between the continuing responsibility of the Health Board to ensure that the Staff Governance principles are in place for all staff, including those working within delegated functions, and the responsibility of the IJB for workforce and Organisational Development strategy. Similarly, Local Authorities retain a duty of care for the staff they employ.

The following principles will apply:

- i) There should be absolute clarity around the authority for decisions made on staffing issues, particularly Workforce and Organisational Development strategies. These strategies should be coherent between the parent bodies and the IJBs;
- ii) Any decisions made by the IJB around staff employed by the NHS must comply with Staff Governance standards including Staff Governance Monitoring requirements;
- iii) Similarly, any decisions made in relation to staff employed by the Local Authority must comply with relevant local policies, in the absence of national guidance.
- iv) The relevant Governance Committee of NHS Tayside must receive appropriate assurances on Staff Governance for staff working within the Health and Social Care partnerships;
- v) In the longer term, to ensure equity of treatment, IJBs may wish to consider how the principles embedded within the Staff Governance standards and any Local Authority equivalent can be applied to all staff to ensure the highest standards of staff governance whilst avoiding unnecessary duplication and the need to run parallel systems.

## **Financial Governance**

Application of Integration Scheme:

**The Dundee and Angus Integration Scheme** – requires that ‘In the event that an overspend is evident following the application of a recovery plan, use of uncommitted reserves or where the Strategic Plan cannot be adjusted the following arrangements will apply:

- 1<sup>st</sup> and 2<sup>nd</sup> financial year of Integration Joint Board – the overspend will be met by the Party with operational responsibility for service delivery, unless agreed otherwise through at tripartite agreement between the Integration Joint Board and the Parties;
- 3<sup>rd</sup> financial year of the Integration Joint Board onwards – the overspend will be allocated based on each Parties’ proportionate contribution to the Integration Joint Board’s budget  
Requisition for that financial year on a like for like basis.’

**The Perth and Kinross Integration Scheme** - requires that 'Where a year-end overspend in the Integration Joint Board's budget is projected, the Chief Officer and Chief Financial Officer must take remedial action to prevent this overspend materialising' and sets out further action to be taken if this is unsuccessful including the creation of a recovery plan, the use of uncommitted reserves and amendments to the IJB Strategic Plan in future years. It further states that 'In the event that an overspend is evident following the application of a recovery plan, use of reserves or, where the Strategic Plan cannot be adjusted, the following arrangements will apply:-

- First 2 financial years of the Integration Joint Board - the overspend will be met by the Partner with operational responsibility unless agreed otherwise through a tri-partite agreement between the Integration Joint Board and the Partners;
- 3<sup>rd</sup> financial year of the Integration Joint Board onwards – the overspend may be allocated based on each Partner's proportionate contribution to the Integration Joint Board's Budget Requisition for that financial year on a like for like basis.'



The net effect is that whilst the IJB is responsible for mitigating financial risk, responsibility is ultimately likely to be borne by the parent bodies. In addition, from year three onwards, parent bodies will be exposed to financial risk arising from all expenditure within the IJB, whether or not that expenditure is associated with functions delegated by them. This has implications for financial reporting across all bodies. However, it should be noted that all integration schemes require the Chief Officer and Chief Finance Officer to present a recovery plan to the Parties and the Integration Joint Board to address in year overspends and any recurring overspends for future financial years and that the IJBs are responsible for decisions on the budgets delegated to them.

There needs to be acceptance that IJB financial performance directly impacts on parent bodies and a full understanding of the implication of the consequences of the Integration Scheme requirements in relation to the treatment of overspends, especially the meaning of the word 'may' below. In effect, the parent bodies may be liable for any overspend incurred by the IJB which cannot be mitigated and will therefore require to be aware of overall IJB financial risk profiles. Once the overspends are potentially split between the parent bodies, this principle will need to be extended so that, for example, Local Authorities will equally need to be aware of overspends in IJB functions delegated by the Health Board.

Whilst Integration Schemes place the responsibility for managing overspends on the IJBs, there is no clarity around the relationship between the IJBs' transformation and cost-savings programmes and those of the parent bodies, which still include IJB functions. In addition, there is a national and local requirement for further detail on the provisions for LHSA.

The following principles will apply:

- i) Savings and transformation/service redesign programmes in the parent bodies must include IJB representation and must clearly state responsibility for implementation and the linkages between the monitoring and performance management processes for these programmes and those of the IJB. Given that the financial risks ultimately reside with the parent bodies, the IJB must provide suitable and regular assurances to the relevant Committees of the parent bodies. There will be clear protocols for dispute resolution where the IJB and parent body disagree on key elements of efficiency or service redesign;
- ii) The property strategies of parent bodies must take into account the strategic intentions of the IJBs and vice-versa;
- iii) The financial implications of LHSA should be explored further to fulfil the requirements of the relevant guidance and provide certainty around the implications of changes to cost and volume.
- iv) The fraud policies of the parent bodies must reflect HSCI and consider the appropriate mechanism for fraud investigation where, for example, an employee of one body is under investigation for actions undertaken within the other, recognising the principle that all actions are undertaken under the auspices of the financial and other regulations of one or other of the parent bodies.

## **Information Governance**

Information Governance is a complex area and one in which the advent of General Data Protection Regulations (GDPR) and the increased prevalence of cyber attacks will raise the potential risk associated with this area. The very essence of partnership working is that officers employed by one parent body will require access to information and systems held by the other, a situation which becomes even more complex where services are hosted.