

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 appropriate standards, and that public money is safeguarded, 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. The governance arrangements are broadly consistent with the principles of CIPFA and the Society of Local Authority Chief Executives (SOLACE) framework "Delivering Good Governance in Local Government".

Reliance is also placed on the NHS Tayside, Perth & Kinross Council, Dundee IJB and Angus IJBs systems of internal control that support compliance with each organisations' policies and promotes achievement of each organisations' aims and objectives including those of the IJB.

The system can only provide reasonable and not absolute assurance of effectiveness.

THE GOVERNANCE FRAMEWORK

Perth and Kinross IJB comprises of eight voting members, four nominated from Perth and Kinross Council and four from NHS Tayside. IJB membership also includes non-voting members including a Chief Officer, Chief Finance Officer, professional advisers for health, social work and social care along with stakeholder members from carers groups, service user representatives, the third sector and trade unions. The IJB has an Audit and Performance Committee which is chaired by an IJB voting member. The Audit and Performance Committee met four times during 2022-23.

The governance framework comprises the systems, processes, culture and values the IJB has in place to help achieve its strategic objectives. The IJB recognises that the following are fundamental elements of good governance within public sector organisations: -

- Leadership, Culture & Values
- Stakeholder Engagement
- Vision, Direction & Purpose
- Decision Making
- Organisational Development
- Scrutiny & Accountability
- Internal Controls

SECTION 4: ANNUAL GOVERNANCE STATEMENT

The system of internal control is a crucial part of that framework and is designed to manage risk to a reasonable level. The system of internal control is based on a continuous process designed to identify and prioritise risks in relation to the achievement of Perth & Kinross IJB's intended outcomes. These risks are evaluated based on likelihood and impact and they need to be mitigated and managed proportionately.

The key features of the governance arrangements that were in place during 2022/23 are summarised below, along with the improvement activity that has been undertaken during the year to increase effectiveness.

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 which are reviewed on a regular basis. The standards officer provides advice and guidance to Members of the Board on issues of conduct and ensures that a Register of Interests is kept. 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. The Strategic Commissioning Plan provides a clear and shared direction and purpose across the IJB membership and the Perth and Kinross Health and Social Care Partnership (PKHSCP) Executive Management Team.

The IJB Chair is supported to carry out the role with independent legal and governance support and effective committee secretariat services. The Chief Officer is a Director in the partner organisations, a member of their Executive Leadership Teams, attends the NHS Board and Council meetings and is directly accountable to both Chief Executives.

Over the last year, the Chief Officer has also undertaken the role of Chief Social Work Officer which provides independent professional leadership for social work and social care. It has been recognised that this dual role is not sustainable in the long term and there is a potential conflict. This is being addressed by Perth and Kinross Council's Chief Executive via a leadership review and revised structure which will include new permanent arrangements for the statutory role of Chief Social Work Officer. The independence of the professional advice to the IJB and leadership of the social work and social care professions will be strengthened as a result.

SECTION 4: ANNUAL GOVERNANCE STATEMENT

Health Care Professionals who are members of the board also provide support to the IJB.

The Chief Officer has recognised the need to become more integrated in terms of the management structure within the Health and Social Care Partnership and is committed to implementing revised leadership arrangements in 2023/24. This will also address the risks identified in relation to senior management stability and capacity.

Improvement activity during the year:

- The Executive Management Team supported the Tayside wide review of the Integration Scheme by statutory partners with regular progress reports provided to the IJB. The revised scheme was submitted to Scottish Ministers in June 2022 and received approval in November 2022.
- The governance and accountability arrangements concerning Inpatient Mental Health Services has been clarified via the approval of the revised Integration Scheme. The Lead Partner role for coordinating strategic planning for inpatient mental health services is being actively taken forward by the Chief Officer and regular reporting has been re-activated across all three IJBs.
- A series of Perth and Kinross Offer Sessions have been delivered with staff. These were led by the Chief Officer and focused on values-based leadership and behaviours.
- [What Matters to You?](#) events have contributed to our positive culture and ethos relating to ambition, compassion and integrity.

STAKEHOLDER ENGAGEMENT

The IJB Meetings are held in public and online. Membership includes wide stakeholder representation including carers' representatives, service users, the third sector and the independent sector.

We have dedicated support for communications through our partner bodies which supports communication with staff and wider stakeholders.

Our Engagement and Participation Strategy is being reviewed and will be refreshed to strengthen stakeholder engagement and the evaluation of the impact we are making.

The HSCP has a dedicated Community Engagement Team who play a key role in delivering community engagement and participation across the Partnership area.

The Strategic Commissioning Plan 2020-2025 was published following engagement with local people. The Strategic Planning Group meets regularly throughout the year and this group has a broad and diverse membership which represents all localities and service user groups to ensure the voice of all is represented in our Strategic Planning work. We maintain close links with the Community Planning Partnership and Local Action Partnerships.

The HSCP 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.

The Partnership has engaged with elected members of Perth & Kinross Council around the Financial Plan and the challenges facing the IJB.

SECTION 4: ANNUAL GOVERNANCE STATEMENT

Improvement activity during the year:

- The involvement of Public Partners in the Integrated Joint Board has been enhanced with a public partner now taking on the co-chair role in the Strategic Planning Group.
- We have effectively engaged with elected members of Perth and Kinross Council during 2022/23 with a development session in June 2022 which ensured newly elected members gained a full understanding of the IJB and the challenges faced.
- All members of the IJB were involved in the budget development for 2023/24.
- We have built better engagement, linkages and relationships with the Community Planning Partnership with HSCP Heads of Service now routinely attending each meeting.
- We have developed a Communications Protocol in partnership with PKC and NHST Communications Teams, which has been shared across the IJB.

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 our care groups. Each has a performance management framework which is outcome focused and underpins the delivery of the strategy. Our strategic plans for Older People, Mental Health & Wellbeing and Learning Disabilities reflect future requirements and set out programmes of work.

Progress will be overseen by Strategy Groups, HSCP Transformation Board and Executive Management Team. Strategic delivery plans have been approved by the IJB and closely aligned to the 3 Year Financial Plan and Workforce Plan. Performance reports are considered at each IJB Audit and Performance Committee meeting.

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

SECTION 4: ANNUAL GOVERNANCE STATEMENT

Improvement activity during the year:

- Progress against implementation of our Strategic Commissioning Plan and Strategic Delivery Plans is routinely reported to our IJB/Audit and Performance Committee.
- The effectiveness of our Strategy Groups has been strengthened with the development, consultation and finalisation of Terms of Reference for all of the Groups.

DECISION-MAKING

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

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

Development sessions have taken place throughout the year to support informed decision making by IJB members.

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

The Partnership's Business Improvement Team is a key project and programme management resource supporting the leadership team in reviewing strategic and service priorities where business improvement and transformation is required.

Improvement activity during the year:

- Development sessions with IJB members to assist them in directing medium to long-term term strategic plans.

SECTION 4: ANNUAL GOVERNANCE STATEMENT

ORGANISATIONAL DEVELOPMENT

The IJB Members are supported by a programme of training throughout the year. Induction is provided for any new IJB Members when required.

Over the year, a program of development sessions has been provided to the IJB to inform and support ongoing decision-making. An extensive development programme is scheduled in advance to ensure IJB members remain fully informed of significant developments.

In addition to this, the IJB has met on four occasions to ensure members are informed in relation to prioritisation of financial resources and budget setting.

The HSCP has an approved 3-year workforce plan in place with an action plan underway to support implementation.

Improvement activity during the year:

- A 3 Year Workforce Plan was approved by the IJB in June 2022. Governance arrangements are now in place to support the monitoring and implementation of the plan.

SCRUTINY AND ACCOUNTABILITY

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. The Annual Performance Report details our activity, reports on our success and outlines further areas for improvement and development.

Our performance against the core set of integration indicators is reported quarterly to the Audit and Performance Committee and to the Executive Management Team.

We have a robust process in place to capture and encourage service user feedback via [Care Opinion](#) and our [SUPER Survey](#) platform and will begin to include stories in our formal reporting to highlight individual experiences and outcomes.

Our Partnership Improvement Plan is presented regularly to the Audit and Performance Committee and provides an update on implementing improvement actions/recommendations arising from our Annual Review of Governance and other self-assessments as well as internal and external audit recommendations and other external inspections.

SECTION 4: ANNUAL GOVERNANCE STATEMENT

We have included an assessment of how we are delivering against our Best Value responsibilities within the Annual Performance Report.

Improvement activity during the year:

- We have enhanced our approach to obtaining regular patient/service user feedback via Care Opinion and SUPER Survey (Service User Patient Experience).
- Scrutiny, transparency and efficiency have been strengthened. Actions in our Audit Recommendations Update Paper are now amalgamated with our Partnership Improvement Plan, providing a single report for progress on improvement actions.
- Performance Management Frameworks have been approved for each of our Care Group Strategic Delivery Plans. The Audit and Performance Committee has approved a schedule of reporting which will see a Care Group KPI report considered by the Committee at each meeting where this is possible.

INTERNAL CONTROL FRAMEWORK

The governance framework 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. During 2022/23 this included the following:

The development of a 3-year financial plan 2023 to 2026 informed by the financial frameworks underpinning our Strategic Delivery Plans. The 3-year financial plan has been developed and considered with engagement from all IJB members via Budget Development Sessions.

The IJB's approach to risk management is set out in the Tayside IJB Risk Management Strategy. During 2022/23, the Audit and Performance Committee has overseen and provided robust scrutiny on the IJB's strategic risk register and its associated risk improvement plan.

A schedule of strategic risk reporting to the Executive Management Team is in place. The overall strategic risk profile is reviewed and a balanced assessment is made.

Our approach to strategic risk continues to mature with a development session on the IJB's risk appetite

The annual work plan for the IJB sets out clear timescales for reporting on key aspects of strategy implementation and transformation. A work plan is also in place for the IJB's Audit and Performance Committee. An annual report from this Committee is presented to the IJB providing assurance that the Committee has met its remit throughout the year.

A Directions policy and procedure is now in place with enhanced governance arrangements being practiced.

Regular review of service quality against recognised professional clinical and care standards is provided by the PKHSCP Care and Clinical Governance Forum. This provides

SECTION 4: ANNUAL GOVERNANCE STATEMENT

assurance to NHS Tayside Care Governance Committee and Perth and Kinross Council Performance and Scrutiny Committee. Assurance is then provided to the IJB from its partners on the effectiveness of the clinical and care governance arrangements in place.

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

We have an agreement with Perth & Kinross Council to the appointment of their Data Protection Officer to the IJB to ensure our GDPR requirements are met.

The HSCP has business continuity plans in place which are regularly reviewed in accordance with processes in place with Partner organisations and any applicable national guidance.

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 lead partner services.

The following 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*

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 IJBs have also provided formal assurance that adequate and

effective governance arrangements were in place throughout during 2022/23

Improvement activity during the year:

- Assurance reporting to the IJB in relation to Clinical and Care Governance has been strengthened with assurance reporting to Perth and Kinross Council now in place.
- Reciprocal assurance reporting concerning Adult Social Care Services Care Governance systems is being provided from Perth and Kinross Council to the IJB.
- A Directions policy and procedure has been approved by the IJB and is now being implemented.
- Risk sharing arrangements between statutory partners have been agreed via the approval of the Perth and Kinross Integration Scheme. The risk share is clearly stated as in proportion to the spending direction for each party

SECTION 4: ANNUAL GOVERNANCE STATEMENT

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.

Areas that require further development are highlighted in the Partnership Improvement Plan. This includes areas identified via our self-assessment as well as recommendations received from other external or internal auditors during 2022/23. Progress updates on the Partnership Improvement Plan have been provided during the year to the IJB's Audit and Performance Committee.

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;*
- *self-assessment against the FTF Internal Audit Service's Governance Self-Assessment Tool 2022/23;*
- *progress reported against PKHSCP's Partnership Improvement Plan to the IJB's Audit and Performance Committee;*
- *the draft Annual Governance Statements for Perth & Kinross Council, NHS Tayside, Dundee IJB and Angus IJB.*

REVIEW OF ADEQUACY AND EFFECTIVENESS

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 2022/23, 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 2022/23 received by the IJB's Audit and Performance Committee on 26 June 2023 concluded by stating that it, in the Chief Internal Auditor's opinion, reasonable reliance can be placed on the IJB's risk management and governance arrangements and systems of internal control for 2022/23, subject to management implementation of agreed actions.

SECTION 4: ANNUAL GOVERNANCE STATEMENT

ACTION PLAN FOR 2022/23

18 actions were identified in 2022/23 to strengthen governance arrangements. Of these, 8 have been fully completed with the remainder remaining on the Partnership Improvement Plan. The Partnership Improvement Plan is routinely monitored by the Executive Management Team and scrutiny provided via the Audit and Performance Committee.

ACTION PLAN FOR 2023/24

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

Leadership, Culture and Values

- *Develop and implement an improvement plan that ensures full and demonstrable compliance with the Public Sector Equality Duty.*

Stakeholder Engagement

- *Refresh of our Participation and Engagement Strategy to expand engagement, roles and the different sectors involved in Health & Social Care.*

Vision, Direction and Purpose

- *Refresh of our Strategic Commissioning Plan.*
- *Development of a P&K Primary Care Strategic Delivery Plan detailing the priorities required to achieve the objectives relating to our Strategic Commissioning Plan and connecting these actions to the Financial Framework.*
- *Development of a P&K Primary Care Premises Strategy setting out the current position, the challenges to ongoing sustainability and the vision for Primary Care*

Premises in Perth & Kinross.

- *Re-establishment of the Transformation Board to deliver an appropriately robust governance structure which will provide approval, oversight, scrutiny and assurance on the significant health and social care transformation and improvement which is taking place.*

Scrutiny and Accountability

- *Conduct a self-assessment to ensure we are complying with the characteristics of Best Value in accordance with the Local Government in Scotland Act 2003 Best Value Guidance.*

Internal Controls

- *Undertake a review of the IJB's reserves policy.*
- *Ensure greater clarity in the consideration of risks in IJB decision making.*
- *Establish a process for monitoring the implementation of Directions issued by the IJB.*
- *Production of an annual Strategic Risk Management Assurance report for consideration by the IJB.*
- *Seek clarification of the Memorandum of Understanding for the sharing of data with Perth & Kinross Council and NHS Tayside.*
- *Conduct a self-assessment to ensure P&K IJB are meeting their statutory obligations as a Category 1 responder.*
- *Undertake a review of financial regulations.*

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:

SECTION 4: ANNUAL GOVERNANCE STATEMENT

- *Improve the effectiveness of links with Partner bodies in relation to Strategic Planning;*
- *Ensure compliance with the NHS National Whistleblowing Standards.*
- *Review the appropriateness of the current arrangement where the Chief Officer also has the role of Chief Social Work Officer to ensure that independent professional leadership in this area is strengthened.*

The above areas will form the key elements of the Partnership Improvement Plan as it rolls forward to 2023/24.

CONCLUSION AND OPINION ON ASSURANCE

Whilst recognising that improvements are required, as detailed above, we consider that the internal control environment operating during 2022/23 provides 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