

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

ABERDEEN, 2 March 2018. Minute of Meeting of the AUDIT AND PERFORMANCE SYSTEMS COMMITTEE. Present:- Rhona Atkinson (NHS Grampian (NHSG)) Chairperson; and Councillors Cooke and Duncan; and Luan Grugeon (via teleconference for agenda items 1-9 and 11).

Also in attendance: Alex Stephen (Chief Finance Officer, Aberdeen City Health and Social Care Partnership (ACHSCP)), Tom Cowan (Head of Operations, ACHSCP), Alison MacLeod (Lead Strategy and Performance Manager, ACHSCP), Gail Woodcock (Lead Transformation Manager, ACHSCP), Martin Allan (Business Manager, ACHSCP), Sarah Gibbon (Executive Assistant, ACHSCP), Iain Robertson and Alan Thomson (Legal and Democratic Services, Aberdeen City Council (ACC)), Colin Harvey (Internal Audit); and Natalie Dyce (External Audit, via teleconference for agenda item 10 only).

Apologies: Judith Proctor and Sally Shaw.

WELCOME FROM THE CHAIR

1. The Chair opened the meeting and welcomed Martin Allan who had recently joined the Partnership as its Business Manager. She also advised that Alison MacLeod would present the Performance Monitoring report as Sally Shaw had submitted her apologies for today's meeting. Due to the acclimate weather conditions, External Audit had been unable to attend today's meeting in person but would join the meeting via teleconference and as such, the Chair proposed to defer item 11 (Private Meeting with Internal and External Audit) on today's agenda to the Committee's next meeting on 10 April 2018; and to re-order today's agenda to consider item 6 (Transformation Progress) following consideration of item 10 (Draft External Audit Strategy). The Committee agreed to these proposals.

The Committee resolved:-

- (i) to defer item 11 on today's agenda until the Committee's next meeting on 10 April 2018;
- (ii) to re-order today's agenda to consider item 6 (Transformation Progress) following consideration of item 10 (Draft External Audit Strategy);
- (iii) to welcome Martin Allan to his new post as the Partnership's Business Manager; and
- (iv) otherwise note the information provided.

MEMBERS ARE REQUESTED TO DECLARE ANY INTERESTS.

2. Members were requested to intimate any declarations of interest.

The Committee resolved:-

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To note that no declarations of interest were intimated at this time for items on today's agenda.

MEMBERS ARE REQUESTED TO DETERMINE THAT ANY EXEMPT BUSINESS BE CONSIDERED WITH THE PRESS AND PUBLIC EXCLUDED.

3. The Committee was asked to determine any exempt or confidential business.

The Committee resolved:-

To note there was no exempt business.

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4. The Committee had before it the minute of the previous meeting of 21 November 2017.

In reference to item 4, the Clerk highlighted that the meeting on 17 April would now take place on 10 April; and the meeting on 20 November would now take place on 13 November. He confirmed that fresh appointments had been sent to members.

The Committee resolved:-

- (i) to approve the minute as a correct record; and
- (ii) otherwise note the information provided.

STRATEGIC RISK REGISTER REVIEW

5. The Committee had before it the Strategic Risk Register.

Alex Stephen (Chief Finance Officer, ACHSCP) advised that since the Committee's last meeting, the Partnership had reduced the risk rating for risk 8 (Reputational Damage to the IJB) from High to Medium risk due to governance processes that had been in place and tested since the go live date; and the budget processes that had been put into effect to secure approval of the IJB's second annual budget. He also informed the Committee that progress had been made in the negotiation of the National Care Home Contract in which rates were expected to increase by 3.39%.

Thereafter the Committee reviewed the risk register and the following points were highlighted:-

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With reference to risk 2 (Financial Failure), members agreed that financial failure needed to be defined and requested that the Executive Team review the Partnership's risk appetite for tolerating budgetary overspends. The Committee also requested that reference be made to the Medium-Term Financial Strategy within the mitigation section;

With reference to risk 3 (IJB Failure to Function), members requested that the risk narrative be updated to reflect the announced departure of the current Chief Officer;

With reference to risk 4 (Hosted Services Failure), members expressed concern that Pan-Grampian meetings between IJBs were not happening regularly to resolve hosted service issues and there were gaps in assurance particularly for mental health services and prescribing. The Committee requested that the Executive Team review this risk and add the development of the Regional Delivery Plan to the mitigation section;

With reference to risk 6 (Failure of ACC and NHSG Corporate Services to Deliver IJB Services), members requested that the impact of budget reductions on both partners be added to the risk narrative;

With reference to risk 7 (Performance Failure), members noted that the mitigation and assurance sections appeared to be reactive and requested that the Executive Team review these sections to develop more proactive measures. The Committee also highlighted that the Partnership must not lose sight of person centred care whilst devoting efforts to meeting performance targets;

With reference to risk 8 (Reputational Damage to IJB), members discussed the possible impact of negative social media comments and campaigns on the IJB/ Partnership's reputation; and the Committee requested that the Executive Team review the wording of the risk description to reflect the complexity of decision making and the importance of quick and decisive responses;

With reference to risk 9 (Transformation Failure), members queried if the Partnership had been devoting sufficient time to supporting managers who were delivering transformational change at an operational level. Tom Cowan (Head of Operations, ACHSCP) confirmed that significant support was being provided on an ongoing basis and in response the Committee requested that this engagement with local managers be reflected within the risk narrative;

With reference to risk 10 (Failure to Maximise Locality Working Opportunities), members discussed the confusion caused by the statutory use of "Locality" terminology by both the IJB and Community Planning Aberdeen (CPA), particularly as their boundaries did not align. The Committee noted this was a risk to effective locality planning and requested the Chief Officer to discuss this risk with CPA partners; and

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With reference to risk 11 (Workforce Planning Failure), members acknowledged that this was becoming a more prominent risk for the Partnership and discussed the likely impact of the National Health and Social Care Workforce Plan. The Committee requested that the Executive Team closely monitor this risk and consider a possible revision to its risk rating.

The Committee resolved:-

- (i) with reference to risk 2, to request that the Executive Team review the Partnership's risk appetite for tolerating budgetary overspends;
- (ii) with reference to risk 2, to make reference to the Medium-Term Financial Strategy within the mitigation section;
- (iii) with reference to risk 3, to make reference to the announced departure of the Chief Officer within the risk narrative;
- (iv) with reference to risk 4, to request that the Executive Team review this risk and add the development of the Regional Delivery Plan to the mitigation section;
- (v) with reference to risk 6, to include the impact of budget reductions on both partners within the risk narrative;
- (vi) with reference to risk 7, to request that the Executive Team review the mitigation and assurance sections and develop more proactive measures;
- (vii) with reference to risk 8, to request the Executive Team to review the wording of the risk description to reflect the complexity of decision making and the importance of quick and decisive responses;
- (viii) with reference to risk 8, to revise the colour of the risk movement on page 30 from green to amber to reflect the medium risk rating;
- (ix) with reference to risk 9, to request that the engagement and support provided to local managers with regards to the Transformation Programme be reflected within the risk narrative;
- (x) with reference to risk 10, to request that the Chief Officer discuss the use of "Locality" terminology with CPA partners and to highlight the confusion it had caused for stakeholders and the public;
- (xi) with reference to risk 11, to request that the Executive Team closely monitor this risk and consider a possible revision to its risk rating;
- (xii) to recommend that the Strategic Risk Register be added to the IJB agenda on 27 March 2018 for further review;
- (xiii) to request that a session on risk management and risk appetite be delivered at the IJB's developmental workshop on 24 April 2018; and
- (xiv) otherwise note the risk register.

PERFORMANCE MONITORING

6. The Committee had before it a report by Jillian Evans (Head of Health Intelligence, NHS Grampian) and Alison MacLeod (Lead Strategy and Performance

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Manager, ACHSCP) which (1) outlined the most current data in respect of Aberdeen City Health and Social Care Partnership's (ACHSCP's) performance against the National Core Suite of Integration Indicators; (2) detailed progress against other high level IJB performance measures; and (3) demonstrated continued alignment of performance with the Aberdeen City HSCP Strategic Plan 2016 – 2019.

The report recommended:-

That the Committee -

- (a) Note the performance and progress of the partnership against the high level indicators of system-wide performance; and
- (b) Note that the Head of Strategy and Transformation will report performance quarterly over the year; bi-annually to the IJB and bi-annually to the Audit and Performance Systems Committee.

Alison MacLeod (Lead Strategy and Performance Manager, ACHSCP) provided an overview of the Partnership's performance against the national core suite of integration indicators and local indicators. She advised that performance across the board was mixed and highlighted that colleagues in Health Intelligence and the newly formed Performance Management and Evaluation Group would review performance indicators and systems to ensure they could provide relevant, up to date and robust information to support decision making. Ms MacLeod also confirmed that the Head of Strategy and Transformation would review the formatting of the Performance Monitoring report within the next Committee cycle.

Thereafter there were questions and comments on (1) the number of national indicators in which Partnership performance was below the national average and whether this was due to local slippage or relative national improvement; (2) the importance for the Performance Management Framework to link back to the outcomes within the Strategic Plan; and (3) Ms MacLeod confirmed that the Performance Management and Evaluation Group had liaised with Health Improvement Scotland to learn from best practice and improve their methodology.

The Committee resolved:-

- (i) to note the performance and progress of the partnership against the high level indicators of system-wide performance;
- (ii) to note that the Head of Strategy and Transformation would report performance quarterly over the year; bi-annually to the IJB and bi-annually to the Audit and Performance Systems Committee;
- (iii) to instruct the Lead Strategy and Performance Manager to circulate an update to members via email on whether the Partnership's declining performance against a number of national integration indicators on page 47 was due to local slippage or a relative improvement in national performance; and

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- (iv) to instruct the Head of Strategy and Transformation to review the formatting of the Performance Monitoring report in consultation with the Chairperson to ensure performance reporting links back to the Strategic Plan.

FINANCIAL CONTROL

7. The Committee had before it a report by Gillian Parkin (Finance, NHS Grampian) and Jimmie Dickie (Finance, ACC) which (1) summarised the current year revenue budget performance for the services within the remit of the Integration Joint Board as at Period 9 (end of December 2017); (2) advised on areas of risk and management action relating to the revenue budget performance of the Integration Joint Board (IJB) services; and (3) outlined any budget virements required to ensure budgets were more closely aligned to anticipated income and expenditure

The report recommended:-

That the Committee –

- (a) Note the report in relation to the IJB budget and the information on areas of risk contained herein; and
- (b) Note the budget virements indicated in Appendix E.

Alex Stephen (Chief Finance Officer) advised that an adverse position of £3.36m had been recorded as at 31 December 2017. He explained that the main areas of pressure were overspends on prescribing; out of area treatments; and hosted services.

Thereafter there were questions and comments on the £102,000 overspend on the Police Forensic Service budget, which the Chief Finance Officer confirmed had been due to structural and legacy underfunding issues.

The Committee resolved:-

- (i) to note the report in relation to the IJB budget and the information on areas of risk contained therein;
- (ii) to note the budget virements indicated in Appendix E; and
- (iii) to instruct the Chief Finance Officer to review the formatting of the Financial Control report in consultation with the Chairperson.

ADULT SOCIAL WORK TRANSPORT INTERNAL AUDIT REPORT

8. The Committee had before it a report by David Hughes (Chief Internal Auditor) which presented the outcome from the planned audit of Adult Social Work Transport that was included in the 2017/18 Internal Audit Plan for Aberdeen City Council. The

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Internal Audit report was considered by the Aberdeen City Council Audit, Risk and Scrutiny Committee in November 2017.

The report recommended:-

That the Committee review, discuss and comment on the issues raised within the report.

Colin Harvey provided an overview of the audit which found that in general the Partnership had appropriate arrangements in place to secure transportation in a cost effective and well managed way. He highlighted that Internal Audit had made a number of recommendations for Management's consideration relating to (1) the introduction of service level agreements; (2) the Partnership's Data Protection Policy, particularly in relation to processing consent forms; (3) Care First's processing and storage of data; (4) the use of Public Contracts Scotland (PCS) digital functionality; and (5) securing delegated authority for approval of contracts in excess of £60,000.

Thereafter there were questions and comments on (1) the ongoing review of Care First; (2) preparations for ensuring General Data Protection Regulation (GDPR) compliance by 25 May 2018; and (3) the process Internal Audit would adopt to monitor whether Management had actioned audit recommendations.

The Committee resolved:-

- (i) to note that the Committee would receive an annual report from Internal Audit on any recommendations which had not been accepted or actioned by Management; and
- (ii) otherwise note the report.

TRANSFORMATION INTERNAL AUDIT REPORT

9. The Committee had before it a report by David Hughes (Chief Internal Auditor) which presented the outcome from the planned audit of Transformational Funding that was included in the 2017/18 Internal Audit Plan for the Integration Joint Board.

The report recommended:-

That the Committee review, discuss and comment on the issues raised within the report.

Colin Harvey advised that Internal Audit had found that governance protocols were now more mature but generally the itinerary of the Transformation Programme was still being developed. Gail Woodcock (Lead Transformation Manager, ACHSCP) accepted the findings of the audit and advised that Management would accept all

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recommendations put forward by Internal Audit. She also confirmed that the Strategic Commissioning Programme Board had held its first meeting in January 2018.

The Committee resolved:-

To note the report.

DRAFT EXTERNAL AUDIT STRATEGY

10. The Committee had before it a cover report by Alex Stephen (Chief Finance Officer, ACHSCP) which introduced the draft External Audit Strategy which had been prepared by the Partnership's external auditors KPMG.

The report recommended:-

That the Committee approve the approach to external audit, as outlined in Appendix A.

Natalie Dyce (External Audit) provided an overview of (1) the audit approach; (2) the audit risk; (3) materiality; (4) the financial statement audit; and (5) the wider scope of the audit in relation to the four dimensions of financial sustainability, financial management, governance and transparency and value for money. She also highlighted the auditor's responsibility for quality and independence. The Chief Finance Officer confirmed that Management had endorsed the draft Strategy and intended to submit the annual accounts and annual Governance Statement to the same meeting of this Committee later in the year.

Thereafter there were questions and comments on (1) the impact of Aberdeen City Council's bond issue on the publication of the Partnership's annual accounts; and (2) the cost of audit fees, with particular reference to pool costs and contribution to Public Audit and Best Value (PABV).

The Committee resolved:-

To agree the recommendation.

TRANSFORMATION PROGRESS

11. The Committee had before it a report by Gail Woodcock (Lead Transformation Manager, ACHSCP) which provided an update on the progress of the Transformation Programme.

The report recommended:-

That the Committee note the information within the report.

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Gail Woodcock provided an overview of project progress within the Transformation Programme and highlighted the governance structures and links to the Strategic Plan which underpinned the Programme. Ms Woodcock noted that to date £2.78m had been spent on transformation projects against a projected spend of £4.09m for the full financial year. She explained the underspend was largely due to processing of invoices and that expenditure would be reported in future updates to Committee. Ms Woodcock then undertook a high level deep dive of the Acute Care at Home and Modernising Primary and Community Care workstreams.

Thereafter there were questions and comments on (1) workforce planning, with particular reference to potential gaps that may develop as staff are relocated to support transformation projects; (2) the Partnership's increasing use of digital solutions to support a more efficient way of working; and (3) initiatives planned by the Partnership to encourage registered nurses who were not currently employed in this sector or had retired, to return to this profession.

The Committee resolved:-

- (i) to note the report; and
- (ii) to request that the next update on Transformation Progress be reported to Committee in a similar fashion to today's meeting and include both a summary report and deep dive presentation.

PRIVATE MEETING OF COMMITTEE WITH INTERNAL AND EXTERNAL AUDIT

12. To defer consideration of this item until the Committee's next meeting.

RHONA ATKINSON, Chairperson.

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