

**Minute of virtual meeting of the  
East Renfrewshire Integration Joint Board  
Performance and Audit Committee  
held at 9.00am on 23 November 2022**

**PRESENT**

Councillor Katie Pragnell, East Renfrewshire Council (Chair)

|                     |                                     |
|---------------------|-------------------------------------|
| Lynsey Allan        | Scottish Care                       |
| Jacqueline Forbes   | NHS Greater Glasgow and Clyde Board |
| Anne Marie Kennedy  | Non-voting IJB member               |
| Anne-Marie Monaghan | NHS Greater Glasgow and Clyde Board |

**IN ATTENDANCE**

|                 |  |
|-----------------|--|
| Liona Allison   | Assistant Committee Services Officer (East Renfrewshire Council) |
| Lesley Bairden  | Head of Finance and Resources (Chief Financial Officer)          |
| Michelle Blair  | Chief Auditor (East Renfrewshire Council)                        |
| John Boyd       | Audit Scotland   |
| Eamonn Daly     | Democratic Services Manager (East Renfrewshire Council)          |
| Pamela Gomes    | Governance and Compliance Officer                                |
| Tom Kelly       | Head of Adult Services – Learning Disability and Recovery        |
| Lee McLaughlin  | Head of Adult Services – Communities and Wellbeing               |
| Julie Murray    | Chief Officer – IJB  |
| Eilidh Nelson   | Audit Scotland   |
| Margaret Phelps | Strategic Planning, Performance and Commissioning Manager        |
| Steven Reid     | Policy, Planning and Performance Manager                         |

**APOLOGIES**

Councillor Caroline Bamforth East Renfrewshire Council

**DECLARATIONS OF INTEREST**

1. There were no declarations of interest intimated.

**MINUTE OF PREVIOUS MEETING**

2. The committee considered and approved the Minute of the meeting of 21 September 2022.

**MATTERS ARISING**

3. The committee considered a report by the Chief Officer providing an update on matters arising from discussions that had taken place at the previous meeting.

The committee noted the report.

**ROLLING ACTION LOG**

4. The committee considered a report by the Chief Officer providing details of all open actions and those that had been completed, or removed from the log, since the last meeting.

Commenting on the report the Chief Financial Officer provided an update on the work the Chief Auditor had undertaken regarding including NHS audit information into future audit reports.

The committee noted the report.

**INTERNAL AUDIT ANNUAL REPORT**

5. The committee considered a report by the Chief Auditor, East Renfrewshire Council, relative to the Chief Auditor's Annual Report for 2021-22 which contained an independent opinion on the adequacy and effectiveness of the governance, risk management and internal control systems operating within the IJB. A copy of the Chief Auditor's Annual Report accompanied the report as an appendix.

The report explained in summary that the Annual Report concluded that the IJB had adequate and effective internal controls in place proportionate to its responsibilities in the year ended 31 March 2022. This was with the exception of a matter still under investigation by Police Scotland, and so no further information could be provided at this time, although it was highlighted that this matter had been referred to in the 2020-21 annual report and the periods under investigation were prior to 2021-22.

Commenting on the report, the Chief Auditor explained that her assurance statement was based on the information provided by the Council and NHS audit staff and that the amounts in relation to the ongoing police matter were not so material as to prevent the sign off of the annual accounts.

The committee:-

- (a) noted the contents of Internal Audit's annual report 2021-22; and
- (b) noted the annual assurance statement and the conclusion that the IJB had adequate and effective internal controls in place proportionate to its responsibilities in 2021-22 except for a matter still under investigation by Police Scotland which was also referred to in the 2020-21 annual report;

**AUDIT SCOTLAND ANNUAL AUDIT REPORT 2021-22**

6. The committee took up consideration of the external audit annual report for 2021-22, which summarised the findings arising from the 2021-22 audit of the IJB.

The report provided a number of key messages.

In relation to financial management and sustainability, it was noted that the auditor's report was unmodified; that the IJB had appropriate and effective financial management arrangements in place to support financial monitoring, reporting and decision making, and that the IJB had returned an operational underspend of £0.837 million.

It was noted that the IJB's year-end reserve position was £20.752 million. However, the general reserve remained unchanged from the prior year at £0.272 million and was well below the IJB's reserve policy target for uncommitted general reserves to be 2% of the IJBs revenue budget (excluding significant fixed costs such as family health service). The general reserve was currently approximately 0.15% of the 2021/22 revenue budget.

It was also reported that the IJB's medium-term financial outlook (MTFO) covering the period 2022/23 to 2026/27 was refreshed in March 2022. This identified a funding shortfall of around £2.9 million for 2022/23, with cost pressures of around £5.5 million from 2023/24 onwards. As part of the budget strategy review, financial assumptions had been reviewed and updated. Total cost pressures were forecast to range from £17 million to £31 million over the next three-year period based on low, medium and high cost scenarios, and the Board was encouraged to continue to work with partners to develop a revised financial strategy which ensured the organisation remained financially sustainable.

In relation to governance, transparency and Best Value it was noted that in the auditor's opinion the IJB had appropriate governance arrangements in place that support effective scrutiny, challenge and informed decision-making, and that the IJB has put in place appropriate arrangements to demonstrate the achievement of Best Value. This included effective arrangements for managing performance and monitoring progress towards strategic objectives.

Included in the appendices accompanying the report was an action plan which set out the proposed management action in respect of areas where recommendations had been made.

Councillor Pragnell introduced John Boyd and Eilidh Nelson from Audit Scotland.

Mr Boyd was heard further on the key messages, that there had been no unadjusted audit differences, and that it was intended to issue an unqualified audit opinion.

In terms of financial sustainability he highlighted that COVID had led to the IJB having healthy reserves, due in part to the late receipt of additional funding from the Scottish Government. However a lot of the reserves were held in earmarked funds, and it was important not to lose sight of the underlying financial challenges which lay ahead and which may not seem apparent in light of the "healthy" financial position.

He highlighted that this was the last annual report to be prepared by Audit Scotland who were handing over to Ernst & Young, the new external auditors.

In conclusion Mr Boyd thanked the Head of Finance and Resources (Chief Financial Officer) and her staff for their assistance in delivering the audit.

Responding to a question from Ms Forbes, Mr Boyd confirmed that the concerns relating to financial sustainability were similar to the position not only across other HSCPs but across the wider public sector generally. He also confirmed that in relation to the key performance indicators referred to in the action plan, his view was that this would be an area of focus across the wider public sector, and that performance baselines may need to change.

Commenting on the need for the IJB to make savings in excess of £20 million between 2022 and 2027, Ms Monaghan suggested this would lead to an inevitable reduction in front line services. In addition referring to the recommendation in the report that the current reserves policy be reviewed, Ms Monaghan questioned whether the reserve levels should be changed or left unaltered in the knowledge that the level of reserves as set out in the policy was unlikely to be achieved.

In reply, Mr Boyd acknowledged the challenge to be faced in achieving the levels of savings required. In addition, he explained that the 2% reserve target was seen as good practise, but the key point was that whatever target was set it had to be appropriate for the circumstances. He also referred to the issue of unexpected costs and whether there should be a debate around whether these should be borne by the IJB or its partners.

Responding to a question from the Chief Officer on the financial challenges ahead and the consistent demands from the Scottish Government for services to be delivered, and whether these matters were being raised nationally by Audit Scotland, Mr Boyd confirmed that Audit Scotland had just recently published a report on financial challenges and risks that touched on these matters.

Further discussion took place on the establishment of a National Care Service and the potential financial impact on HSCPs. Ms Monaghan also sought an update on progress in reviewing Integration Schemes, in response to which the Chief Officer explained that there had been a lot of work across the 6 HSCPs in the Greater Glasgow and Clyde area, but that in light of the coming winter challenges the Scottish Government had been asked if work on the review could be postponed until the spring. A reply was awaited.

The committee noted the report.

## **ANNUAL REPORT AND ACCOUNTS 2021-22**

7. Under reference to the Minute of the meeting of the IJB of 22 June 2022, the committee considered a report by the Chief Financial Officer seeking approval for the final audited annual report and accounts for the IJB for the period 1 April 2021 to 31 March 2022, following the external audit of the accounts. A copy of the annual report and accounts accompanied the report.

The report referred to the establishment of IJBs and the requirements, in accordance with Section 106 of the Local Government (Scotland) Act 1973, for annual accounts to be prepared in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom, and also to additional guidance produced by the Local Authority (Scotland) Accounts Advisory Committee.

Thereafter, the report explained that the annual report and accounts had been prepared in accordance with the relevant legislation and guidance, and set out the key messages from Audit Scotland. In summary, the annual report and accounts were unqualified and unmodified; the IJB had appropriate and effective financial management arrangements in place; the level of general reserves held by the IJB was well below the policy level of 2%; the medium term financial outlook for the IJB was challenging and work should continue with partners to develop a sustainable strategy; there were appropriate governance arrangements in place; and appropriate arrangements were in place to demonstrate best value.

The report also referred to the 3 recommendations made by Audit Scotland and summarised the response and associated timescale for action in respect of each, with progress on these to be reported to the Performance and Audit Committee.

The report also highlighted that the main messages from the annual report and accounts remained unchanged from the unaudited position reported in June, with the operational

underspend of £0.837 million remaining unchanged. This was marginally better than the position last reported to the IJB in March when the projected outturn was an underspend of £0.554 million. Main budget variances were set out and it was noted that the reserves total had increased significantly during the year from £10.485 million to £20.572 million, with further allocations received in the final quarter of 2021/22 mainly for winter funding, the Primary Care Improvement Plan and COVID. This increase in reserves was in line with the national position the vast majority of which related to Scottish Government ring-fenced funding. The majority of the ring-fenced funding related to COVID-19 and would be used to support the ongoing response to the pandemic in 2022/23. The Scottish Government's intention to clawback unused COVID-19 reserve funding during 2022/23 was noted, with the mechanism still to be confirmed.

The Chief Financial Officer was then heard further on the accounts. She noted that the annual report and accounts reflected the opinions already provided by Audit Scotland and the Chief Auditor and she was pleased with the outcome, particularly given the complex and challenging circumstances over the year.

It having been noted that Paragraphs 16 to 26 reiterated the key messages from the annual report and accounts, it was highlighted that Paragraph 27 confirmed the restatement to the prior year 2020/21 for set aside which was included was considered by Audit Scotland as not material and had therefore been removed. This was the treatment requested across all NHS GGC IJBs. However an explanatory note had been left in the accounts at Note 14 to promote transparency.

She reported that as in previous years the opportunity had been taken between the unaudited and audited report to refine narrative, update performance information for latest available and revise for any updates during the period. In this regard particular references was made to paragraph 28 of the report where the medium term financial outlook had been updated to reflect the current assumptions as discussed at the budget seminar the previous week.

It was noted that the easy read summary document was also appended for note and comment and would be published on the website once the full annual report and accounts had been approved and submitted by the IJB.

Finally the Chief Financial Officer thanked audit, performance and finance colleagues for their support.

Thereafter members having thanked the Chief Financial Officer and her team for their work, and welcomed the summary, the committee agreed that the audited annual report and accounts be remitted to the IJB for approval.

## **MID-YEAR PERFORMANCE UPDATE 2022-23**

8. The committee considered a report by the Chief Officer providing an update on key performance measures relating to the delivery of the strategic priorities set out in the HSCP Strategic Plan 2022-2025. Where mid-year data was available for strategic performance indicators this was included.

It was explained that the mid-year report provided a smaller number of data updates compared with end-year, in addition to which it was noted that for many indicators recent performance trends against established targets had been impacted by the COVID-19 pandemic.

The report included data for mid-year and any updated end-year data for indicators from the Strategic Plan that had not previously been reported to the committee, and provided an explanation of the manner in which the information was presented.

The report also set out performance highlights together with listing areas that remained challenging.

The Policy, Planning and Performance Manager was then heard further on the report following which full discussion took place.

Welcoming the updated format of the report, Mrs Kennedy enquired if the Short-Life Working Group set up to review the way in which performance information was presented would continue. The Policy, Planning and Performance Manager having confirmed this was the case, Ms Forbes referred to a number of areas in the report where further refinement was required, particularly in relation to the display of trend information.

The Chief Officer reminded that committee that due to the relatively small numbers connected to some of the performance targets it had to be borne in mind that any changes to these could result in large change in the associated percentage figure.

The committee noted the report.

## COMMISSIONED SERVICES

9. The committee considered a report by the Chief Officer providing an overview of the current arrangements in place to commission health and care services with external partners.

Having set out the legislative requirements in relation to reviewing the Strategic Commissioning Plan and its links to the Strategic Plan, the report provided information regarding the re-establishment of the Contracts and Commissioning Team in 2020/21. It was noted that in response to the pandemic, the team's priority was to provide liaison between the HSCP and external providers and to offer assurance through commissioning and contract monitoring arrangements. For some providers, particularly care homes, this support was provided on a daily basis offering liaison and support, identifying key pressures, ensuring national guidance including access to infection, prevention and control measures, and processing sustainability payments. This initial period laid strong foundations for the partnership approach that has been established with external providers.

It was also noted that in addition, the team supported care and support providers to transfer to the new Scotland Excel Care and Support framework effective from 1 April 2021. The team were leading on supporting services to ensure contract monitoring and commissioning arrangements with external partners were fit for purpose. A programme of review was underway with the introduction of new systems and processes to support the range of contract arrangements in place.

The report then set out the commissioning intentions identified in the 2018-21 Strategic Commissioning Plan and referred to the HSCP's change programme which had been put on hold due to the pandemic. This had resulted in the current Strategic Commissioning Plan being extended by default. However, the Strategic Commissioning Plan would be refreshed by March 2023 to reflect the renewed Strategic Plan 2022/25 and to reflect the work underway in respect of the HSCP, national and Greater Glasgow and Clyde transformation programmes. Work was already underway to develop a collaborative commissioning approach for East Renfrewshire bringing together partners, services and people who use services, and carers.

Details of the partnership working with external providers in the delivery of commissioned health and social care services were then set out. This included financial information on the spend for purchased care for the 12 months from April 2021 to March 2022

The report then set out the work currently underway to develop a collaborative commissioning framework for the HSCP including a series of events that had taken place to seek the views of partners and to help inform the framework. This had included the identification of a number of key themes which were set out.

Reference was also made to the number of ongoing service redesign initiatives that were bringing partners, services and people who used services together to consider future options for service delivery. In particular it was noted that at the Living Well in East Renfrewshire event held on 4 November 2022 care at home delivery partners had been brought together to explore options for commissioning and delivering services differently. All of this work would be underpinned by the collaborative and ethical approach to commissioning.

Progress to date and the next steps to be taken were summarised with it being noted that within the Recovery and Renewal Programme there were a number of projects that required significant input by the Commissioning Team to support service redesign and associated efficiencies. The Commissioning Team would lead the review on commissioned services with the aim to ensure all framework and contractual opportunities were maximised, with future progress being reported through the Recovery and Renewal Programme.

The Senior Manager Planning and Performance and Commissioning Manager was heard further on the report. In response to Ms Monaghan she confirmed that the HSCP had for some time been using many of the 8 care principles. She also confirmed that if appropriate, services were commissioned from outwith the commissioning framework. At this stage it was too early to determine the financial impact of different commissioning arrangements. The Chief Financial Officer explained care packages would be monitored on an individual basis.

Ms Monaghan welcomed this approach however she expressed concerns about the potential impact on service users of some difficult financial decisions that would be required.

In reply, the Chief Officer acknowledged that there were challenging times ahead. This was endorsed by Ms Monaghan who highlighted the number of current vacancies and services not being purchased at present

The committee noted the report.

## AUDIT UPDATE

**10.** Under reference to the Minute of the previous meeting (Item 9 refers), the committee considered a report by the Chief Officer providing an update on new audit activity relating to the IJB and HSCP since last reported to the committee in September 2022, and summarising all open audit recommendations. Accompanying the report were a series of appendices. These contained information regarding audit activity relating to the IJB and HSCP; and information on recommendations from previous audits. Summary information in relation to the appendices was contained in the report

Commenting on the report the Chief Financial Officer confirmed that the open action relating to the follow up IJB audit had now been confirmed as closed by the Chief Auditor and that the action plan in relation to the Audit Scotland annual audit plan would be superseded by that included in the Audit Scotland report earlier at the meeting.

It was also noted that since last reported, there had been 3 new audits undertaken by the Council's internal audit team which impacted on the HSCP. Two related solely to the HSCP and one contained council-wide recommendations. Progress would be included in future update reports.

Ms Forbes having suggested a change to the report regarding the information contained in the summary table, the Chief Auditor explained that discussions had taken place regarding the level of NHS audit information that could be provided. Whilst NHSGGC auditors were content for full information to be provided NHSGGC only wanted summary information to be made available.

The committee noted the report.

### **IJB STRATEGIC RISK REGISTER UPDATE**

**11.** Under reference to the Minute of the previous meeting (Item 11 refers), the committee considered a report by the Chief Officer providing an update on the Integration Joint Board Strategic Risk Register. A copy of the risk register accompanied the report.

Having set out the risk matrix used to calculate risk scores, the report then referred to the meeting of the committee on 21 September 2022 and explained that since then no new risks had been added; no existing risks had been removed, and no risk scores had changed. However risk control measures had been reviewed and updated to reflect any proposed mitigation which had been completed, or where the expected date for completion had been extended.

The Chief Financial Officer having highlighted that the potential impact on capacity from industrial action had been recognised as a risk, the committee noted the report.

### **DATE OF NEXT MEETING**

**12.** It was reported that the next meeting of the committee would take place on Wednesday 29 March 2023 at 9.00am.

CHAIR