

## **NOT YET ENDORSED AS A CORRECT RECORD**

**Minute of Meeting of the  
East Renfrewshire  
Integration Joint Board  
Performance and Audit Committee  
held at 10.00am on 16 March 2016 in  
the HSCP Headquarters,  
Giffnock**

### **PRESENT**

Councillor Alan Lafferty, East Renfrewshire Council (Chair)

Morag Brown	NHS Greater Glasgow and Clyde Board
Dr John Dudgeon	Stakeholder GP
Ian Lee	NHS Greater Glasgow and Clyde Board
Councillor Ian McAlpine	East Renfrewshire Council
Nanette Paterson	Integration Lead, Independent Sector

### **IN ATTENDANCE**

Lesley Bairden	Chief Finance Officer
Michelle Blair	Chief Auditor (East Renfrewshire Council)
Eamonn Daly	Democratic Services Manager (East Renfrewshire Council)
Brian Howarth	Assistant Director (Audit Scotland)
Stuart McMinigal	Business Support Manager
Candy Millard	Head of Strategy
Pamela Morrison	Lead Auditor (Audit Scotland)
Julie Murray	Chief Officer

### **DECLARATIONS OF INTEREST**

1. There were no declarations of interest in terms of Standing Order 9.2 – Codes of Conduct and Conflicts of Interest.

### **MINUTE OF PREVIOUS MEETING**

2. The committee considered and approved the minute of the meeting of 18 December 2015.

### **MATTERS ARISING**

3. The committee considered and noted a report by the Chief Officer providing an update on progress regarding matters arising from the discussion which took place at the meeting of 18 December 2015.

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### AUDIT SCOTLAND PROPOSED ANNUAL AUDIT PLAN

4. Councillor Lafferty introduced Brian Howarth, Assistant Director, and Pamela Morrison, Lead Auditor, both of Audit Scotland, who were attending the meeting to present to the committee the 2015/16 Audit Plan for the Integration Joint Board. A copy of the Plan was tabled.

Mr Howarth was heard further on the Plan in the course of which he commented on the summary of planned audit activity and the terms of Audit Scotland's appointment as the IJB auditor. In respect of this latter issue he explained that the existing contract was in its last year and was in the process of being re-tendered, but he was hopeful that Audit Scotland would continue as the auditors for both the Council and the IJB.

Mr Lee having explained that Audit Scotland also provided the external audit function for NHS Greater Glasgow, and that a continuity of existing audit arrangements would be beneficial, Mr Howarth explained that the same organisation providing external audit services to the local authority, health board and IJB was not universal, and outlined some of the mechanisms used to enable auditors from different organisations to keep each other apprised of relevant issues. Mr Howarth was then heard on a number of the significant audit risks as outlined in the plan.

In response to questions from Mr Lee on the treatment of over/underspends and the possibility of underspends being retained as reserves by the IJB, the Chief Financial Officer explained that any underspends identified from prior to the IJB "go live" date of 7 October 2015 would be returned to the Council or the Health Board. For those underspends established after the "go live" date, negotiations would take place on the proportion that could be retained as a reserve by the IJB.

In response to further questions from Mr Lee, Mr Howarth provided details of the accounting rules to be applied in respect of the accounts of each organisation.

Councillor McAlpine referred to the historic overpayments on Learning Disability scheduled payments which in terms of the plan were identified as an audit risk, and questioned if Audit Scotland were reassured by the significant work carried out by the HSCP in this area. In reply, and referring to the Plan, Mr Howarth explained that the plan identified those actions that had been taken to provide a source of assurance for Audit Scotland, but that the arrangements were new and that Audit Scotland would undertake checks to ensure that the new arrangements were achieving the desired outcomes.

Further discussion took place on the work to be carried out in respect of accruals to ensure that accruals were not incorrectly allocated to the IJB with the effect of over/understating the accounts. In particular, the Chief Financial Officer explained that with Chief financial Officer colleagues from other IJBs, accruals were being reviewed on a monthly basis across the health board area, and that there were no significant accruals for East Renfrewshire.

In addition, in response to a related question on the classification of costs to IJBs, it was explained that Audit Scotland would seek assurances from NHSGGC's auditor on the accuracy of classification of costs to IJBs.

Thereafter, Councillor Lafferty having thanked Mr Howarth for the presentation, the committee noted the Plan.

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### **INTERNAL AUDIT REPORT ON PAYMENT TO CARE PROVIDERS**

5. Under reference to the minute of the previous meeting (Item 5 refers), the committee considered a report by the Chief Officer providing an update on the status and progress of the Council's internal audit report on payments to care providers.

By way of background, the report reminded the committee that the report had been requested by the Chief Officer in March 2015, that the Chief Auditor's report had been completed in October and that a subsequent response and associated action plan had been prepared.

It was explained that the report, together with the accompanying management response and action plan had been submitted to the Council's Audit & Scrutiny Committee on 21 January 2016.

The Chief Financial Officer having been heard further in respect of progress in the delivery of the action plan, members of the committee were heard to comment on the report.

Ms Brown sought clarification of progress in recovering any outstanding sums and suggested that service providers must have been aware that they were being overpaid at the time and yet took no action. In reply, it was explained that all sums due, with the exception of £60, had either been received or an agreement had been reached in respect of the repayment of the funds. It was also clarified that service providers had contacted officers but that this had not been relayed to the relevant officers dealing with payments at the time to allow the appropriate adjustments to be made. It was further clarified, in response to questions from Ms Brown, that contractual arrangements between the HSCP and service providers in future would be much more robust and more closely monitored.

Referring to the recommendation for "P" numbers to be used at all times to uniquely identify service users, Mr Lee questions whether the use of "CHI" numbers would also improve matters. In reply, the Chief Financial Officer explained that the "P" number was a unique field in the CareFirst system but that she would be happy to investigate whether the suggestion to use "CHI" numbers would be appropriate. Notwithstanding, she explained the processes in place to ensure that no invoices were now paid until receipt of service had been confirmed.

The committee noted:-

- (a) that the report was presented to Council Audit & Scrutiny Committee on 21 January 2016, along with the management response and action plan; and
- (b) progress to date against actions.

### **EXTERNAL AUDIT RECOMMENDATIONS RESULTING FROM EAST RENFREWSHIRE COUNCIL ANNUAL ACCOUNTS**

6. Under reference to the Minute of the previous meeting (Item X refers) the committee considered a report by the Chief Officer relative to 3 recommendations specific to the HSCP arising from the annual audit of the Council's accounts for financial year 2014/15, and providing details of progress to date in the implementation of the recommendations.

The Chief Financial Officer was heard further on the report and on the progress that had been made in delivering the actions associated with each of the 3 recommendations. In particular in respect of the recommendations around CHCP Systems, she highlighted the

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complex nature of learning disability packages and that fully understanding these had led to some slippage in the anticipate completion date of the actions.

Ms Brown having commended staff on the amount of work undertaken to deliver the progress that had been made to date, Councillor Lafferty acknowledged the complexity of some of the learning disability packages and emphasised that the need for packages to be financially robust had to be balanced to ensure that the needs of customers were being met.

The committee:-

- (a) noted the external audit recommendations and the progress made to date; and
- (b) agreed that progress reports be submitted to future meetings of the committee.

### **RESERVES POLICY**

7. The committee considered a report by the Chief Officer relative to a proposed Reserves Policy for the Integration Joint Board. A copy of the proposed policy accompanied the report.

Having referred to the legislative ability of the IJB to hold reserves, and the obligation set out in the IJB Financial Regulations to develop a reserves policy which would include the level of reserves required and their purpose, the report explained the reasons for which reserves were normally held. It explained that the policy proposed a level of reserves of 2% of the IJB revenue budget, excluding significant fixed costs and clarified that this equated to approximately £1 million. It was noted that the Council's reserves policy was 4%.

The report clarified that this level of reserve would allow the Integration Joint Board a degree of flexibility. However, the reserves needed to be proportionate and take cognisance of the level of savings required to be delivered within the revenue budget. Given the unprecedented economic climate in which the Integration Joint Board and partners are operating this will be kept under regular review.

In response to a question from Councillor McAlpine on the proposed level of reserves and how that compared to the Council's policy of 4%, it was explained that the appropriate level of reserves was based on the judgement of the Chief Financial Officer and had to take into account prevailing circumstances. In this regard, the Chief Financial Officer explained that the 2% target was aspirational. Further discussion on the proposed level took place in the course of which the Chief Officer suggested that whilst 4% may be a realistic level for the Council, it would not be appropriate for the IJB.

Noting the report, the committee endorsed the Reserves Policy for East Renfrewshire Integration Joint Board and agreed to remit the policy to the IJB for approval.

### **CNORIS UPDATE**

8. The committee considered a report by the Chief Officer providing confirmation of the current CNORIS (Clinical Negligence and Other Risks Indemnity Scheme) insurance position for East Renfrewshire Integration Joint Board.

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The report explained that the objective of CNORIS was to provide cost-effective risk pooling and claims management arrangements for those providing health and social care services across Scotland. It was clarified that the level of indemnity cover provided by CNORIS to Member organisations related to Employer's Liability, Public/Product Liability and Professional Indemnity type risks (inter alia). The level of cover provided was at least £5m Public Liability, £10m Employers Liability, and £1m Professional Indemnity; "Indemnity to Principal" will also be provided where required. CNORIS also provided cover in relation to Clinical Negligence. However, there were a number of exclusions, where CNORIS did not provide cover, such as for travel, property insurance, personal accidents and income generating activities.

The report further explained that the risks associated with Integration Joint Boards membership of CNORIS were considered low and therefore an annual contribution of £3,000, payable each financial year; had been set, with notification of the contribution being confirmed in December of the preceding year. The contribution level had been assessed at this level due to the limited risks anticipated in relation to the statutory status of Integration Joint Boards and CNORIS cover being provided mainly in relation to indemnity for Integration Joint Board members and officials. It was clarified that NHSGGC had met the cost of all six Integration Joint Boards, whether live or in shadow, for 2015/16, and that the fee and funding source for future years would be clarified in due course.

Commenting on the report, the Chief Financial Officer explained that discussions to establish what additional indemnity cover to that already provided by the Health Board and Council's insurances were ongoing. In support, Dr Dudgeon explained that NHS staff were covered by crown indemnity and it was important to try and establish whether or not there was any need for continued membership of the scheme by the IJB.

Ms Brown referred to the relatively low cost when compared to significant level of potential claims, in response to which the Chief Officer explained that such claims would normally be made against the parent organisation's insurances, but that further work would take place to clarify the need for continued membership with a report on whether or not to continue membership of the Scheme being submitted to a future meeting of the Board.

The committee noted :-

- (a) the current membership of the scheme for financial year 2105/16; and
- (b) that the fee and funding source for 2016/17 would be confirmed in due course, with a report on whether or not to continue with membership of the scheme being submitted to a future meeting of the Board.

### **AUDIT SCOTLAND REPORT – HEALTH AND SOCIAL CARE INTEGRATION**

**9.** The committee considered a report by the Chief Officer providing an overview of the Audit Scotland report on Health and Social Care Integration and the implications for the IJB.

The report explained that in December 2015 Audit Scotland had published the first of 3 planned reports on health and social care integration. This first report looked at issues emerging in the transition year whilst the subsequent reports, the first of which had been published recently, would look at first year progress and the longer-term impact in shifting resources to prevention.

The first report provided a picture of the emerging arrangements for setting up managing and scrutinising IJBs and highlighted key risks that needed to be addressed.

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Some of the main issues identified included the complex nature of relationships between IJBs councils and health boards, difficulty in agreeing budgets, and uncertainty more widely in public sector finance and continuing financial constraint.

The report further explained that in light of the issues identified by audit Scotland, they had made a series of separate recommendations for both the Scottish Government and integration authorities. An appendix providing more details of each of the recommendations and actions to date accompanied the report.

Having heard the Head of Strategy further on the report and following discussion, the committee noted the report and the actions to date.

### **RISK MANAGEMENT POLICY AND STRATEGIC RISK REGISTER**

**10.** Under reference to the Minute of the previous meeting, the committee considered a report by the Chief Officer providing an update of the development of the IJB risk management policy and strategy and submitting for consideration a copy of the draft IJB Risk Register.

The report explained that towards the end of 2105 the HSCP Senior Management Team had taken part in a strategic risk register workshop facilitated by a specialist from a Risk and Insurance company. The output from that workshop formed the basis of the draft IJB Strategic Risk Register. Thereafter, at the previous meeting of the committee the senior management team had been asked to comment on those key areas contained within the Risk Management Policy and Strategy that were to be considered locally. It was noted that the key issues for local consideration mainly focussed on risk appetite and reporting/governance issues.

It was noted that in addition to other local issues, the adoption of a risk matrix was also a key area to be considered locally. It was explained that the adoption of a specific risk matrix ensured a uniform way of scoring and recording risk. A number of different risk matrixes were available to support the risk management process, but it was recommended that a simple, clear and effective 4 x 4 risk matrix be adopted.

Having heard the Business Support Manager full discussion took place. This related to matters such as the proposed matrix to be used and proposed reporting periods.

Referring to the mitigation measures, Mr Lee commented that in only 1 case did the mitigation measure reduce the gross risk, and questioned the effectiveness of a measure that did not change the level of risk.

Ms Brown was also heard on the need for mitigation measures to be SMART (Specific, Measureable, Achievable, Realistic and Timebound).

Having heard Dr Dudgeon on the identified risks in relation to GPs, the Committee

- (a) noted the report; and
- (b) agreed to continue consideration of the policy and risk register to allow those matters raised in the course of discussion to be taken into account in the preparation of an amended policy and register.

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**DATE OF NEXT MEETING**

11. It was reported that the next meeting of the committee take place in June 2016 on a date/time to be agreed.

CHAIR