

SECTION 4: ANNUAL GOVERNANCE STATEMENT

INTRODUCTION

The Annual Governance Statement explains Perth and Kinross Integration Joint Board's (IJB) governance arrangements and reports on the effectiveness of the IJB's system of internal control.

SCOPE OF RESPONSIBILITY

Perth & Kinross 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.

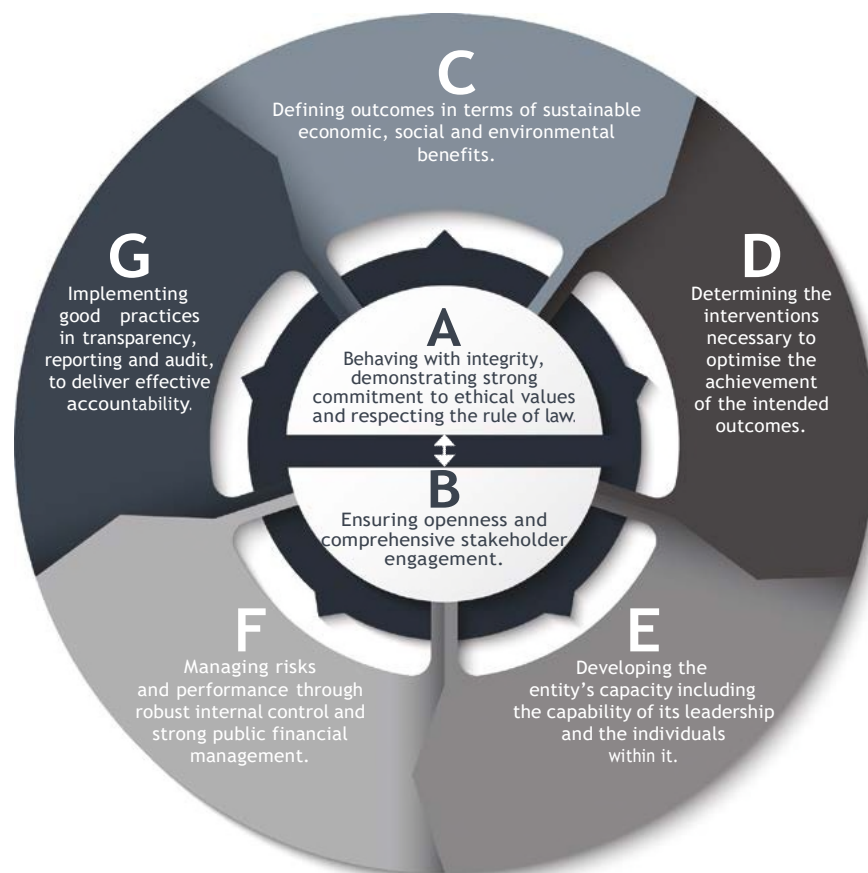
To meet this responsibility the IJB has established arrangements for governance that includes a system of internal control. The system is intended to manage risk to support achievement of the IJB's aims and objectives. Reliance is also placed on the NHS Tayside, Perth & Kinross Council, Dundee IJB and Angus IJBs systems of internal control that support compliance with both organisations' policies and promotes achievement of each organisations' aims and objectives including those of the IJB.

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, engages with and leads 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 Perth & Kinross 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.

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The core principles of good governance are set out in the diagram below:



The IJB supported by the HSCP Team strive to ensure an effective governance framework underpinned by these principles operates effectively in practice. We work with our partner bodies but have also sought and identify best practice systems and processes from elsewhere to ensure continuous improvement.

Our governance improvement plan that brings together improvements identified in our annual review of governance, the findings of Internal and External Audit reviews and External Inspections.

The key features of the governance arrangements that were in place during 2021/22 are summarised below along with the improvement activity that has been undertaken during the year to increase effectiveness. This includes the governance arrangements required to respond to the Covid-19 Pandemic.

COVID-19 ARRANGEMENTS

A PKHSCP command structure is in place and is escalated as required dependant on the impact of COVID at a particular time.

The Partnership has prepared Remobilisation Plans for 2021/22 in line with Scottish Government requirements and priorities. We have reported progress against our Remobilisation plans to the IJB throughout the year. During the year we have developed Strategic Delivery Plans for Older Peoples Services, LD/Autism and our Community Mental Health and Wellbeing Strategy. These medium term plans take account of the 'Living with Covid' environment.

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Covid-19 continued to impact on the IJB's strategic aims and this has resulted in the strategic risks and mitigations being updated to reflect the position on a regular basis. The Partnership considered that the systems, processes and controls were in place that can be stepped up immediately to oversee services and ensure resilience and capacity when activity and demand necessitates. These appropriate governance and decision making mechanisms continue to ensure preparedness.

Improvement activity during the year:

- We have prepared medium term strategic plans that reflect the 'Living with COVID' environment

LEADERSHIP, CULTURE AND VALUES

A code of conduct for members and employees is in place along with a register of interests. A standards officer has been appointed and standing orders are in place. A development programme for IJB members has been in place since inception and this has been a key feature in developing working relationships between the Chair, members and officers.

The Chair and Chief Officer meet regularly, and the Chief Financial Officer and Chair of the Audit and Performance Committee meet regularly. The Strategic Commissioning Plan provides a clear sense of shared direction and purpose across the IJB membership and PKHSCP Team.

The IJB Chair is supported effectively to carry out his role with independent legal and governance support and effective committee services. The Chief Officer is a Director in the partner organisations, a member of the Executive Teams, attends the Board and Council and is directly accountable to both Chief Executives, who provide regular one-to-ones. As well as the support from both partner bodies' Executive Groups, the Chief Officer benefits from the support of the Council's Chief Social Work Officer, who is a member of the IJB and Co-chairs the Clinical and Professional Governance Forum. Health Care Professionals who are members of the board also provide a level of support to the IJB, helping to align oversight and assurance.

Improvement activity during the year:

- The Executive Management Team continues to support the Tayside wide review of the Integration Scheme with regular progress reports being provided to the IJB.
- We have further improved our IJB induction for new members which incorporates best practice from across Scotland and will also support induction of new PKC elected members.

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STAKEHOLDER ENGAGEMENT

The IJB Meetings are public meetings and membership includes wide stakeholder representation including carers, service users and the Third Sector.

We have dedicated IJB Communication resource which supports communication with staff and wider stakeholders.

An Independent Sector Lead supports Integration of Health and Social Care in Perth and Kinross.

Our Engagement and Participation Strategy has been developed and provides a systemic approach to stakeholder engagement and assists in improving the evaluation of the impact being made by specific developments.

The HSCP have a dedicated Community Engagement Team who, play a key role in delivering community engagement and participation across the Partnership. Each of our three localities have a Participation and Engagement Plan that is overseen by Locality Management Groups, which report to our six weekly Communication, Participation and Engagement Group, our central point for the coordination and strategic oversight of all and any communication and engagement activity needed to be or being undertaken. The Communication, Participation and Engagement group terms of reference, membership and role and remit have been reviewed.

We also use a number of forums and groups to ensure we communicate with all partners. Examples of this include our Providers Forum, the Local Involvement Network, Third Sector Forum, all Strategy Groups, Local Action Partnerships and the Reference Group.

The Strategic Commissioning Plan 2020-2025 was published following engagement with local people. We have a Strategic Planning Group has now been fully re-established and meet regularly throughout the year. This group has a broad and diverse membership which represents all localities and service

user groups and ensures the voice of all is represented in our Strategic Planning work. This meeting fulfils a range of functions including:

- The development of the strategic plan;
- The review of the strategic plan;
- Joint Strategic Needs Assessment;
- Ensuring locality representation;
- Ensuring robust stakeholder representation in the strategic planning process;
- Assessing progress in the implementation of the plan against the health and wellbeing outcomes;
- The review of the strategic plan within the timeline set out in regulations.

We maintain close links with the Community Planning Partnership and Local Action Partnerships.

The Partnership works closely with Independent Contractors such as Care Providers, GPs, Dentists, Optometrists and Pharmacists in the delivery of Health and Care Services across Perth and Kinross.

Improvement activity during the year:

- A Digital Marketing Officer is now a key member of the PKHSCP Communications Group. This new role is developing a co-ordinated approach to communication with stakeholders and the wider community.
- The Standing Orders of the IJB have been amended to increase the membership from one service user public partner and one carer public partner representative to two from each of those categories. This acknowledges the important contribution and direct input of carer and service user representatives to the work of the Board

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VISION, DIRECTION AND PURPOSE

The Strategic Commissioning Plan 2020-2025 provides a clear vision and the Performance Strategy approved by the IJB set out the commitment to ensure we have the framework in place to measure our success.

This is supported by the development of strategies for each of our care groups and each includes a performance framework against which we measure success in delivery of agreed outcomes.

We have updated our strategic plans for Older People, Mental Health & Wellbeing and Learning Disabilities to reflect future requirements including the impact of Covid. These set out a significant transformation programme. These are supported by a detailed delivery plan against which progress will be overseen by Strategy Groups and the Executive Management Team. These have been approved by the IJB and are closely aligned to the 3 Year Financial Plan and the 3 Year Workforce Plan and have led to an expansion of the regular performance reporting to the IJB.

Performance reports are considered at each IJB Audit and Performance Committee meeting. Performance at locality level is also considered at each meeting.

The publication of our Annual Performance Report documents our achievement throughout the year in achieving our strategic objectives and national outcomes.

Improvement activity during the year:

- 3 year Strategic Delivery Plans have been developed across priority areas which include approved performance frameworks.
- During the year senior management capacity has been enhanced that will lead to better strategic planning.
- The independent review of Adult Social Care in Scotland and the future development of the National Care Service will have significant implications for the IJB. As such we have provided updates to the IJB on this during the year

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DECISION-MAKING

All reports to the IJB are in an agreed format that supports effective decision-making. The IJB Annual Work plan ensures regular opportunity for review and scrutiny of progress in delivering strategic priorities.

The Executive Management Team meets regularly to oversee delivery of transformation and service redesign priorities and for escalation of operational risk that will impact on strategic delivery.

Integrated financial planning across health and social care services and the development of financial frameworks to support all strategic delivery plans ensures an effective link between strategic and financial planning.

Over the year a program of development sessions has been provided to the IJB to inform and support ongoing decision making. In addition to this the IJB Budget Review Group has met regularly to ensure Members are informed in relation to prioritisation of financial resources.

The Partnership has a central pool of Programme and Project Management resources which are continually reviewed and aligned to service priorities.

Improvement activity during the year:

- We have undertaken significant development activity to support the IJB in considering medium term strategic plans.

ORGANISATIONAL DEVELOPMENT

The IJB Members are supported by a programme of training and development throughout the year.

Proposals have been approved by the IJB to consolidate management structures to provide stability and to ensure a robust infrastructure is in place to effectively deliver on transformation, improvements and enhance the effectiveness and functioning of the HSCP.

The HSCP has an approved 1 year workforce plan in place.

Improvement activity during the year:

- A 3 Year Workforce Plan has been developed for approval by the IJB in June 2022.
- We have invested in corporate support functions such as performance and business improvement to build resilience and ensure capacity
- The IJB have endorsed the enhancement of the PKHSCP senior management structure to increase capacity required to ensure delivery of operational management priorities and a significant transformation programme that spans almost all services

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SCRUTINY AND ACCOUNTABILITY

Accountability is about ensuring that those making decisions are answerable for them. We have learned from best practice elsewhere to ensure transparent reporting of our actions and ensure that in this complex landscape our stakeholders can understand our intentions. IJB reports are clear and concise with the audience in mind.

In order to comply with regulations outlined by the Scottish Government's Integrated Resources Advisory Group, the IJB established an Audit and Performance Committee in July 2016. The role of the IJB Audit and Performance Committee ensures that good governance arrangements are in place for the IJB. It is the responsibility of this committee to ensure that proportionate audit arrangements are in place for the IJB and that annual financial statements are compliant with good practice standards. All IJB Members have a standing invitation to attend Audit and Performance Committee meetings. Both the IJB and the Audit and Performance Committee have annual work plans in place.

We report at regular intervals on financial performance and we are required to publish externally audited Annual Accounts each year. Each year the Annual Performance Report accounts for our activity, reports on our success and outlines further areas for improvement and development.

We report quarterly on our performance against the core set of integration indicators to the Audit and Performance Committee as well as monthly to the Executive Management Team. Progress on locality actions is also presented to the Audit and Performance Committee at each of their meetings.

We have provided regular reports to the IJB Audit and Performance Committee on our progress in implementing all external and internal audit recommendations and we have included a transparent assessment of how we are delivering against our Best Value responsibilities within the Annual Performance Report.

Improvement activity during the year:

- We have developed a systematic approach to obtaining regular patient/service user feedback across services

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INTERNAL CONTROL FRAMEWORK

The governance framework above operates on the foundation of internal controls including management and financial information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

The IJB uses the systems in NHS Tayside and Perth & Kinross Council to manage its financial records. Development and maintenance of these systems is undertaken by both partner bodies as part of the operational delivery of the Health and Social Care Partnership. In particular, the systems include:

- *comprehensive budgeting systems;*
- *setting of targets to measure financial performance;*
- *regular reviews of periodic and annual financial reports that indicate financial performance against the forecasts.*

During the year a 3 year financial plan for 2022/23:2024/25 has been developed. Significant elements of this 3 year budget have been developed from financial frameworks underpinning our Strategic Delivery Plans. The plan has been prepared with significant engagement from IJB members allowing robust discussion, consideration and understanding of the development of the budget and in particular the financial implications of the strategic plans which underpin it.

During 2021/22 the Audit and Performance Committee has overseen and provided robust scrutiny on the IJB's strategic risk register and its associated risk improvement plan. The Strategic Risk Register has been further developed with a refreshed schedule of strategic risk reporting to the Executive

Management Team being established, with the highest priority of risk being considered every 4 weeks as a minimum.

The annual work plan for the IJB sets out clear timescales for reporting on key aspects of strategy implementation and transformation.

A process for the issuing of Directions is now in place with a Directions log also being maintained.

Regular review of service quality against recognised professional clinical and care standards is provided by the PKHSCP Clinical Governance Forum which provides assurance to NHS Tayside Clinical Care Governance Committee and to the IJB.

We have an agreed Internal Audit Service from Perth & Kinross Council Internal Audit Services and Fife, Tayside and Forth Valley Internal Audit Services (FTF).

We have agreed with Perth & Kinross Council to the appointment of their Data Protection Officer to the IJB to ensure our GDPR requirements are met. In parallel we have ensured effective arrangements are in place with Perth & Kinross Council and NHS Tayside for the sharing of data.

The HSCP has business continuity plans in place in accordance with processes in place with Partner organisations.

We continue to work with our NHS Tayside colleagues to set up an effective forum for ensuring that the planning of services that fall within our large hospital set-aside budget is undertaken in a way that enables the IJB's intentions to shift the balance of care to be effectively progressed.

We are working with the other IJBs in Tayside to ensure strong and effective arrangements are in place to support the strategic planning and delivery of hosted services. These arrangements need to carefully consider the responsibilities of the hosting

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partnership alongside the wider obligation of each IJB to the strategic planning of all services to their population.

The wider internal control framework also includes:

- *Complaints handling procedures;*
- *Clinical Care Governance monitoring arrangements;*
- *Procedures for whistle-blowing;*
- *Data Sharing Arrangements;*
- *Code of Corporate Governance including Scheme of Delegation, Standing Financial instructions, standing orders, scheme of administration;*
- *Reliance on procedures, processes and systems of partner organisations;*

Perth and Kinross IJBs relationship with both partner bodies has meant that the controls in place in one body inevitably affect those in the other. The draft NHS Tayside Governance Statement 2021/22 was considered at its Audit & Risk Committee on 20th May 2022. No material weaknesses were found. Perth & Kinross Council has approved a Governance Statement which also concludes positively on the adequacy and effectiveness of internal controls, accompanied by an Annual Internal Audit Report which concludes that reasonable reliance can be placed on the Council's risk management and governance arrangements, and systems of internal control for 2021/22, subject to management implementation of the agreed actions detailed in Internal Audit reports. Dundee and Angus IJBs have also provided formal assurance that adequate and effective governance arrangements were in place throughout during 2021/22.

Improvement activity during the year:

- Assurance reporting to the IJB in relation to Clinical Care Governance has been significantly strengthened. In addition a clear process for escalating significant operational risks which may impact on the IJB's strategic objectives.

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ONGOING REVIEW AND FURTHER DEVELOPMENTS

To support the annual review of governance, we have undertaken a full self-assessment using the Governance Self-Assessment Tool provided by Internal Audit. The annual self-assessment has been informed by a full progress update of our Partnership Improvement Plan.

Those areas identified which still require further development are highlighted in the Partnership Improvement Plan which includes new areas identified by local self-assessment and any other external or internal audit recommendations received during 2021/22. Progress updates on the Partnership Improvement Plan have been provided during the year to the IJB's Audit and Performance Committee.

REVIEW OF ADEQUACY AND EFFECTIVENESS

Perth and Kinross 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 has been informed by:

- *the work of the Executive Management Team who have responsibility for development and maintenance of the governance environment;*
- *the Annual Report by the Chief Internal Auditor; reports from Audit Scotland and other review agencies including the Audit Scotland Report on the Review of Health and Social Care Integration;*
- *self-assessment against the FTF Internal Audit Service's Governance Self- Assessment Tool 2021/22;*
- *progress reported against PKHSCP's Partnership Improvement Plan;*
- *the draft Annual Governance Statements for Perth & Kinross Council, NHS Tayside, Dundee IJB and Angus IJB.*

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The Chief Internal Auditor reports directly to the IJB Audit and Performance Committee on all audit matters, with the right of access to the Chief Officer, Chief Financial Officer and Chair of the Audit and Performance Committee on any matter.

In addition to regular reports to the IJB's Audit and Performance Committee during 2021/22, the Chief Internal Auditor prepares an annual report to the Audit and Performance Committee including an assurance statement containing a view on the adequacy and effectiveness of the systems of internal control.

The Internal Audit Annual Report 2021/22 received by the IJB on 27 June 2022 highlights findings which indicate some weaknesses in the internal control environment. None of these are considered material enough to have a significant impact on the overall control environment and it is the opinion of the Chief Internal Auditor that the systems of internal control relied upon by the IJB provide reasonable assurance against loss.

ACTION PLAN FOR 2022/23

The key areas where further progress is required to further strengthen governance arrangements are set out in detail in the Partnership Improvement Plan and are summarised below.

Leadership, Culture and Values

- *Develop a Leadership Development Programme focused on collaborative practice.*
- *Ongoing development of culture, ethos and professional practice to ensure we continue to be the best we can be.*

Stakeholder Engagement

- *Ensure resources are in place to support a strong strategic focus on improving links with Communities, providing additional capacity and ensuring a robust, consistent and coordinated approach.*

Vision, Direction and Purpose

- *Develop a Strategic Needs Assessment Framework to support long-term strategic planning to ensure that the approach across the partnership is consistent and systematic.*
- *Build better engagement, linkages and relationships with the Community Planning Partnership.*
- *Joint review of strategic planning processes encompassing Hosted Services and including consideration of performance reporting.*

Decision-Making

- *Finalise the 3 Year Workforce Plan and embed resources and ongoing arrangements for review and reporting of progress.*

Organisational Development

- *Complete Phase two of Corporate Support Review and in particular the functions related to capital/premises planning.*

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Internal Controls

- *Provide training and development opportunities in relation to the revised PKIJB Integration Scheme and its implications.*
- *With IJB Members review and update the risk management framework and risk appetite statement.*
- *Develop improved assurance reporting to the IJB on progress in achieving strategic plan objectives.*

Requiring Collaboration with Statutory Partners

For a number of further improvements we are reliant on the leadership of NHS Tayside and Perth & Kinross Council as partners to the Integration Scheme:

- *Improve the effectiveness of links with Partner bodies in relation to Strategic Planning;*
- *Clarify and reach agreement on the governance, accountability and resourcing arrangements of Mental Health Services across Tayside and the implications for PKIJB/PKHSCP as a result of the revised Integration Schemes;*
- *Review of Partner Body Anti-Fraud, Whistle Blowing and Information Governance policies and reach agreement on PKIJB responsibilities.*
- *We will work with Perth & Kinross Council to conclude assurance arrangements to the IJB in relation to Care Governance.*
- *We will work with NHS Tayside to introduce assurance arrangements to the IJB for Inpatient Mental Health and Acute Medicine in relation to Clinical& Care Governance.*

The above areas will form the key elements of the Partnership Improvement Plan as it rolls forward to 2022/23.

CONCLUSION AND OPINION ON ASSURANCE

Whilst recognising that improvements are required, as detailed above, it is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements.

We consider that internal control environment operating during 2021/22 to provide reasonable and objective assurance that any significant risks impacting on the achievement of our objectives 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.

Bob Benson
IJB Chair

Jacqueline Pepper
Chief Officer