

## 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

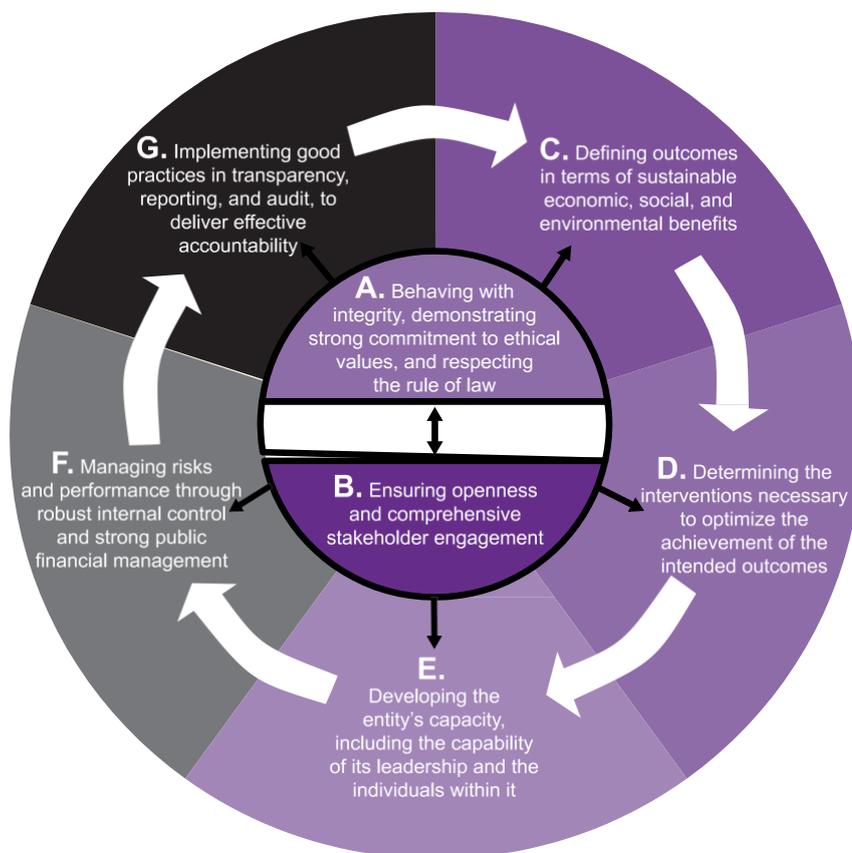
Perth & Kinross IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

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 organisation'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 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:



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 2020/21 are summarised below along with the improvement activity that has been undertaken during the year to increase. This includes the additional governance arrangements required to respond to the Covid-19 Pandemic.

### COVID-19 ARRANGEMENTS

In relation to the pandemic the Partnership reduced its service delivery and prioritised services to allow it to deal with the implications of the coronavirus and support a reduction in the spread of the virus by undertaking social distancing and reducing contact with service users. In terms of the pandemic governance arrangements, the Partnership has reported through the business continuity arrangements of both the Council and the NHS. Governance arrangements have also been established in the Partnership where the status of service delivery is assessed regularly during the week at Gold Command Meetings. At this meeting it is agreed what needs to be escalated and what can be agreed using the delegated authority of either the Chief Officer or Chief Finance Officer. These arrangements have continued throughout the financial

year, however, were particularly important during the first wave where decisions were required to be made quickly. The IJB has been operating throughout the pandemic, but with light agendas during the first wave. Since then, the IJB agendas have returned to normal.

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. The IJB have received regular updates and the 2021/22 Remobilisation Plan will be considered by the IJB in June 2021.

A COVID-19 Risk Register has been integrated with the IJB's Strategic Risk register ensuring a consolidated understanding of key risks including the ongoing challenges of pandemic response.

As part of our strategic planning framework we are identifying 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.

Improvement activity during the year: a review of the effectiveness of the PKHSCP Covid-19 command structure has been undertaken.
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## 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 would normally include 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 PKHSCP 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 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 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. 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 undertaken during the year: The Executive Management Team carried out a self-evaluation of performance against the Integration Scheme which supported the shape of the Tayside wide review. Regular reports have been provided to the IJB on progress of the review. An Induction Guide for new members has been developed and a review of the Standing Orders has been undertaken.
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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. 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 refreshed Strategic Commissioning Plan 2020 – 2025 was published following engagement with local people. The membership of the Strategic Planning Group has been refreshed to ensure wide stakeholder involvement.

The Communication, Participation and Engagement group terms of reference and remit and membership are under review and will provide a forum for coordinating all future engagement activity within the Partnership. We have appointed a dedicated Communication Team Leader. A number of forums including the Third Sector Interface, the Third Sector Forum, Local Involvement Network, the Area Drugs Partnership and our Adult Provider Forum ensure a strong contribution to joint strategic planning and commissioning. Over the Covid 19 pandemic enhanced engagement has taken a variety of forms.

The HSCP fund an Independent Sector Lead role that supports the Integration of Health and Social Care in Perth and Kinross.

The HSCP Community Engagement Team play a key role in delivering community engagement and participation across the Partnership, with each of our three localities having a Participation and Engagement Plan that is overseen by the Locality Management Group. 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.

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

Improvement activity undertaken during the year: Additional dedicated communications resource was recruited by PKHSCP to enhance communication with staff and stakeholders; a review of IJB membership has also been undertaken to ensure that there is appropriate level of stakeholder representation; the role, remit and terms of reference for the Strategic Planning Group have been refreshed; strong engagement and collaborative relationships with Third and Independent Sector to support Care Homes and wider sustainable service provision in response to the pandemic.

## 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 strategic planning and commissioning and ensure connections into localities, clear leadership arrangements and supporting capacity.

Improvement activity undertaken during the year: We have developed our Remobilisation Plan 2021/22 in response to the pandemic which has clear links to the Strategic Commissioning

Plan and have established a systematic approach to monitoring the implementation of the plan with clear reporting arrangements to the management team, IJB and Scottish Government. Over the last year our Performance Framework has been embedded with regular reporting to the Audit and Performance Committee. Performance reporting at locality level has been rolled out. We have worked with the IJB to ensure a robust understanding of the recommendations of the Independent Review of Adult Social and its potential implications.

## 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 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 development of integrated financial planning ensures a consistent approach across health and social care services. The IJB Budget Review Group along with development sessions throughout the year have 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.

Improvement activity undertaken during the year: Programme and Project Management resources have been increased and been closely prioritised to Older People and Mental Health in particular in support of Service Managers.

## 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 organisational structure to achieve greater integration and improved effectiveness. PKHSCP relies heavily on the Corporate Support arrangements in place with NHS Tayside and Perth & 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, communications and premises development.

Improvement activity undertaken during the year: A one-year Workforce Plan has been developed.

## 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 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 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.

Improvement activity undertaken during the year: Performance reporting has been embedded over the last year with quarterly reports being presented to the Audit & Performance Committee. Locality Reports have been provided to the Audit & Performance Committee; both the IJB and the Audit & Performance Committee now have Annual Work Plans.

## 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 prioritisation of resources in the face of competing demands in line with Strategic Priorities. However, for 2020/21, the IJB agreed to the setting of a one-year budget recognising the extreme level of planning uncertainty and the impact of Covid-19 response and remobilisation on the capacity of officers. Work is already underway however to develop the 3-year Financial Plan 2022/23: 2024/25.

During 2020/21 the Audit and Performance Committee has overseen the ongoing development of the strategic risk register.

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

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.

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. This has been delayed over the Pandemic.

We are working hard 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 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 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 2020/21 was considered at its Audit & Risk Committee on 20<sup>th</sup> May 2021. 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 2020/21, subject to management implementation of the agreed actions detailed in Internal Audit reports.

Improvement activity undertaken during the year: The Strategic Risk Register has been fully refreshed including implications of Covid-19. A supporting Risk Improvement Plan has been developed. The Tayside Risk Management Strategy has been fully refreshed and approved by the IJB.

## **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 by a full progress update of our Partnership Improvement Plan. The areas of progress through our ongoing improvement activity have been highlighted above.

Those areas identified which still require further development are highlighted in the refreshed Partnership Improvement Plan which includes new areas identified by local self-assessment and any other external audit recommendations received during 2020/21. 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 2020/21;
- self-assessment against the Ministerial Strategic Group recommendations
- the draft Annual Governance Statements for Perth & 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 2020/21, 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 2020/21 received by the Audit and Performance Committee on 21 June 2021 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 2021/22**

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 & VALUES**

- Develop a Leadership Development Programme focused on collaborative practice;

### **STAKEHOLDER ENGAGEMENT**

- Review the role of the Participation and Engagement Group;
- Ensure resources are in place through organisational restructuring to support a strong focus on Communities, ensuring a co-ordinated and consistent approach to consultation, engagement and participation in the design and delivery of public services;

### **VISION, DIRECTION & PURPOSE**

- Develop 3-Year Strategic Delivery Plans across 5 key priority work streams with

supporting investment and disinvestment plans;

- Develop a framework for evaluating the impact of Strategic Plans including Patient/User/Stakeholder feedback;
- Develop a Strategic Needs Assessment Framework to support long term strategic planning to ensure that the approach across the partnership is consistent and systematic.
- Ensure resources are in place to ensure we can better contribute to the Community Planning Partnership;

## DECISION MAKING

- Develop a 3 Year Workforce and Organisational Development Plan;

## SCRUTINY & ACCOUNTABILITY

- Further enhancement of performance and reporting of Tayside wide Hosted Services;

## INTERNAL CONTROLS

- Further embed process to ensure the routine issue of Directions;

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:-

- Revision of the PKIJB Integration Scheme including:-
  - Financial Risk Sharing Arrangements;
  - Inpatient Mental Health Governance and Accountability;
  - Corporate Support Arrangements and Responsibilities;
  - Care Governance Arrangements and Accountability;
  - Large Hospital Set Aside planning responsibilities;
  - Governance and accountability streamlining;
- Progress the review and implementation of the revised PKHSCP integrated organisational structure;
- Improve the effectiveness of links between Partner bodies in relation to Strategic Planning;
- To support Financial Sustainability, establish a timetable of Joint Engagement meetings with key stakeholders in NHS Tayside and Perth & Kinross Council.

The above areas will form the key elements of the Partnership Improvement Plan as it rolls forward to 2021/22.

## 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 2020/21 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.

**Councillor Eric Drysdale**  
IJB Chair

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**Gordon Paterson**  
Chief Officer

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