

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

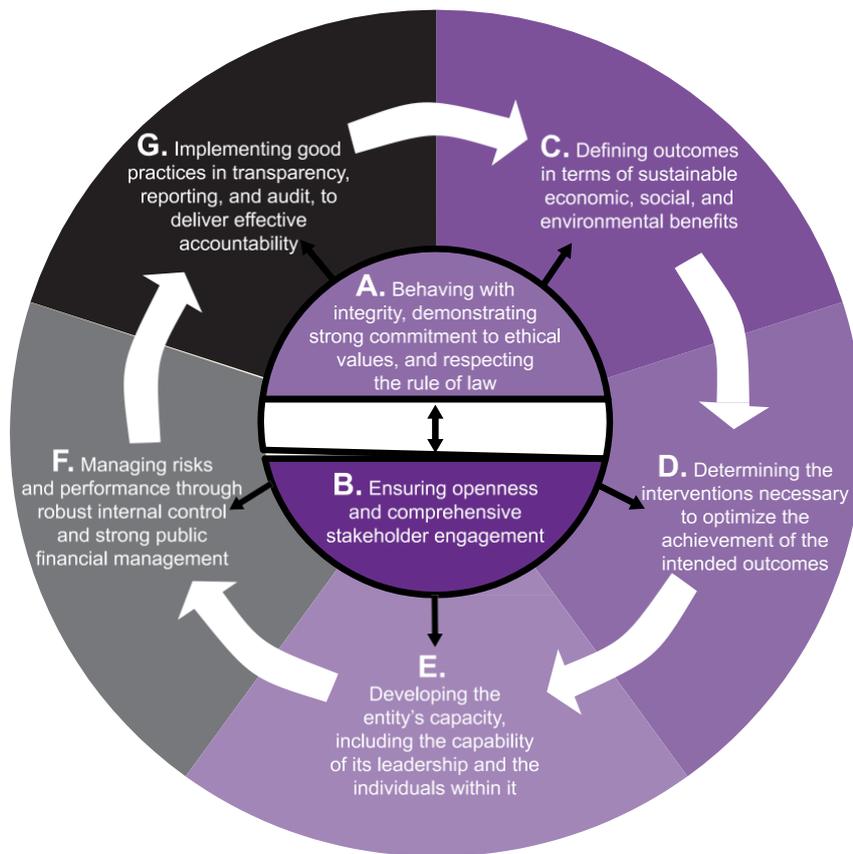
Perth & Kinross IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

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 organizations' policies and promotes achievement of each organization's 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 prioritize the risks to the achievement of Perth & Kinross IJB's policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, 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 partner bodies but have also sought to identify best practice systems and processes from elsewhere.

Further we have developed a comprehensive improvement plan that brings together improvements identified in our annual review of governance, the findings of the External Joint Inspection and as part of that the MSG Review of Integration undertaken in collaboration with both Partner bodies.

The key features of the governance framework that was in place during 2019/20 are summarized below. This includes the additional governance arrangements required to respond to the Covid 19 Pandemic in the last quarter of 2019/20.

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 ongoing 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 has been completed fully aligns 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 partner organizations, 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 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.

A refreshed Strategic Commissioning Plan has now been developed following engagement with 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. 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 organizations into the HSCP and contributes to joint strategic planning and commissioning, organizational 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 Recovery Plan.

The refresh of the Strategic Plan sets out our ambitions for transformation of services which will be done together with citizens and communities to deliver improved outcomes

VISION, DIRECTION AND PURPOSE

The refreshed 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. The Chief Officer is leading 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 2019/20 has been developed to ensure regular opportunity for review and scrutiny of progress in delivering strategic priorities. The Executive Management Team meets regularly 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. During 2019/20 the PKHSCP Transformation Board has been re-established to further oversee and support the programme of key transformation plans being taken forward to deliver on strategic objectives. This includes membership from both Partners.

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 Chief Officer is considering the future organizational 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 Organizational Development. As part of the wider review of organizational structure, the Chief Officer will look to address key gaps which will ensure sufficient capacity, in particular around planning and performance, workforce and organizational 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 subcommittee 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 fourth 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 partner 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 which facilitates the prioritization of resources in the face of competing demands in line with Strategic Priorities. During 2019/20 the Audit and Performance Committee has overseen the ongoing development and strategic risk register. 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. The re-establishment of the Transformation Board has provided an improved oversight function in delivering transformation and service redesign. The Audit and Performance Committee have provided a strong scrutiny and review of our actions to develop our governance arrangements. The establishment of a 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 has been delayed in 2019/20 as efforts to align with the assurance structures in partners bodies have been made.

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

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 to be effectively progressed. This will require to be an area of increased focus given the IJB's support to an Older Peoples Redesign Programme which is anticipated to deliver a significant shift in the balance of care over the next 3 years.

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 2019/20 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 2019/20, 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.

COVID-19

PKHSCP's Covid 19 Pandemic response required immediate changes to governance arrangements in the last month of 2019/20.

Decision making required to be rapid within an effective control environment. This was achieved through the establishment of a robust command structure which ensures necessary and agile escalation of issues for decision making and communication. The Chief Officer is a member of the Gold Command Structure in both Partner Bodies ensuring strong and connected decision making.

A workforce matching unit has been rapidly established and this plays a key role in ensuring critical services are able to function despite significant workforce shortages over the period. This will be developed to provide more intensive workforce planning support across all staff groups as we consider the next phases of our response.

The Covid-19 Pandemic response by PKHSCP has resulted in a dramatic and unprecedented level of change in how day to day services are delivered. The financial and service implications have been captured through the development and regular submission of PKHSCP's Mobilisation Plan to Scottish Government. Oversight of the Mobilisation Plan has been through the PKHSCP Command Structure and directly by the Chief Officer, as delegated by the IJB.

A Covid-19 Risk Register is under development that will identify the mitigating actions required to ensure that the IJB can continue to deliver on its strategic objectives. Going forward into the recovery the recovery and review phase we are identifying how the which changes should now be embedded in service models and practice moving forward, seizing the good practice and innovation that has emerged and supporting accelerated delivery of strategic plan objectives.

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 supported strongly through full reference to the plans and progress thereon set out in the Partnership Improvement Plan. This identifies areas of progress which can be summarized as follows:-

- Approval of refreshed Strategic Commissioning Plan
- Development of first stage of the PKHSCP Performance Framework
- Development of the first stage of performance review in relation to Clinical Care and Professional Governance.
- Re-establishment of PKHSCP Transformation Board to oversee challenging programme of redesign.
- Development of Partnership Improvement Plan consolidating key actions identified as part of internal and external assessment to further improve governance.

Those areas identified which still require further development are set out in detail in the Partnership Improvement 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 2019/20, 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 2019/20 received by the Audit & Performance Committee 22nd June 2020 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 2020/21

The key improvement required to further strengthen governance arrangements are set out in detail in the Partnership Improvement Plan and are summarized below.

LEADERSHIP, CULTURE & VALUES

- Assessment of performance against the PKIJB Integration Scheme
- Review of PKHSCP organizational structure
- Leadership Development Program focused on Collaborative Practice
- Refresh of induction and review and refresh of IJB Annual Training and Development Plan.

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 Engagement and Co-production at Locality Level: individual locality reports brought forward to the IJB.

VISION, DIRECTION & PURPOSE

- Complete review of our planning and commissioning structures and leadership arrangements
- 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

INTERNAL CONTROLS

- 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

The above areas form the key elements of the Partnership Improvement Plan as it rolls forward to 2020/21. Further consideration will be required of the changes that may be necessary to further strengthen governance to support the PKIJB's response to Covid 19. Progress updates on the Partnership Improvement Plan and Covid 19 Governance implications will be provided to each meeting of the IJB's Audit & Performance Committee alongside 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 2019/20 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.

Eric Drysdale
IJB Chair

Gordon Paterson
Chief Officer
