



## ***West Lothian Integration Joint Board Audit, Risk and Governance Committee***

West Lothian Civic Centre  
Howden South Road  
LIVINGSTON  
EH54 6FF

3 September 2020

A meeting of the **West Lothian Integration Joint Board Audit, Risk and Governance Committee** will be held within the **Conference Room 3, West Lothian Civic Centre** on **Wednesday 9 September 2020** at **2:00pm**.

For Chief Executive

### **BUSINESS**

#### **Public Session**

1. Apologies for Absence
2. Declarations of Interest - Members should declare any financial and non-financial interests they have in the items of business for consideration at the meeting, identifying the relevant agenda item and the nature of their interest
3. Order of Business, including notice of urgent business and declarations of interest in any urgent business
4. Confirm Draft Minutes of Meeting of West Lothian Integration Joint Board Audit, Risk and Governance Committee held on Wednesday 27 May 2020 (herewith).
5. Audit of the 2019/20 Annual Accounts - Report by Chief Finance Officer (herewith)
6. Risk Management - Report by Chief Officer (herewith)
7. Impact of Covid-19 Pandemic on the IJB Risks - Report by Chief Officer (herewith)
8. Statutory Guidance on Directions from Integration Authorities to Health

DATA LABEL: Public

Board and Local Authorities - Report by Chief Officer (herewith)

9. Survey Questions - Report by Chief Officer (herewith)

10. Workplan (herewith)

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NOTE **For further information please contact Val Johnston, Tel No.01506 281604 or email [val.johnston@westlothian.ov.uk](mailto:val.johnston@westlothian.ov.uk)**

MINUTE of MEETING of the WEST LOTHIAN INTEGRATION JOINT BOARD AUDIT, RISK AND GOVERNANCE COMMITTEE held within VIRTUAL MEETING ROOM, on 27 MAY 2020.

Present – Martin Connor (Chair), Councillors George Paul and Damian Timson; and Caroline McDowall

Apologies – Bill McQueen

In Attendance – Allister Short (Chief Officer), James Millar (Standards Officer), Kenneth Ribbons (Internal Auditor), Patrick Welsh (Chief Finance Officer) and Nadia Napier (EY, External Auditor)

1. DECLARATIONS OF INTEREST

No declarations of interest were made.

3. INTERNAL AUDIT ANNUAL REPORT - REPORT BY INTERNAL AUDITOR

The committee considered a report (copies of which had been circulated) by the Internal Auditor providing a copy of the Internal Audit Annual report 2019/20, a copy of which was attached to the report at Appendix 1

It was recommended that the Audit, Risk and Governance Committee considers the internal annual report for 2019/20 and notes that in the opinion of the Internal Auditor that the IJB's framework of governance, risk management and control was sound.

Decision

To note the contents of the report and the Internal Audit Annual Report.

4. BEST VALUE - ANNUAL COMPLIANCE - REPORT BY CHIEF FINANCE OFFICER

The committee considered a report (copies of which had been circulated) by the Chief Finance Officer setting out the Best Value Annual Statement of Compliance for 2019/20, a copy of which was attached to the report at Appendix 1.

It was recommended that committee :-

1. Notes that the IJB has a statutory duty to make arrangements to secure Best Value as prescribed in Part 1 of the Local Government in Scotland Act 2003.
2. Agrees that the IJB has demonstrated substantial compliance with its Best Value duties based on the Framework agreed for reporting on Best Value.

Decision

To approve the terms of the report and the contents of the Best Value Annual Compliance Report.

5. LOCAL CODE OF CORPORATE GOVERNANCE 2019/20 - REPORT BY STANDARDS OFFICER

The committee considered a report (copies of which had been circulated) by the Standards Officer noting the completed Local Code of Corporate Governance for 2019/20.

It was recommended that :-

1. Committee consider and review the completed Local Code of Corporate Governance for 2019/20 attached to the report at Appendix 2; and
2. Committee note that the Code was a significant factor in preparing the draft annual governance statement for approval by the committee.

Decision

To note the contents of the report and the Local Code of Corporate Governance for 2019/20.

6. GOVERNANCE ISSUES - UPDATE ON PROGRESS - REPORT BY STANDARDS OFFICER

The committee considered a report (copies of which had been circulated) by the Standards Officer to consider and update those issues identified for attention through the annual governance statements for recent years and arising in 2019/20.

It was recommended that committee :-

1. Note the update on governance issues of concern since committee met in December 2019; and
2. Agree the status allocated to each issue in the appendix.

Decision

1. To agree the contents of the report; and
2. To agree that those issues completed were to be removed from the log of governance issues.

7. ANNUAL GOVERNANCE STATEMENT 2019/20 - REPORT BY

### STANDARDS OFFICER

The committee considered a report (copies of which had been circulated) by the Standards Officer presenting the draft annual governance statement for consideration and approval, a copy of which was attached to the report at Appendix 1.

It was recommended that committee :-

1. Consider the draft annual governance statement in the appendix and its conclusion that the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2019/20.
2. Approve the draft annual governance statement in the appendix for signature on behalf of the Board.
3. Note that the statement would form part of the Board's unaudited accounts to be considered by the Board and submitted to the external auditors before the end of June 2020.
4. To authorise the Standards Officer to make any minor changes to the statement deemed reasonable and necessary before finalisation of the accounts for Board approval.

### Decision

1. To approve the terms of the report; and
2. To agree that an update be provided to the committee at its meeting August before the final version was presented to the Board in September.

## 8. RISK MANAGEMENT - HIGH RISKS - REPORT BY CHIEF OFFICER

The committee considered (copies of which had been circulated) by the Chief Officer advising of the IJB's high risks, details of which were attached to the report at Appendix 1.

Committee were also advised that a staged process for evaluating risks as business returned to normal following the Covid-19 pandemic would be considered with risks being assessed on a case-by-case basis.

It was recommended that the committee considers the high risks identified, the control measures in place and the risk actions in progress to mitigate their impact.

### Decision

To note the contents of the report

9. RISK MANAGEMENT ANNUAL REPORT - REPORT BY CHIEF OFFICER

The committee considered a report (copies of which had been circulated) by the Chief Officer advising of the Risk Management Annual Report for 2019/20, a copy of which was attached to the report at Appendix 1.

It was recommended that the committee consider the Risk Management Annual Report 2019/20

Decision

To note the content of the report and the Risk Management Annual Report 2019/20.

10. WORKPLAN

A workplan and reporting cycle had been circulated for the information of the committee.

Decision

To note the contents of the workplan and reporting cycle.

# West Lothian Integration Joint Board Audit, Risk and Governance Committee

Date: 9 September 2020

Agenda Item: 5

## AUDIT OF THE 2019/20 ANNUAL ACCOUNTS

### REPORT BY CHIEF FINANCE OFFICER

#### **A PURPOSE OF REPORT**

The purpose of this report is to advise the Committee of the outcome of the 2019/20 Audit and to provide a summary of the key points arising from the Auditor's Annual Report.

#### **B RECOMMENDATION**

It is recommended the Committee:-

1. Considers the audited 2019/20 Annual Accounts for the West Lothian Integration Joint Board
2. Considers the Auditors 2019/20 Annual Audit Report including the management action plan
3. Considers any recommendations to be made to the Board in advance of when it meets to agree the Annual Accounts for signature on 22 September 2020

#### **C SUMMARY OF IMPLICATIONS**

- |           |  |  |
|-----------|--|--|
| <b>C1</b> | <b>Directions to NHS Lothian and/or West Lothian Council</b> | A direction is not required.   |
| <b>C2</b> | <b>Resource/ Finance</b>                                     | None.  |
| <b>C3</b> | <b>Policy/Legal</b>  | The Auditor's Report is presented to the Board in accordance with the Local Government (Scotland) Act 1973.  |
| <b>C4</b> | <b>Risk</b>  | None   |
| <b>C5</b> | <b>Equality/Health</b>                                       | The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted. |

<b>C6</b>	<b>Environment and Sustainability</b>	None
<b>C7</b>	<b>National Health and Wellbeing Outcomes</b>	None.
<b>C8</b>	<b>Strategic Plan Outcomes</b>	None.
<b>C9</b>	<b>Single Outcome Agreement</b>	None.
<b>C10</b>	<b>Impact on other Lothian IJBs</b>	None.

## **D TERMS OF REPORT**

### **D.1 Background**

The unaudited Annual Accounts for the financial year to 31 March 2020 were considered by the Board on 30 June 2020 and submitted to Ernst and Young (EY) by the 30 June deadline. The external audit of the Accounts and the signing of the Independent Auditor's report is anticipated to be completed by the target date of 30 September 2020 following approval of the Accounts.

The report by EY on the 2019/20 audit is appended to this report. The Auditor's report covers the financial statements and wider scope areas of financial management and sustainability, governance and transparency and value for money.

### **D.2 Key Conclusions Within EY report**

The Executive Summary section outlines the Auditor's conclusions on their audit of the 2019/20 accounts. Key points include:

- No audit adjustments were required and there are no unadjusted differences that require to be communicated
- The draft financial statements and working papers were of a good quality
- The Annual Governance Statement reflects the requirements of the delivering Good Governance Framework, and the key changes in governance arrangements that were required as a result of changes to working practices due to Covid-19
- As a result of the unprecedented financial and operational pressures faced by the IJB to respond to Covid-19, additional emphasis was placed on management's assessment of going concern and the audit concluded that the IJB remains a going concern
- The IJB has a number of key characteristics of Best Value in place, including effective partnership working and robust governance arrangements that allow it to demonstrate that Best Value is being achieved

- The impact of Covid-19 has added further financial pressure and uncertainty to the IJB and its partners for the current financial planning period to 2023
- Core financial management arrangements are adequate for the current management of financial activities

### **D.3 2019/20 Financial Statements Audit**

In terms of preparation of the 2019/20 financial statements, the report notes that EY expect to issue an unqualified audit opinion for West Lothian Integration Joint Board. Further key points noted include:

- Accounting policies used in the preparation of the accounts are appropriate and estimates reasonable
- The Annual Accounts meet the core requirements set out in the Code of Practice on Local Authority Accounting
- The Annual Governance Statement reflects the requirements of the Delivering Good Governance Framework
- EY worked closely with IJB management to update and make improvements to the information contained in the annual accounts, in particular to reflect the implications of the Covid-19 pandemic.

### **D.4 Significant Audit Risks**

EYs Annual Audit Plan noted risks in line with auditing standards in relation to assurance over the existence and occurrence of revenue expenditure incurred by the IJB in commissioning services from partners, and management fraud through the ability to override financial reporting controls. In respect of the significant risks identified, the Annual Audit Report findings noted that:

- Testing had not identified any material misstatements relating to revenue and expenditure recognition
- No material weaknesses in the design and implementation of controls around journal processing, or management override of controls, were identified
- There was no disagreement during the course of the audit over any accounting treatment or disclosure

### **D.5 Wider Scope Audit Dimensions**

The wider scope audit considerations reflect EY's judgements and conclusions on the IJB's arrangements for financial management, financial sustainability, governance and transparency, and value for money. The Annual Audit report sets out the main findings and conclusions from each of these areas. The position against each area is summarised below:

- Financial Sustainability – Amber. EY note a significant risk in relation to continued financial and demographic pressures. The IJB has continued to develop its longer term planning arrangements through delivery of a medium term financial plan through to 2022/23 but the impact of Covid-19 has added further financial pressure and uncertainty to the IJB and its partners. Achieving financial sustainability is highlighted as a major challenge particularly around Covid-19 implications and this will require review and update of the medium term financial plan and an increasing focus on partnership working across IJB partners on financial planning.

- Financial Management – Green. EY note that the IJB continues to identify and monitor overspends within key budget areas during the year with accurate financial reporting to the relevant governance bodies. In line with a 2018/19 audit recommendation the IJB updated its reserves policy in January 2020
- Governance and Transparency – Green. EY have concluded that the key features of good governance are in place and operating effectively. There was substantial progress in tackling the governance issues identified in last year’s annual accounts. It is further noted that the IJB responded quickly to ensure that governance arrangements were appropriate and operating effectively during the lockdown period caused by Covid-19 and that Board members had access to sufficient information as a result of continuance of virtual meetings and regular briefings.
- Value for Money – Green. EY note that the IJB’s Annual Performance Report was published by 31 July 2020, in line with the requirements of the legislation it is noted that the IJB has a number of key characteristics of Best value in place and areas of improvement identified are adequately captured and monitored on a routine basis to support continuous improvement. In addition, the IJB considered its compliance with the Best Value Framework in the year and concluded the IJB had demonstrated substantial compliance with best Value requirements.

#### **D.6 Annual Audit Report Action Plan**

An action plan including management responses to identified risks is included in the Annual Audit report. The Action Plan summarises specific EY recommendations which have been graded according to their consideration of their priority for action. A management response to the one action identified in the 2019/20 EY audit report is included in the Action Plan.

#### **E CONSULTATION**

Relevant officers in NHS Lothian and West Lothian Council

#### **F REFERENCES/BACKGROUND**

2019/20 Audited Statement of Accounts for West Lothian Integration Joint Board

Ernst and Young – Annual Audit report for Year Ended 31 March 2020

#### **G APPENDICES**

Ernst and Young – Annual Audit report for Year Ended 31 March 2020

2019/20 Audited Statement of Accounts for West Lothian Integration Joint Board

#### **H CONTACT**

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9 September 2020

# West Lothian Integration Joint Board

**Annual Audit Report to Members  
and the Controller of Audit - year  
ended 31 March 2020**

**9 September 2020**



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## About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Accounts Commission has appointed us as external auditor of West Lothian Integration Joint Board (the IJB) for financial years 2016/17 to 2021/22. We undertake our audit in accordance with the Local Government (Scotland) Act 1973 and our responsibilities as set out within Audit Scotland's Code of Audit Practice. This report is for the benefit of the IJB and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland. This report has not been designed to be of benefit to anyone except the recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients

## Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Hywell Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# Executive Summary: Key Conclusions from our 2019/20 audit

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**We intend to issue an unqualified audit opinion on the IJB's 2019/20 financial statements**

## **Financial Statements**

We have concluded our audit of the IJB's financial statements for the year ended 31 March 2020. No audit adjustments were required to be made and there are no unadjusted differences that we are required to communicate. The draft financial statements and supporting working papers were of a good quality, in line with previous years. We worked with the Chief Finance Officer to update and make improvements to the Management Commentary and notes to the financial statements, in particular to reflect the implications of the Covid-19 global pandemic on the financial statements, and the IJB's planning processes.

We concluded that the other information subject to audit, including the applicable parts of the Remuneration Report and the Annual Governance Statement were appropriate. We were satisfied that the Annual Governance Statement reflects the requirements of the *Delivering Good Governance Framework*, and the key changes in governance arrangements that were required as a result of changes to working practices due to Covid-19.

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**We updated our risk assessment in response to the global pandemic, and as a result placed additional focus on:**

- ▶ **the adequacy of the IJB's disclosures in relation to the pandemic; and**
- ▶ **management's assessment of going concern.**

## **Going Concern**

Management is required to conclude on the going concern basis of preparation in the financial statements. As a result of the unprecedented financial and operational pressures faced by the IJB to respond to Covid-19, we placed additional emphasis on management's assessment of going concern, and particularly the need to report on the impact of financial pressures on the IJB and its financial sustainability.

The IJB has submitted regular mobilisation plans to the Scottish Government to estimate the financial impact of Covid-19, which reflect the impact of the pandemic on the delivery of services and the additional costs associated with Covid-19. Key areas of additional spend include:

- ▶ staffing costs to provide cover for front-line staff sickness, self-isolation and shielding;
- ▶ additional beds in the community hospital to support patient care; and
- ▶ prescribing and sustainability payments to external care providers.

Under the Integration Scheme, the financial costs and therefore key financial risks remain with the IJB's partners, NHS Lothian and West Lothian Council. We were therefore satisfied that the IJB remains a going concern, but consider the related risks to the delivery of the IJB's Strategic Plan within our wider scope assessment of Financial Sustainability.

We have drawn upon our wider scope work to conclude on the IJB's approach to Best Value. We note that the IJB has a number of key characteristics of Best Value in place, including effective partnership working and robust governance arrangements.

In our view, the IJB has a framework to allow it to demonstrate to the board that Best Value is being achieved. We are satisfied that the areas for improvement identified are adequately captured and monitored on a routine basis to support continuous improvement.

### Wider Scope and Best Value

We summarise the conclusion we reached in response to our work on the wider scope dimensions below.

<p><b>Financial Sustainability</b></p> <p>The impact of Covid-19 has added further financial pressure and uncertainty to the IJB and its partners, including a currently estimated additional £7.1 million of costs related to Covid-19. There is also a budget gap where required savings have not been identified through to 2023 of £7.2 million.</p> <p>Financial pressures of this scale require either financial support from partners or the Scottish Government, or the re-prioritisation of services provided. The ability of partners to respond to the Strategic Plan, and specific Directions, will therefore determine the success of integration in West Lothian.</p> <p style="text-align: center;"><b>AMBER</b></p>	<p><b>Governance and Transparency</b></p> <p>The key features of good governance at the IJB are in place and operating effectively. The IJB responded quickly to ensure that governance arrangements were appropriate and operating effectively during the lockdown period caused by the global pandemic. We were satisfied that Board members have access to sufficient information as a result of the continuance of virtual meetings, and regular briefings to all members. The IJB has continued to develop arrangements to support improved integration and partnership working.</p> <p style="text-align: center;"><b>GREEN</b></p>
<p><b>Financial Management</b></p> <p>The IJB continues to identify and monitor overspends within key budget areas during the year, however these have been effectively identified and monitored through the year, with accurate financial reporting to the relevant governance bodies.</p> <p>We are satisfied that the core financial management arrangements established by the IJB are adequate for the current management of its financial activities.</p> <p style="text-align: center;"><b>GREEN</b></p>	<p><b>Value for Money</b></p> <p>The IJB's Annual Performance Report was published by 31 July 2020, in line with the requirements of legislation. The Annual Performance Report 2019/20 highlights mixed performance, with improvement in areas related to people living independently and staff engagement, but lower performance around some key indicators including positive experiences of care and healthy living.</p> <p style="text-align: center;"><b>GREEN</b></p>

# 1 Introduction

As a result of the impact of Covid-19, Audit Scotland and the Accounts Commission agreed to extend our appointment as external auditor of the IJB by at least 12 months, to 2021/22.

## Purpose of this report

In accordance with the Local Government (Scotland) Act 1973, the Accounts Commission appointed EY as the external auditor of West Lothian Integration Joint Board (“the IJB”). Our appointment term has recently been extended by a further 12 months, to financial year 2021/22. We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other guidance issued by Audit Scotland.

This Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both members of the IJB and the Controller of Audit, and presented to those charged with governance. This report is provided to Audit Scotland and will be published on their website.

We draw your attention to the fact that our audit was not designed to identify all matters that may be relevant to the IJB. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the IJB employs best practice and where practices can be improved. We use these insights to form our audit recommendations to support the IJB in improving its practices around financial management and control, as well as around key aspects of the wider scope dimensions of audit. Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding arrangements, and where relevant recommendations and actions agreed with management.

## Our independence

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as your external auditor.

## Scope and Responsibilities

The Code sets out the responsibilities of both the IJB and the auditor (summarised in Appendix A). We outlined these in our Annual Audit Plan, which was presented to the audit, risk and governance committee on 4 March 2020.

## The impact of the Covid-19 Pandemic

The ongoing disruption to the delivery of health and social care as a result of the Covid-19 has a pervasive impact upon the financial statements.

The financial statements have been updated to reflect the impact of Covid-19 on the IJB's financial position and performance.

We conducted our planning in accordance with Audit Scotland's Code of Audit Practice in February 2020, and presented our Annual Audit Plan to the IJB's audit, risk and governance committee, before the declaration of the global Covid-19 pandemic and the resulting lockdown arrangements. We recognise that the pandemic has had a profound impact on the IJB, and on partner staff who deliver frontline services. As a result, we revisited our planning assessments for the 2019/20 audit.

The impact occurred late in the financial year, and as a result the financial results were in line with our expectations. There were no additional transaction streams before 31 March 2020 that would require new accounting policies or treatments.

The IJB has worked with partners and the Scottish Government to identify additional costs as a result of the pandemic within mobilisation plans. However, there was no material spike in activity prior to 31 March 2020. As a result of our assessment we have not identified any new financial statement risks. There are, however, a number of areas of the financial statements that have been impacted by Covid-19, including:

- ▶ **Governance Statement:** The IJB and its partners moved to critical service delivery in March 2020 at the commencement of the lockdown. The governance statement captures how the control environment changed during the period and what steps were taken to maintain a robust control environment during the disruption.
- ▶ **Disclosures and estimates:** Additional disclosures were required throughout the financial statements, including the management commentary, to reflect the additional risks facing the IJB and how these have impacted the key judgements and estimates made in preparation of the financial statements. These include disclosures on significant events after the balance sheet date.
- ▶ **Going concern:** In accordance with the CIPFA Code of Local Government Accounting, the IJB should prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. Covid-19 has created increased financial pressures throughout the public sector. Uncertainty remains about the level of financial support that may become available from the Scottish Government to reflect the financial consequences. In light of this, the audit placed increased focus on management's assertion regarding the going concern basis of preparation in the financial statements. The results of this assessment are reported in Section 2 on page 13.

We remain satisfied that the values reported to you in our Audit Planning Report for planning materiality, performance materiality and our audit threshold for reporting differences remain appropriate.

### Adaption to remote working

Our audit fieldwork was completed remotely as a result of the Scottish Government’s lockdown restrictions. There were two key impacts:

- ▶ Additional work was required to assess the format of evidence provided and where necessary, procedures were performed to validate the authenticity of evidence.
- ▶ All contact with the Chief Finance Officer was conducted via virtual meetings. We would take this opportunity to thank the full team for their co-operation and support throughout this period.

### Our review and reassessment of materiality

Our Annual Audit Plan explained that our audit procedures would be performed using a materiality of £1.8 million. We have considered whether any change to our materiality was required in light of Covid-19 and we remain satisfied that the materiality values reported within our Annual Audit Plan remain appropriate.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

Overall Materiality

Tolerable Error

Nominal amount

**£2.5 million**

**£1.8 million**

**£125,000**

2% of the IJB’s net expenditure

Materiality at an individual account level

Level that we will report to committee

As outlined in our Annual Audit Plan, based on considerations around the expectations of financial statement users and qualitative factors, we apply lower materiality levels to the audit of the Remuneration Report and Related Party Transactions.

### Financial statement audit

We are responsible for conducting an audit of the IJB’s financial statements. We provide an opinion as to:

- ▶ whether they give a true and fair view of the financial position of the IJB as at 31 March 2020 and its expenditure and income for the year then ended; and
- ▶ whether they have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom.

We also review and report on the consistency of the other information prepared and published along with the financial statements. Our findings are summarised in Section 2 of this report.

### **Wider Scope audit**

Our responsibilities extend beyond the audit of the financial statements. The Code requires auditors to provide judgements and conclusions on the four dimensions of wider scope public audit:

- ▶ Financial management;
- ▶ Financial sustainability;
- ▶ Governance and transparency; and
- ▶ Value for money.

Our findings are summarised in Section 3 of this report.

### **Best Value**

Our Annual Audit Plan outlined a requirement to comment on how effectively the IJB demonstrates that it meets its Best Value responsibilities to the Board. Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to the overall assessment and assurance on the achievement of Best Value. We outline our findings and assessment for 2020/21 on page 26.

Our Plan also noted that we would consider the IJB's arrangements against guidance issued by Audit Scotland, *Auditing Best Value - Integration Joint Boards (March 2018)*. In light of the IJB's focus on responding to and recovery from the pandemic, we have elected to delay our work in this area until 2020/21, to allow us to draw upon the IJB's self-assessment.

We are also required to draw upon our wider scope work to conclude on the extent to which the IJB can demonstrate and evidence the achievement of Best Value. Our findings are summarised in Section 3 of this report.

# Financial Statements audit

## Introduction

The annual financial statements provide the IJB with an opportunity to demonstrate accountability for the resources that it has the power to direct, and report on its overall performance in the application of those resources during the year.

This section of our report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan.

The plan highlighted one area that we identified as a fraud risk relating to the risk of fraud in revenue and expenditure recognition, including through management override of controls. This assessment was not changed as a result of the impact of Covid-19.

## Compliance with Regulation

The Local Authority Accounts (Scotland) Regulations 2014 set out the statutory requirements on the IJB to prepare financial statements, ensure their availability for public inspection and consideration by the board or a committee with an audit or governance remit. Schedule 6 of the Coronavirus (Scotland) Act 2020 allowed the IJB to postpone submitting the unaudited financial statements to auditors and publishing the audited financial statements until it was reasonably practicable to do so. Despite the pandemic, the Board complied with the regulations and the normal timescale concerning preparation, publication and approval of its annual accounts. We received the unaudited financial statements on 29 June 2020, in line with planned timescales.

The inspection notice was published by West Lothian Council on the IJB's behalf on 11 June 2020, in line with the requirements of the Regulations. No objections were received in relation to the financial statements.

## Audit Outcomes

We identified no unadjusted audit differences arising from the audit. Our overall audit opinion is summarised on the following page.

The Regulations were amended to allow the IJB to delay preparation of the financial statements. However, the draft financial statements were submitted for audit in line with planned timescales. The inspection notice was published in accordance with requirements.

# Our audit opinion

## Element of opinion

## Basis of our opinion

## Conclusions

<p>Financial statements</p> <ul style="list-style-type: none"> <li>▶ Truth and fairness of the state of affairs of the IJB at 31 March 2020 and its expenditure and income for the year then ended</li> <li>▶ Financial statements in accordance with the relevant financial reporting framework</li> </ul>	<p>We report on the outcomes of our audit procedures to respond to our assessed risk of misstatements, including significant risks within this section of our report. We did not identify any areas of material misstatement.</p> <p>We are satisfied that accounting policies are appropriate and estimates are reasonable</p> <p>We have considered the financial statements against Code requirements, and additional guidance issued by CIPFA and Audit Scotland.</p>	<p>We have issued an unqualified audit opinion on the 2019/20 financial statements for the IJB.</p>
<p>Going concern</p> <ul style="list-style-type: none"> <li>▶ We are required to conclude and report on the appropriateness of the use of the going concern basis of accounting</li> </ul>	<p>We conduct core financial statements audit work, including management's assessment of the appropriateness of the going concern basis</p> <p>Wider scope procedures including the forecasts are considered as part of our work on financial sustainability.</p>	<p>In accordance with the work reported on page 13, we have no matters to report.</p>
<p>Other information</p> <ul style="list-style-type: none"> <li>▶ We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit</li> </ul>	<p>We conduct a range of substantive procedures on the financial statements. Our conclusion draws upon:</p> <ul style="list-style-type: none"> <li>▶ Review of committee and board minutes and papers, regular discussions with management, our understanding of the IJB and the wider sector.</li> <li>▶ Audit Scotland's <i>Improving the Quality of Local Government Annual Accounts: Integration Joint Boards Good Practice Note</i>.</li> </ul>	<p>We are satisfied that the Annual Report meets the core requirements set out in the Code of Practice on Local Authority Accounting.</p>
<p>Matters prescribed by the Accounts Commission</p> <ul style="list-style-type: none"> <li>▶ Audited part of remuneration report has been properly prepared.</li> <li>▶ Management commentary / annual governance statement are consistent with the financial statements and have been properly prepared.</li> </ul>	<p>Our procedures include:</p> <ul style="list-style-type: none"> <li>▶ Agreeing the format of the reports to regulations and agreeing the disclosures to underlying accounting records, including to the underlying partner's accounting records.</li> <li>▶ Reviewing the content of narrative disclosures to information known to us.</li> <li>▶ Our assessment of the Annual Governance Statement against the Delivering Good Governance Code.</li> </ul>	<p>We have issued an unqualified opinion.</p>
<p>Matters on which we are required to report by exception</p>	<p>We are required to report on whether:</p> <ul style="list-style-type: none"> <li>▶ there has been a failure to achieve a prescribed financial objective,</li> <li>▶ adequate accounting records have been kept,</li> <li>▶ financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records, or</li> <li>▶ we have not received the information we require.</li> </ul>	<p>We have no matters to report.</p>

# Significant and fraud audit risks

## **Risk of Fraud in expenditure recognition, including through management override of controls**

As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.

Due to the nature of funding to the IJB from West Lothian Council and NHS Lothian, we rebutted the assumed fraud risk in respect of the income. For expenditure we associated the risk to the assurance over the existence and occurrence of expenditure incurred by the IJB in commissioning services from the partners.

We undertake specific, additional procedures for income and expenditure streams where we identified a fraud risk. For 2019/20 our work included:

- ▶ We challenged management on how the IJB gains assurance over the expenditure it incurs and the basis of payments it makes to its partner bodies to deliver commissioned services. Management present financial information to the IJB that clarifies the source of information provided by each of the IJB partners. Reports to the IJB at the year end also made clear that the year end outturn represented the approval by the IJB of the final expenditure incurred in commissioning services from West Lothian Council and NHS Lothian.
- ▶ Review of additional revenue streams and cut off testing for additional income received as a result of the Covid-19 outbreak.
- ▶ As part of the year end process, the IJB obtained confirmation statements from the senior finance professionals at NHS Lothian and West Lothian Council of the spend by the respective bodies on delivering services, and hence their request for payment from the IJB to cover those costs. We obtained a copy of those confirmations and agreed figures within the financial statement to source documentation.
- ▶ We obtained independent confirmation from the appointed auditor at both West Lothian Council and NHS Lothian of the income and expenditure transactions recorded at their respective audited bodies. The confirmations agreed the income and expenditure amounts transacted in the year.

### **Risk of management override**

Our Annual Audit Plan recognises that under ISA (UK) 240, management is considered to be in a unique position to perpetrate fraud in financial reporting because of its ability to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively. We respond to this risk on every engagement.

### **Risk of Fraud**

- ▶ We considered the risk of fraud, enquired with management about their assessment of the risks of fraud and the controls to address those risks. We also updated and developed our understanding of the oversight of those charged with governance over management's processes over fraud.

### **Testing on Journal Entries**

- ▶ We tested the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We obtained all journals posted by management to record the transactions of the IJB, which are hosted on the West Lothian Council financial ledger. All of the journals for the IJB's transactions were posted at the year end and we reviewed all of these in the course of our work.

### **Judgements and Estimates**

- ▶ We agreed with management's assessment that there are no material accounting estimates included in the financial statements. We confirmed the process for ensuring that there were no claims applicable to the IJB which required provision to be made as part of its participation in CNORIS (Clinical Negligence & Other Risks Indemnity Scheme).

### **Accounting Policies**

- ▶ We considered the consistency and application of accounting policies, and the overall presentation of financial information. We consider the accounting policies adopted by the IJB to be appropriate. There were no significant accounting practices which materially depart from what is acceptable under IFRS or the Code.

### **Our conclusions**

- ▶ Our testing has not identified any material misstatements relating to revenue and expenditure recognition. We did not identify any areas of significant estimation or judgement as part of our audit work in these areas.
- ▶ We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.
- ▶ There was no disagreement during the course of the audit over any accounting treatment or disclosure and we encountered no significant difficulties in the audit.

# Going concern

In accordance with the CIPFA Code of Practice on Local Government Accounting, the IJB prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity. CIPFA bulletin 05 (closure of the 2019/20 financial statements) states that while there is likely to be a significant impact of Covid-19 on local authority financial sustainability, the rationale for the going concern basis of reporting has not changed.

The rationale for going concern remains the same, but we placed increased focus on management's assertion of going concern and disclosures relating to financial sustainability as a result of the uncertainty and unprecedented budget pressures caused by Covid-19.

However, under the revised auditing standard, ISA 570, we are required to undertake greater challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we placed increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the IJB and its financial sustainability. Management's going concern assessment and associated disclosures cover the 12 month period from the date of approval of the financial statements, including the expected impact on the Five Year Financial Plan.

The IJB's funding from and commissioning of services to partners has been confirmed for 2020/21, and a medium term financial plan has been prepared through to 2023. Work is ongoing with partners to refine the mobilisation plan prepared by the IJB at the request of the Scottish Government to quantify the financial impact of Covid-19 on the IJB in the immediate and medium term period. While there remains uncertainty about the level of Scottish Government funding in relation to Covid-19 additional costs, ultimately any costs will be met by the IJB's partners in line with the terms of the Integration Scheme.

The Integration Scheme sets out the process to be followed should the IJB overspend against the agreed budget. The Chief Finance Officer is expected to manage the budget to ensure that there are no overspends. Where an unexpected overspend is likely, the Chief Finance Officer should agree corrective action to mitigate the overspend. Where this does not resolve the gap, agreement must be made between the partners, to agree a recovery plan to balance the budget. Where this is unsuccessful and the IJB overspends at the year end, partners provide a voluntary additional one-off payment to reflect the level of overspend.

The IJB has therefore concluded that there are no material uncertainties around its going concern status.

## Our conclusions

- ▶ We are satisfied that the IJB remains a going concern.
- ▶ We challenged management on the adequacy of some of the disclosures in relation to going concern and the expected medium term impact of Covid-19, and a number of improved disclosures were made to the financial statements.

# 3 Best Value and Wider Scope dimensions

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to the overall assessment and assurance on the achievement of Best Value.

## Introduction

We are required to reach conclusions in relation to the effectiveness and appropriateness of the IJB's arrangements for the four wider scope audit dimensions, and draw upon these assessments to form conclusions on the IJB's ability to demonstrate Best Value in its activities.

We apply our professional judgement to risk assess and focus our work on each of the dimensions. In doing so, we draw upon conclusions expressed by other bodies including the IJB's internal auditors and the Care Inspectorate, along with national reports and guidance from regulators and Audit Scotland. For each of the dimensions, we have applied a RAG rating, which represents our assessment on the adequacy of the IJB's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each dimension. We have drawn upon this work to form a view on how effectively the IJB can demonstrate that it meets its Best Value responsibilities to the Board.

## The Wider Scope dimensions

### Financial Management:

- ▶ Considers the effectiveness of financial management arrangements, including whether there is sufficient financial capacity and resources, sound budgetary processes and whether the control environment and internal controls are operating effectively.

### Financial Sustainability:

- ▶ Considers the medium and longer term outlook to determine if planning is effective to support service delivery. This will focus on the arrangements to develop viable and sustainable financial plans.

### Governance and Transparency:

- ▶ Is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

### Value for Money

- ▶ Considers whether value for money can be demonstrated in the use of resources. This includes the extent to which there is an alignment between spend, outputs and outcomes delivered and that there is a clear focus on improvement.

# Financial Sustainability

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Our Annual Audit Plan identified a significant risk in relation to continued financial and demographic pressures. The IJB has continued to develop its longer-term planning arrangements through delivery of a medium-term financial plan through to 2022/23, and has identified a £7.2 million budget gap across all functions where planned savings have been identified to date. The impact of Covid-19 has added further financial pressure and uncertainty to the IJB and its partners, including a currently estimated additional £7.1 million of costs related to Covid-19.

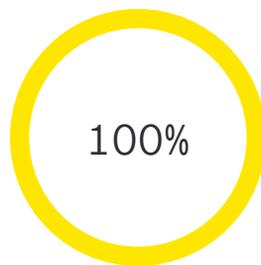
Financial pressures of this scale require either financial support from partners or the Scottish Government, or the re-prioritisation of services provided. The ability of partners to respond to the Strategic Plan, and specific Directions, will therefore determine the success of integration in West Lothian.

**Recommendation 1:** Early identification of planned savings is critical to ensure delivery of balanced financial positions through the MTFP period. The IJB should ensure that a plan to address budget gaps through to 2023 is agreed with partners as soon as possible.

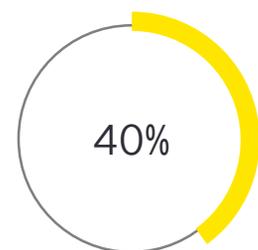
## Medium Term Financial Planning

The IJB approved the 2019/20 budget at its meeting in April 2019, along with its updated medium term financial plan through to 2023. As part of the budgeting process, NHS Lothian and West Lothian Council provide indicative budgets for a five year period to allow the IJB to plan in the longer term. The most recent Five Year Financial Plan was presented to the IJB in April 2019.

### Exhibit 1: Budget savings identified through 2022/23



West Lothian Council has identified planned savings of £14.2 million from 2019/20 through to 2022/23.



NHS Lothian has identified planned savings of £4.7 million out of a required £11.9 million.

The budget recognised a financial gap of £26.2 million across the four year period. £19 million savings were identified as part of the MTFP, with £7.2 million remaining unidentified, all relating to NHS Lothian required savings. The cost and service impact of Covid-19 have added further, significant financial pressures to the financial plan from 2020/21.

## **Financial impact of Covid-19 - Mobilisation Plans**

The IJB is responsible for key front line services to some of the most vulnerable sections of the community; Covid-19 had an immediate and significant impact on the way that services were delivered.

As part of the Scottish Government's response to Covid-19, the IJB has worked with partners to submit mobilisation plans, outlining the immediate and medium term financial impact. The first mobilisation plan was submitted in April 2020, and monthly submissions have since been provided to the Scottish Government to reflect the wider costs and impact on operational services. The most recent mobilisation plan, submitted by the IJB in August 2020, has identified cost pressures of £7.1 million.

The mobilisation plans will be subject to further refinement locally, and benchmarking at national level, to ensure that a core set of assumptions is in place in relation to the duration and financial impact of the virus. While the Cabinet Secretary has approved the mobilisation plan in principle, the funding received to date falls short of the impact estimated by the submitting bodies. Initial funding received to date is £2.4 million.

## **Future recovery and financial planning impact**

The IJB has outlined plans to undertake a review of its response to the Covid-19 pandemic, and we noted in our 2018/19 audit reporting that the Board now participates in the Strategic Planning Committee, a strategic partnership forum amongst the health board and the integration joint boards within the health board area. It aims to increase cooperation amongst the bodies involved and secure and promote efficient planning where there are common themes and pressures.

The Board has noted the following significant financial pressures on the IJB going forward:

- ▶ £1.1 million pre Covid-19 2020/21 budget shortfall in IJB budget related to health services, as part of the wider MTFP budget gap through to 2022/23.
- ▶ Additional budget pressures related to Covid-19 not currently met through additional funding by the Scottish Government as outlined above.
- ▶ The wider challenging financial environment related to government funding, partner financial uncertainty, economic uncertainty and the unknown impact of EU Exit at the end of the year.

Taking these matters into account, it is likely that the MTFP will require significant review and amendment. The IJB has noted the difficulty in making meaningful changes in the current environment, but accepted that it will be crucial that the 2020/21 budget position is closely monitored and options to manage budget pressures provided to the IJB board to ensure a balanced position is achieved for 2020/21.

While we do not underestimate the level of work required to assess the full effect of the global pandemic on the IJB's financial, operational and strategic plans, it is vital that the IJB works with partners to update the 5 Year Financial Plan.

# Financial Management



The IJB delivered a £0.4 million deficit against budget in 2019/20. The IJB's reserve balances now totals £63,000, all of which is earmarked for committed projects. The IJB continued to identify and monitor overspends within key budget areas during the year, however these have been effectively identified and monitored through the year, with accurate financial reporting to the relevant governance bodies.

We are satisfied that the core financial management arrangements established by the IJB are adequate for the current management of its financial activities.

## Financial Outturn

As Exhibit 1 below highlights, the IJB reported a deficit in the provision of services of £0.417 million in 2019/20 (2018/19: surplus of £0.480 million).

**Exhibit 1: The IJB delivered overspends in both health services and social care during 2019/20**

	Income £'000	Expenditure £'000	Surplus / (deficit) £'000
Health Services	198,970	199,097	(127)
Social Care Services	69,438	69,728	(290)
Total	268,408	268,825	(417)

Source: West Lothian IJB 2019/20 Financial Statements

In line with the previous financial year, throughout 2019/20 the IJB reported budget pressures in the cost of delivering services, primarily in respect of designated health function services. Adjustments were made to partner funding contributions to cover additional costs incurred in the year, with £1.1 million additional funding provided by NHS Lothian.

At the yearend the IJB achieved a balanced financial position with the exception of £417,000 drawn down from designated reserves for use on specific projects.

Services provided by NHS Lothian are provided on a pan-Lothian basis and a health budget setting model is currently in place, agreed by each of the IJBs in the areas. Expenditure reflects West Lothian IJB's share of the actual costs of the service, and are principally related to additional bank and agency nursing to cover sickness absence throughout the financial year.

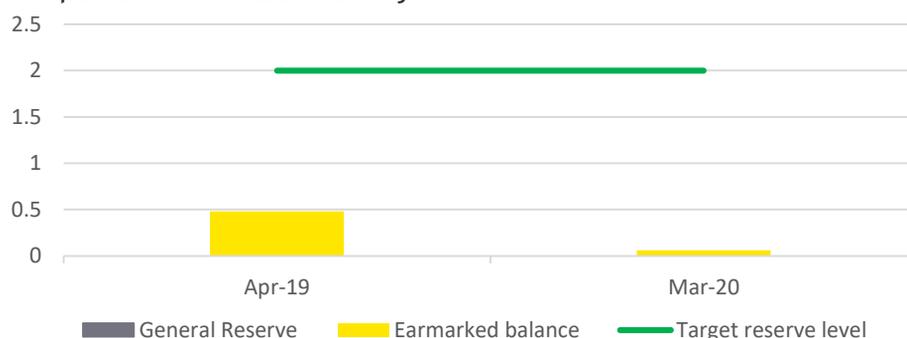
Due to the timing of the Covid-19 pandemic in the UK, we noted minimal variation in expenditure during 2019/20, although significant additional costs are being incurred through 2020/21 as outlined in the financial sustainability section of our report.

## Financial monitoring

The IJB prepares its financial statement and budget monitoring reports by consolidating financial data from its partners; West Lothian Council and NHS Lothian. The IJB receive a financial update report at each scheduled meeting. High level financial performance information is provided with supporting commentary on key areas of movement. The IJB's forecast financial performance was consistent through the year, noting the anticipated variance between budgeted and forecast expenditure throughout the quarterly monitoring reports.

## IJB reserve levels

Exhibit 2: The IJB continues to hold a low level of reserves compared to its established target reserves



Following the additional partner contribution made to address the forecast overspend, the only overspend in the year related to the use of earmarked reserves from funding received in previous years. The remaining £63,000 will be drawn down accordingly in 2020/21 as these projects are completed.

In line with our prior year audit recommendation, the IJB updated its reserves policy in January 2020. The policy has been updated to reflect the size and scale of the IJB's responsibilities, with a target level of uncommitted general reserves being established at £2 million for the medium-term. It is noted that this target level of £2 million should be 'recognised as an optimum level of reserves to be established over a period of time, recognising the balance between prudent financial planning and budget funding constraints.' The value of reserves will be now be subject to annual review as part of the IJB's budget and strategic planning.

# Governance and Transparency

The key features of good governance at the IJB are in place and operating effectively. The IJB responded quickly to ensure that governance arrangements were appropriate and operating effectively during the lockdown period caused by the global pandemic. We were satisfied that Board members have access to sufficient information as a result of the continuance of virtual meetings, and regular briefings to all members.

The IJB has continued to develop arrangements to support improved integration and partnership working.

## Local Code of Corporate Governance

Under the CIPFA framework for Delivering Good Governance in Local Government, the IJB uses the Annual Governance Statement to report on its assessment of the effectiveness of the governance framework throughout the financial year, and key areas of improvement for 2019/20. The governance statement for 2019/20 concluded that "Based on the Board's governance framework described in this statement the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2019/20."

As part of the process for developing the Annual Governance Statement, the IJB completes an assessment against the 'Local Code of Corporate Governance.' This was completed for 2019/20 and presented to the Audit, Risk and Governance Committee in May 2020.

The Annual Governance Statement noted a number of areas of improvement outstanding from previous years, as well as areas for consideration in 2020/21. One of the matters for consideration in 2020/21 includes the IJB carrying out a review of the Board's reaction to the Covid-19 pandemic and the role it played in tackling the emergency. While there are no specific actions outstanding that indicate significant areas of weakness in governance arrangements, the scale of work to be done demonstrates the ongoing focus required in respect of the continuous improvement of the IJB's governance arrangements, in what is still a relatively new body.

We reviewed the Annual Governance Statement against the required guidance and we were satisfied that it was consistent with both the governance framework and key findings from relevant audit activity. As part of the audit process we worked with management to further enhance the disclosures of how governance arrangements were maintained during the revised operating period as a result of Covid-19, in particular in respect of progress made against previous recommendations and the latest position around the updating of the Integration Scheme.

Governance arrangements were quickly developed to ensure that the IJB was kept informed of the impact of Covid-19. We were therefore satisfied that Board members had sufficient information to continue to fulfil their role.

## Covid-19 Governance Arrangements

Like all other public bodies in Scotland, the IJB moved to revised governance arrangements at the beginning of the UK lockdown period. The board meeting scheduled for April 2020 was cancelled as a result of the pandemic, however, the March and June meetings went ahead. A paper noting the cancellation of the April 2020 board meeting due to Covid-19 was taken to the June board meeting. The IJB Board has continued to meet virtually throughout the crisis. Early information on the impact of Covid-19 was reported by the Chief Officer and the Chief Finance Officer to the board at its June 2020 meeting.

The Chief Internal Auditor has concluded that governance arrangements are adequate and that improvements have been made during 2019/20.

Risks associated with the pandemic have also been considered by the board. An updated risk register, taking account of Covid-19, was presented to the Audit, Risk and Governance Committee at the May 2020 meeting. Scottish Government guidance issued in May 2020 meant that NHS Boards assumed accountability and responsibility for care governance across all care homes. We are were satisfied that key information was disseminated to IJB board members on a timely basis.

One of the key matters outlined within the 2019/20 annual governance statement was Covid-19, with discussion around emergency legislation allowed for public bodies. This included changes in working arrangements for staff and the establishment of the Scottish Government-mandated multi-disciplinary Care Home Clinical and Care Professional Oversight Team to co-ordinate and oversee arrangements in care homes to contain and tackle the coronavirus.

### Assurance Statement

The IJB's Internal Audit opinion for the year concluded that "the IJB has a sound framework of governance, risk management and control" for 2019/20, consistent with the overall conclusion from 2018/19.

The internal audit plan for 2019/20 was approved by the IJB Audit, Risk and Governance Committee in March 2019, however, a revised annual audit plan was approved by the committee in December 2019. The revised plan removed two audits from the programme where sufficient work was already considered to be undertaken and two new audits undertaken in their place. Internal audit noted that the outbreak of the coronavirus pandemic had no impact on the revised internal audit plan as both audit reports had been issued by 4 March 2020.

### Audit, Risk and Governance Committee

The Audit, Risk & Governance Committee continued to meet virtually throughout the crisis, with meetings being held at the start of March and May 2020. Consideration of the draft financial statements and annual governance statement was fulfilled by a virtual meeting of the IJB in June 2020.

The committee conducted a self-assessment of its effectiveness with the results being presented in December 2019. The self-assessment noted a number of areas where improvements were required including:

- ▶ Training and briefings for committee members; and
- ▶ Improving stakeholder awareness and understanding of the committee's activities.

## **Self Assessment of Arrangements to support Integration**

In November 2018, Audit Scotland published a progress report on Health and Social Care Integration. The report highlighted a number of challenges faced by IJBs that impacted the pace and effectiveness of intervention. In our prior year audit we reported that the board discussed and reviewed the recommendations around integration during a development session in February 2019 and completed the self-assessment as part of the May 2019 development session, with the results reported to the June 2019 board meeting. Subsequent to the conclusion of our 2018/19 financial statements audit an improvement plan approved by the board and partners was submitted to the MSG.

Progress against actions identified are reported to the IJB on a regular basis. Key areas for improvement noted from the most recent action plan update in March 2020 include:

- ▶ Strategic planning and commissioning;
- ▶ Joining up of governance arrangements across statutory partners; and
- ▶ Streamlining accountability processes across statutory partners.

While we understand that deadlines will be impacted by the Covid-19 response, we note that this work is intended to support the progression and maturity of integration in West Lothian.

## **Integration scheme review**

Legislation requires that the Integration Scheme which governs the operations of the IJB is reviewed by the main partners, being West Lothian Council and NHS Lothian, at least every five years. A review was scheduled to have been concluded by June 2020, and had begun at March 2020, with the board being a formal consultee. Due to the impact of Covid-19 the review has not been completed with Council and NHS resources prioritised for addressing the pandemic. The current Integration Scheme will remain in place until the review process is completed and changes are approved by Scottish Ministers. Management has determined that the operation of the board will not be affected in the short-term and will continue under the current Integration Scheme. While the significant ongoing uncertainty around the implications of Covid-19 make timetabling the review challenging, it is expected that the review will be revisited by the partners by the end of 2020. The board's participation as a consultee is a key matter to be addressed in 2020/21.

# Value for Money

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The IJB's Annual Performance Report was published by 31 July 2020, in line with the requirements of legislation.

The Annual Performance Report 2019/20 highlights mixed performance, with improvement in areas related to people living independently and staff engagement, but lower performance around some key indicators including positive experiences of care and healthy living.

## Performance Reporting

The IJB was responsible for spending £269 million in 2019/20. Despite the difficulties caused by Covid-19, the IJB was able to publish its Annual Performance Report in July 2020, in line with original timescales.

The Annual Performance Report highlights key areas of strategic priority investment and includes a range of performance measures against the outcomes included in its strategic plan.

The performance report 2019/20 also included a section regarding the IJB's 'response to Covid-19 Pandemic' which included:

- ▶ Arrangements put in place to optimise capacity and reduce delayed discharges.
- ▶ Consideration of West Lothian's Personal Protective Equipment (PPE) centre.
- ▶ The Covid-19 community pathway to manage demand for healthcare for people displaying symptoms.
- ▶ Support provided to staff and care homes.
- ▶ Plans for remobilisation of services and lessons learned.

### Exhibit 3: Performance against key indicators improved overall in 2019/20

- Improving direction of travel
- Stayed the same
- Declining direction of travel



Source: West Lothian IJB Performance report 2019/20

As Exhibit 3 demonstrates, for the indicators that the IJB was able to report on against new data in the past 12 months from June 2020, performance remained mixed. The report highlights improvement in areas related to people living independently and staff engagement, but lower performance around some key indicators including positive experiences of care and healthy living.

# Best Value

We have drawn upon our wider scope work to conclude on the IJB's approach to Best Value. We note that the IJB has a number of key characteristics of Best Value in place, including effective partnership working and robust governance arrangements. The IJB has considered its compliance with the Best Value Framework in the year and concluded that the IJB "has demonstrated substantial compliance with Best Value based on the Best Value Framework agreed."

In our view, the IJB has a framework to allow it to demonstrate that Best Value is being achieved. We are satisfied that the areas for improvement identified are adequately captured and monitored on a routine basis to support continuous improvement.

## Forming our judgement

As auditors to the IJB, we are required to comment on how effectively, in our view, the IJB demonstrates that it meets its Best Value responsibilities to the board. In forming this judgement, we have drawn upon the work conducted in response to our wider scope responsibilities, and specifically:

- ▶ Our consideration of the IJB's financial planning processes;
- ▶ Governance arrangements, including monitoring reports on the use of resources and scrutiny arrangements;
- ▶ Our assessment of performance reporting to the board, and to the public through the Annual Performance Report;
- ▶ The IJB's self-assessment arrangements, including review of its effectiveness and improvement plan against Audit Scotland's November 2018 report; and
- ▶ The ability of the IJB to effect change within Partners via the issue of Directions.

The IJB has considered its compliance with the Best Value Framework in the year, and in May 2020 submitted a review of compliance against the seven areas of best practice identified. The review concluded that the IJB "has demonstrated substantial compliance with Best Value based on the Best Value Framework agreed." It was noted the areas for ongoing improvement identified were consistent with those identified in the Annual Governance Statement for 2019/20:

- ▶ workforce and succession planning across the partnership; and
- ▶ monitoring of full compliance with GDPR and Data Protection Act 2018, including securing the appointment of a permanent Data Protection Officer.

## Our Conclusions

In our view, the IJB has a framework to allow it to demonstrate to the board that Best Value is being achieved. We are satisfied that the areas for improvement identified are adequately captured and monitored on a routine basis to support continuous improvement.

# 4 Appendices

A - Code of Audit Practice: responsibilities

B - Independence and audit quality

C - Required communications with the audit, risk and governance committee

D - Action plan

E - Follow up of prior year recommendations

F - Timing and deliverables of the audit

# Appendix A: Code of Audit Practice Responsibilities

## Audited Body's Responsibilities

### Corporate Governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit, risk and governance committees or equivalent) in monitoring these arrangements.

### Financial Statements and related reports

Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:

- ▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- ▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures.
- ▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- ▶ maintaining proper accounting records.
- ▶ preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.
- ▶ Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

### Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

### Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- ▶ such financial monitoring and reporting arrangements as may be specified
- ▶ compliance with any statutory financial requirements and achievement of financial targets
- ▶ balances and reserves, including strategies about levels and their future use
- ▶ how they plan to deal with uncertainty in the medium and longer term
- ▶ the impact of planned future policies and foreseeable developments on their financial position.

### Best Value

Local authority bodies have a statutory duty, under the Local Government (Scotland) Act 1973 and associated statutory guidance, to make arrangements to secure best value through the continuous improvement in the performance of their functions.

# Appendix B: Independence and audit quality

Professional ethical standards, and the Terms of our Appointment, require us to communicate all significant facts and matters that have a bearing on EY's objectivity and independence as auditor of the IJB.

## Matters that we are required to communicate

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY), its directors and senior management and affiliates, and you, including all services provided by us and our network to you, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## Confirmations

We confirm that there are no changes in our assessment of independence since our confirmation in our Annual Audit Plan, dated March 2020.

We complied with the Financial Reporting Council's Ethical Standards and the requirements of Audit Scotland's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that management and members of the IJB consider the facts known collectively to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the audit, risk and governance committee on 9 September 2020.

## Audit Fees

	2019/20	2018/19
<b>Component of fee:</b>		
<b>Total agreed auditor remuneration *</b>	<b>£18,300</b>	<b>£17,200</b>
Audit Scotland fixed charges:		
Pooled costs	£1,790	£1,670
Performance audit and best value	£5,360	£5,050
Audit support costs	£1,110	£1,080
<b>Total fee</b>	<b>£26,560</b>	<b>£25,000</b>

\* The expected fee for each body, which for 2019/20 has been set centrally by Audit Scotland, assumes that it has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate draft financial statements and supporting schedules, and meets the agreed timetable for the audit. It also assumes there is no major change in respect of the scope of work in the year and an unqualified audit opinion resulting from the audit.

As a result of the material additional audit procedures required in the year, to address the additional risk around financial statement disclosures impacted by the direct and indirect consequences of Covid-19, we are discussing the final fee for the 2019/20 audit and will report this to the Committee when finalised in our 2020/21 annual audit plan.

Matters that we are required to communicate

International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

The EY 2019 UK Transparency Report can be accessed on our website at [https://www.ey.com/en\\_uk/who-we-are/transparency-report-2019](https://www.ey.com/en_uk/who-we-are/transparency-report-2019). This material is published to provide a timely and relevant source of information about EY in general, and our audit business in particular. This includes our inaugural Audit Quality Report.

The disclosures are extensive. For example, they explain our outlook and how we are structured and governed, including the role of our Independent Non-Executives and how we apply the requirements of the UK's Audit Firm Governance Code. We refer to the quality of our audits and our commitment to recruiting, developing and diversifying our people and talent pool. We also explain how we manage our risks and remain innovative and technologically advanced in what we do and how we do it.

Maintaining high audit quality across all of our engagements is of paramount importance to us. Our transformational Audit Quality Programme continues and is a part of the global EY Sustainable Audit Quality Programme (SAQ).

Our Audit Quality Board (AQB) continues to oversee all matters relating to audit quality and sets the agenda for the Audit Quality programme. The AQB meets monthly and also holds an annual strategy session. The AQB reports to the EY UK Board. The AQB receives regular updates on regulatory matters, results of internal and external reviews, results of root cause analysis, resourcing, the SAQ programme and pursuit approvals, as well as a comprehensive dashboard on quality measures.

Our Audit Quality Support Team (AQST), which started within the SAQ programme, reviews 40 to 50 audits each audit cycle providing challenge and guidance to the engagement teams. These are in-depth reviews carried out by experienced auditors independent of the audit team. AQST reviews enhance the quality of both the audit under review and other audits on which team members apply the lessons learned. The AQST has now become a business-as-usual function.

Audit Quality Framework / Annual Audit Quality Report

Audit Scotland's Appointments and Assurance Team are responsible for applying the new Audit Quality Framework across all financial audits and performance and Best Value audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.

We support Audit Scotland in their commitment to reporting on audit quality through responding to requests for information and providing the results of internal quality reviews undertaken in respect of relevant public sector audits in Scotland.

The most recent audit quality report which covers our work at the IJB since appointment can be found at: <https://www.audit-scotland.gov.uk/report/quality-of-public-audit-in-scotland-annual-report-201920>.

# Appendix C: Required communications

Required communication	Our reporting to you
<p><b>Terms of engagement / Our responsibilities</b></p> <p>Confirmation by the audit, risk and governance committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.</p> <p>Our responsibilities are as set out in our engagement letter.</p>	<p>Audit Scotland Terms of Appointment letter - audit to be undertaken in accordance with the Code of Audit Practice</p>
<p><b>Planning and audit approach</b></p> <p>Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.</p>	<p>Annual Audit Plan</p>
<p><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	<p>Annual Audit Plan Annual Audit Report</p>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<p>Annual Audit Report</p>
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Corrected misstatements that are significant</li> <li>▶ Material misstatements corrected by management</li> </ul>	<p>Annual Audit Report</p>
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of the audit, risk and governance committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	<p>Annual Audit Report</p>
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the audit, risk and governance committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of</li> </ul>	<p>Annual Audit Report (to be issued on completion of audit work) or as occurring if material.</p>

Required communication	Our reporting to you
<p><b>Related parties</b></p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	<p>No significant matters have been identified.</p>
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Annual Audit Plan</p> <p>This Annual Audit Report - Appendix B</p>
<p><b>Internal controls</b></p> <p>Significant deficiencies in internal controls identified during the audit</p>	<p>This Annual Audit Report - no significant deficiencies reported</p>
<p><b>Subsequent events</b></p> <p>Where appropriate, asking the audit, risk and governance committee whether any subsequent events have occurred that might affect the financial statements.</p>	<p>We have asked management and those charged with governance. We have no matters to report.</p>
<p><b>Material inconsistencies</b></p> <p>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</p>	<p>This Annual Audit Report</p>

# Appendix D: Action Plan

This action plan summarises specific recommendations included elsewhere within this Annual Audit Report. We have graded these findings according to our consideration of their priority for the IJB or management to action.

## Classification of recommendations

**Grade 1:** Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

**Grade 2:** Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

**Grade 3:** Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
1	The IJB continues to forecast a significant budget gap through to the end of its MTFP in 2022/23 with no identified savings to address this.	<p>Early identification of planned savings is critical to ensure delivery of balanced financial positions through the MTFP period. The IJB should ensure that a plan to address budget gaps through to 2023 is agreed with partners as soon as possible.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>Further development of the IJB's MTFP, including options to address the current budget gap to 2022/23, will be undertaken during 2020/21.</p> <p>In addition to existing arrangements in place with partner bodies and at wider Lothian level, the recently established West Lothian Health and Social Care Transformation Board will help ensure there is a joined up approach to financial planning.</p> <p><b>Responsible officer:</b> Chief Financial Officer</p> <p><b>Implementation date:</b> Ongoing throughout 2020/21 and updated MTFP to be reported to Board in first half of 2021, following the UK and Scottish Budget and confirmed funding settlements in relation to partner bodies.</p>

# Appendix E: Prior Year Action Plan

This action plan summarises specific recommendations included within the 2019 West Lothian IJB Annual Audit Report. We have graded these findings according to our consideration of their priority for the IJB or management to action.

Classification of recommendations			
No	Findings and recommendation	Management response	Management response / Implementation timeframe
	<p><b>Grade 1:</b> Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.</p>	<p><b>Grade 2:</b> Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.</p>	<p><b>Grade 3:</b> Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.</p>
1	<p>The IJB reserves policy notes an indicative reserves target over the course of the IJB's medium term financial plan of 2% of net expenditure, which would amount to £5.1 million at 31 March 2019. In the current and forecast financial climate, it is unlikely general reserves of this level will be attainable going forward</p> <p>The IJB reserve policy update should take into account the IJB's MTFP and integration scheme as well as the wider financial environment.</p> <p style="text-align: right;"><i>Grade 3</i></p>	<p>The IJB Reserves Policy will be reviewed and updated during 2019/20, considering the comments made by external audit, and reported to the board for approval.</p> <p><b>Responsible officer:</b> IJB Chief Finance Officer</p> <p><b>Implementation date:</b> 31 March 2020</p>	<p>The IJB reserves policy was reviewed and updated in 2019/20 and presented to the Board in January 2020. The updated Reserves Policy proposed a prudent target level of uncommitted general reserves of £2 million. This will be kept under review by the Chief Finance Officer on an annual basis going forward. We have outlined our consideration of the current reserve levels held by the IJB in the financial management section of this report.</p> <p>Audit Assessment: <b>Recommendation addressed, with ongoing monitoring required.</b></p>

No	Findings and recommendation	Management response	Management response / Implementation timeframe
2	<p>The IJB MTFP highlights a savings gap of £7 million in advance of the 2019/20 financial year, as a well as a number of key assumptions in the plan which could adversely impact savings requirements on realisation. The savings gap are materially related to health service delivery while the Council shows a balanced budget.</p> <p>Support from partners is critical to allow the IJB to continue to develop and deliver a MTFS.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>Further development of IJB Medium Term Financial Strategy and savings proposals will be undertaken during 2019/20. This will involve close partnership working with partner bodies and finance. As well as existing arrangements in place, this will be enabled through joint Lothian Finance Group established comprising of NHS Lothian Director of Finance, Lothian Local Authority Section 95 officers and Lothian IJB Chief Finance Officers. A key area being progressed by the group is developing a more joined up approach to financial planning.</p> <p><b>Responsible officer:</b> IJB Chief Finance Officer</p> <p><b>Implementation date:</b> Ongoing through 2019/20 and updated MTFP to be reported to the Board in early 2020 following the 2020 Scottish Budget and confirmed funding settlements for partner bodies.</p>	<p>A Medium Term Financial Plan update paper was presented to the board in August 2019, following the Scottish Government's medium-term financial strategy being announced in May 2019. However, it was noted that the IJB's MTFP will be updated following the outcome of the Scottish Government's three-year financial settlement.</p> <p>As outlined in our financial sustainability section of this report, longer term financial planning remains a key area of risk and focus for the IJB. This risk has been further highlighted by the increased financial uncertainties and pressures resulting from the global pandemic.</p> <p>Audit Assessment: <b>Recommendation partially addressed, with ongoing monitoring required.</b></p>

No	Findings and recommendation	Management response	Management response / Implementation timeframe
3	<p>We have observed the Committee's consideration of risk throughout the year through our attendance at meetings and noted rigorous review of the risks and how they are being mitigated and addressed by management.</p> <p>As the IJB continues to refine its risk management procedures we have highlighted a few ongoing areas for continuous improvement.</p> <p style="text-align: right;">Grade 3</p>	<p>Risk management procedures will continue to be reviewed and developed taking account of the areas for consideration identified to ensure continuing good practice is applied to the IJB's approach to risk management</p> <p><b>Responsible officer:</b> IJB Director</p> <p><b>Implementation date:</b> Ongoing throughout 2019/20</p>	<p>The IJB has continued to implement its risk management strategy throughout 2019/20. In May 2020, the IJB's risk manager presented the risk management annual strategy to the Audit, Risk and Governance Committee, concluding that "appropriate risk management arrangements are in place in accordance with the approved Risk Management Policy and Strategy." We noted that our recommendation outlined in our 2018/19 Annual Audit Report can still be implemented, namely the mapping of the Strategic Risk Register to each partners' Risk Register, ensuring awareness and escalation of risks across the partnership.</p> <p>Audit Assessment: <b>Recommendation partially addressed, with ongoing monitoring and consideration required.</b></p>

# Appendix F: Timing and deliverables of the audit

We deliver our audit in accordance with the timeline set by the IJB, in accordance with guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables through the 2019/20 audit cycle.

	Audit Activity	Deliverable	Timing
JAN			
FEB	<ul style="list-style-type: none"> <li>Audit planning; setting scope and strategy for the 2019/20 audit</li> <li>LAN meetings held with other scrutiny partners</li> </ul>	Annual Audit Plan	March 2020
MAR			
APR			
MAY	<ul style="list-style-type: none"> <li>Ongoing assessment around wider scope dimensions and support of Audit Scotland requested information</li> </ul>	Impact report: Children and Young People's Mental Health	May 2020
JUN			
JUL	<ul style="list-style-type: none"> <li>Year-end substantive audit fieldwork on unaudited financial statements</li> </ul>	Audit clearance meeting	August 2020
AUG			
SEP	<ul style="list-style-type: none"> <li>Conclude on results of audit procedures</li> <li>Issue opinion on the IJB's financial statements</li> </ul>	Certify Annual Financial Statements  Issue Annual Audit Report	September 2020

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**WEST LOTHIAN INTEGRATION JOINT BOARD**  
**ANNUAL ACCOUNTS**  
**2019/20**



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Accounts of West Lothian Integration Joint Board (IJB) for the period to 31 March 2020, prepared pursuant to Section 105 of the Local Government (Scotland) Act 1973 and in accordance with the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

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## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the Audit of the Financial Statements to the Members of West Lothian Integration Joint Board and the Accounts Commission**

#### **Opinion on Financial Statements**

We certify that we have audited the financial statements in the annual accounts of West Lothian Integration Joint Board ("the Integration Joint Board") for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of West Lothian Integration Joint Board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis For Opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is four years. We are independent of the Integration Joint Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Integration Joint Board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern basis of accounting**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Risks of Material Misstatement**

We have reported in a separate Annual Audit Report, which is available from the Audit Scotland website, the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

### **Responsibilities of the Chief Finance Officer and West Lothian Integration Joint Board Audit, Risk and Governance Committee for the Financial Statements**

As explained more fully in the Statement of Responsibilities, Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Integration Joint Board's Audit, Risk and Governance Committee is responsible for overseeing the financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Other information in the annual accounts**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Report on Other Requirements**

### **Opinions on Matters Prescribed by the Accounts Commission**

In our opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on Which we are Required to Report by Exception**

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial.

We have nothing to report in respect of these matters.

## **Conclusions on Wider Scope Responsibilities**

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

## **Use of Our Report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Stephen Reid, *for and on behalf of Ernst & Young LLP*

Ernst & Young LLP  
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EH3 8EX

September 2020

## **MANAGEMENT COMMENTARY**

### **Introduction**

The Public Bodies (Joint Working) (Scotland) Act 2014 established the legal framework for integrating health and social care in Scotland. The West Lothian Integration Joint Board (IJB) was established as a body corporate by order of Scottish Ministers on 21 September 2015 and is a separate and distinct legal entity from West Lothian Council and NHS Lothian. The arrangements for the IJB's operation, remit and governance are set out in the Integration Scheme which has been approved by West Lothian Council, NHS Lothian and the Scottish Government.

Functions and associated budget resources for relevant IJB functions, per the approved Integration Scheme, were delegated to the IJB from 1 April 2016.

The Management Commentary outlines the key messages on the IJB's planning and performance for the year 2019/20 and how this has supported the delivery of the IJB's strategic priorities. The commentary also looks forward, outlining the 2020/21 financial plan and future financial considerations over the medium term through to 2022/23. In addition, key risks and challenges are set out that will need to be managed to best meet the needs of the West Lothian population going forward. A key aspect of this is the emergence of COVID-19 in the first quarter of 2020 which is having a significant impact on the delivery of health and social care services.

### **The Role and Remit of the IJB**

The IJB's primary purpose is to set the strategic direction for the delegated functions through the development of a Strategic Plan. The IJB is delegated relevant health and social care functions and budget resources from West Lothian Council and NHS Lothian to enable it to plan the delivery of delegated functions at an overall health and social care level and deliver on strategic outcomes. The IJB is responsible for the strategic commissioning of health and social care services across client groups and functional areas, and gives directions to the council and NHS Lothian for the operational delivery of functions and the resources available to them for this. This arrangement recognises that the IJB does not employ any staff directly delivering services or procure services from third parties, and does not hold cash resources or operate a bank account of its own.

The IJB's role and responsibility is to plan for the delivery of the functions which have been delegated to the IJB by West Lothian Council and NHS Lothian. These functions are:

- Adult Social Care
- Primary Care Services (GP Practices, Community Dentists, Community Pharmacies and Community Opticians)
- Mental Health Services
- Physical and Learning Disabilities Services
- Community Health Services
- Community Hospital Services
- Unscheduled Care Services (services that are generally delivered from St John's Hospital, the Royal Infirmary of Edinburgh and the Western General Hospital).

## Membership of West Lothian IJB

The IJB meets on a six weekly basis and comprises eight voting members, made up of four elected members appointed by West Lothian Council and four NHS Lothian non-executive directors appointed by NHS Lothian. The members of the IJB at March 2020 were as follows:

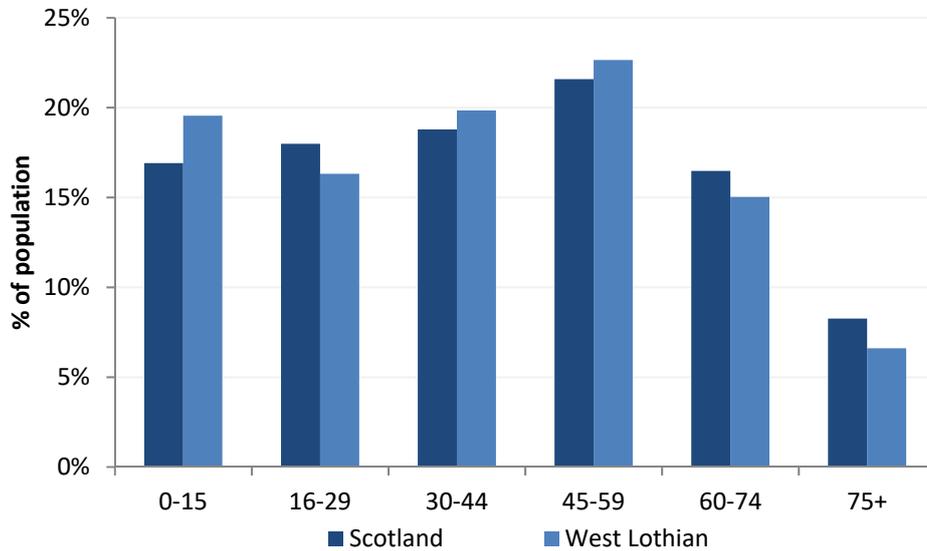
<b>Member</b>	<b>Role</b>
Harry Cartmill	Voting Member, Chair
William McQueen	Voting Member, Vice Chair
Martin Connor	Voting Member
Martin Hill	Voting Member
Alex Joyce	Voting Member
Dom McGuire	Voting Member
George Paul	Voting Member
Damian Timson	Voting Member
Elaine Duncan	Non-Voting Member – Professional Advisor
David Huddlestone	Non-Voting Member – Stakeholder Representative
Mairead Hughes	Non-Voting Member – Professional Advisor
Alan McCloskey	Non-Voting Member – Stakeholder Representative
Caroline McDowall	Non-Voting Member – Staffing Representative
Jo MacPherson	Non-Voting Member – Professional Advisor
Martin Murray	Non-Voting Member – Staffing Representative
Ann Pike	Non-Voting Member – Stakeholder Representative
Allister Short	Non-Voting Member – Chief Officer
Patrick Welsh	Non-Voting Member – Chief Finance Officer
Rohana Wright	Non-Voting Member – Professional Advisor

Note on changes during 2019/20:

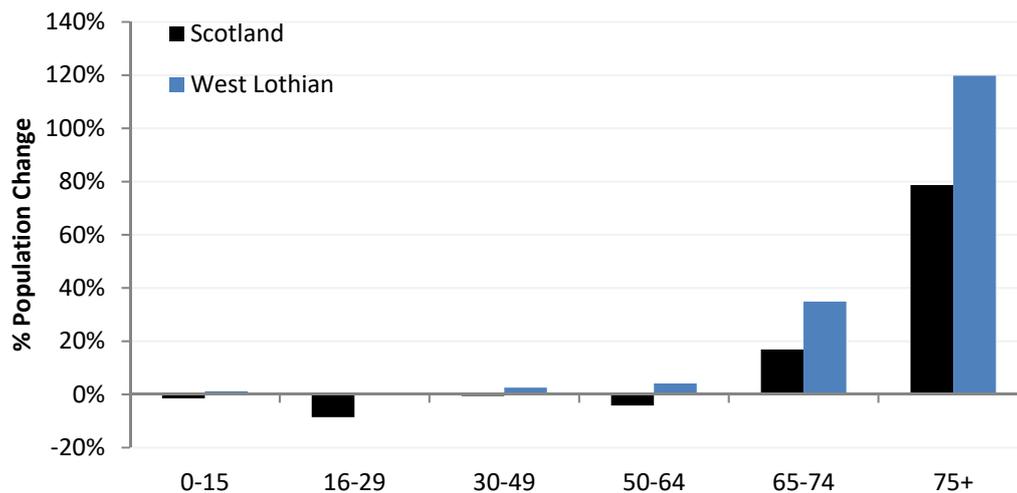
- The Chief Officer of the IJB was Jim Forrest until 30 September 2019 when Allister Short took on this role.
- The Chair of the IJB was Martin Hill until 21 September 2019 when Harry Cartmill took on this role.
- The Vice Chair of the IJB was Harry Cartmill until 21 September 2019 when William McQueen took on this role.

## West Lothian Information

An important aspect of planning health and social care functions is understanding the needs of the West Lothian population. West Lothian faces a growing and ageing population over the medium to long term as shown in the diagrams below (source: National Records of Scotland). In terms of age, the West Lothian population is broken down below.



West Lothian is facing an ageing population profile that represents a significant challenge. Compared to other local authorities West Lothian will see significantly higher level of growth (2016 to 2041) in number of over 75s and 85s, who will typically have increasing social care needs. This is shown in the graph below which shows West Lothian's population aged 75 and over is forecast to increase by 119.7% by 2041.



Healthy life expectancy is the number of years an individual is expected to live in good health. The difference between healthy life expectancy and life expectancy highlights the length of time an individual is expected to live in poor health. Although female life expectancy is higher than that of males, more years are spent in poorer health.

Almost one in four (23.3%) of people living in West Lothian report having a limiting long-term physical or mental health condition. A long term condition can have a significant impact on quality of life and ability to carry out day to day activities and is defined as any condition which has lasted or is expected to last at least 12 months.

Almost three quarters (73.8%) of people in West Lothian rate their general health as 'very good' or 'good' and 5.3% rate their general health as 'bad' or 'very bad'. The presence of one or more long term conditions increases significantly with age and has a direct impact on the person's perception of their general health, with only 5.6% of those over 85 years reporting they are in 'very good health'.

The physical, mental and social wellbeing of the local population is influenced by the wider determinants of health, including deprivation, employment, education, housing and the environment. Approximately 41% of the West Lothian population live in the most deprived quintiles and for almost every health indicator there is a clear gradient showing progressively poorer health and decreasing affluence and influence which has a direct impact on demand and complexity across General Practice, unscheduled hospital admissions and community care. It will be important to take account of this through IJB planning for future service delivery.

The Public Bodies (Joint Working) (Scotland) Act 2014 and the West Lothian Integration Scheme stress the importance of the IJB acting as a means of ensuring progress on integration and improved joint working across council delivered social care services and NHS delivered health care services. An effective working relationship and consistent understanding of future care models from planning through to operational delivery is an essential requirement across the IJB, NHS Lothian and West Lothian Council in order to meet future challenges.

## **Organisational Developments and Performance**

### Strategic Planning and Commissioning

It is recognised both nationally and locally that whilst health and care needs of individuals are closely intertwined, there is scope to further improve the coordination and integration of services. The way health and social care services are delivered can have a significant impact on shifting the balance of care from hospital to community care, reducing health inequalities and reducing emergency admissions and delayed discharge.

A new Strategic Plan was approved by the Board on 23 April 2019. This reflected the Board's decision that strategic and financial challenges impacting on service performance and delivery required the existing Strategic Plan to be reviewed. The development of the new Strategic Plan was subject to a two stage consultation process with the public and scrutiny by the Strategic Planning Group before being approved by the Board.

The Strategic Plan covers the period 2019/20 to 2022/23 and sets out how the IJB intends to deliver its vision to increase wellbeing and reduce health inequalities across all communities in West Lothian, and to deliver the nine national health and wellbeing outcomes through agreed strategic priorities and transformational change programmes. The Plan's key strategic aims are set out below.



The Strategic Plan and the updated Strategic Commissioning Plans can be found at the following link: <https://westlothianhscp.org.uk/IJB-strategic-plan>

Based on the strategic intentions outlined in the Plan, updated Strategic Commissioning Plans for Mental Health, Older People, Physical Disability and Learning Disability Services were approved by the Board on 21 January 2020. These plans reflected updated needs assessments based on extensive consultation and engagement with service users, carers and families, service providers, staff and other stakeholders.

Based on this, areas of service development have been identified in the plans along with agreed actions that will be undertaken to progress the developments. The Strategic Commissioning Plans take account of the medium term financial planning framework and resource assumptions and provide more detail on future service delivery plans and transformation required to support an informed approach to planning and prioritising future service delivery.

Progress against each plan will be reported to the Board on a regular basis and the implications and learning from COVID-19 will be considered in the ongoing review of commissioning plans.

Performance Management

Integration through IJBs aims to deliver the Scottish Government’s nine national health and wellbeing outcomes for integration. These are the high level outcomes of health and social care integration which integration will be measured against, and are noted below.

- People are able to look after and improve their own health and wellbeing and live in good health longer
- People, including those with disabilities or long term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community
- People who use health and social care services have positive experiences of those services, and have their dignity respected

- Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services
- Health and social care services contribute to reducing health inequalities
- People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their health and wellbeing
- People who use health and social care services are safe from harm
- People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide
- Resources are used effectively and efficiently in the provision of health and social care services

A core suite of integration indicators are used to demonstrate progress in achievement of the national health and wellbeing outcomes above. In addition to this, the IJB uses a Balanced Scorecard approach incorporating the integration indicators as well as relevant Local Delivery Plan indicators and other measures to monitor performance.

The Scottish Government in partnership with COSLA have agreed service delivery areas that will be monitored on a six monthly basis across IJBs to measure performance under integration. The areas that are measured as a means of reviewing progress on integration are:

1. Unplanned Admissions
2. Number of bed days for unscheduled care
3. Accident and Emergency Performance
4. Delayed Discharge Performance
5. End of Life Care
6. Shifting the balance of spend across institutional and community services

Updates on all these areas of performance are reported to the Board on a six monthly basis in an overall West Lothian Health and Social Care performance report. A key area of challenge in recent years has been performance in respect of delayed discharges with main contributing factors being Care at Home and Care Home capacity. A range of measures implemented have seen a positive impact on reducing delays in 2020. These include the establishment of an Integrated Discharge Hub and additional resources in the Discharge to Assess team. In addition, our community Rapid Elderly Assessment and Care Team (REACT), including Hospital at Home have made a significant contribution to delivering care, treatment and rehabilitation in the community. Through a joined up working approach and the integration of teams there has been a more seamless and streamlined approach to decision making. This has reduced often lengthy referral processes and by April 2020 had contributed to a significant reduction in delayed discharges and occupied hospital bed days.

<b>Delayed Discharge and Hospital Bed Days Performance</b>			
	<b>April 2019</b>	<b>April 2020</b>	<b>Change</b>
Delays	43	6	Reduction of 37 (86%)
Occupied Bed Days	964	106	Reduction of 858 (89%)
Source: Public Health Scotland – Information Services Division (ISD)			

Substantial work was undertaken on developing new Care at Home contract arrangements and the new contract commenced on 1 October 2019. A key objective in developing the new Care at Home contract arrangements was to improve the capacity available to meet West Lothian's increasing elderly population and, following the transitional period, Care at Home capacity has steadily increased with reduction in unmet needs and hospital delays.

Alongside this, good progress has been made during the year in implementing Scottish Government priorities in relation to Action 15 of the Mental Health Strategy to recruit additional mental health workers across a range of settings. The West Lothian Primary Care Improvement plan has also made good progress during 2019/20 in meeting the objective of making General Practice sustainable and creating additional capacity.

The IJB has a strong performance management culture in partnership with NHS Lothian and West Lothian Council. As set out above, a wide range of performance information is used to provide the IJB with regular reports on the delivery of commissioned services and progress against associated targets and outcomes. Close joint working arrangements are in place between the IJB, NHS Lothian and West Lothian Council to ensure robust and accurate information on strategic and operational performance is provided. Performance is reported at a number of levels, including on a quarterly basis to the IJB Strategic Planning Group and the Board, and on a monthly basis to the Health and Social Care Partnership Management Team.

The 2019/20 Annual Performance report was approved by the Board on 30 June 2020 and is available at the following link: <https://westlothianhscp.org.uk/IJB-strategic-plan>

### **Financial Performance 2019/20**

Financial information is part of the performance management framework with regular reporting of financial performance to the IJB. This section summarises the main elements of financial performance for 2019/20.

#### **Expenditure on IJB Delegated Functions**

Financial management, governance and accountability arrangements for IJB delegated functions are set out in the West Lothian Integration Scheme, and also in the IJB Financial Regulations which were reviewed, updated and approved by the Board during 2019/20.

A financial assurance process was undertaken on the funding contributions for 2019/20 made available by NHS Lothian and West Lothian Council. Through this, baseline pressures of just over £2 million were identified in the Health budget contribution confirmed by the NHS Lothian Director of Finance to the IJB for 2019/20, with the council contribution assessed as representing a balanced budget contribution.

During the year the IJB worked closely with NHS Lothian to identify measures to mitigate the funding shortfall in the NHS Lothian contribution and at the year end the full value of the pressure in Health functions was £1.137 million with this balance being funded by NHS Lothian through their achievement of an overall breakeven position.

In terms of council delivered social care services, spend was in line with funding available. The overall achievement of a balanced financial position was also enabled through the planned use of earmarked IJB reserves. At 31 March 2020 earmarked IJB reserves total £63,000. The financial impact of COVID-19 was very limited during 2019/20 with financial implications being managed within funding contributions provided by partner bodies. The main additional cost area was significant growth in prescribing costs in the weeks leading up to 31 March 2020 but this was managed through funding provided by NHS Lothian.

The overall financial position for 2019/20 expenditure on IJB functions is shown in the table below.

<b>Delegated Health Functions – NHS Lothian</b>	<b>2019/20 Expenditure £'000</b>	<b>2018/19 Expenditure £'000</b>
Core West Lothian Health Services	122,584	115,624
Share of Pan Lothian Hosted Services	21,318	20,649
Share of Acute Hospital Services	34,747	32,583
Non-Cash Limited Services	20,448	19,322
<b>Health Functions - Total</b>	<b>199,097</b>	<b>188,178</b>
<b>Delegated Social Care Functions – West Lothian Council</b>		
Adult Social Care Services	69,728	63,543
<b>Social Care Functions</b>	<b>69,728</b>	<b>63,543</b>
<b>TOTAL</b>	<b>268,825</b>	<b>251,721</b>

IJB delegated services saw continued growth in demand during 2019/20. Within community care, elderly care home expenditure increased significantly reflecting a growing elderly population who are living longer with more complex needs. Growth in demands within learning and physical disability care also increased significantly, reflecting increasing needs and a shift in the balance of care from health to community care in line with integration objectives.

Within health delivered services, by far the most significant pressure related to set aside services where there was an overspend of £1.131 million. Nursing staffing pressures were the major contributing factor to the overspend. In addition, difficulties in recruiting and the resulting requirement for agency nursing staff in Accident and Emergency and General Medicine areas has also been a key contributing factor. Substantial work was undertaken during 2019/20 to review the causes of the nursing staffing pressures for West Lothian and the budgetary resources available and this helped to inform the 2020/21 budgeting process and nurse staff budgets. There remain significant risks around prescribing volumes going forward, as well as the ongoing impact of COVID-19, and this will require to be closely monitored. Acute drugs are also a key financial risk.

The Health figures include expenditure and income for non-cash limited services such as community opticians, community pharmacists and community dentists. NHS Boards receive non-cash limited budgets for such items, whereby the Scottish Government will adjust the NHS Board budget for any over or under spends at the year end.

These are however still NHS Board budgets and for the purposes of the IJB accounts it has been agreed by the Scottish Government and CIPFA that they should be included in the delegated budget and services within the IJB's remit.

The spend and income associated with West Lothian IJB non-cash limited services in 2019/20 was £20.448 million.

Both West Lothian Council and NHS Lothian have confirmed that there will be no charge to the IJB for central administration functions they provide in support of the IJB.

It will be important moving forward to 2020/21 and future years that expenditure is managed within the financial resources available and this will require close partnership working between the IJB as service commissioner, and NHS Lothian and West Lothian Council as operational providers of services.

### **Future Financial Plans and Outlook**

The 2020/21 budget contributions from NHS Lothian and West Lothian Council have been taken account of in Directions issued to Partners for 2020/21. While the approved council contribution represented a balanced budget position, the approved NHS Lothian contribution represented a funding shortfall compared to forecast expenditure of £1.128 million. This position will be closely monitored during the year in conjunction with partner bodies and mitigating actions will be taken as necessary, taking account of the Integration Scheme.

It is important to note however that these budget contributions do not take account of the additional cost implications anticipated to arise as a result of COVID-19. While the financial implications resulting from COVID-19 remain uncertain, they are anticipated to be significant. Over recent months substantial work has been undertaken to identify the additional costs of COVID-19 through Mobilisation Plans for health and social care. This incorporates joint working across health and social care and at a national level on an agreed approach to capture the additional financial costs.

While there remains significant uncertainty around COVID-19 implications going forward and resulting costs, at this stage additional costs resulting from COVID-19 in relation to West Lothian are estimated to be £7.1 million. Against this, additional funding provided to date by the Scottish Government to meet the additional costs associated with the pandemic is £2.658 million.

Taking account of this, it will be crucial that the 2020/21 budget position is closely monitored with regular updates being provided to the Board, including options to manage budget pressures and ensure a balanced position is achieved for 2020/21.

The IJB has a statutory responsibility for delegated health and social care functions in relation to the strategic planning of future health and social care delivery. Plans for this are developed via the health and social care management team and council and NHS Lothian staff supporting the IJB. The IJB's strategic plan and strategic commissioning plans will help inform decisions around prioritisation of resources, new models of service delivery and disinvestment decisions, all of which will be necessary in the medium term financial planning process associated with health and social care services. The implications arising from COVID-19 on

delivery of care services will need to be taken into account in the ongoing review of strategic commissioning plans

As part of the agreed IJB Directions to NHS Lothian and West Lothian Council, there is a requirement for the Partners to work with the IJB on the preparation of a medium term financial strategy for IJB delegated functions. This reflects that strategic planning of future service delivery and financial planning are intrinsically linked. An informed approach to future service delivery must take account of assumptions around available resources as resource availability will be a key determinant in shaping future service delivery.

With regard to future years, health and social care services will be faced with significant challenges to meet demands and operate within tight fiscal constraints for the foreseeable future. The implications associated with COVID-19 will further increase the financial challenges and may impact on current plans to meet demands. In line with the Board's agreed approach to IJB financial planning, budget plans have been and continue to be developed across IJB health and social care functions with the objective that overall health and social care considerations are taken into account in joint IJB / Partner financial planning.

An updated four year financial plan taking account of funding and expenditure assumptions was reported to the Board on 23 April 2019. At this stage, the level of uncertainty around COVID-19 financial implications makes it extremely difficult to undertake a more detailed update of the medium term financial plan, but a high level financial outlook based on currently available funding assumptions was presented to the Board on 30 June 2020. Based on current planning assumptions, IJB resources are estimated to increase by £6.9 million over the three year period to 2022/23. As funding and cost implications linked to COVID-19 become clearer over the coming months, current future year planning assumptions will be updated accordingly.

The nature of medium to long term financial planning means that identifying expenditure and funding growth for future years is challenging and uncertain under any circumstances and COVID-19 only increases the uncertainty. However, it is widely acknowledged by bodies such as Audit Scotland and CIPFA that a short-term annual budgeting process is not conducive to achieving the aims consistent with planning to meet future demands and prioritising resources to achieve this and therefore the objective will be to further develop the medium term financial plan during 2020/21 as the implications of COVID-19 become clearer.

Significant risks over 2020/21 and the medium term can be summarised as follows:

- COVID-19 represents an unprecedented challenge for delivery of health and social care services and, as part of this, it is evident that there will be material financial cost implications and ongoing risks around delivery of health and social care functions
- The wider financial environment continues to be challenging, with a high degree of uncertainty in the economy due to COVID-19. Significant increase in Government debt levels associated with the range of economic measures introduced to support the economy may have implications for public sector funding levels over future years
- Uncertainty around Brexit remains a significant risk particularly around the trade deal negotiations with the European Union and the timescale for agreement of the 31 December 2020. Failure to do so could have a significant impact on the economy and

disrupt supply chains and may impact on future levels of funding available to the public sector

- Increased demand and expectations around services alongside constrained resources could impact on delivery of health and social care services
- The impact of demographic changes is particularly relevant to West Lothian, which is forecast to have the highest growth in Scotland in the over 75 years age group
- Additional costs associated with new legislative and policy requirements may not be accompanied with adequate additional funding resources
- Failure to implement new models of care which are necessary to shift the balance of care, and allow effective care to be delivered within the resources available and in line with the IJBs Strategic Plan

An update on the position with key financial risks is provided at each meeting of the Board to ensure there is effective scrutiny and monitoring of these risks.

### **IJB Risk Management**

In accordance with the Risk Management Strategy approved by the IJB, all agreed risks are reported to the IJB Senior Management Team every two months, to the IJB Audit, Risk and Governance Committee every 6 months, and to the IJB annually. In addition, an update on all risks categorised as high are reported to each meeting of the Audit, Risk and Governance Committee.

Key aspects used in the reporting of IJB risks are the internal controls in place to reduce the level of risk and updates on risk action measures which are intended to further reduce the level of risk.

### **Conclusion**

The fourth year of West Lothian Integration Joint Board having responsibility for delegated functions and resources has seen the approval of a new Strategic Plan and a range of Strategic Commissioning Plans for client care groups. As well as further development of performance reporting and medium term financial planning, the IJB has successfully overseen the delivery of all core services and the development and implementation of major service changes such as those associated with reducing delayed discharges, achieving priorities in relation to Mental Health and continuing to implement the Primary Care Improvement Plan.

There has been increased joint working across health and social care to integrate service delivery including through the Integrated Discharge Hub to support older people to stay in their homes and to return home from hospital as soon as possible. The new care at home contract has been successful in providing additional capacity to help meet community care needs. Prudent financial management and close joint working with NHS Lothian and West Lothian Council has allowed the IJB to successfully deliver on a range of outcomes and manage delegated financial resources within a challenging financial and operating environment.

The pace of change will continue to be challenging and the impact of COVID-19 has created a further unprecedented challenge to health and social care service delivery to the public, the full impact of which is still uncertain. A joined up approach to strategic and financial planning, taking account of the impact of COVID-19 on service delivery, will be key to ensuring that the

future delivery of quality care services to the West Lothian population is managed within available resources.

We would like to acknowledge the significant effort of all the NHS Lothian and West Lothian Council staff in supporting the IJB and look forward to building on the progress that has been made during 2019/20.

Harry Cartmill  
Chair

Allister Short  
Chief Officer

Patrick Welsh  
Chief Finance Officer

22 September 2020

## STATEMENT OF RESPONSIBILITIES

### **Responsibilities of the Integration Joint Board**

The Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts

I confirm that these Annual Accounts were approved for signature at a meeting of the West Lothian Integration Joint Board on 22 September 2020.

Signed on Behalf of West Lothian Integration Joint Board

Harry Cartmill  
Chair of West Lothian Integration Board  
22 September 2020

## **Responsibilities of the Chief Finance Officer**

The Chief Financial Officer is responsible for the preparation of the Integration Joint Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the chief financial officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with legislation
- complied with the local authority Code (in so far as it is compatible with legislation)

The chief financial officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the financial statements give a true and fair view of the financial position of the West Lothian Integration Joint Board as at 31 March 2020 and the transactions for the year then ended.

Patrick Welsh  
Chief Finance Officer  
22 September 2020

## REMUNERATION REPORT

### Introduction

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit and all other sections of the Remuneration Report will be reviewed by Ernst and Young LLP and any apparent material inconsistencies with the audited financial statements will be considered as part of their audit report.

### Remuneration: IJB Chair and Vice Chair

The voting members of the IJB are appointed through nomination by West Lothian Council and NHS Lothian. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other Board members relating to their role on the IJB. The IJB does not reimburse the relevant Partner organisations for any voting board member costs borne by the Partner.

The details of the Chair and Vice Chair appointments are shown below.

Name	Post(s) Held	Nominated by
Martin Hill	Chair 01/04/19 to 20/09/19	NHS Lothian
Harry Cartmill	Vice Chair 01/04/19 to 20/09/19  Chair 21/09/19 to 31/03/20	West Lothian Council
William McQueen	Vice Chair 21/09/19 to 31/03/20	NHS Lothian

NHS Lothian remunerates its non-executive members on a notional day basis. That is, they are paid a fixed annual amount which is considered to represent payment for one day per week. Those non-executive members of the NHS Lothian Board, who are also Chairs or Vice Chairs of IJBs, are given an additional day's remuneration per week by NHS Lothian in recognition of the additional time required to undertake those roles. Martin Hill and William McQueen, as non-executive members of NHS Lothian Board and also Chair and Vice Chair respectively of West Lothian IJB during 2019/20, have received an additional day's remuneration for the period they held these roles in 2019/20. Martin Hill received remuneration of £4,292 for April 2019 to September 2019 (£8,416 for 2018/19) and William McQueen received remuneration of £4,292 for October 2019 to March 2020 (£0 for 2018/19).

There were no IJB specific expenses recorded for voting members of the IJB during 2019/20 (2018/19 Nil). Any expenses claimed by voting members are paid through the relevant IJB Partner organisation. The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

### Remuneration: Officers of the IJB

The IJB does not directly employ any staff in its own right, however specific post-holding officers are non-voting members of the board. Under the terms of the governing legislation the Chief Officer is the Board's only member of staff. Allister Short was appointed to that post from 30 September 2019 after the retirement of Jim Forrest, the previous postholder.

The remuneration of the Chief Officer is set by the employing body. In line with the Public Bodies (Joint Working) (Scotland) Act 2014, the Chief Officer and the Chief Finance Officer are regarded as employees of the Integration Joint Board when undertaking duties for the Board in relation to delegated functions. Both the Chief Officer and Chief Finance officer also have operational roles within NHS Lothian and / or West Lothian Council and it is estimated that approximately 50% of their time is associated with IJB duties. For the purposes of the IJB remuneration report and transparency of their salary costs, their full year or full year equivalent remuneration has been shown.

<b>Total 2018/19 £'000</b>	<b>Senior Employees</b>	<b>Salary, Fees &amp; Allowances £'000</b>	<b>Compensation for Loss of Office £'000</b>	<b>Total 2019/20 £'000</b>	<b>Full Year Equivalent 2019/20 £'000</b>
107	Jim Forrest Chief Officer  01/04/19 to 29/09/19	58	Nil	58	107
N/A	Allister Short Chief Officer  30/09/19 to 31/03/20	46	Nil	46	96
68	Patrick Welsh Chief Finance Officer	71	Nil	71	71
<b>175</b>	<b>Total</b>	<b>175</b>	<b>Nil</b>	<b>175</b>	<b>274</b>

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing Partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers. The IJB has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Senior Employee	In Year Pension Contributions		Accrued Pension Benefits		
	For Year to 31/03/19 £	For Year to 31/03/20 £		Difference from 31/03/19 £'000	As at 31/03/20 £'000
Jim Forrest Chief Officer 01/04/19 to 30/09/19	15,970	4,009	Pension	1	60
			Lump sum	3	181
Allister Short Chief Officer 30/09/19 to 31/03/20	N/A	9,634	Pension	N/A	21
			Lump sum	N/A	39
Patrick Welsh Chief Finance Officer	14,248	15,027	Pension	2	22
			Lump sum	1	26
<b>Total</b>	<b>30,218</b>	<b>28,670</b>	<b>Pension</b>	<b>7</b>	<b>349</b>

### Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000

Number of Employees in Band 2018/19	Remuneration Band	Number of Employees in Band 2019/20
0	£55,000 - £59,999	1
1	£65,000 - £69,999	0
0	£70,000 - £74,999	1
1	£105,000 - £109,999	0

### Exit Packages

The IJB did not support nor did it direct to be supported by its partners, any exit packages during 2019/20 (2018/19 Nil).

Allister Short  
Chief Officer

Harry Cartmill  
Chair

22 September 2020

## **ANNUAL GOVERNANCE STATEMENT**

### **Corporate Governance**

Corporate governance is comprised of the systems, processes, culture and values by which the Board is directed and controlled, and the activities through which it is accountable to, engages with and leads the West Lothian community in relation to its statutory functions. It is the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Board, Board members and individuals working for and supporting them must try to achieve the Board's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The Board and its members, voting and non-voting, have overall responsibility for good governance arrangements – for establishing the Board's values, principles and culture, for ensuring the existence and review of an effective governance framework, and for putting in place monitoring and reporting arrangements. Corporate governance is an essential back-office corporate service necessary to assist the effectiveness of setting, monitoring, achieving and reporting on priorities and outcomes, both national and local.

Whilst retaining its responsibility and overview of those arrangements, the Board has entrusted the delivery of some of those tasks to committees (especially its Audit, Risk & Governance Committee) and to its Chief Officer and to officers employed by West Lothian Council and NHS Lothian who serve and support the Board. That delegation does not remove or negate the responsibility of all the Board's members for governance.

The statutory relationship amongst the Board, the council and the health board is a complex one. The Integration Scheme contains the agreement reached between the council and the health board in seeking to have the Board established. It cannot be changed without going through a formal statutory review process. The Board's governance arrangements provide the additional guidance and control necessary to make that relationship work for the benefit of service users and other stakeholders. The governance framework is made up of corporate documents, policies and procedures which are designed to guide and assist the Board in doing its business in accordance with the law and with proper standards and principles, so ensuring that public money is safeguarded and used economically, efficiently and effectively, and fulfilling the statutory duty to secure best value.

The conclusion and assurance in this statement is based on the annual review of the system of internal control, the best value assurance statement, the Local Code of Corporate Governance and the progress made on governance areas of concern. Areas of concern where work is required have been identified and the impact of the COVID-19 pandemic is not yet known. However, the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2019/20

### **Structure and Powers**

The Board is a statutory body established by the Scottish Parliament. It is responsible for the integrated functions delegated to it by the council and the health board. It makes a strategic plan for delivery of the health and social care services which go along with the integrated functions. It receives financial contributions from the council and health board, and to a small

extent directly from the Scottish Government. It then directs the council and the health board in how they should deliver the integrated functions on its behalf and allocates financial resources to allow them to do so. The Board has responsibility for adult and older people's health and social care services. Those for children and young persons and criminal justice services are delivered directly by the council and the health board through separate voluntary partnership working arrangements.

Legislation requires that the Integration Scheme is reviewed by the council and the health board at least every five years. The Board has no control over that process. That first review was scheduled to be concluded by June 2020. The process was started and a timetable was agreed with the Board being a formal consultee. Due to the intervention of the COVID-19 emergency the process could not be progressed after council and health board prioritised resources for tackling the pandemic and it has been formally abandoned. The current Integration Scheme will remain in place until the review process is completed and changes are approved by the Ministers. The operation of the Board will not be affected and will continue under the current Scheme. The review will be revisited by council and health board in the latter part of 2020. There remains significant uncertainty around the ongoing implications of COVID-19 and a timetable will be set by them in light of prevailing and predicted pandemic circumstances. The Board's participation as a consultee has been included in the list of issues to be addressed in 2020/21 (page 32).

The Board has delegated some of its responsibilities to other internal bodies:

- It established an Appointments Committee to fill the posts of Director, Chief Financial Officer, Internal Auditor and Standards Officer. It met in 2019 to secure the replacement of the retiring Director. A successful process was followed in partnership with the council and the health board and the new Chief Officer took up his position in September 2019
- It established an Audit Risk & Governance Committee with scrutiny powers in relation to risk management, corporate governance and internal and external audit reports. It meets quarterly and the public has access to its meetings and meeting papers
- It established the Strategic Planning Group in accordance with legislation and guidance in relation to development, review and progressing the strategic plan
- It established a Health and Clinical Care Governance Group, chaired by a Board member, to provide a focus for clinical and social care issues and concerns and to advise the Board where appropriate
- In April 2019 the Board approved a revised strategic planning structure. It is designed around Planning & Commissioning Boards with remits designed to ensure delivery of the revised Strategic Plan 2019/23

The remits, powers, operating arrangements and reporting structures of all of these internal bodies were reviewed in 2019/20 and changes were approved by the Board after considering officers' recommendations. The Board decided to amalgamate the Locality Groups into the Strategic Planning Group. It also decided that the Strategic Planning group meetings should not have to take place in public to enable them to become less bound by procedural formalities and to assist the exchange and expression of views. There is though wide stakeholder representation, the minutes of the meetings are however still reported to the Board in public and the Group is now chaired by the Board's Vice-Chair.

All of the Board's activities are carried out within the terms of relevant legislation, guidance and the statutory Integration Scheme. Its decision-making is carried out under Standing Orders and other internal rules and procedures which are reviewed on a three-year cycle. They are principally made up of:

- Standing Orders, governing the way Board and committee meetings are conducted
- Remits and procedural rules for committees, working groups and the new Planning & Commissioning Boards
- Scheme of Delegation to Officers setting out the responsibilities and powers allocated to senior officers
- Financial Regulations which set the rules and procedures for financial, budget and treasury management
- Strategic Plan and its accompanying Annual Financial Statement

Standing Orders, the Scheme of Delegations, Financial Regulations, committee remits were all reviewed with recommended changes approved by the Board. A new Strategic Plan was also approved in the current reporting year.

The Board must publish a statutory performance report within 4 months of the end of any financial year. It requires information from the council and the health board in relation to their performance of the integrated functions which have been specified in Directions issued by the Board. That also means that regular and periodic information is required to allow service performance to be assessed continuously and to inform the annual report. That information is provided with reference to a list of agreed indicators and from that the Board maintains its own performance records against the commitments and outcomes given in its Strategic Plan. Those reports are considered at Board meetings and so all members are aware of performance information and concerns. Performance management and reporting arrangements have been under review during the year. All of the Board's statutory annual performance reports are available on its website.

The Board's Financial Regulations call for quarterly budget monitoring reports to be presented to the Board. They also call for regular periodic budget and financial assurance reports to the Board to enable it to proceed with the budgetary process, the publication of its annual financial statement and issuing Directions to the council and health board. These reports have been and will continue to be made as required.

The Board has adopted a Risk Management Strategy. Risks and the developing Risk Register are periodically reported to and were considered at the Board, the Strategic Planning Group and Audit, Risk & Governance Committee meetings.

## **The Board**

The Board's membership and operating arrangements are controlled by statute. Board decisions are made by eight voting members, four from each of the council and the health board. It also has non-voting members who are senior council or health board professionals or are representatives of the users and providers of health and social care services. A full review of membership of the Board was carried out and renewed during the year.

There have been some changes to the Board's voting members during the year but fewer than in the preceding year. Induction and development sessions have taken place. In accordance

with the Integration Scheme, the Chair was taken by a council member in September 2019 with a health board member taking the position of Vice-Chair. At the same time the position of Chair and Vice-Chair of the Audit, Risk & Governance Committee switched between the council and the health board.

The Board continues to meet approximately every six weeks. It maintains a Work Plan which is reviewed at every meeting. That is now accompanied at every meeting by an annual calendar of reporting and review deadlines. The Board's work has been assisted by a series of Board development sessions outside the constraints of a formal meeting when discussions could take place about issues of growing or particular concern and the long-term plans for the Board and its work. The Board deals with significant strategic and financial decisions and monitors and oversees financial and service performance and risk monitoring arrangements. It meets in public except in very strictly defined circumstances. All of its meetings in the year were open to the public apart from meetings of the Appointments Committee.

The Board has developed its participation in the West Lothian Community Planning Partnership. The Board is a statutory community planning partner and is represented on the Community Planning Partnership Board by the Chief Officer. Periodic reports are brought to the Board, or in the Chief Officer's report, to inform Board members of developments within the Partnership.

The Board now also participates in the Strategic Planning Committee, a strategic partnership committee amongst the health board and the integration joint boards within the health board area. It aims to increase cooperation amongst the bodies involved and secure and promote efficient planning where there are common themes and pressures shared by all concerned.

Chief Officer reports are now standing items on the agendas for Board meeting and those enable things like the community planning activities to be brought to the attention of the Board and the public.

## **Management**

Under the terms of the governing legislation the Board only has one member of staff – its Chief Officer. Allister Short was appointed to that post in September 2019 after the retirement of the Director who had held the post since the inception of the Board. He heads the joint management team and staff responsible for delivering the integrated services in accordance with Board directions. He is accountable to the Board, but also to the Chief Executives of the council and the health board. His place and responsibilities are set out in the Board's Scheme of Delegations. The Chief Officer is a non-voting Board member.

The legislation which applies to the Board in relation to accounting and finance matters requires the Board to appoint a Chief Financial Officer. That role is to be performed in accordance with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). It sets out the requirement for the Chief Financial Officer to be professionally qualified and sets out the criteria for that qualification. The Board has appointed its Chief Financial Officer who fulfils these criteria and operates in accordance with the Board's Financial Regulations, reporting regularly to the Board on budgetary performance and compliance and on financial assurance. The Chief Financial Officer produces the Board's annual financial statement. The role is undertaken in accordance with the relevant statutory rules, guidance and standards. The Chief Financial Officer is a non-

voting Board member. His place and responsibilities are set out in the Board's Scheme of Delegations. In accordance with its Best Value Framework adopted during the year, the Chief Financial Officer reports each year on the extent of the Board's delivery of its statutory best value duty. That informs both the Internal Auditor's review of the system of internal control and this annual governance statement.

The Board is required to operate a professional and objective internal audit service. The council's Audit, Risk & Counter Fraud Manager is appointed as the Board's Internal Auditor. Internal audit is an independent appraisal function which examines and evaluates systems of financial and non-financial control. Internal audit operates in accordance with the "Public Sector Internal Audit Standards: Applying the IIA International Standards to the UK Public Sector" (PSIAS). An annual audit plan is prepared based on an assessment of risk and is approved by the Audit, Risk & Governance Committee. Internal audit reports are issued to the committee in relation to the outcome of all work. There is annual reporting to the committee of internal audit activities and to give assurance about the independence, effectiveness and soundness of the service.

Risk management is supervised on the officer side of the Board by the Internal Auditor. Risk management is also embedded at a service level in the senior management team which is responsible for the delivery of the Board's integrated functions. The management team monitors, assesses and mitigates risk at service level as a matter of routine at their management team meetings. That process continues at lower levels in the integrated management structure.

The Board must appoint a Standards Officer. The Standards Officer is responsible for ensuring the Board and its members meet their obligations under ethical standards legislation and the Board's Code of Conduct. The Board has appointed a Standards Officer who maintains the Board members' Register of Interest and advises on Code of Conduct issues and concerns. His appointment was approved by the Scottish Ministers in 2016. He plays a wider role in supporting the Board in meeting its expected and adopted standards of good corporate governance. He prepares this annual governance statement and reports to the Board when required on governance matters, including compliance with the Board's adopted Local Code of Corporate Governance.

The council has to appoint a senior officer with social work qualifications and experience to the statutory role of Chief Social Work Officer. The post carries the significant responsibility for statutory delivery of social care services and the right to have direct access to the council and its elected members. The Chief Social Work Officer is a non-voting member of the Board and the Board's Standing Orders ensure a similar right of access to the Board and Board members in relation to areas of professional concern. The health board has appointed an officer to a similar post in relation to health care. The holder of that post is also a non-voting member of the Board. The Board's Standing Orders give the same right of access to the Board and Board members as the Chief Social Work Officer has. Each delivers a formal annual report to the Board in connection with the discharge of their duties in relation to health and social care governance and statutory compliance.

## **Audit, Risk & Governance Committee**

The Audit, Risk & Governance Committee monitors the independence and effectiveness of the Internal Audit service provided by the council and its Audit, Risk and Counter Fraud Manager. To ensure the required degree of independence it is given periodic assurance in relation to non-internal audit functions (risk management) through the internal audit manager of Falkirk Council. The committee approves an annual audit plan and receives reports about its completion. It considers reports brought forward in relation to the work, both programmed and reactive work. It approves the annual governance statement on behalf of the Board before the Board considers it as part of its unaudited accounts and financial and other statements. Its remit and powers were reviewed during the year and minor changes were approved by the Board.

Internal Audit reports are presented to committee for information and scrutiny. They contain a finding as to the soundness of control based on the audit carried out and whether controls are satisfactory or require improvements. They set out improvement actions which have been agreed with officers. Implementation of actions and any other committee recommendations are the responsibility of the Chief Officer.

The committee also receives the external auditors' Annual Plan. Its remit enables it to consider the external audit annual report and audited accounts prior to their consideration and approval by the Board itself.

The committee also receives reports in relation to governance matters, principally reports issued by the Accounts Commission and/or Audit Scotland in relation to the Board or the health and care sector as a whole. The committee also receives the annual report on corporate governance and the annual governance statement. In 2019/20 it also received reports on progress against the governance issues identified for attention in previous annual governance statements.

Formal arrangements have been made and approved for liaison and information sharing with the Internal Auditors for the health board, the council and the other IJBs in the health board area. The Risk Management Annual Reports for council and health board were reported to the committee in 2018/19. No issues of concern arose and committee did not determine that it was necessary that the reports for 2019/20 be presented.

The Internal Audit Annual Report for 2019/20 provides details of the risk based audits undertaken for the Board, and the conclusions arising from that work. Those reports had all been submitted to the committee in the course of the year. No areas of concern or where control was found to require improvement were identified for 2019/20.

## **System of internal control**

A significant part of the Board's governance framework is its system of internal control (financial and other). It is an ongoing process designed to identify risks to the achievement of the Board's objectives; to evaluate the likelihood of those risks occurring; to consider the potential impact of the risks; and to manage them effectively. Those controls can never eliminate risk or failure to achieve objectives entirely – they can only provide reasonable and not absolute assurance. The design, development and management of the system of internal

control are undertaken by officers who support the Board and approved where required by the Board or its Audit, Risk & Governance Committee.

The system of internal financial control is designed to provide assurance on the effectiveness and efficiency of operations and the reliability of financial reporting. It is based on a framework, which includes financial regulations and a system of management supervision, delegation and accountability, supported by regular management information, administrative procedures and segregation of duties. Its key elements include a documented internal control framework relating to financial processes, procedures and regulations; a comprehensive budgeting and monitoring framework; scrutiny of periodic and annual financial and operational performance reports; performance management information; and project management disciplines.

Reporting to the Board on the effectiveness of the system of internal control is a statutory requirement carried out by the Board's Internal Auditor. It is included in his Internal Audit Annual Report in May or June each year. Its consideration precedes and informs this statutory annual governance statement which requires approval by or for the Board and incorporation into the annual accounts and financial statements.

Based on internal audit work and reports throughout the year the Internal Auditor identifies areas where improvements are required and confirms that recommendations will be followed up and reported. The Audit, Risk & Governance Committee is informed of agreed actions and deadlines for completion. It seeks assurances from responsible officers on progress through follow-up reports where so advised.

Following the review for 2019/20 the Internal Auditor's conclusion, reported to and accepted by committee in May 2020, is that the framework of governance, risk management and control is sound.

### **Code of Corporate Governance**

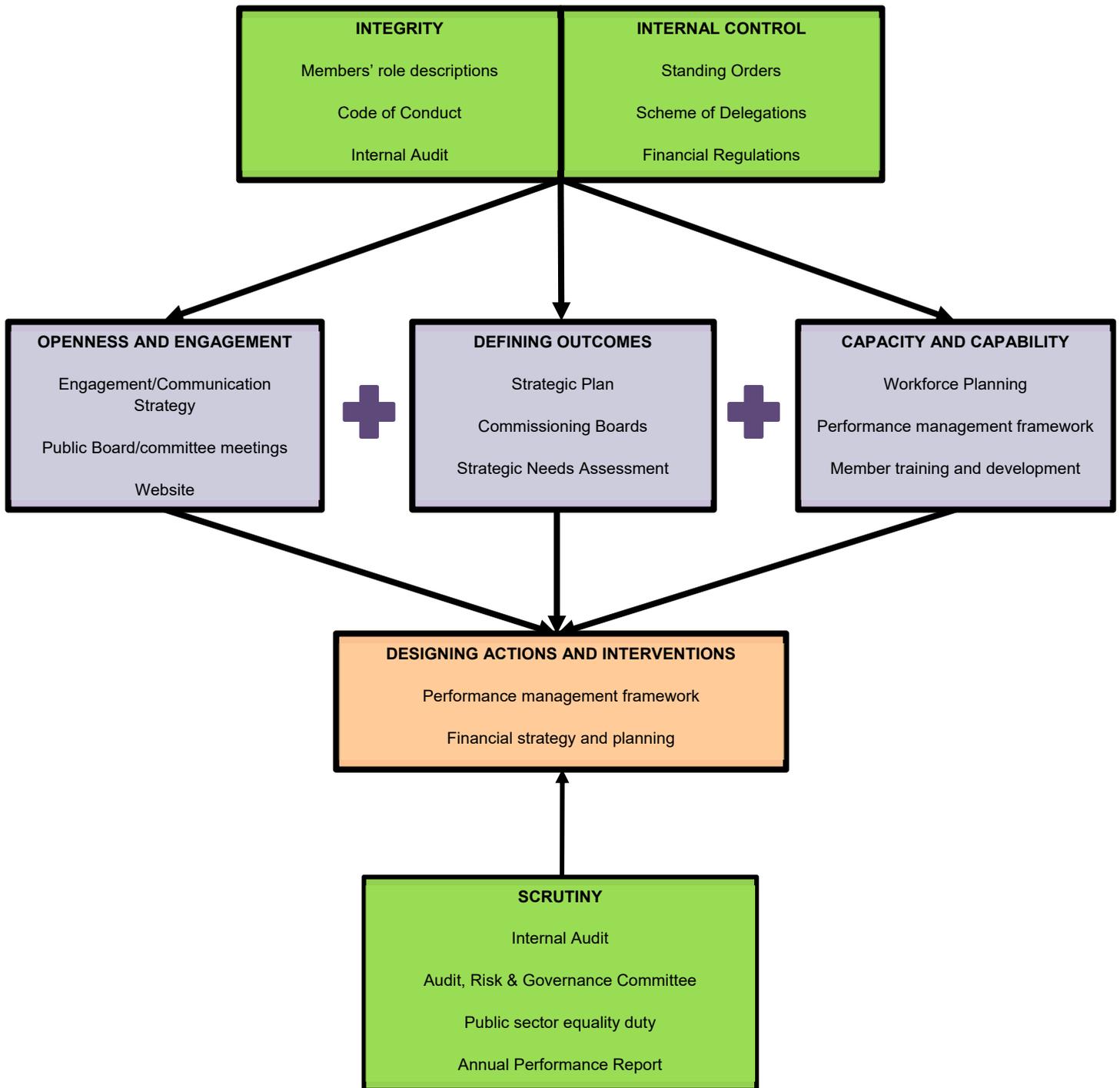
The Board's governance arrangements are assessed and reported in accordance with statutory requirements and under a Framework and accompanying Guidance for Scotland called "Delivering Good Governance in Local Government", produced by CIPFA/SOLACE in 2016. In 2017/18 a new Local Code of Corporate Governance was developed and adopted under that Framework and Guidance. The annual governance statement was produced under that Framework for 2017/18 and has been since.

The Code adopts the seven over-arching principles from the Framework which are: behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law; ensuring openness and comprehensive stakeholder engagement; defining outcomes in terms of sustainable economic, social, and environmental benefits; determining the interventions necessary to optimise the achievement of the intended outcomes; developing the Board's capacity, including the capability of its leadership and the individuals within it; managing risks and performance through robust internal control and strong public financial management; and implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Each of those principles is broken down into sub-principles and then separate elements to allow a more focused approach to the components of each. A list of sources of evidence is included and the Board's actions and performance over the year are assessed to determine

where it exceeds, meets or fails to meet the required standards. Areas of concern are picked out and reported on through the annual reporting process. Actions are identified and allocated and progress monitored through reporting to Board and committee. The Code is used to inform the drafting and approval of the annual governance statement. The seven principles and their interaction and some of the key evidence for each are shown in the following diagram.

**GOVERNANCE PRINCIPLES**



The Code was formally reviewed during the reporting year. The Audit, Risk & Governance Committee and then the Board considered recommendations concerning the standards and evidence included in the Code and the methods by which the Code is populated and monitored throughout the year. The recommendations were accepted and the Code has been produced this year in accordance with the newly-approved arrangements and with the amendments approved by the Board in September 2019.

The fully-populated Code was reported to committee in May 2020. Compliance with the Code's standards has improved significantly. This is the result of work in areas such as the review of Standing Orders and the Scheme of Delegations; the review of Financial Regulations; approval of the new Strategic Plan; approval of the Communication and Engagement Strategy; review of the Code of Conduct; concluding reporting on workforce planning; refreshment of the clinical and care governance arrangements; and the revised Strategic Planning Group structures. The most significant non-compliance is the outstanding work on compliance with the Data Protection Act 2018 and the appointment of a permanent Data Protection Officer.

The Chief Financial Officer has again prepared a best value framework annual statement. It is part of the framework approved by the Board in September 2018 to enable it to gain the assurance it requires on the extent of its compliance with its statutory best value duty. That statement was reported to Audit, Risk & Governance Committee in May 2020. Along with the Internal Auditor's review of the system of internal control and the Board's Code of Corporate governance it informs and underpins this annual governance statement. The Chief Financial Officer has concluded and has certified that the Board's best value duties were substantially complied with in 2019/20. He has commented on two areas for improvement (data protection compliance and succession planning) that require improvement. Those are highlighted elsewhere in this statement and in the Local Code of Corporate Governance. The committee accepted the assurances given.

### **Past and present governance issues**

Governance reporting in previous years has identified areas of concern and issues to be addressed by officers and members. In reporting this year, the issues carried forward from previous years have been amalgamated with a view to demonstrating the continuous improvement in governance terms and showing how issues have been dealt with where they cross the ends of the reporting years. Those issues were reported regularly to the Chief Officer's senior management team throughout the year for monitoring. A report against progress was made to the Audit, Risk & Governance Committee in December 2019. Progress made since then has been noted and considered at management team meetings. Issues have been added as they have arisen during this reporting year. Some of those have been pursued already, some are longer-term issues. These past and present matters of concern were reported in detail to the committee in May 2020 as part of the end of year governance cycle.

There was a substantial degree of progress in tackling the governance issues identified in last year's statement. That was the result of concerted efforts in relation to things such as the review of Standing Orders and the Scheme of Delegations; the review of Financial Regulations; approval of the new Strategic Plan; approval of the Communication and Engagement Strategy; review of the Code of Conduct; concluding reporting on workforce planning; refreshment of the clinical and care governance arrangements; and the revised Strategic Planning Group structures.

A report was made to committee in May 2020 showing issues outstanding, progress made and issues remaining for attention. There were 24 issues identified for work in last year's statement arising from the last three reporting years. Of those, 11 had been completed and deleted after interim reporting to committee. The remaining 13 issues were reported to committee in May 2020. Committee accepted officers' recommendation that 9 had been completed and could be deleted. Committee agreed that the remaining 4 matters should be carried forward and progress be monitored and reported to Audit, Risk & Governance Committee during the year and again at the year end.

The four issues carried forward are

- Ensuring full compliance with GDPR and the Data Protection Act 2018 including securing the appointment of a permanent Data Protection Officer
- Arrangements for succession planning for members and officers
- Continuing with actions agreed arising from consideration of a suite of external reports in 2018 and 2019 on local government, health service and integration joint boards
- Reviewing the new structure of planning and commissioning boards put in place to support the Strategic Plan and the Strategic Planning Group

Of those, the most significant and the one presenting the most risk is the conclusion of work to ensure data protection compliance. However, the Board holds no personal data in relation to service users or carers: that is held by council and health board. In those circumstances the risk presented by any non-compliance is not considered to threaten or materially affect the operations or finances of the Board. while this issue is fully addressed.

#### **Matters to be considered in 2020/21**

Based on consideration of progress on the matters of governance concern set out in the appendix, the Internal Auditor's review of the system of internal control, the Chief Finance Officer's Best Value Compliance Statement and information noted in the Code of Corporate Governance these are the issues of concern that the Board is recommended to address in 2020/21:

- The four issues referred to in the bullet points above
- Ensuring Board awareness of the PREVENT agenda, based on UK guidance
- Educating Board members on the Standards Commission's Advice Note on the role of members of integration joint boards
- Taking into account the Scottish Government's long-awaited guidance to integration joint boards, councils and health boards on Directions
- Considering the lessons to be learned from the Accounts Commission report in March 2020 on Fife Integration Joint Board
- Participating in the resumed review by the council and health board of the Integration Scheme
- Carrying out a review of the Board's reaction to the COVID-19 pandemic and the role it played in tackling the emergency
- Reviewing the role descriptions for Board members, due in February 2021
- Reviewing the template for officers' reports, due in February 2021
- Reviewing the Strategic Planning group structure, due in April 2021

- Receiving the first annual report of activity under the Communication and Engagement Strategy
- Ensuring compliance with the refreshed Clinical & Care Governance arrangements
- Returning to the risks posed by the departure of the UK from the European Union, likely to be completed at the end of the transition period in December 2020
- Review of the Best Value Framework as the external audit approach to best value in integration joint boards is developed

Progress will be tracked through senior management team meetings and interim reports to committee. Committee has the power to call for stand-alone reports on individual issues causing particular concern.

## **COVID-19**

The most significant COVID-19 risks and COVID-19 related work occurred after the end of the reporting year. However, the planning for COVID-19 started in early March 2020 and will be ongoing when this statement is approved and considered as part of the audited accounts.

The preparation of the annual accounts and this statement has continued in accordance with the normal statutory timescales. Their production has not been materially affected by the emergency or the diversion of resources to other areas. Sufficient information has been available to inform this statement and it has not been considered that the assurances given in relation to corporate governance for 2019/20 require to be qualified or restricted at this date.

As stronger guidance and then statutory rules emerged from the UK and Scottish Governments and Parliaments about restrictions on movement, gatherings and business/premises operations a decision was taken to cancel the Board meeting scheduled for 21 April 2020 and all internal meetings until further notice. This decision was made in the context of existing provisions in the Standing Orders and the Scheme of Delegations conferring wide emergency powers on officers. No urgent or temporary changes were required to Standing Orders or the decision-making structure. A record has been kept of the use of those powers, relevant members have been consulted where required, and all actions taken will be reported to members and in public at the first available meeting. Board members have had updates sent to them by email to keep them informed of some of the more significant issues being addressed.

Emergency coronavirus legislation allowed public bodies such as integration joint boards to choose to postpone compliance with statutory duties to publish annual and other reports concerning its functions and services. That power has not yet been used. In particular, the statutory annual performance report was published timeously.

In accordance with guidance and then regulations, council and health board facilitated as far as possible working from home, requiring urgent investment by them in IT and temporary modification of HR policies and procedures.

Early information on the impact of COVID-19 on the Board was reported by the Chief Officer and the Chief Finance Officer to the Board at its scheduled meeting in June 2020. That was still at an early stage in assessing the financial cost and impact on services delivered by council and health board and their compliance with Directions. An update was provided to the Board at its meeting on 11 August 2020. Ongoing costs and service consequences will be

incorporated into the regular budget monitoring reports. In addition, on 30 June 2020, the Board instructed a full review of the risk register in relation to COVID-19, to be reported to Audit, Risk and Governance Committee on 9 September 2020.

One significant development was the establishment of the Scottish Government-mandated multi-disciplinary Care Home Clinical and Care Professional Oversight Team to coordinate and oversee arrangements in care homes to contain and tackle the coronavirus. The Chief Officer has responsibilities as a member of the Team along with the council's Chief Social Work Officer (a non-voting Board member). With those responsibilities goes accountability and arrangements will be required to ensure the Board is sighted on its role and its Chief Officer's role. His report to the Board on 30 June 2020 included a brief explanation of the purpose and work of this Team. Further information will be provided at future meetings.

As is good practice after reacting to any form of business continuity event a debrief will be conducted of the Board's reaction to the emergency and that will include consideration of the decision-making and other governance arrangements during the emergency. This statement has been updated under delegated powers where appropriate prior to finalisation of the annual accounts.

### **Conclusion and assurance**

Based on the Board's governance framework described in this statement the Board and the West Lothian community can be assured that the Board's corporate governance standards have been substantially met in 2019/20.

There are however areas for improvement which should be addressed by officers and referred to Audit, Risk & Governance Committee for monitoring and control. Consideration should be given as to whether any of those issues and actions requires formal recognition or reassessment in the Board's Risk Register.

Allister Short  
Chief Officer

Harry Cartmill  
Chair

22 September 2020

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost of providing services for the year according to accepted accounting practices.

The figures within the income and expenditure account above take account of all relevant accounting entries to reflect the year end income and expenditure recorded in the ledgers for NHS Lothian and West Lothian Council in respect of West Lothian IJB functions for 2019/20.

The figures have been prepared in line with appropriate accounting policies required to provide a true and fair view in accordance with annual accounts requirements.

2018/19			2019/20			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
188,178	0	188,178	Health Services	199,097	0	199,097
63,515	0	63,515	Social Care Services	69,698	0	69,698
28	0	28	Corporate Expenditure	30	0	30
251,721	0	251,721	Cost of Services	268,825	0	268,825
0	(252,201)	(252,201)	Taxation and Non-Specific Grant Income	0	(268,408)	(268,408)
<b>251,721</b>	<b>(252,201)</b>	<b>(480)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>268,825</b>	<b>(268,408)</b>	<b>417</b>

### **MOVEMENT IN RESERVES STATEMENT**

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

#### **Movement in Reserves During 2019/20**

	General Fund Balance £'000
Opening Reserve Balance at 1 April 2019	480
Drawdown of Reserve Balance During Year	(480)
Addition to Reserves During Year	63
(Decrease) or Increase in Reserves in 2019/20	(417)
<b>Closing Reserve Balance at 31 March 2020</b>	<b>63</b>

#### **Movement in Reserves During 2018/19**

	General Fund Balance £'000
Opening Reserve Balance at 1 April 2018	0
Addition to Reserves During Year	480
(Decrease) or Increase in Reserves in 2018/19	480
<b>Closing Reserve Balance at 31 March 2019</b>	<b>480</b>

## BALANCE SHEET

The Balance Sheet shows the value of the IJB's assets and liabilities as at the balance sheet date. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2019 £'000		Notes	31 March 2020 £'000
480	Short term Debtors	6	63
480	<b>Current Assets</b>		63
0	Short term Creditors	7	0
0	<b>Current Liabilities</b>		0
0	Provisions	2	0
0	<b>Long-term Liabilities</b>		0
480	<b>Net Assets</b>		63
480	Earmarked Reserves: General Fund	4	63
480	<b>Total Reserves</b>		63

The unaudited accounts were issued on 30 June 2020 and the audited accounts were authorised for issue on 22 September 2020.

Patrick Welsh  
Chief Finance Officer  
22 September 2020

## NOTES TO THE ANNUAL ACCOUNTS

### **1. ACCOUNTING POLICIES**

#### 1.1 General Principles

The West Lothian Integration Joint Board is formed under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a joint venture between West Lothian Council and NHS Lothian.

Integration Joint Boards (IJBs) are specified as section 106 bodies under the Local Government (Scotland) Act 1973 and as such are required to prepare their Annual Accounts in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom. The Statement of Accounts present a true and fair view of the financial position of the Integration Joint Board as at 31 March 2019 and its income and expenditure for the year then ended.

The Annual Accounts summarise the Integration Joint Boards transactions for the 2019/20 financial year and its position at the year end of 31 March 2020.

#### 1.2 Accruals of expenditure and income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- All known specific and material sums payable to the IJB have been brought into account.
- Suppliers are recorded as expenditure when they are consumed. Expenses in relation to services received are recorded as expenditure when the service is received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### 1.3. Going Concern

The IJB financial statements for 2019/20 have been prepared on a going concern basis. The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973. In accordance with the CIPFA Code of Local Government Accounting (2019/20), the IJB is required to prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity. This has been reinforced by the most recent CIPFA guidance bulletin 05 (closure of the 2019/20 financial statements) which states that while there is likely to be a significant impact of Covid-19 on local authority financial sustainability, the rationale for the going concern basis of reporting has not changed. The accounts are prepared on the assumption that the IJB will continue in operational existence for the foreseeable future.

The IJB's funding from and commissioning of services to partners has been confirmed for 2020/21, and a medium term financial plan has been prepared through to 2022/23. The IJB is working within the context of the Covid-19 pandemic, an unprecedented global crisis. Work is ongoing through the mobilisation plan prepared by the IJB at the request of the Scottish Government to quantify the impact of Covid-19 on the IJB's financial performance going forward. However, ultimately additional costs will be met by the IJB's partners in line with the integration scheme. Therefore, the IJB considers there are no material uncertainties around its going concern status.

#### 1.4 Accounting Convention

The accounts are prepared on a historical cost basis.

#### 1.5 Funding

The Integration Joint Board receives contributions from its funding Partners namely West Lothian Council and NHS Lothian to fund its services. Expenditure is incurred in the form of charges for services provided to the IJB by these Partners.

#### 1.6 Post Balance Sheet Events

In accordance with the requirements of International Accounting Standards 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date that the accounts were certified by the Chief Finance Officer following approval by the Board.

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Annual Accounts are authorised for issue. Two types of events can be identified.

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period. The Annual Accounts is adjusted to reflect such events.
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period and the Statements are not adjusted to reflect such events. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

In early 2020 the existence of a new coronavirus (Covid-19) was confirmed which has since spread across a significant number of countries, leading to disruption to businesses and economic activity, including significant disruption to the activity and future plans of all UK Government bodies. While the emergence of Covid-19 is not a post balance sheet event in itself, the potential impact from developments after the 31 March 2020 yearend have been considered accordingly for disclosure in the financial statements. These developments include:

- Changes to service delivery arrangements for delegated functions which were developed and implemented as part of the West Lothian Health and Social Care Mobilisation Plan response to the pandemic.
- This included the establishment of a West Lothian PPE Centre, GP video conferencing, closure of day care centres with staff teams redirected to provide outreach services and increased support to care homes and care at home providers.

- Limited additional expenditure incurred during 2019/20 in relation to the pandemic is included in the accounts for the year.
- There will be material financial implications during 2020/21, which will apply to next year's financial statements. In particular, additional costs resulting from Covid-19 are estimated to be £7.1 million. Against this, initial additional funding provided by the Scottish Government to date is £2.658 million.

From our assessment we have not identified any financial impact on the 31 March 2020 financial position.

### 1.7 Material Items of Income and Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Income and Expenditure Statement or in the notes to the Accounts, depending on how significant the items are to an understanding of the IJB's financial performance.

### 1.8 Related Party Transactions

Related parties are organisations the IJB can control or influence or who can control or influence the IJB. As Partners in the Joint Venture of West Lothian IJB, both West Lothian Council and NHS Lothian are related parties and material transactions with those bodies are shown in line with the requirements of IAS 24 Related Party Disclosures.

### 1.9 Support Services

Support services were not delegated to the IJB and are provided by the Council and the Health Board free of charge as a 'service in kind'. This is consistent with VAT advice and means that support services to the IJB are outside the scope of VAT. This arrangement was set out in a report to the IJB on 16 February 2016. The list of support services provided to the IJB by West Lothian Council and NHS Lothian is summarised as follows:

- Human Resources
- Internal Audit and Risk Management
- Information Technology
- Buildings Accommodation
- Property / Facilities Management
- Learning and Development
- Health and Safety
- Committee Services
- Procurement Services
- Financial Services
- Corporate Communications
- Legal Services

### 1.10 VAT

The IJB is not VAT registered. The VAT treatment of expenditure in the IJB's accounts depends on which of the Partner agencies is providing the service as these agencies are treated differently for VAT purposes.

Where the Council is the provider, income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to H.M. Revenue & Customs and all VAT paid is recoverable from it. The Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from H.M. Revenue and Customs.

Where the NHS is the provider, expenditure incurred will include irrecoverable VAT as generally the NHS cannot recover VAT paid as input tax and will seek to recover its full cost as income from the Commissioning IJB.

## **2. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY**

The critical judgements made in the Financial Statements relating to complex transactions are:

- The partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations' options that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none)
- The Annual Accounts contain estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
- There are no items in the IJB's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming year.

## **3. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

### **3.1 Provisions**

Provisions are made where an event has taken place that gives the IJB a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of obligation.

Provisions are charged as an expense to the appropriate service line in the Income and Expenditure Statement in the year that the IJB becomes aware of the obligation and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision held in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

### 3.2 Contingent assets and liabilities

A contingent asset or liability arises where an event has taken place that gives the IJB a possible obligation or benefit whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the IJB. Contingent liabilities or assets also arise in circumstances where a provision would otherwise be made but, either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts where they are deemed material. A review of potential contingent assets and liabilities has been undertaken for the IJB and none have been identified at 31 March 2020.

#### **4. RESERVES**

	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
Alcohol and Drug Partnership Funding	0	290
Action 15 Mental Health Funding	63	190
<b>Total</b>	<b>63</b>	<b>480</b>

#### **5. CORPORATE EXPENDITURE**

	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
Audit Fee	27	25
CNORIS Fee	3	3
<b>Total</b>	<b>30</b>	<b>28</b>

Note – the corporate expenditure is shown within the segmental reporting expenditure and funding table.

#### **6. SHORT TERM DEBTORS**

	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
West Lothian Council	0	290
NHS Lothian	63	190
<b>Total</b>	<b>63</b>	<b>480</b>

#### **7. SHORT TERM CREDITORS**

	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
Central Government Bodies	0	0
Other Local Authorities	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 8. RELATED PARTY TRANSACTIONS

In the 2019/20 financial year the following transactions were made with NHS Lothian and West Lothian Council relating to integrated health and social care functions.

<b>Income – payments for integrated functions</b>	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
NHS Lothian	(198,970)	(188,368)
West Lothian Council	(69,438)	(63,833)
<b>Total</b>	<b>(268,408)</b>	<b>(252,201)</b>

<b>Expenditure – payments for delivery of integrated functions</b>	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
NHS Lothian	199,097	188,178
West Lothian Council	69,728	63,543
<b>Total</b>	<b>268,825</b>	<b>251,721</b>

Details of debtor balances with partner bodies are set out in Note 6 to the accounts.

## PARTNER EXPENDITURE ANALYSIS

The following analysis sets out the 2019/20 expenditure incurred across IJB delegated functions. Information is provided to the Board throughout the year to enable them to review the financial performance of delegated functions.

<b>Health Services</b>	<b>2019/20 Expenditure</b>
	<b>£'000</b>
<b>Core Services</b>	
Community Hospitals	2,512
District Nursing	3,701
GMS	29,537
Mental Health	16,976
Other	7,231
Prescribing	36,829
Resource Transfer	18,869
Therapy Services	6,929
<b>Total</b>	<b>122,584</b>
<b>Hosted Services</b>	
GMS	2,438
Learning Disabilities	3,149
Lothian Unscheduled Care Services	2,702
Oral Health Services	3,584
Other	1,132
Psychology Service	1,839
Rehabilitation Medicine	816
Sexual Health	1,351
Substance Misuse	874
Therapy Services	2,428
UNPAC	1,005
<b>Total</b>	<b>21,318</b>

<b>Health Services (cont.)</b>	<b>2019/20 Expenditure</b>
	<b>£'000</b>
<b>Set Aside Services</b>	
Cardiology	1,821
ED & Minor Injuries	5,439
Gastroenterology	1,177
General Medicine	7,651
Geriatric Medicine	5,291
Infectious Disease	1,924
Junior Medical	5,589
Other	3,323
Respiratory Medicine	2,532
<b>Total</b>	<b>34,747</b>
<b>Non Cash Limited Services</b>	
Dental	10,734
Ophthalmology	3,574
Pharmacy	6,140
<b>Total</b>	<b>20,448</b>
<b>Total Health Services</b>	<b>199,097</b>
<b>Adult Social Care Services</b>	
Learning Disabilities	18,748
Physical Disabilities	7,585
Mental Health	3,944
Older People Assess & Care	33,672
Care Homes & HWC	11,489
Contracts & Commissioning Support	3,724
Other Social Care Services	(9,434)
<b>Total Adult Social Care Services</b>	<b>69,728</b>
<b>TOTAL EXPENDITURE ALL SERVICES</b>	<b>268,825</b>

# West Lothian Integration Joint Board Audit, Risk and Governance Committee

Date: 9 September 2020

Agenda Item: 6

## RISK MANAGEMENT

### REPORT BY CHIEF OFFICER

#### **A PURPOSE OF REPORT**

**A1** To advise the Audit, Risk and Governance Committee of the IJB's risk register.

#### **B RECOMMENDATION**

**B1** It is recommended that the Audit, Risk and Governance Committee considers the risks identified, the control measures in place, and the risk actions in progress to mitigate their impact.

#### **C SUMMARY OF IMPLICATIONS**

- |           |  |  |
|-----------|--|--|
| <b>C1</b> | <b>Directions to NHS Lothian and/or West Lothian Council</b> | A direction is not required.   |
| <b>C2</b> | <b>Resource/ Finance</b>                                     | None.  |
| <b>C3</b> | <b>Policy/Legal</b>  | The IJB's Policy is to effectively mitigate risks to the achievement of its objectives by implementing robust risk management strategies, policies and procedures, which enable managers to effectively identify, assess, and mitigate risk. |
| <b>C4</b> | <b>Risk</b>  | Directly relevant. This report sets out the IJB's high risks.  |
| <b>C5</b> | <b>Equality/Health</b>                                       | The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted.   |

<b>C6</b>	<b>Environment and Sustainability</b>	None.
<b>C7</b>	<b>National Health and Wellbeing Outcomes</b>	Effective risk management is a pre-requisite for effective performance
<b>C8</b>	<b>Strategic Plan Outcomes</b>	Effective risk management is a pre-requisite for effective performance
<b>C9</b>	<b>Single Outcome Agreement</b>	Effective risk management is a pre-requisite for effective performance
<b>C10</b>	<b>Impact on other Lothian IJBs</b>	None.

## **D TERMS OF REPORT**

**D1** In accordance with the Risk Management Strategy approved by the IJB on 26 June 2018, the Audit, Risk and Governance Committee is required to review the risk register at least twice per annum.

**D2** The IJB has eight risks which are set out in appendix one. There are two high risks which are:

- IJB004 “Inadequate Funding to Deliver Strategic Plan” score 16;
- IJB006 “Workforce Planning” score 12.

**D3** In relation to appendix one:

- The traffic light icon represents the risk ranking based on the score; these are explained further in the table at the start of Appendix 1;
- There is a code, title and description for each risk;
- The original risk score represents the uncontrolled risk, that is to say the risk without controls in place, and provides an appreciation of the potential impact if controls are absent or fail;
- The current risk score represents the current risk, i.e. assuming that current controls are in place and effective;

- The internal controls are those processes in place to reduce the risk from original risk score to current risk score;
- The risk actions are those measures which are intended to further reduce the current risk. The report only includes those which are in progress.

**D4** Appendix two sets out in more detail the risk actions which are not yet complete.

**D5** The standard risk assessment methodology is attached as Appendix 3.

## **E CONSULTATION**

**E1** IJB Senior Management Team.

## **F REFERENCES/BACKGROUND**

**F1** None.

## **G APPENDICES**

**G1** 1.IJB High Risks

**G2** 2. Outstanding Risk Actions

**G3** 3. Risk Assessment Methodology

## **H CONTACT**

Kenneth Ribbons, IJB Risk Manager 015016 281573  
Kenneth.ribbons@westlothian.gov.uk

9 September 2020

# Appendix 1 IJB Risks

Data Label : OFFICIAL

**Report Author:** Kenneth Ribbons

**Generated on:** 02 September 2020 11:55

**Report Layout:** .. KR06 (previously R09d)\_Internal Controls, Original Score, Current Score, Target Score with linked actions (outstanding only)

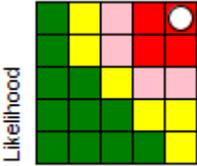
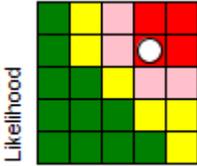
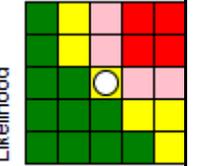
Rows are sorted by Risk Score

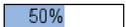
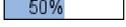
## Key to Risk Scores

Icon	Score	Meaning
	16-25	High
	12-15	Medium High
	5-10	Medium
	1-6	Low

## Key to Action Status

Icon	Status
	Overdue
	Cancelled
	Approaching Due Date
	In progress
	Complete

 <b>IJB004 Inadequate Funding to Deliver Strategic Plan</b>		Funding is inadequate, or is not effectively prioritised, including through the development of financial recovery plans, leading to failure to achieve a sustainable budget position and meet strategic objectives.								
		<b>Internal Controls:</b> Chief Finance Officer (S95 officer) Due diligence by S95 officer on contributions each year Approval of resource allocations by IJB Monitoring / reporting of progress / outturn to IJB Financial reports to IJB include key risks and uncertainties Scrutiny by Audit, Risk and Governance Committee Internal audit and external audit oversight. Financial Regulations WL Integration Scheme – agreed financial and budgetary responsibilities including for overspends against delegated IJB functions Ongoing development of medium term financial plan 2019/20 to 2022/23 submitted to the IJB on 23/4/19 Reserves policy								
Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Risk Score	Target Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description
25		16		9		 IJB19021_Are MTFP savings gap	31-Mar-2020	21-Apr-2021	 50%	Further development of IJB Medium Term Financial Strategy and savings proposals will be undertaken during 2020/21. This will involve close partnership working with partner bodies and finance and will take account of Covid-19 impacts. As well as existing arrangements in place, this will be supported through joint Lothian Finance Group established comprising of NHS Lothian Director of Finance, Lothian Local Authority Section 95 officers and Lothian IJB

							Chief Finance Officers. A key area being progressed by the group is developing a more joined up approach to financial planning. EY annual audit report action plan item 2 refers.	
				IJB19002_Ar Development of Updated Medium Term Financial Plan	30-Jun-2020	20-Apr-2021	 50%	Assessment of 2021 Scottish Budget and work collaboratively with LG and NHS partners to develop updated IJB medium term financial plan taking account of Covid-19 and other key issues impacting on the wider economy and public sector.
				IJB19003_Ar Financial Implications of COVID-19 (IJB)	31-Mar-2021	31-Mar-2021	 50%	Identification and monitoring the financial implications of COVID-19 on the IJB's funding and expenditure.



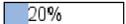
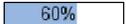
### IJB006 Workforce Planning

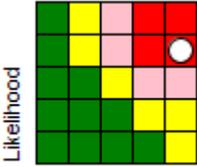
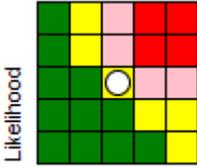
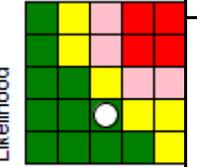
Lack of effective workforce planning leading to a failure to develop a sustainable workforce which has an adverse impact on performance and the ability of the IJB to achieve its strategic objectives.

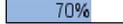
#### Internal Controls:

NHS and WLC workforce plans  
NHS and WLC recruitment policies  
Monitoring via review of performance in relation to staff absence, recruitment / turnover  
Training and development  
Performance review  
Strategic workforce planning framework approved by the IJB on 21 November 2018.  
Workforce planning group

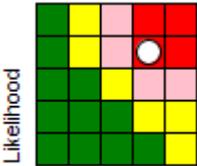
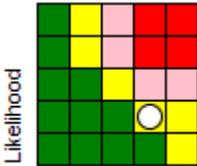
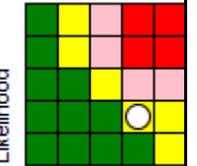
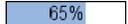
Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Risk Score	Target Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description
12		12		9		 IJB19016_Ari Workforce Planning Action Plans	30-Jun-2020	07-Jan-2021		<p>Preparation of workforce planning action plans which are aligned to the IJB Strategic Plan and Commission Plans. The action plans will clearly state the action owners and will include progress and performance measures.</p> <p>Agreed action for finding 3.2 in audit report EX1905 issued on 25 February 2020.</p>
						 IJB19019_Ari Employee Communication and Engagement Plan	30-Jun-2020	31-Dec-2020		<p>To develop and present to the IJB for approval an Employee Communication and Engagement Strategy/Plan.</p> <p>Agreed action for finding 3.1 in audit report EX1905 issued on 25 February 2020.</p>

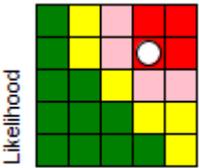
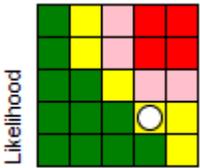
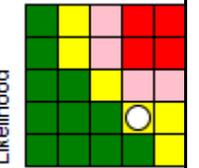
				IJB19018_Ari Aligning Workforce Plans	30-Dec- 2020	30-Dec- 2020		<p>West Lothian Council to give consideration to the development of workforce plans for Social Policy which align more closely with NHS Lothian workforce plans and the IJB Strategic Plan.</p> <p>Agreed action for finding 3.2 in audit report EX1905 issued on 25 February 2020.</p>
				IJB19017_Ari Staff Governance Reporting	30-Apr- 2020	30-Oct- 2020		<p>The format of staff governance reports to be reviewed to ensure consistency of reporting across the health and social care partnership.</p> <p>Staff governance reports will remain as items for regular review by the health and social care management team.</p> <p>Agreed action for finding 3.3 in audit report EX1905 issued on 25 February 2020.</p>

 <b>IJB002 Failure to effectively implement the Strategic Plan</b>		The Strategic Plan sets out how the IJB intends to deliver the nine national health and well being outcomes through our strategic priorities and transformational change programmes. Failure to effectively develop and implement strategic commissioning plans for specific care groups within medium term financial planning framework may lead to key objectives not being achieved.									
		<b>Internal Controls:</b>				National outcomes Local outcomes Extensive consultation on the strategic plan Strategic plan based on national and local policy Review of the strategic plan by IJB SMT Revised strategic plan approved by the IJB on 23/4/19 Associated strategic directions Revised strategic planning structure Strategic Planning group Health Care Governance group					
Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Risk Score	Target Risk Matrix	Linked Risk Actions		Original Due Date	Due Date	Progress	Description
20	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	9	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	6	 <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>	▶	IJB19010_Ar Strategic Commissioning Plan Mental Health	31-Mar-2023	31-Mar-2023	<input type="text" value="30%"/>	Ensure implementation of 3 year Strategic Commissioning Plans for Mental Health as approved by IJB on 21 January 2020
						▶	IJB19011_Ar Strategic Commissioning Plan Older People	31-Mar-2023	31-Mar-2023	<input type="text" value="10%"/>	Further develop and implement the Strategic Commissioning Plan for Older People as approved by IJB on 21 January 2020
						▶	IJB19012_Ar Strategic Commissioning Plan Physical Disability	31-Mar-2023	31-Mar-2023	<input type="text" value="20%"/>	Implement Strategic Commissioning Plan for Physical Disability as approved by IJB on 21 January 2020

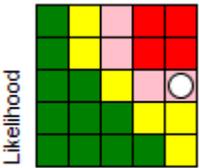
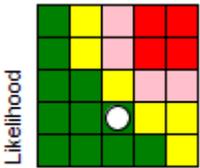
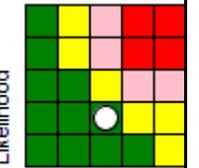
				<p>IJB19013_Ar Strategic Commissioning Plan Learning Disability</p>	<p>31-Mar- 2023</p>	<p>31-Mar- 2023</p>		<p>Develop and implement Strategic Commissioning Plan for Learning Disability as approved by IJB on 21 January 2020</p>
				<p>IJB19014_Ari Strategic Plan Progress Reporting</p>	<p>30-Jun- 2020</p>	<p>22-Sep- 2020</p>		<p>Review of arrangement for reporting on progress of the Strategic Plan 2019-2023:</p> <ul style="list-style-type: none"> <li>- cycle of reports for the IJB to be reviewed and will include a commitment to formally updating the IJB on progress in relation to strategic commissioning plans twice per year. Strategic commissioning plans are the mechanism through which the strategic objectives of the IJB will be delivered. Revised cycle of reports to be submitted to IJB in January 2020.</li> <li>- a performance management framework will be developed to underpin commissioning plans and to provide a mechanism for monitoring impact and progress in relation to strategic objectives. The performance framework will be submitted to the IJB along with progress reports. Framework to be in place by June 2020.</li> </ul> <p>Agreed actions for finding 3.1 in audit report EX1904 issued on 3 December 2019.</p>

				IJB19015_Ari Strategic Planning and Locality Planning	30-Jun- 2020	30-Jun- 2020	<input type="text" value="0%"/>	<p>Review of arrangements for locality planning including:</p> <ul style="list-style-type: none"><li>- review to be undertaken of the remit of all relevant groups and committees to ensure revised approach to locality planning is adequately reflected.</li><li>- review to be undertaken of strategic documents to ensure revised locality planning arrangements are appropriately reflected.</li><li>- representative of Economic Development and Regeneration Service to become a member of the IJB's Strategic Planning Group to establish the link to regeneration plans and the IJB's Strategic Plan.</li><li>- minutes from the SPP's Health and Wellbeing Group to be submitted routinely to the Strategic planning Group.</li></ul> <p>Agreed action for finding 3.2 from audit report EX1904 issued on 3 December 2019.</p>
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 <b>IJB007 Sustainability of Primary Care</b>		There is a risk that GP service provision will be disrupted, restricted or unavailable because of increasing capacity and demand issues as a result of population growth and/or GP practices experiencing difficulties in recruitment, retention or absence of medical staffing leading to significant capacity issues and inadequate and insufficient service provision.								
		<b>Internal Controls:</b>		Risk register at HSCP level of all practices identifying vulnerability rating Programme of support measures developed and available to be tailored to each practices individual circumstances to increase their resilience and maintain service provision Additional investment to support practices through LEGUP, primary care investment fund Buddy practice arrangements in place across all practices; Cluster working arrangements established Primary Care Implementation and Improvement Plan prepared and submitted to the IJB on 26/6/18.						
Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Risk Score	Target Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description
16	 <p>Likelihood</p> <p>Impact</p>	8	 <p>Likelihood</p> <p>Impact</p>	8	 <p>Likelihood</p> <p>Impact</p>	 IJB18011_Ar Implementation of Primary Care Improvement Plan 2018-2021	30-Sep-2021	30-Sep-2021	 65%	Phased investment and improvement plan to support implementation of the new 2018 GMS contract with focus on development of new roles and professionals within the wider Primary Health Care Team, transfer of vaccination services and development of community treatment and care centres, development of mental well-being hubs, use of technology and support of leadership development of GP and practice teams.

 <b>IJB008 Delayed Discharge</b>						There is a risk that patients are not being discharged in a timely manner resulting in suboptimal patient flow, impacting on poor patient and staff experience and poorer outcomes of care.				
		<b>Internal Controls:</b>				Community health and social care teams working with discharge hub to facilitate timely discharge; daily MDT meetings Frail Elderly Programme to take forward key actions designed to improve performance Care at Home contract in respect of adequate supply and responsiveness of provision. National Care Home Contract in respect of adequate supply of provision Contract monitoring procedure Regular reports to Contracts Advisory Group Regular meetings with providers and Scottish Care Escalation of high cost packages to Depute CEO and Head of Finance Review of contract rates Joint Commissioning Plans Close partnership working with St John's hospital and other NHS Lothian colleagues. Strategic Commissioning Plan for Older People. Quarterly performance reports to Community Care Management Group Monthly performance reports to SMT Performance reports to IJB Single point of access for acute care Changes in eligibility criteria for social care Integrated discharge hub now operational				
Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Risk Score	Target Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description
16	 <p>Likelihood</p> <p>Impact</p>	8	 <p>Likelihood</p> <p>Impact</p>	8	 <p>Likelihood</p> <p>Impact</p>	 IJB18014_Ar Intermediate Care	31-Dec-2020	31-Dec-2020	 75%	Review intermediate care provision and determine future requirements to establish the type and capacity of intermediate care to be commissioned to meet the population needs.

				IJB19007_Ar Care Home Placements	31-Oct- 2020	31-Oct- 2020		Review policies on Choice and Moving On to improve effectiveness and manage expectations. Review assessment times and facilitate discharges in timeous manner.
				IJB19008_Ar Adults with Incapacity	31-Oct- 2020	31-Oct- 2020		Whilst fewer in number the length of delay can be significant for those requiring guardianship. Review the policy and procedures for Adults with Incapacity to ensure effective decision making supporting use of least restrictive options and coordinate guardianship process where required
				IJB19009_Ar Systems and Processes	31-Oct- 2020	31-Oct- 2020		Review systems and processes in relation to coordination of discharges and information flows to support effective case management and optimise options for discharge. Develop and implement improvement plan

 <b>IJB001 Governance Failure</b>		Appropriate internal processes and procedures are either not in place or are ineffective, leading to a lack of leadership, accountability or scrutiny, resulting in a failure to meet key objectives, financial overspends or reputational damage.									
		<b>Internal Controls:</b>						Chief Officer Chief Finance Officer (S95 officer) Standing orders Scheme of administration Standards Officer Local code of corporate governance Code of conduct Audit, Risk and Governance Committee Internal auditor and annual audit plan Procedures for assessing disputes re resource allocations Risk management policy and strategy Annual risk management report by IJB risk manager Development sessions / training for IJB members			
Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Risk Score	Target Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description	
15		6		6		 IJB19022_Are Risk management	31-Mar-2020	30-Sep-2020		Risk management procedures will continue to be reviewed and developed taking account of the areas for consideration identified to ensure continuing good practice is applied to the IJB's approach to risk management. EY annual audit report action plan item 3 refers.	

**IJB003 Inadequate Performance Management**

Processes for the review and scrutiny of health and council performance are either not in place or are ineffective, leading to less than robust scrutiny arrangements, and resulting in failure to identify, challenge, or rectify poor performance. Ultimately will have an adverse impact on ability to achieve key objectives.

**Internal Controls:**

Agreed outcomes / performance measures  
 Robust performance management within WLC / NHS  
 Regular monitoring by IJB SMT  
 Regular reporting of performance to IJB including local indicators and balanced scorecard  
 Annual performance report

Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Risk Score	Target Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description
12		6		6						

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**IJB005 Community Planning Failure**

Inability to work effectively with partners leading to poorer outcomes. Community Planning officers from the council are represented on the Locality Groups to ensure a partnership approach to working and prevent duplication of effort where possible.

**Internal Controls:**

Participation in Community Planning arrangements - Chief Officer is a member of the CPP Board.  
Strategic Plan.  
Community Planning officers from the council are represented on the Locality Groups to ensure a partnership approach to working and prevent duplication of effort where possible.

Risk Score	Original Risk Matrix	Risk Score	Current Risk Matrix	Risk Score	Target Risk Matrix	Linked Risk Actions	Original Due Date	Due Date	Progress	Description
9		3		3						

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## Appendix 2 Outstanding IJB risk actions

**Report Type:** Actions Report

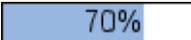
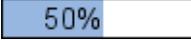
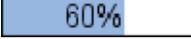
**Report Author:** Kenneth Ribbons

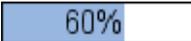
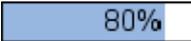
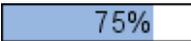
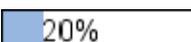
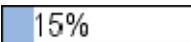
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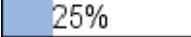
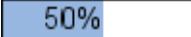
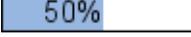
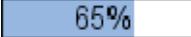
**Report Layout:** Actions progress summary with original due date, due date

Rows are sorted by Due Date

Status	Action Code & Title	Description	Original Due Date	Due Date	Progress Bar	Assigned To	Linked Risks Code & Title
	IJB19015_Ari Strategic Planning and Locality Planning	<p>Review of arrangements for locality planning including:</p> <ul style="list-style-type: none"> <li>- review to be undertaken of the remit of all relevant groups and committees to ensure revised approach to locality planning is adequately reflected.</li> <li>- review to be undertaken of strategic documents to ensure revised locality planning arrangements are appropriately reflected.</li> <li>- representative of Economic Development and Regeneration Service to become a member of the IJB's Strategic Planning Group to establish the link to regeneration plans and the IJB's Strategic Plan.</li> <li>- minutes from the SPP's Health and Wellbeing Group to be submitted routinely to the Strategic planning Group.</li> </ul> <p>Agreed action for finding 3.2 from audit report EX1904 issued on 3 December 2019.</p>	30-Jun-2020	30-Jun-2020	<div style="border: 1px solid black; padding: 2px;">0%</div>	Yvonne Lawton	IJB002 Failure to effectively implement the Strategic Plan

Status	Action Code & Title	Description	Original Due Date	Due Date	Progress Bar	Assigned To	Linked Risks Code & Title
	IJB19014_Ari Strategic Plan Progress Reporting	<p>Review of arrangement for reporting on progress of the Strategic Plan 2019-2023:</p> <ul style="list-style-type: none"> <li>- cycle of reports for the IJB to be reviewed and will include a commitment to formally updating the IJB on progress in relation to strategic commissioning plans twice per year. Strategic commissioning plans are the mechanism through which the strategic objectives of the IJB will be delivered. Revised cycle of reports to be submitted to IJB in January 2020.</li> <li>- a performance management framework will be developed to underpin commissioning plans and to provide a mechanism for monitoring impact and progress in relation to strategic objectives. The performance framework will be submitted to the IJB along with progress reports. Framework to be in place by June 2020.</li> </ul> <p>Agreed actions for finding 3.1 in audit report EX1904 issued on 3 December 2019.</p>	30-Jun-2020	22-Sep-2020		Yvonne Lawton	IJB002 Failure to effectively implement the Strategic Plan
	IJB19022_Are Risk management	<p>Risk management procedures will continue to be reviewed and developed taking account of the areas for consideration identified to ensure continuing good practice is applied to the IJB's approach to risk management. EY annual audit report action plan item 3 refers.</p>	31-Mar-2020	30-Sep-2020		Kenneth Ribbons	IJB001 Governance Failure
	IJB19017_Ari Staff Governance Reporting	<p>The format of staff governance reports to be reviewed to ensure consistency of reporting across the health and social care partnership.</p> <p>Staff governance reports will remain as items for regular review by the health and social care management team.</p> <p>Agreed action for finding 3.3 in audit report EX1905 issued on 25 February 2020.</p>	30-Apr-2020	30-Oct-2020		Allister Short	IJB006 Workforce Planning

Status	Action Code & Title	Description	Original Due Date	Due Date	Progress Bar	Assigned To	Linked Risks Code & Title
	IJB19007_Ar Care Home Placements	Review policies on Choice and Moving On to improve effectiveness and manage expectations. Review assessment times and facilitate discharges in timeous manner.	31-Oct-2020	31-Oct-2020		Carol Bebbington	IJB008 Delayed Discharge
	IJB19008_Ar Adults with Incapacity	Whilst fewer in number the length of delay can be significant for those requiring guardianship. Review the policy and procedures for Adults with Incapacity to ensure effective decision making supporting use of least restrictive options and coordinate guardianship process where required	31-Oct-2020	31-Oct-2020		Carol Bebbington	IJB008 Delayed Discharge
	IJB19009_Ar Systems and Processes	Review systems and processes in relation to coordination of discharges and information flows to support effective case management and optimise options for discharge. Develop and implement improvement plan	31-Oct-2020	31-Oct-2020		Carol Bebbington	IJB008 Delayed Discharge
	IJB19018_Ari Aligning Workforce Plans	West Lothian Council to give consideration to the development of workforce plans for Social Policy which align more closely with NHS Lothian workforce plans and the IJB Strategic Plan.  Agreed action for finding 3.2 in audit report EX1905 issued on 25 February 2020.	30-Dec-2020	30-Dec-2020		Allister Short	IJB006 Workforce Planning
	IJB18014_Ar Intermediate Care	Review intermediate care provision and determine future requirements to establish the type and capacity of intermediate care to be commissioned to meet the population needs.	31-Dec-2020	31-Dec-2020		Carol Bebbington	IJB008 Delayed Discharge
	IJB19019_Ari Employee Communication and Engagement Plan	To develop and present to the IJB for approval an Employee Communication and Engagement Strategy/Plan.  Agreed action for finding 3.1 in audit report EX1905 issued on 25 February 2020.	30-Jun-2020	31-Dec-2020		Yvonne Lawton	IJB006 Workforce Planning

Status	Action Code & Title	Description	Original Due Date	Due Date	Progress Bar	Assigned To	Linked Risks Code & Title
	IJB19016_Ari Workforce Planning Action Plans	Preparation of workforce planning action plans which are aligned to the IJB Strategic Plan and Commission Plans. The action plans will clearly state the action owners and will include progress and performance measures.  Agreed action for finding 3.2 in audit report EX1905 issued on 25 February 2020.	30-Jun-2020	07-Jan-2021		Yvonne Lawton	IJB006 Workforce Planning
	IJB19002_Ar Development of Updated Medium Term Financial Plan	Assessment of 2021 Scottish Budget and work collaboratively with LG and NHS partners to develop updated IJB medium term financial plan taking account of Covid-19 and other key issues impacting on the wider economy and public sector.	30-Jun-2020	20-Apr-2021		Patrick Welsh	IJB004 Inadequate Funding to Deliver Strategic Plan
	IJB19021_Are MTFP savings gap	Further development of IJB Medium Term Financial Strategy and savings proposals will be undertaken during 2020/21. This will involve close partnership working with partner bodies and finance and will take account of Covid-19 impacts. As well as existing arrangements in place, this will be supported through joint Lothian Finance Group established comprising of NHS Lothian Director of Finance, Lothian Local Authority Section 95 officers and Lothian IJB Chief Finance Officers. A key area being progressed by the group is developing a more joined up approach to financial planning. EY annual audit report action plan item 2 refers.	31-Mar-2020	21-Apr-2021		Patrick Welsh	IJB004 Inadequate Funding to Deliver Strategic Plan
	IJB18011_Ar Implementation of Primary Care Improvement Plan 2018-2021	Phased investment and improvement plan to support implementation of the new 2018 GMS contract with focus on development of new roles and professionals within the wider Primary Health Care Team, transfer of vaccination services and development of community treatment and care centres, development of mental well-being hubs, use of technology and support of leadership development of GP and practice teams.	30-Sep-2021	30-Sep-2021		Carol Bebbington	IJB007 Sustainability of Primary Care

Status	Action Code & Title	Description	Original Due Date	Due Date	Progress Bar	Assigned To	Linked Risks Code & Title
	IJB19010_Ar Strategic Commissioning Plan Mental Health	Ensure implementation of 3 year Strategic Commissioning Plans for Mental Health as approved by IJB on 21 January 2020	31-Mar-2023	31-Mar-2023		Carol Bebbington; Yvonne Lawton	IJB002 Failure to effectively implement the Strategic Plan
	IJB19011_Ar Strategic Commissioning Plan Older People	Further develop and implement the Strategic Commissioning Plan for Older People as approved by IJB on 21 January 2020	31-Mar-2023	31-Mar-2023		Carol Bebbington	IJB002 Failure to effectively implement the Strategic Plan
	IJB19012_Ar Strategic Commissioning Plan Physical Disability	Implement Strategic Commissioning Plan for Physical Disability as approved by IJB on 21 January 2020	31-Mar-2023	31-Mar-2023		Carol Bebbington; Yvonne Lawton	IJB002 Failure to effectively implement the Strategic Plan
	IJB19013_Ar Strategic Commissioning Plan Learning Disability	Develop and implement Strategic Commissioning Plan for Learning Disability as approved by IJB on 21 January 2020	31-Mar-2023	31-Mar-2023		Carol Bebbington	IJB002 Failure to effectively implement the Strategic Plan

## RISK ASSESSMENT METHODOLOGY

### RISK MATRIX

<b>PROBABILITY</b>	Almost Certain 5	5 Low	10 Medium	15 High	20 High	25 High
	Very Likely 4	4 Low	8 Medium	12 High	16 High	20 High
	Likely 3	3 Low	6 Low	9 Medium	12 High	15 High
	Possible 2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	Unlikely 1	1 Low	2 Low	3 Low	4 Low	5 Medium
		Insignificant 1	Minor 2	Significant 3	Major 4	Catastrophic 5
		<b>IMPACT</b>				

## PROBABILITY TABLE

Score	Description	Estimated Percentage Chance
1	Unlikely	0-10
2	Possible	10-50
3	Likely	50-70
4	Very Likely	70-90
5	Almost Certain	90-100

Each risk is scored 1-5 for likelihood.

In assessing probability consider a three year time horizon.

In assessing probability managers should use their and knowledge and experience of previous issues, both within the council and elsewhere.

## IMPACT TABLE

Impact Risk Assessment - Each column is independent. Use the highest score.

<u>Hazard / Impact of Risk</u>	Personal safety	Property loss or damage	Regulatory / statutory / contractual	Financial loss or increased cost of working	Impact on service delivery	Personal privacy infringement	Community / environmental	Embarrassment
<b>Insignificant 1</b>	Minor injury or discomfort to an individual	Negligible property damage	None	<£10k	No noticeable impact	None	Inconvenience to an individual or small group	Contained within service unit
<b>Minor 2</b>	Minor injury or discomfort to several people	Minor damage to one property	Litigation, claim or fine up to £50k	£10k to £100k	Minor disruption to services	Non sensitive personal information for one individual revealed / lost	Impact on an individual or small group	Contained within service
<b>Significant 3</b>	Major injury to an individual	Significant damage to small building or minor damage to several properties from one source	Litigation, claim or fine £50k to £250k.	>£100k to £500k	Noticeable impact on service performance.	Non sensitive personal information for several individuals revealed / lost	Impact on a local community	Local public or press interested
<b>Major 4</b>	Major injury to several people	Major damage to critical building or serious damage to several properties from one source	Litigation, claim or fines £250k to £1m	>£500k to £2m	Serious disruption to service performance	Sensitive personal information for one individual revealed / lost	Impact on several communities	National public or press interest
<b>Catastrophic 5</b>	Death of an individual or several people	Total loss of critical building	Litigation, claim or fines above £1m or custodial sentence imposed	>£2m	Non achievement of key corporate objectives	Sensitive personal information for several individuals revealed / lost	Impact on the whole of West Lothian or permanent damage to site of special scientific interest	Officer(s) and/or members dismissed or forced to resign



# West Lothian Integration Joint Board Audit Risk and Governance Committee

Date: 9 September 2020

Agenda Item: 7

## IMPACT OF COVID 19 PANDEMIC ON THE IJB RISKS

### REPORT BY CHIEF OFFICER

#### **A PURPOSE OF REPORT**

- A1** The purpose of this report is to consider the impact of the COVID 19 pandemic on the IJB Risks and associated Risk Actions and to make recommendations in relation to these.

#### **B RECOMMENDATION**

- B1** To note the impact of the pandemic on the risks of the IJB and associated actions

To note that the Strategic Inspection Report is expected to make recommendations in relation to Strategic Planning and Locality Planning and agree that the existing risk action is retired and that a new risk action is defined once the report is published and can be considered by the IJB

To note the delays incurred on the strategic planning function with staff deployed to support operational delivery and to acknowledge that there may be further waves of pandemic to come.

To agree that a new risk is added to the risk register to reflect the impact of pandemic response on the strategic planning function and to outline the mitigating actions.

#### **C SUMMARY OF IMPLICATIONS**

- |           |  |  |
|-----------|--|--|
| <b>C1</b> | <b>Directions to NHS Lothian and/or West Lothian Council</b> | A direction(s) is not required.  |
| <b>C2</b> | <b>Resource/ Finance</b>                                     | Mobilisation plan was developed in response to the pandemic with funding sought from the Scottish Government to support circa £6.67m |
| <b>C3</b> | <b>Policy/Legal</b>  | Standing Orders and Scheme of Delegation   |

- C4 Risk** The risks are captured in the risk register and will be monitored.
- A new risk is required to be added to the risk register in relation to pandemic response and impact on the strategic plan.
- C5 Equality/Health** The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted. The relevance assessment can be viewed via the background references to this report.
- C6 Environment and Sustainability** None
- C7 National Health and Wellbeing Outcomes** All outcomes apply
- C8 Strategic Plan Outcomes** All outcomes in Strategic Plan apply
- C9 Local Outcomes Improvement Plan** All outcomes related to delivery of health and social care apply
- C10 Impact on other Lothian IJBs** Some dependencies for mutual aid and joint working

**D TERMS OF REPORT**

- D1** COVID-19 is a new strain of Coronavirus which was first identified in Wuhan, China. Clinical presentation may range from mild to moderate illness to pneumonia or severe acute respiratory infection. COVID-19 was declared a pandemic by the World Health Organisation on 12 March 2020. Communities across the United Kingdom have experienced spread of COVID-19 and extensive measures were implemented to slow the transmission. In Scotland the recommendations for everyone to stay at home as much as possible and severely restrict their interactions with others outside the household have helped to reduce the spread of the virus.
- D2** Throughout the pandemic the partnership has responded to the guidance issued by Health Protection Scotland and the Scottish Government to develop services and respond appropriately to this rapidly evolving situation. This has had a direct impact on the planned work of the IJB. The following table provides a summary of the impact of the pandemic in relation to the IJB risks and associated risk actions.

D3

	Code	Title	Impact	Risk Score
Risk	IJB001	Governance Failure	Leadership accountability and scrutiny arrangements remain in place and have continued throughout the pandemic response with augmentation of arrangements for Care Homes	6 ↔
Risk	IJB002	Failure to effectively implement the Strategic Plan	The pandemic response has delayed progress with implementation of the strategic plan by around 6 months, there is a risk to full implementation within the timescales and the risk has been scored to reflect this.	9 ↑
Linked Risk Actions	IJB19010 IJB19011 IJB19012 IJB19013	SCP- Mental Health (30%) SCP- Older People (10%) SCP – Physical Disability (20%) SCP-Learning Disability (30%)	There have been delays to progress due to staff being diverted to respond to pandemic. Progress updates on Implementation of Commissioning Plans will be reported to IJB in September	
	IJB19014	Strategic Plan Progress Reporting	This was suspended due to COVID and will be reinstated from 22 September with report to IJB	
	IJB19015	Strategic Planning and Locality Planning	This action will need to be reviewed in light of the Strategic Inspection Report which is likely to make recommendations about Locality Planning and relationship to Strategic Planning. It may not be possible to report as originally planned and recommend that this is retired and new action described once report is published.	

D4

	Code	Title	Impact	Risk Score
Risk	IJB003	Inadequate performance management	Delays in publication of performance indicators by ISD and the Health and Care Experience Survey due to the pandemic have affected the quality and robustness of the performance reports to the IJB and the Annual Performance Report	6 ↔
Risk	IJB004	Inadequate funding to deliver the Strategic Plan	The pandemic response has incurred additional costs reflected in the mobilisation plan. If funding from the Scottish Government does not cover all costs incurred this will have a detrimental impact on the funding available for the IJB to deliver on its strategic plan	16 ↔
Risk	IJB005	Community Planning Failure	Community Planning activity has been suspended during the pandemic.	3 ↔
Risk	IJB006	Workforce Planning	Workforce Planning has been delayed by 6 months due to key staff being diverted to the pandemic response.	12 ↔
Linked Risk Actions	IJB19016	Workforce planning action plan (25%)	The Workforce Group will be reconvened and development timelines will be revised for delivery of the key actions	
	IJB19017	Staff governance reporting (60%)		
	IJB19018	Aligning Workforce Plans (20%)		
	IJB19019	Employee Communication and Engagement Plan (15%)		
Risk	IJB007	Sustainability of Primary Care	Primary Care is at the forefront of the Pandemic response. In recovery phase priorities will be reviewed taking account of learning and new ways of working adopted.	8 ↓
Linked Risk Actions	IJB18011	Implementation of Primary Care Improvement Plan (65%)	Overall sustainability and stability has improved and risk scored to reflect that. PCIF will report in October.	

<b>D5</b>	<b>Code</b>	<b>Title</b>	<b>Impact</b>	<b>Risk Score</b>
Risk	IJB008	Delayed Discharge	Reconfiguration of services and rapid implementation of improvement plan has resulted in significant reduction of delayed discharges as part of COVID-19 response. The learning from the new ways of working will inform the future discharge planning arrangements and seek to sustain this position	8 ↓
Linked Risk Actions	IJB18014	Intermediate Care (75%)	A test of change will be undertaken to provide bed based intermediate care within community hospitals over the winter 2020/21 period	
	IJB19007	Care Home Placements (60%)	Care homes have been significantly impacted throughout the pandemic. Service changes implemented in response to pandemic will be reviewed in recovery phase to inform future delivery plan	
	IJB19008	Adults with Incapacity (80%)	Mental Health Officer has been working with the Integrated Discharge Hub to support decision making and streamline processes for improvement	
	IJB19009	Systems and processes (75%)	Changes have been made to the systems and processes but these need to be embedded to ensure effective delivery of outcomes	

**D6**

The response to the pandemic has resulted in delays in progressing implementation of the Strategic Plan and subsequent Strategic Commissioning Plans. The risk score has been increased to medium as there is a risk to full implementation. Progress reports will be brought to the September meeting of the IJB. It is recommended that the linked risk action in relation to Strategic Planning and Locality Planning is retired and that a new risk action is defined once the final Strategic Inspection Report is published and can be considered by the IJB.

**D7**

Performance reporting has been adversely impacted but it is anticipated that this will be recovered when full data is made available.

**D8** There is an expectation that the Scottish Government will provide funding for the pandemic mobilisation plans however if this is not received in full there will be a risk to the overall funding for the IJB.

**D9** The overall workforce planning work stream has been delayed by 6 months whilst staff have been redeployed to support the pandemic response. The new ways of working, physical distancing, use of technology and home working will all have an impact on the shape of the workforce and skills required in the short to medium term and will need to be considered within the refreshed plans

**D10** Primary Care has embraced new ways of working and use of technology to ensure safety of staff and patients. Learning from the pandemic response will influence the shape of Primary Care in the future. The overall stability and sustainability of practices has been steadily improving and the risk level has been reduced to medium to reflect this.

**D11** At the outset of the pandemic a concerted effort was made to rapidly implement planned changes to the delayed discharge processes to ensure people were discharged as timeously as possible from hospital. The successful reduction in number of people delayed has been sustained over the summer months and the subsequent risk level reduced to medium to reflect this. Work is progressing on the risk actions and a test of change planned over the winter months to assess the potential of intermediate care beds and inform the longer term plan.

**D12 Conclusion**

The pandemic has had a significant impact on service delivery and required new ways of working to be rapidly adopted. Whilst this has increased some risks for the IJB in relation to strategic planning and funding, the changes required have also had a positive impact on some of the highest risks within primary care and on delayed discharges. The focus is now shifting to recovery and the phased return of staff to their substantive roles supporting the strategic ambitions of the IJB. However there is still a significant risk of further waves of pandemic illness which could potentially be detrimental to the overall strategic function and it is therefore recommended that a new risk is added to the risk register to reflect the impact of this and to outline the mitigating actions.

**E CONSULTATION**

*None*

**F REFERENCES/BACKGROUND**

*None*

Data Label: Public

**G APPENDICES**

*None*

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*09/09/2020*



# West Lothian Integration Joint Board Audit Risk and Governance Committee

Date: 9 September 2020

Agenda Item: 8

## STATUTORY GUIDANCE ON DIRECTIONS FROM INTEGRATION AUTHORITIES TO HEALTH BOARDS AND LOCAL AUTHORITIES

### REPORT BY DIRECTOR

#### **A PURPOSE OF REPORT**

The purpose of this report is to inform the Committee of the Integration Joint Board's compliance with Scottish Government Guidance on Directions.

#### **B RECOMMENDATION**

It is recommended that the Committee:

1. Note that the Scottish Government issued its Statutory Guidance on Directions from Integration Authorities to Health Boards and Local Authorities on 27 January 2020
2. Note that a review of the Board's procedures in relation to Directions has been conducted and that the Board is compliant with the statutory guidance with the exception of one key action for implementation
3. Agree to recommend to the Board that the existing log of Directions be periodically reported to the IJB as part of the performance management reporting cycle

#### **C SUMMARY OF IMPLICATIONS**

- |           |  |                                 |
|-----------|--|---------------------------------|
| <b>C1</b> | <b>Directions to NHS Lothian and/or West Lothian Council</b> | A direction(s) is not required. |
| <b>C2</b> | <b>Resource/ Finance</b>                                     | None                            |
| <b>C3</b> | <b>Policy/Legal</b>  |                                 |

<b>C4</b>	<b>Risk</b>	No new risks identified
<b>C5</b>	<b>Equality/Health</b>	The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted.
<b>C6</b>	<b>Environment and Sustainability</b>	None
<b>C7</b>	<b>National Health and Wellbeing Outcomes</b>	There is no direct relevance to the Strategic Plan, but good governance leads ultimately to good outcomes
<b>C8</b>	<b>Strategic Plan Outcomes</b>	There is no direct relevance to the Strategic Plan, but good governance leads ultimately to good outcomes
<b>C9</b>	<b>Local Outcomes Improvement Plan</b>	There is no direct relevance to the Strategic Plan, but good governance leads ultimately to good outcomes
<b>C10</b>	<b>Impact on other Lothian IJBs</b>	None

## **D TERMS OF REPORT**

### **D1 Statutory Guidance on Directions**

- 1.1 Integration Authorities require a mechanism to action their strategic commissioning plans and this mechanism takes the form of binding directions from the Integration Authority to one or both of the Health Board and Local Authority. Directions are also the means by which a record is maintained of which body decided what and with what advice, which body is responsible for what, and which body should be audited for what, whether in financial or decision making terms.
- 1.2 In the case of an Integration Joint Board (IJB), a Direction must be given in respect of every function that has been delegated to the IJB. A direction must set out how each integrated function is to be exercised, and identify the budget associated with that.
- 1.3 Directions are also the legal basis on which the Health Board and the Local Authority deliver services that are under the control of the IJB. If directions are not being provided or they lack sufficient detail, the guidance states that Health Boards and Local Authorities should be actively seeking directions in order to properly discharge their statutory duties under the Act.

- 1.4 The Scottish Government published its statutory guidance on Directions on 27 March 2020 and this is attached as Appendix 1. This supersedes the Good Practice Note on Directions issued in March 2016.

## **D2 Review of Compliance with Statutory Guidance**

- 2.1 The Chief Officer committed to a review of compliance against the Statutory Guidance in his Chief Officer report to the IJB on 10 March 2020. The key actions stemming from the Guidance can be summarised as being:

- A standard covering report format, which includes a brief section requiring the report author to decide and record if the report requires a direction to be issued to the Health Board, the local Authority or both, or that no direction is required
- Directions should include detail on the required delivery of the function and financial resources
- The content of a direction should be informed by the content of a report on the function(s) approved by the IJB and should be contained in the same report, using a standard format
- Directions should be issued as soon as practicable following approval by the IJB, usually by the IJB Chief Officer to the Chief Executive of either the Health Board or the Local Authority, or both. Each in their role as accountable officers to the relevant statutory body
- A log of all directions issued, revised, revoked and completed should be maintained. This log should be periodically reviewed by the IJB and used as part of performance management processes, including audit and scrutiny

- 2.2 The review of the IJB's current processes and practices has now been carried out and the IJB found to be mostly compliant in its approach to Directions. The IJB has already implemented the key actions above with one exception.

## **D3 Actions for Implementation**

- 3.1 A log of all Directions issued, revised, revoked and completed is maintained by officers, however, this is not currently reviewed by the IJB or explicitly referenced as part of performance management processes.

It is recommended that, in order to be fully compliant with the guidance, arrangements should be made to periodically report the log of Directions to the IJB as part of the performance reporting cycle.

## **E CONSULTATION**

N/A

**F REFERENCES/BACKGROUND**

Public Bodies (Joint Working) (Scotland) Act 2014 sections 26-28

Integration Joint Board meeting of 10 March 2020

IJB Audit Risk and Governance Committee meeting of 27 May 2020

**G APPENDICES**

Appendix 1: Statutory Guidance on Directions from Integration Authorities to Health Boards and Local Authorities

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9 September 2020

**Health and Social Care Integration**

# **Statutory Guidance**

**Directions from Integration Authorities  
to Health Boards and Local Authorities**

**Public Bodies (Joint Working) (Scotland) Act 2014**

January 2020

# DIRECTIONS FROM INTEGRATION AUTHORITIES TO HEALTH BOARDS AND LOCAL AUTHORITIES UNDER THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014

## 1. What is this guidance about?

1.1 The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) places a duty on Integration Authorities to develop a strategic plan, also known as a strategic commissioning plan, for integrated functions and budgets under their control for which we have published statutory guidance:

<https://www.gov.scot/publications/strategic-commissioning-plans-guidance/pages/9/>.

Integrated functions and budgets are those delegated by the Health Board and Local Authority. The legislation sets out what functions and budgets must be delegated and those that may be delegated:

<http://www.legislation.gov.uk/asp/2014/9/contents/enacted>.

1.2 Each Integration Authority must produce a strategic commissioning plan that sets out how they will plan and deliver services for their area over the medium term, using integrated budgets under their control. Stakeholders must be fully engaged in the preparation, publication and review of the strategic commissioning plan, in order to establish a meaningful co-production approach, to enable Integration Authorities to deliver the national outcomes for health and wellbeing, and achieve the core aims of integration.

1.3 Integration Authorities require a mechanism to action their strategic commissioning plans and this is laid out in sections 26 to 28 of the Act. This mechanism takes the form of **binding directions** from the Integration Authority to one or both of the Health Board and Local Authority. Directions are also the means by which a record is maintained of which body decided what and with what advice, which body is responsible for what, and which body should be audited for what, whether in financial or decision making terms.

1.4 In the case of an Integration Joint Board (IJB), a direction **must** be given in respect of every function that has been delegated to the IJB. In a **lead agency** arrangement, the Integration Authority **may** issue directions or may opt to carry out the function itself. In either case, a direction must set out how each integrated function is to be exercised, and identify the budget associated with that. Not unexpectedly, only IJBs have made directions to delivery partners to date and this guidance is therefore mainly aimed at IJBs and their delivery partners in Health Boards and Local Authorities.

1.5 Put simply, directions are the means by which an IJB tells the Health Board and Local Authority what is to be delivered using the integrated budget and for the IJB to improve the quality and sustainability of care, as outlined in its strategic commissioning plan.

1.6 Directions are also the legal basis on which the Health Board and the Local Authority deliver services that are under the control of the IJB. If directions are not being provided or they lack sufficient detail, Health Boards and Local Authorities should be actively seeking directions in order to properly discharge their statutory duties under the Act.

1.7 This guidance sets out how to improve practice in the issuing (by IJBs) and implementation (by Health Boards and Local Authorities) of directions issued under the Public Bodies (Joint Working) (Scotland) Act 2014. It supersedes the Good Practice Note on Directions issued in March 2016.

## **2. Why are we publishing this guidance now?**

2.1 Directions are a key aspect of governance and accountability between partners. This has previously been largely unrecognised, with the effect that there is a lack of transparency, governance and accountability for integrated functions that are under the control of IJBs, and delivered by Health Boards and Local Authorities. This must be a matter of concern for all parties, each of which is responsible for ensuring that they are complying with their individual duties under the Act.

2.2 Scottish Government has worked closely with IJB Chief Officers to better understand the diversity of practice across Scotland surrounding directions and to identify good practice. We have also discussed the use of directions with a range of local systems at our regular partnership engagement meetings, including with Health Board and Local Authority Chief Executives.

2.3 In February 2019 the Ministerial Strategic Group for Health and Community Care (MSG) published its report on the review of progress with integration: <https://www.gov.scot/publications/ministerial-strategic-group-health-community-care-review-progress-integration-health-social-care-final-report/>. This contains 25 proposals intended to increase the pace and effectiveness of integration. One of these proposals was that statutory guidance on directions would be published to support improved practice in issuing and implementing directions.

2.4 Chairs and Vice Chairs of IJBs have expressed a keen interest in improving practice and in better understanding how they can take responsibility for improvement, and in collaborating with partners to ensure accountability and effective governance. IJBs, Local Authorities and Health Boards must each take individual and several responsibility for complying with their statutory duties, and for being clear about lines of accountability between one another.

2.5 One issue appears to have been that directions have previously been regarded as being issued by Chief Officers to themselves as senior operational directors in Health Boards and Local Authorities. The Act confers the duty of issuing directions on the Integration Authority to constituent authorities. Directions may be issued on behalf of the IJB by an IJB Chief Officer, in their role as the accountable officer to the IJB, to Chief Executives in the Health Board and Local Authority in their roles as accountable officers to the Health Board and Local Authority. These are senior executives acting on behalf of the three statutory public bodies. It may also be helpful to copy the relevant IJB Chair, Council Leader and the NHS Chair into directions. See Appendix 1 on roles and responsibilities of each of the statutory partners and their accountable officers, under integration.

2.6 Directions are a legal mechanism and are intended to clarify responsibilities and requirements between partners, that is, between the IJB, the Local Authority and the Health Board. They are the means via which clarity on decision making is achieved under integration. Directions are therefore both a necessary and important aspect of governance under integration, providing a means by which responsibilities are made clear and evident.

2.7 As a legal requirement, the use of directions is not optional for IJBs, Health Boards or Local Authorities, it is obligatory. How local systems are using them will be subject to internal and external audit and scrutiny. At the time of publishing this guidance, practice is evidently variable and needs to be improved, with any impediments overcome jointly by partners using a collaborative approach that properly acknowledges the roles of the different partners.

### **3. Process for issuing directions**

3.1 It is essential that directions are understood to be the **end point** of a process of decision making by the IJB. Directions should not contain surprising or completely unknown information about service change or redesign and should follow a period of wider engagement on the function(s) that are the subject of the direction. This would normally be part of the service planning and design phase of strategic commissioning.

3.2 While directions are not a means of launching unheard-of service change onto delivery partners in the Health Board and Local Authority, nor are they something that can be ignored by delivery partners in the Health Board and Local Authority.

3.3 Directions are binding, which is why they come at the end point of a process of planning and decision making. The delivery partners are required to comply with all directions received from the IJB, and the law is clear that they may not amend, ignore, appeal or veto any direction. Neither the Local Authority nor the Health Board may use resources allocated via the Integration Authority in pursuit of a direction for any other purpose than that intended. This demands a mature and collaborative approach to the planning and delivery of change in health and social care services that delivers sustainability. **It is designed to help local partners improve quality and outcomes for local populations.**

3.4 Integration Authorities have been established to put in place plans to improve the health and wellbeing of their local populations and to make best use of the total resource available to them, hitherto managed and allocated separately by Health Boards and Local Authorities. They have an agenda of change and improvement, working in partnership with their delivery partners. It can therefore reasonably be expected that a number of decisions made by IJBs will impact on delivery partners that will require directions to be issued. Otherwise, nothing would be changing – which would not help integration’s purpose to improve the sustainability and quality of care.

3.5 It has been the practice of most IJBs to issue generic directions to delivery partners at the point of agreeing their budgets for the following financial year. However, it is not possible for IJBs to make all decisions about all service change at this juncture, although they will still require to allocate funding across the functions they are responsible for.

3.6 IJBs make decisions about service change, service redesign, and investment and disinvestment at many of their meetings. Such decisions will necessitate directions to the Health Board or Local Authority, or both, and may indeed require the delivery partners to carry out a function jointly. The issuing of directions should be taking place at any time throughout the year, as well as at the start of the financial year.

3.7 Some duties conferred on IJBs also relate directly to duties on Health Boards and Local Authorities, such as Equalities, Best Value and Climate Change. This further enhances the need for collaborative working on a formal basis between the partner bodies.

3.8 To assist with the determination of when a direction should be issued, a number of IJBs have added a short section to their report format that requires the author to decide and record if the report requires a direction to be issued to the Local Authority, the Health Board, to both, or that no direction is required. This provides an initial prompt and should be adopted as standard practice across IJBs.

3.9 Directions should not be issued unnecessarily and should be proportionate. A direction should always be prompted by a decision made by the IJB. It would be helpful for IJBs to develop a directions policy, based on this guidance. The following might be considered when thinking about when a direction requires to be issued and what it might include:

- Scope and scale of the function
- Finance involved
- Scale and nature of change
- Those impacted by the change
  - Patients
  - People who use services
  - Carers
  - Local communities
  - Staff
  - Others
- Timescale for delivery

3.10 Overly general or ambiguously worded directions will not be helpful to delivery partners in understanding what they have to deliver. They will also cause problems in identifying whether a direction has been progressed or completed and therefore need to remain on a log of directions indefinitely and be unable to be closed off. This should be avoided by issuing clear directions, thoughtfully constructed and capable of being monitored effectively with delivery timescales, milestones and outcomes.

3.11 Any direction issued by the IJB must meet all clinical and care governance requirements and standards to ensure patient safety and public protection as well as ensure staff and financial governance. Every IJB has senior professional, clinical and financial advisors as part of their core membership to provide scrutiny of these aspects and to provide assurance. This does not require to be remitted for additional checking through Local Authority of Health Board systems: Local Authorities and Health Boards should ensure that the professional and clinical advisors tasked to provide advice to IJBs are appropriately experienced and supported in their role.

#### **4. Form and content of directions**

4.1 Directions must be in writing and should be sufficiently detailed to ensure the intention of the IJB is adequately captured and effectively communicated. The direction should include information on the required delivery of the function, for example changing the model of care, as well as the financial resources that are available for carrying out the function. The direction may specify in some detail what the Health Board, the Local Authority or both are to do in relation to carrying out a particular function. A lack of detail or specificity in a direction may cause difficulties in performance monitoring and hamper the effective delivery of a function.

4.2 The primary purpose is to set a clear framework for the operational delivery of the functions that have been delegated to the IJB and to convey the decision(s) made by the IJB about any given function(s).

4.3 Directions must clearly identify which of the integrated health and social care functions they relate to. The IJB can direct the carrying out of those functions by requiring that a particular named service or services be provided. Where appropriate, the same document can be used to give directions to carry out multiple functions.

4.4 Directions must include detailed information on the financial resources that are available for carrying out the functions that are the subject of the directions, including the allocated budget and how that budget (whether this is a payment or a sum set aside and made available) is to be used. However, directions should not be seen as a mechanism only to advise the delivery partners of resources available to them. Rather, directions are intended to provide clear advice to delivery partners on the expected delivery of any given function, together with the identified resource available.

4.5 The exercise of each function can be described in terms of delivery of services, achievement of outcomes and/or by reference to the strategic commissioning plan.

4.6 The financial resource allocated to each function in a direction is a matter for the IJB to determine. The Act makes particular provision for the allocation of budgets for the sum “set aside” in relation to large hospital functions, which gives flexibility for the IJB to direct how much of the sum set aside is to be used for large hospital services and for the balance to be used for other purposes. This requires mature and collaborative working to achieve agreement on the best use of this budget, particularly with those responsible for the delivery of acute services, however the decision about the use of this budget lies with the IJB. The statutory guidance on finance issued in 2015 provides detailed advice on set aside:

<https://www.gov.scot/publications/finance-guidance-health-social-care-integration/>

4.7 The content of a direction should be informed by the content of a report on the function(s) submitted to and approved by the IJB. For example, where an IJB discusses and approves a report that makes changes to arrangements for the provision of day services for people with a learning disability, the direction would draw on the report’s content. The direction should be contained in the same report, using a standard format, in order that it can be approved by the IJB at the same time as the report and its recommendations are approved. There should also be a process in place where the IJB is able to raise queries about the clarity or content of a direction and for these queries to prompt action by officials to make any necessary amendments to the direction.

4.8 The issuing of a direction following such a decision by the IJB is the means by which the IJB will let its delivery partners in the Local Authority, Health Board, or both, know what has been agreed and what is to change in the delivery of the function, together with any concomitant change to the allocation of resources.

## **5. Process for issuing and revising directions**

5.1 Directions should be issued as soon as is practicable following their approval by the IJB.

5.2 A direction will remain in place until it is varied, revoked or superseded by a later direction in respect of the same functions. A log of all directions issued, revised, revoked and completed should be maintained, ensuring that it is checked for accuracy and kept up-to-date. This log should include, as a minimum, the function(s) covered, any identifier (such as a log number), date of issue, identify to which delivery partner(s) issued, any delivery issues and the total resource committed. The log should be regularly monitored and reviewed by the IJB and used as part of performance management, including audit and scrutiny. This should include monitoring the implementation and/or status of directions that have been approved by the IJB.

5.3 To assist with monitoring and reviewing directions issued, the IJB may seek information from either the Health Board or the Local Authority, or both, about the delivery of a function that is the subject of a direction, including, but not exclusively, when issues are identified in implementation and delivery of a direction.

5.4 The Act does not set out fixed timescales for directions. This flexibility allows directions to ensure that the delivery of integrated health and social care functions is consistent with the strategic commissioning plan and takes account of any changes in local circumstances. In contrast with the strategic commissioning plan, there is therefore scope for directions to include detailed operational instructions in respect of particular functions.

5.5 A level of detail and specificity is highly desirable in directions, especially where a service is new or to be radically redesigned, or where a complex set of interdependent changes is planned.

5.6 Directions issued at the start of the financial year should subsequently be revised during the year in response to ongoing developments, including as a consequence of decisions made in year about service change by the IJB.

5.7 For example, should an overspend be forecast in either of the operational budgets for health or social care services delivered by the Health Board and Local Authority, the Chief Officer will need to agree a recovery plan to balance the overspending budget (this must be done in line with the Integration Scheme, which will detail arrangements for managing the balance of any over or underspends, and statutory guidance for finance under integration). This may require an increase in payment to either the Health Board or Local Authority funded by either:

- Utilising underspend on the other part of the operational integrated budget to reduce the payment to that body; and/or
- Utilising the balance of the general fund, if available, of the Integration Joint Board.

5.8 A revision to the directions will be required in either case.

## **6. Multi-partnership co-ordination**

6.1 Effective co-ordination arrangements between contiguous IJBs within a Health Board area is essential where directions for acute care are under consideration. This will assist in effective planning for services that may be destabilised by conflicting or incompatible directions from different IJBs within the one area.

6.2 When unscheduled acute care is being planned, Chief Officers and their senior teams from across local partnerships should be meeting regularly in a joint forum with colleagues from the acute system. This will ensure effective co-ordination and collaboration across the multi-partnership area. This will also enable a joint plan to be developed that recognises the context, complexity or features relevant to each IJB. There may be other services and functions that also require this level of co-ordination.

6.3 Detailed directions will be necessary and particularly important where one Chief Officer is the lead for operational delivery of any given function on behalf of other Chief Officers, usually within the confines of a Health Board area and often referred to as “hosted services” or less often, lead partnership arrangements.

6.4 In such arrangements, all decisions about delegated functions still require to be made by constituent IJBs, whatever the operational delivery arrangements are in place for hosting services. Detailed directions will facilitate a feedback loop and IJBs should be seeking from the delivery partners any necessary information regarding progress with service change, investment or disinvestment. The issuing of more detailed directions will also be important for any other services not under the direct operational management of the Chief Officer.

6.5 In addition to officer level co-ordination, IJBs also require a degree of co-ordination in terms of governance and decision making when considering plans and therefore directions that span more than their area of jurisdiction. An IJB cannot delegate its responsibilities to another IJB or back to a Health Board or Local Authority. This, therefore, may be best managed by the same report being considered by each relevant IJB supplemented with any additional information or reflections required by each to ensure very localised matters are taken account of. The sequencing and co-ordination of this will require the full support of relevant IJB Chief Officers and others.

6.6 It is essential in pursuing effective co-ordination and collaboration on operational arrangements for managing delegated services and functions through the Chief Officer that this is not conflated with the statutory duties of the IJB for governance, decision making and resource allocation.

6.7 IJBs should maintain active consideration of whether the effect of delivery partners carrying out any direction they propose to issue would have an undesirable impact on another IJB (and its population) or for the local health and social care system more broadly. A process of co-ordination and mitigation will be needed in circumstances where issues of this nature are identified.

## 7. Improving practice and summary of key actions

7.1 This guidance is intended to provide impetus to improving practice in the issuing of directions by IJBs and their implementation by Health Boards and Local Authorities, and to deliver the proposal made in the MSG review about providing statutory guidance on directions.

7.2 The importance of directions as a vital aspect of governance and accountability between partners cannot be overstated. The need to learn from and implement good practice is evident. Chief Officers, through their network, are well placed to facilitate the sharing of practice and are key to implementing this locally.

7.3 As practice develops further, IJBs should continue to develop and improve their practice in respect of issuing directions. Local Authorities and Health Boards as the key delivery partners also need to accept and work with these new arrangements, and respond positively to direction issued to them, including the provision of any information regarding the delivery of a function that is the subject of a direction.

7.4 This guidance has been prepared as part of wider work to accelerate the pace and impact of integration. This can only be achieved by the partners working closely together, in mutual regard, and demonstrating a strong, shared commitment to integration through concerted action to deliver sustainable, and improved health and social care services, capable of delivering good outcomes for the people of Scotland.

7.5 Key actions identified throughout this guidance, which should be implemented as consistent practice include:

- A standard covering report format, which includes a brief section requiring the report author to decide and record if the report requires a direction to be issued to the Health Board, the local Authority or both, or that no direction is required.
- Directions should include detail on the required delivery of the function and financial resources.
- The content of a direction should be informed by the content of a report on the function(s) approved by the IJB and should be contained in the same report, using a standard format.
- Directions should be issued as soon as practicable following approval by the IJB, usually by the IJB Chief Officer to the Chief Executive of either the Health Board or the Local Authority, or both. Each in their role as accountable officers to the relevant statutory body.
- A log of all directions issued, revised, revoked and completed should be maintained. This log should be periodically reviewed by the IJB and used as part of performance management processes, including audit and scrutiny.

## APPENDIX 1

### **Statement of responsibilities and accountabilities of Integration Authorities, Health Boards and Local Authorities and their accountable officers under integration.**

Integration Authorities bring together Health Boards, Local Authorities and others to ensure the delivery of efficient, integrated services. Demographic change, rising demand and growing public expectations means that radical service redesign is required in health and social care in order to deliver sustainable services that meet these challenges and improve outcomes for people.

The Public Bodies (Joint Working) (Scotland) Act 2014 establishes governance and financial arrangements, together with principles and a set of outcomes. It is predicated on a collaborative approach between Integration Authorities, Local Authorities and Health Boards, each with their own accountabilities and responsibilities, to ensure effective delivery of integration.

**Integration Authorities** - are responsible for planning, designing and commissioning services in an integrated way from a single budget in order to take a joined up approach, more easily shifting resources to best meet need. They have a duty to publish a strategic (commissioning) plan for integrated functions and budgets under their control. Collectively, Integration Authorities manage almost £9 billion of resources that Health Boards and Local Authorities previously managed separately, and they have the power and authority to drive real change.

All requirements for quality and safety apply to the Integration Authority just as they do to the Local Authority and Health Board. Integration Authorities have available clinical and professional advice from a range of advisors to assist them in making decisions and explore issues of quality, supported by integrated clinical and care governance arrangements.

Directions are vitally important in clarifying responsibilities and requirements between partners, that is, between the Integration Authority, the Local Authority and the Health Board. Directions are the legal mechanism by which Integration Authorities action their strategic commissioning plans. These binding directions are issued to one or both of the Health Board and Local Authority. They are the means via which clarity and transparency on decision making and budgets is achieved under integration.

**Chief Officers** – are the chief accountable officer to the Integration Joint Board. Chief Officers also accountable to each of the constituent authorities, and report jointly to the relevant Chief Executive of the Health Board and Local Authority as senior operational directors.

**Health Boards** – are responsible for delegating functions and budgets to the Integration Authority. The legislation sets out what functions and budgets must be delegated and those that may be delegated. They are jointly responsible with the Local Authority for the development of an Integration Scheme and for submitting these to Scottish Ministers for approval.

Health Boards must comply with all directions received from the Integration Authority and they may not amend, ignore, appeal or veto any direction. The Health Board may not use resources allocated via the Integration Authority in pursuit of a direction for any other purpose than that intended.

**Health Board Chief Executives** – are the chief accountable officer to the Health Board. They are jointly responsible, together with the relevant Chief Executive of the Local Authority, for the line management of the Chief Officer. They should ensure that directions issued to the Health Board by the Integration Authority are implemented and remain responsible for the delivery of services that are delegated.

**Local Authorities** - are responsible for delegating functions and budgets to the Integration Authority. The legislation sets out what functions and budgets must be delegated and those that may be delegated. They are jointly responsible with the Health Board for the development of an Integration Scheme and for submitting these to Scottish Ministers for approval.

Local Authorities must comply with all directions received from the Integration Authority and they may not amend, ignore, appeal or veto any direction. The Local Authority may not use resources allocated via the Integration Authority in pursuit of a direction for any other purpose than that intended.

**Local Authority Chief Executives** – are the chief policy adviser to the Local Authority and are the link between Local Authority officials and elected members. They are jointly responsible, together with the relevant Chief Executive of the Health Board, for the line management of the Chief Officer. They should ensure that directions issued to the Local Authority by the Integration Authority are implemented and remain responsible for the delivery of services that are delegated.



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W W W . g o v . s c o t



# West Lothian Integration Joint Board Audit Risk and Governance Committee

Date: 9 September 2020

Agenda Item: 9

## SELF-ASSESSMENT – SURVEY QUESTIONS

### REPORT BY CHIEF OFFICER

#### **A PURPOSE OF REPORT**

To consider arrangements for carrying out periodic self-assessment of the Committee's administrative arrangements and activity.

#### **B RECOMMENDATION**

It is recommended that the Committee:

1. Consider carrying out a self-assessment of the Committee's effectiveness by the use of the questionnaire in the appendix
2. Agrees to the questionnaire being issued to Committee members and the results reported to a future meeting

#### **C SUMMARY OF IMPLICATIONS**

<b>C1</b>	<b>Directions to NHS Lothian and/or West Lothian Council</b>	A direction(s) is not required.
<b>C2</b>	<b>Resource/ Finance</b>	No implications
<b>C3</b>	<b>Policy/Legal</b>	See Section F
<b>C4</b>	<b>Risk</b>	None
<b>C5</b>	<b>Equality/Health</b>	The report has been assessed as having little or no direct relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted.
<b>C6</b>	<b>Environment and Sustainability</b>	No environmental impacts have been identified.

<b>C7</b>	<b>National Health and Wellbeing Outcomes</b>	There is no direct relevance to the National Health and Wellbeing Outcomes, but good governance leads ultimately to good outcomes
<b>C8</b>	<b>Strategic Plan Outcomes</b>	There is no direct relevance to the Strategic Plan, but good governance leads ultimately to good outcomes
<b>C9</b>	<b>Local Outcomes Improvement Plan</b>	There is no direct relevance to the Local Outcomes Improvement Plan, but good governance leads ultimately to good outcomes
<b>C10</b>	<b>Impact on other Lothian IJBs</b>	No implications

## **D TERMS OF REPORT**

- 1 The CIPFA Framework under which the Board's Code of Corporate Governance was developed suggests that committees involved in scrutiny and internal control should periodically conduct a self-assessment of their effectiveness and operation. The aim is to involve members in close consideration of the role of the committee and its members, its administrative arrangements and the context in which it operates.
- 2 A questionnaire was developed for the Board's Audit Risk and Governance Committee (ARGC). It is based on examples used in other public bodies and councils. The health board has utilised this sort of tool for some time and the council has used it for its Audit Committee and Governance & Risk Committee. This was first approved for circulation on 28 March 2018 and has been conducted annually since with a similar self-assessment being developed for the IJB on the recommendation of the External Auditor as part of the Annual Governance Statement approved for signature and publication by the Board on 24 September 2018.
- 3 It is proposed that the questionnaire attached as Appendix 1 be circulated to Committee members electronically for completion. The results will be confidential and will be summarised and reported to a future meeting of the Committee.
- 4 The questions have been changed slightly from previous years following feedback from the IJB that the questions lacked some clarity or were difficult to answer in their current format.

## **E CONSULTATION**

IJB Audit, Risk & Governance Committee  
Standards Officer

## **F REFERENCES/BACKGROUND**

Audit, Risk & Governance Committee meetings of 27 June, 12 September 2018  
Integration Joint Board meeting of 24 September 2018, 30 June 2020

“Delivering Good Governance in Local Government - Framework (CIPFA/SOLACE, 2016)

“Delivering Good Governance in Local Government - Guidance Notes for Scottish Authorities (CIPFA/SOLACE, 2016)

**G APPENDICES**

Appendix 1: Draft Questionnaire

**H CONTACT**

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9 September 2020

## APPENDIX 1

### INTEGRATION JOINT BOARD AUDIT RISK AND GOVERNANCE COMMITTEE – SELF-ASSESSMENT QUESTIONS

The first four sections are in generic terms and may be used for other committees. The fifth section is relevant to this Committee.

	Question	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't Know	Comments
<b>A</b>	<b>Purpose and status</b>							
1	I am aware that the Committee's role and powers are set out in Standing Orders							
2	I consider that the Committee's role and powers are clear and understood							
3	I consider that the Committee is regarded by stakeholders as a positive influence							
4	I consider that the Committee's decisions are respected and acted upon by the partners							
5	I consider that there is adequate communication amongst officers and Committee members							
<b>B</b>	<b>Administrative arrangements &amp; support</b>							
1	I consider that the Committee is of an appropriate size and composition							
2	I consider that the Committee is provided with adequate officer support (professional and administrative)							
3	I consider that meetings are sufficiently frequent and at appropriate times of the year							
4	I consider that the Committee maintains a work plan balancing forward planning with flexibility for reactive work							

## APPENDIX 1

	Question	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't Know	Comments
5	I consider that meeting papers are distributed appropriately (timeliness and format) to enable me to properly prepare							
6	I consider that reports and minutes provide relevant, appropriate and sufficient information							
7	I consider that start times and time allowed for meetings provide sufficient time for business to be done							
8	I consider that public access to reports and meetings is maximised and excluded only where legally justified							
9	I consider that the Committee is able to secure the attendance and assistance of appropriate senior officers							
10	I consider that the Committee is able to secure appropriate professional advice when required							
<b>C</b>	<b>Members</b>							
1	I consider that my role on the Committee is clear							
2	I consider that the Committee has an appropriate mix of knowledge, expertise, experience and skills							
3	I receive sufficient and appropriate training and briefings to be effective in my role as a Committee member							
4	I undertake personal development relevant to my role and responsibilities as a Committee member							
5	I consider that the Chair promotes and encourages effective and efficient meetings including input from officers and members							

**APPENDIX 1**

	<b>Question</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neither agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Don't Know</b>	<b>Comments</b>
6	I consider that members prepare, attend meetings and actively contribute							
<b>D</b>	<b>Effectiveness</b>							
1	I consider that the Committee functions in a positive and constructive manner, including interaction amongst members and with officers							
2	I consider that scrutiny is encouraged and accepted as a means to improve							
3	I consider that the Committee provides constructive challenge to officers							
4	I consider that the Committee receives adequate responses from officers to questions							
5	I feel comfortable asking candid questions and pursuing full answers							
6	I consider that decisions and recommendations are captured to enable them to be recorded accurately							
7	I consider that decisions are executed properly and in a timely manner and are followed up by Committee							
8	I consider that there is evidence from meeting papers and minutes of impacts or improvements from Committee activity							
9	I consider that the Committee has good working relations with key officers, members and organisations							

**APPENDIX 1**

	<b>Question</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neither agree nor disagree</b>	<b>Disagree</b>	<b>Strongly disagree</b>	<b>Don't Know</b>	<b>Comments</b>
10	I consider that stakeholders (including other members and the public) are engaged with the Committee's activity and are encouraged to participate in the Committee's activity							
<b>E</b>	<b>Matters specific to Committee remit and activities</b>							
1	I consider that interaction with the Board is defined and understood							
2	I consider that meetings are attended by external auditor representatives where appropriate							
3	I consider that Committee's role in relation to the Board's annual accounts is defined and understood							
4	I consider that members consider fully the contents and conclusions of the Annual Governance Statement before its approval							
5	I consider that Committee provides effective review and challenge of risk and governance arrangements and controls							
6	I consider that Committee contributes to effective accountability to the public through challenge of governance, risk and control							
7	I consider that Committee contributes effectively to the Board's control environment							

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## WORKPLAN FOR WEST LOTHIAN INTEGRATION JOINT BOARD AUDIT RISK AND GOVERNANCE COMMITTEE

Date of Meeting	Agenda Setting	Title of Report	Lead Officer	Action
<b>9 September 2020</b>				<b>Conference Room 3, WL Civic Centre</b>
		IJB Risk Management	K Ribbons	
		IJB Risk Register Review	C Bebbington	Requested by the IJB its meeting of 30 June 2020 in light of COVID-19
		Self-Assessment Questionnaire	L Kemp	
		Audited Accounts (inc external audit report)	P Welsh	
		Scottish Government Guidance on Directions	L Kemp	Chief Officer Report to IJB 10 March 2020
<b>2 December 2020</b>				<b>Conference Room 1, WL Civic Centre</b>
		IJB High Risks	K Ribbon	
		Membership Review (IJB, SPG & ARGC)	A Short	
		Local Code of Corporate Governance Update	J Millar	
		Self-Assessment Results	L Kemp	
		Internal Audit reports – Governance / Performance / Financial Planning	K Ribbons	

		External audit/scrutiny report(s) - TBC	A Short	
<b>24 February 2021</b>				<b>Conference Room 3, WL Civic Centre</b>
		IJB Risk Management	K Ribbons	
		Timetable of Meetings for 2021/22	Clerk	
		External Audit Annual Plan	P Welsh/EY	
		Internal Audit Annual Plan	K Ribbons	
		External audit/scrutiny report(s) - TBC	A Short	
<b>17 June 2021</b>				<b>Conference Room 3, WL Civic Centre (tbc)</b>
		IJB High Risks	K Ribbons	
		Risk Management Annual Report	K Ribbons	
		Internal Audit Annual Report (inc review of system of internal control)	K Ribbons	
		Annual Governance Statement	J Millar	
		Governance Issues – Update	J Millar	
		Best Value Framework – Annual Compliance Report	P Welsh	
		Internal Audit report(s) - TBC	K Ribbons	
		External audit/scrutiny report(s) - TBC	A Short	
<b>Sept 2021 Mtg (tbc)</b>		Review of Best Value Protocol	K Ribbons	
		IJB Risk Management	K Ribbons	
		Self-Assessment Questionnaire	L Kemp	

		Audited Accounts (inc external audit report)	P Welsh	
		Corporate Governance Annual Report	J Millar	
		Internal Audit report(s) - TBC	K Ribbons	
		External audit/scrutiny report(s) - TBC	A Short	

**REPORTING CYCLE FOR WEST LoTHIAN INTEGRATION JOINT BOARD AUDIT RISK AND GOVERNANCE COMMITTEE**

WHAT	WHEN	WHY	LAST	NEXT
<b>AUDIT</b>				
External Audit Annual Plan	Annual	Audit Scotland guidance	Mar 20	Feb 21
Internal Audit Annual Plan	Annual	PSIAS and Internal Audit Charter	Mar 20	Feb 21
Internal Audit Annual Report including review of system of internal control	Annual	Accounts Regulations; PSIAS; Internal Audit Charter; IJB, 24 September 2018	Jun 19	Jun 21
Review the internal audit charter	Quinquennial	Accounts Regulations 2014; PSIAS; IJB, 6 January 2017	Jan 17	Feb 21
External assessment of conformance with PSIAS	Quinquennial	PSIAS; Internal Audit Charter; IJB, 6 January 2017	Mar 17	Mar 22
<b>RISK</b>				
IJB Risk Register	Biannual	Risk Management Strategy; IJB, 26 June 2018	Mar 20	Sept 20
IJB High Risks	Biannual	Risk Management Strategy; IJB, 26 June 2018	Dec 19	Jun 20
Risk Management Annual Report	Annual	Risk Management Strategy; IJB, 26 June 2018	Jun 19	Jun 20
Review of Risk Management Strategy and Policy	Quadrennial	Risk Management Strategy; IJB, 26 June 2018	Jun 18	Jun 22
<b>FINANCE</b>				
Audited Accounts, including external audit report	Annual	IJB, 24 September 2018	Sep 19	Sept 20
Review of Best Value Protocol	Biennial	IJB, 24 September 2018	Sep 18	Sept 20
Best Value Protocol Compliance Statement	Annual	IJB, 24 September 2018	Jun 19	Jun 20

WHAT	WHEN	WHY	LAST	NEXT
<b>GOVERNANCE</b>				
Corporate Governance Annual Report	Annual	CIPFA/SOLACE Framework; IJB Code of Corporate Governance; IJB, 1 May 2018	Sept 19	Sept 20
Update on Governance Issues	Biannual	IJB, 10 September 2019		Dec 20
Review of Standing Orders, Scheme of Delegation and Committee Remits	Biennial	IJB, 21 January 2020	Jan 20	Jan 22
Annual Governance Statement	Annual	IJB, 24 September 2018	Jun 20	Jun 21
Review of Code of Corporate Governance	Biannual	IJB, 10 September 2019	Sept 19	Sept 21
<b>OTHERS</b>				
Meetings Timetable	Annual	IJB and AR&GC practice	Mar 20	Feb 21
Self-Assessment Questionnaire (Issue)	Annual	AR&GC, 12 September 2018	Sept 19	Sept 20
Self-Assessment Questionnaire (Results)	Annual	AR&GC, 12 September 2018	Dec 19	Dec 20