

DRAFT SECTION 4: ANNUAL GOVERNANCE STATEMENT

INTRODUCTION

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

SCOPE OF RESPONSIBILITY

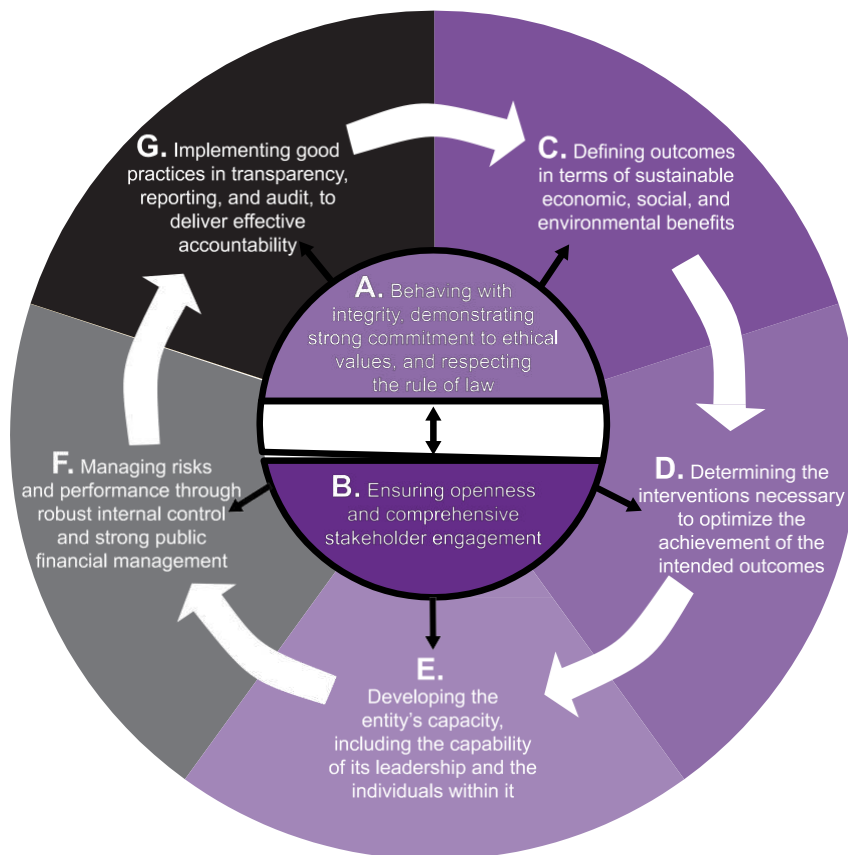
Perth & Kinross IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

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 policies, aims and objectives. Reliance is also placed on the NHS Tayside and Perth & Kinross Council 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. Assurance has been received from both NHS Tayside and Perth and Kinross Council as to the effectiveness and adequacy of those systems. The systems can only provide reasonable and not absolute assurance of effectiveness.

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.

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



As a relatively new public body, the IJB supported by the HSCP Team have worked hard to develop an effective governance framework underpinned by these principles and to ensure that it operates effectively in practice. We have been supported by our parent bodies but have also sought to identify best practice systems and processes from elsewhere. The key features of the governance framework that was in place during 2018/19 are summarised below.

LEADERSHIP, CULTURE AND VALUES

A code of conduct for members and employees is in place along with a register of interest. A standards officer has been appointed and standing orders are in place. The 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. This includes visits to our health and social care services in the community, in hospitals and in the prison. It also includes the provision of induction sessions/refreshes at regular intervals. This has been particularly important in the face of significant changes to membership.

The Chair and Chief Officer meet regularly and the Chief Financial Officer and Chair of the Audit and Performance Committee meet on a monthly basis. The Strategic Commissioning Plan has provided a clear sense of shared direction and

purpose across the IJB membership and HSCP Team and the refresh which is underway will further align our collective and collaborative activity.

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 parent 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 parent bodies Executive Group, the Chief Officer benefits from the support of the Council's Chief Social Work Officer, who is a member of the IJB and the Clinical and Professional Governance Forum.

STAKEHOLDER ENGAGEMENT

The IJB Meetings are public meetings and membership includes wide stakeholder representation including carers, service users and the third sector. A Communication Strategy and Participation and Engagement Strategy have been agreed by the IJB at inception and both are now being refreshed to learn from our experience thus far.

The Strategic Commissioning Plan was developed following engagement with over 4000 local people and the role and membership of the Strategic Planning Group has been refreshed to ensure it provides a critical forum for wide stakeholder involvement in shaping strategic delivery plans moving forward. Our locality managers are part of the Local Action Partnerships (Community Planning). In addition the HSCP are represented on a number of wider community groups e.g. Alcohol and Drugs Partnership. Our overarching Strategic Planning and Commissioning Board and four Strategic Programme Boards have been designed to promote strong leadership and engagement with clinical stakeholders. In developing its new Strategic Commissioning Plan the HSCP will engage further with key stakeholders and will also reflect on the effectiveness of the existing strategic planning and engagement activity. . A refresh of the role and remit of the Communications and Engagement Group is underway as well as a review of corporate support.

We have a Health and Social Care Strategic Forum, facilitated by PKAVS, our third sector interface. This connects third sector organisations into the HSCP and contributes to joint strategic planning and commissioning, organisational development, locality working, volunteering and quality assurance. Feedback from members confirms that the forum provides an effective means for raising issues and influencing the HSCP's direction and activity.

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. The Partnership has engaged regularly with all elected members of Perth and Kinross Council around the challenges and opportunities and the 3 Year Financial Plan.

The refresh of the Strategic Plan will challenge us to further develop our work in and engagement with local communities and the transformation work that follows will require us to redesign services together with citizens and communities to deliver improved outcomes.

VISION, DIRECTION AND PURPOSE

The Strategic Commissioning Plan 2016-2019 has provided 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. Since May 2018, the HSCP has been developing a new strategic delivery model made up of four strategic programmes of care, involving a range of stakeholders in strategic planning and operational developments. Recognising that there are challenges around our current approach to Strategic Planning, as well as the imminent publication of an inspection report, the IJB and both parent bodies have agreed that we can defer the production and publication of our next Strategic Plan until later in the year. This will inform a review of the current structures and systems for planning and commissioning to build on our programmes of care structure and ensure connections into localities, clear leadership arrangements and supporting capacity and a robust process for systematic monitoring and review of overall progress across all strategic priorities.

DECISION MAKING

All reports to the IJB are in an agreed format that supports effective decision making. The IJB Annual Work plan for 2018/19 has been developed to ensure regular opportunity for review and scrutiny of progress in delivering strategic priorities. The role of EMT has been strengthened to ensure robust review and scrutiny of progress in delivering our transformation and service redesign priorities at locality level and for escalation of operational risk that will impact on strategic delivery. The membership of EMT has been extended to ensure wider involvement of clinical colleagues.

The development of integrated financial planning ensures a consistent approach across health and social care services. The establishment of the IJB Budget Review Group has provided IJB members with the forum for ensuring detailed understanding of the pressures and opportunities and has ensured that our members are informed to make the difficult decisions that are inevitable in the current financial climate.

ORGANISATIONAL DEVELOPMENT

The IJB Members are supported by a programme of training and development throughout the year. PKHSCP has a formal leadership structure that has been endorsed by the IJB however the new Chief Officer is considering the future organisational structure to achieve greater integration and improved effectiveness. PKHSCP relies heavily on the Corporate Support arrangements in place with NHS Tayside and Perth and Kinross Council across a range of key areas including HR, Finance, Strategic Planning and Organisational Development. As part of the wider review of organisational structure, the Chief Officer will look to address key gaps which will ensure sufficient capacity, in particular around planning and performance, workforce and organisational development. A strong coherent focus on development of a workforce plan is now required.

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, but also to ensure that in this complex landscape our stakeholders can understand our intentions. We have particularly tried to ensure reports to the IJB 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 sub committee to ensure that proportionate audit arrangements are in place for the IJB and that annual financial statements are compliant with good practice standards.

We report at regular intervals on financial performance and we are required to publish externally audited Annual Accounts each year. We are drafting our third Annual Performance Report which will account for our activity, report on our success and outline further areas for improvement and development.

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.

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 parent bodies as part of the operational delivery of the Health & 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;

The Chief Financial Officer has implemented a three year budgeting process linked to which facilitates the prioritisation of resources in the face of competing demands in line with Strategic Priorities.

During 2018/19 the Audit and Performance Committee has approved a refreshed risk management strategy and strategic risk register including mitigating actions and an escalation process. We have developed an annual work plan for the IJB which will set out clear timescales for reporting on each of our programmes of

care including agreed performance targets. EMT has provided an improved oversight function in delivering transformation and service redesign and monitoring the financial position. The Audit and Performance Committee have provided a strong scrutiny and review of our actions to develop our governance arrangements. The establishment of new Clinical Care Governance sub-group has been agreed by the IJB to provide improved scrutiny and oversight as further streamlining of review arrangements are taken forward. This will be an area of significant focus as we seek to further embed a performance review framework across all services.

We have an agreed Internal Audit Services from FTF Audit & Management Services

We have agreed with PKC 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 PKC and NHS Tayside for the sharing of data.

We are working 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 can be effectively progressed.

We are working hard with the other IJB's 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 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:-

- Procedures for Complaints handling
- 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

P&K IJB's 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 2018/19 concludes that corporate governance was operating effectively throughout the financial year. P&K 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 2018/19, subject to management implementation of the agreed actions detailed in Internal Audit reports. Whilst both contain some issues which are of interest to the IJB, neither would give rise to any requirement for consideration in the IJB's Governance Statement.

ONGOING REVIEW AND FURTHER DEVELOPMENTS

We have independently developed a governance self-assessment tool which considers current internal control and governance arrangements against CIPFA Delivering Good Governance Framework. We have undertaken a full self-assessment each year since inception building a library of evidence and identifying priority areas for further development which have then been included in our Transforming Governance Action Plan.

The Audit and Performance Committee have received regular reports on progress in delivering the Action Plan. We are committed to continue to work hard to achieve best practice in all areas of governance and will fully consider all recommendations for improvement within the Joint Inspection Report to be published in July 2019 and will seek to consolidate those areas where we have performed well.

The 2018/19 Transforming Governance Action Plan contained a number of areas for improvement and progress has been made in key areas. The IJB's Audit and Performance Committee has provided a scrutiny role over progress which can be summarized as follows:-

- As part of the development of the 3 year Financial Plan the Chief Officer and Chief Financial Officer have met with elected members across all parties to describe the financial challenge and Strategic Direction. This has supported a much more collaborative approach to budget setting for 2019/20.
- Further development of the Budget Review Group Process has ensured all IJB members have the necessary information to make decisions around allocation of resources in line with strategic priorities.
- The establishment of a new strategic planning structure through four Programmes of Care improved the effectiveness of strategic planning arrangements and has provided a platform to build on moving forward.
- A refreshed Risk Management Framework has been agreed by the Audit and Performance Committee inclusive of a risk escalation process. A high level strategic risk profile has developed which is now being regularly updated and reported to the Audit and Performance Committee.
- Appointment of Data Protection Officer for Perth and Kinross IJB to ensure compliance with General Data Protection Regulations.
- Improvement in the level and effectiveness of finance support to budget holders.
- Establishment of Mental Health Alliance to set the strategic intention for Mental Health Services Tayside-wide.
- All Hosted Services have been aligned to relevant Strategic Programme of Care Boards which are providing a strategic oversight including services

hosted by other IJB's.

Those areas identified which still require further development have been captured in the 2019/20 Transforming Governance Action Plan.

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 Delivering Good Governance in Local Government Framework 2016 Edition (CIPFA).
- Self assessment against the Ministerial Strategic Group Recommendations
- Draft Annual Governance Statements for Perth and Kinross Council and NHS Tayside.

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 2018/19, 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 2018/19, received by the Audit & Performance Committee 18 June 2019 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 2019/20

Significant progress has been made against the 'Transforming Governance' Action Plan agreed for 2018/19. However following a full self-assessment process and feedback from the Formal Joint Inspection, refreshed actions have now been set out to further strengthen the governance arrangements and these will include:-

LEADERSHIP, CULTURE & VALUES

- How effective is the IJB Board? Assessment of performance against the PKIJB Integration Scheme with IJB members will provide improved understanding of the IJB's role and remit
- Review of PKHSCP organizational structure
- Leadership Development Program focused on Collaborative Practice
- IJB Member Development: Refresh of induction and review and refresh of IJB Annual Training and Development Plan.
- Annual Development Meetings between Chair and Members
- Development of a statement of our vision and values to be developed to become front and centre of all IJB activities moving forward

STAKEHOLDER ENGAGEMENT

- Effective Stakeholder Engagement: Review of role of Engagement Group and development of engagement and participation strategy to support localities, providing a process for deciding on the level of engagement required.
- Effective Communication with our Public: Development of a coordinated approach to communication and marketing supported by dedicated expertise.
- Effective Engagement and Co-production at Locality Level: individual locality reports brought forward to the IJB.
- Effective engagement with PKC Elected members: embed a Health & Social Care Session into the PKC rolling program for elected members

VISION, DIRECTION & PURPOSE

- Development of our next three-year Strategic Commissioning Plan will set a shared vision and clear priorities which will align our collective and collaborative activity.
- Measuring our performance: Develop a 'measure what you value rather than value what you measure' approach aligned to the refreshed strategic plan. Redesign of corporate support functions to deliver integrated performance reporting as standard.
- How effective are our Program Boards? : Building on our Programme Boards review of our planning and commissioning structures and leadership arrangements to ensure a strong connection to localities, clear leadership arrangements and supporting capacity made a robust Strategic Planning and Commissioning Board which provides a balanced focus on all priorities and a mechanism for systematic review and monitoring using SMART principles.
- How effective is our Strategic Planning Group? A review of role and remit to be carried out.

DECISION MAKING

- Development of Effective workforce, OD and E Health & Care Plans
- Corporate Support: Development of new structure under CFO to ensure sufficient capacity.

- Improve the effectiveness of the connection of PKHSCP planning with Parent Body Strategic Planning (Transforming Tayside/ Perth & Kinross Offer)

INTERNAL CONTROLS

- Support NHST to ensure timely agreement of budgets moving forward
- Reach agreement with NHST on refreshed finance support arrangements for IPMH
- Large Hospital Set Aside: support NHST to ensure strong mechanism for overseeing progress
- Risk Sharing/Using totality of resources: Agreement of risk sharing arrangements
- Directions: embed the routine issue of Directions as part of normal business process
- Clinical Care Governance: Embed a consistent framework for performance review across all services, providing assurance to the new sub committee of the IJB on the safety and effectiveness of services ensuring streamlining of our arrangements with those of both parent bodies.

SCRUTINY AND ACCOUNTABILITY

- A comprehensive improvement plan will be developed that brings together the findings of the Joint Inspection, the findings of the Annual Governance Self Assessment and as part of that the MSG Review of Integration. In developing our Improvement Plan we will look to the progress and success achieved elsewhere in Scotland through benchmarking activity, the Chief Officer's involvement in the National Chief Officers' Group and the improvement support available from both inspectorates.

These will be incorporated into the Partnership Improvement Plan and updates on progress will be provided to each meeting of the IJB's Audit & Performance Committee along side the Strategic Risk Register and mitigating actions.

CONCLUSION AND OPINION ON ASSURANCE

While 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 2018/19 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.

Appendix 1

Robert Peat

IJB Chair

Gordon Paterson

Chief Officer
