



ABERDEEN
CITY COUNCIL

Internal Audit Report

Aberdeen City Council Health and Social Care Integration Pre-Integration Financial Assurance

Issued to:

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EXECUTIVE SUMMARY

The Public Bodies (Joint Working) (Scotland) Act 2014 requires all local authorities and health boards to integrate adult community health and social care services. Within Aberdeen City, it has been determined that this will be provided through an Integration Joint Board (IJB), formed primarily of representatives from Aberdeen City Council and NHS Grampian, and a wider non-voting membership.

The delegation of functions to the IJB will be effective from 1 April 2016, at which point it will formally take over the direction of Health and Social Care services within Aberdeen City. In 2015/16, a budget of £240 million was available within the Council (£106 million) and NHS (£134 million) for the provision of existing services within these areas. The level of budget to be transferred to the IJB will be agreed in February 2016 through existing Council and NHS budget approval processes.

Scottish Government guidance requires Audit Committees to obtain assurance over:

- The finance provisions to be included in the integration scheme;
- The plans for financial governance and financial assurance and risk;
- That lessons have been learned from other integration projects; and
- That the financial metrics to be used in future to assess whether integration has met its objectives have been identified and that a process for obtaining baseline data is in place.

Internal Audit has sought to obtain this assurance in respect of aspects controlled and influenced by Aberdeen City Council. A further report from NHS Grampian Internal Auditors will outline separate work undertaken in respect of those areas controlled and influenced by NHS Grampian, and will be shared with the Audit, Risk and Scrutiny Committee when it is available.

Progress is being made towards implementation by the Chief Officer, reporting to the Council, NHS Board and Shadow Integration Joint Board (sIJB). An Integration Scheme has been submitted to the Scottish Government and has been approved by the Cabinet Secretary. It will be laid before Parliament and following the prescribed period the IJB will be legally established on 6 February 2016. The draft includes the key finance requirements as set out by the Scottish Government.

Key governance documents including Financial Regulations, the Risk Management Strategy, Asset Management Plans, and detailed resource plans, have still to be finalised. The first two are in joint development across the former Grampian area, and will be in place prior to 1 April 2016. The other plans are being developed locally to support the draft Strategic Plan, which has been prepared, and sets out a direction of travel for the IJB. Until the detailed plans are complete, there is limited assurance that resources will be available for delivery of the Strategic Plan. It is not anticipated these will be in place for the 'go-live' date of 1 April 2016, as the delivery of statutory requirements, of which these do not form a part, has been prioritised.

Although the sIJB meets monthly, and receives updates at each meeting on various aspects of implementation, to date progress reports covering the whole programme have not been routinely provided, in a consistent format. In December 2015 the sIJB agreed to receive a standard monthly report prepared using data collated by the Programme Management Office, which is intended to improve consistency of reporting.

Lessons are being learned from developing partnerships across Scotland via the Chief Officers Group and Finance Leads networks, best practice is being shared, and joint pan-Grampian work is in progress. However, a substantial element of trust is

being placed on officers within the IJB and partners to work together towards the partners' assumed mutual aims. This is particularly relevant in respect of the budget setting process and in the event that a budget overspend should be incurred by the IJB. There remains a risk to the partnership, and therefore to the Council, if delegated services cannot be delivered within the budget made available. It is recognised that such risks exist within the current provision of the services and are managed by each of the Partners within their own budget monitoring and risk management arrangements. The Integration Scheme makes provision for dealing with potential budget overspends and if this process were to be unsuccessful the scheme also contains a dispute resolution process. As highlighted by the Highland Partnership's experience, as set out in the Scottish Government's Guidance for Integration Financial Assurance document (May 2015), this may not be as straightforward as anticipated, though the integration model adopted is different. Finance has stated that such risks will be mitigated by a due diligence process and via the budget monitoring arrangements put in place for the IJB.

Whilst the sIJB has been provided with regular joint monitoring reports, at a high level, on expenditure against both NHS and Council budgets for 2015/16, and each partner has continued with its own budget monitoring arrangements, there has been no sharing beyond officers of the partners' management accounts. Council Committees have not been provided with detail on the NHS elements of the budget and expenditure to date. Without access to this information, there is less transparency over the ongoing costs of partners and the IJB, which are likely to have an impact on the budget requirements going forward.

It is a requirement of the Scottish Government's Integration Resource Advisory Group (IRAG) guidance that all parties have had sight of relevant budget information from the other party and the underlying process for deciding them. Officers from both partners continue to work together to develop the budget. The ongoing budget setting process, which is building towards the February 2016 Full Council, is identifying all of the risks associated with the budget which will be provided to the IJB. These will be incorporated into the Council's budget setting report, and Finance intends to provide further assurance through a due diligence report outlining the key risks and assumptions.

Although work is progressing on developing performance measures there has to date been no formal output from this workstream. As a result, it is not possible to determine whether baseline data for these measures can be or has been obtained. It may therefore be difficult to provide assurance that Integration has met its objectives, beyond measuring whether or not as a whole it has remained within budget. It may also prove more difficult to calculate accurate baselines if the data is not identified and collated in advance. It is not planned that these will be determined prior to April 2016.

The intention, per the Strategic Plan, is to deliver services on a locality basis, which (subject to consultation) will build upon existing GP clusters. There have been no decisions made to date regarding the planned management and budget structure. It is anticipated that there will be a mix of geographic and specialist budgets. Budgets will need to be devolved to align financial and operational responsibility. However, until the detailed resource plans have been completed, limited work can be done on devolving budgets to these localities. It is not intended that this will be completed until after April 2016, and in the interim budgets will continue to be managed by existing budget holders. Until new structures are in place, and budgets and performance measures are aligned with them, it will be more difficult to drive and demonstrate achievement of the IJB's strategy.

1. INTRODUCTION

- 1.1 The Public Bodies (Joint Working) (Scotland) Act 2014 requires all local authorities and health boards to integrate adult community health and social care services. Within Aberdeen City, it has been determined that this will be provided through an Integration Joint Board (IJB), formed primarily of representatives from Aberdeen City Council and NHS Grampian, and a wider non-voting membership.
- 1.2 The delegation of functions to the IJB will be effective from 1 April 2016, at which point it will formally take over the direction of Health and Social Care services within Aberdeen City. In 2015/16, a budget of £240 million was available within the Council (£106 million) and NHS (£134 million) for the provision of existing services within these areas. The level of budget to be transferred to the IJB will be agreed in February 2016 through existing Council and NHS budget approval processes.
- 1.3 In May 2015 the Scottish Government issued final guidance for Integration Financial Assurance. The guidance places specific requirements on the Audit Committees of partner organisations within the pre Integration shadow period:
- 1.4 Audit Committees are required to obtain assurance on the following:
- The finance provisions to be included in the integration scheme;
 - The plans for financial governance and financial assurance and risk;
 - That lessons have been learned from other integration projects; and
 - That the financial metrics to be used in future to assess whether integration has met its objectives have been identified and that a process for obtaining baseline data is in place.
- 1.5 The guidance recommends that Audit Committees are provided with a report on the assurance work carried out by the Health Board and Local Authority. This report is to be produced jointly by the Health Board and Local Authority Chief Internal Auditors and should be available sufficiently in advance of delegation of functions and resources to allow consideration by the Audit Committees. This assurance report is also to be shared with the Audit Committees of the IJBs, when established.
- 1.6 This report is intended to provide assurance over the above areas in respect of aspects controlled and influenced by Aberdeen City Council.
- 1.7 A further report from NHS Grampian Internal Auditors will outline separate work undertaken in respect of those areas controlled and influenced by NHS Grampian, and will be shared with the Audit, Risk and Scrutiny Committee when it is available.
- 1.8 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Judith Proctor, Chief Officer – Aberdeen City Health and Social Care Partnership, and Steve Whyte, Head of Finance.

2. FINDINGS AND RECOMMENDATIONS

2.1 Financial Governance, Assurance and Risk

- 2.1.1 In order to provide assurance to the partner organisations, and to facilitate the smooth operation of the partnership it is important that clear, strong and effective governance controls exist for the establishment of the Integrated Joint Board (IJB). Aberdeen City Council and NHS Grampian were required to produce an Integration Scheme – which sets out the agreement between partners; and a Strategic Plan which identifies how the resources will be used.
- 2.1.2 The draft Aberdeen City Integration Scheme, closely matching the national model, was approved by Full Council in March 2015. Following consultation with Scottish Government officers a revised version was agreed and submitted to the Scottish Government in December 2015. The scheme contains clauses in respect of governance arrangements, including: board membership, delegated functions, financial governance (budgets, payments and monitoring) and risk management. The scheme has now been approved by the Cabinet Secretary and will be laid before Parliament in January 2016. Following the prescribed period the IJB will become legally established on 6 February 2016.
- 2.1.3 The Board will be comprised of a total of 8 voting members comprising 4 Aberdeen City Councillors, and 4 NHS Grampian Board Members, ensuring an equal partnership. This is reflected in the composition of the Shadow IJB (sIJB) which meets regularly to progress the Integration agenda. Further non-voting members, including officers and third sector representatives, will be co-opted onto the Board. The Chair will be appointed from alternating partners at regular intervals. The sIJB has its own Standing Orders, which reflect relevant sections of the Integration Scheme and set out key aspects of the formal administration of meetings.
- 2.1.4 There are however a number of areas where separate documents are referenced for more detail, or where the Scheme states that separate local agreement will need to be reached. These documents and agreements have yet to be finalised. Financial Regulations are being drafted in conjunction with each of the partners and integration authorities within the Grampian area. It is anticipated that these will have been drafted by December 2015. Similarly, a shared Risk Management Strategy is being developed across the three areas by Risk Managers from each authority and the NHS. Following completion of this document, a local statement on risk appetite and management will be further developed. Local Asset Management plans are also still to be considered.
- 2.1.5 In order to provide assurance over the operation of the IJB it is important the Financial Regulations, Risk Management Strategy and Asset Management Plans are finalised and agreed with partners in advance of 1 April 2016.

Recommendation

The Chief Officer should ensure the Financial Regulations, Risk Management Strategy and Asset Management Plans are finalised and agreed with partners in advance of 1 April 2016.

Service Response / Action

Agreed. Financial Regulations and the Risk Management Strategy are in line to be finalised by 1 April 2016. Asset management plans are not statutorily required, and there is limited capacity to deliver these in advance, therefore it is not anticipated they will be delivered prior to delegation of powers to the IJB. Existing processes will be relied upon until new plans are put in place.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
April 2016	Chief Officer	Significant within audited area

- 2.1.6 A draft Strategic Plan has been prepared, and was issued for consultation on 1 October 2015, with the intention of agreeing the final Plan in February 2016. It is anticipated that the Plan will be adjusted annually to take account of future changes planned by the IJB. It sets out high level themes and objectives: although it gives examples of ideas and potential initiatives associated with relevant national outcomes, it does not clearly specify plans, programmes or projects that the IJB intends to progress. Performance and outcomes are mentioned, but there is no reference to how they will be measured. The document notes an update is planned by 31 March 2016, supplemented by a Joint Commissioning Plan to show the intentions in more detail. This may be late for providing direction and assurance over the IJB's plans.
- 2.1.7 Although key priorities have been listed, they are all ranked equally, and there is limited detail on the functions which will deliver them. There is limited discussion of resources, other than the total current cost of delegated services. As a result it may be difficult to assign resources and budgets on the basis of the plan alone. This contrasts with statements in the Integration Scheme that the Strategic Plan would support business cases for the level of resources required by the IJB.
- 2.1.8 Although officers stated that the budget is expected to be set to provide the same position as if services were not being delegated, there is a risk that without a detailed and costed Plan the IJB will have no case for additional resources to do what it wants to do, and will have to manage within the resources the partners elect to delegate.

Recommendation

The IJB should ensure the Strategic Plan is supported with documents detailing the proposed activities and anticipated costs and resources required for its delivery.

Service Response / Action

Agreed. However, it is not considered that this is required to meet the statutory handover requirements. Detailed plans cannot be developed until the Strategic Plan has been agreed by the newly formed IJB. A strategic planning group will form in Spring 2016 to take this forward, and it is anticipated plans will take 6-12 months to develop. In the interim, budgets are being allocated on the basis of existing spending patterns. Change in the first year is intended to be transitional, rather than transformational.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
March 2017	Chief Officer	Significant within audited area

- 2.1.9 Under the Act, the IJB must be formally established by 1 April 2016 at which time it will become responsible for delegated functions. The Aberdeen City Shadow IJB was established in January 2015. It is intended that, subject to the relevant Scottish Government order, the delegation of functions to the IJB will be effective from 1 April 2016.
- 2.1.10 The sIJB is regularly presented with reports on progress with integration, and agrees or notes the content and arrangements. Although the Council's Standing Orders, updated in October 2014, state the Health and Care Integrated Joint Board would be a Core Council Committee from 1 April 2015, the Orders of Reference are stated as "To Be Agreed By TLG/Council/NHS Board", and there are no further updates demonstrating the specific powers delegated. Orders of Reference need to be formally approved by Full Council. The Service has stated that powers have not been formally delegated to the sIJB, and therefore it cannot agree actions on behalf of its partners: accordingly it is only

asked to approve positions on taking forward the structures to support integration – not to direct functions and services which in due course will be delegated to the IJB.

- 2.1.11 A timetable was set out at an early stage in order to identify the key milestones leading up to 1 April 2016. Officers have provided updates on various aspects of delivery and via standing items on the sIJB agenda, including regular work plan updates, and Chief Officer reports.
- 2.1.12 At the point the IJB takes responsibility for delegated functions, it will need to ensure relevant structures are in place, including management, staff, infrastructure, systems and data. Whilst many functions will be able to continue as they currently operate, at least in the short term, there are likely to be management and operational issues which will need to be resolved. The Service has stated that it only intends to put in place the necessary structures to meet the legislative requirements from 1 April 2016, and therefore reliance will be placed on existing arrangements for service delivery until new processes and governance arrangements have been developed and agreed by the IJB once it has formed. Although workstreams have been identified, and funding set aside for a number of these, the sIJB has not received much information on progress with each.
- 2.1.13 Risks to meeting the ‘go-live’ date are being managed through a risk register held by the Chief Officer. The project risk register has been presented to the sIJB quarterly, and has been reported to the Council’s Audit Risk and Scrutiny Committee in September 2015. A number of items have been given an ‘Amber’ status to demonstrate that there was a higher than acceptable risk of them not being achieved, but that this is being managed and mitigated. More recent updates have included details of action and progress in addressing the risks, or progressing with implementation, however not every line with an ‘Amber’ status has an update, and the explanations are not regularly revised to demonstrate that changes have occurred as planned. If progress is not being made, the risk to the programme will increase. The sIJB has not regularly received consistent and comprehensive formal updates on progress with each of the workstreams.
- 2.1.14 Aberdeen City Council’s Programme Management Office has recently collated data and developed a new format of programme plan in respect of progress towards implementation of the IJB. This is intended to capture additional data regarding progress with each of the workstreams supporting delivery of the final outcome, and to provide more assurance to the partners that targets are being met. It is planned that this will be provided to the sIJB monthly from December 2015.

Recommendation

The Chief Officer should ensure the sIJB and partners are provided with regular, consistent, detailed information regarding progress with all elements of the Integration plan.

Service Response / Action

Agreed. Progress reporting to date has focused on those aspects of the programme necessary to meet the legislative requirements and the ‘go-live’ date. The PMO approach is intended to provide a consistent overview of progress for the sIJB.

Implementation Date

Implemented

Responsible Officer

Chief Officer

Grading

Significant within audited area

2.2 Lessons Learned

- 2.2.1 Few localities have made any further progress than Aberdeen City with implementing arrangements for Integration, from which lessons may be learned. The Chief Officer has

close links with networks across Scotland via the Chief Officers Group, which meets bi-monthly. Similarly, Finance officers are taking part in meetings of the Integration Finance Leads Network set up by the Scottish Government. As demonstrated by e.g. the shared work on Risk Management and Financial Regulations, the three partnerships within the former Grampian area have met on a number of occasions to share best practice, and to agree a common approach to issues which affect the whole area. Work is also progressing in developing a North East Partnership Steering Group to coordinate cross-partnership services across the area.

- 2.2.2 Finance has noted that the “lessons learned” section of the Guidance issued for Integration Financial Assurance, based on the experience in Highland, was considered by Finance officers in drafting the finance section of the Integration Scheme.

2.3 Budget Setting

- 2.3.1 The Integration Scheme set out which areas of service were to be delegated to the IJB. It naturally follows therefore that the sections of the budget allocated for these services should be transferred from partners to the IJB. Reports presented to the Transitional Leadership Group in May and November 2014 outlined that it would be expected that the sections of the budget allocated for these services would be transferred from partners to the IJB, and also gave indicative budgets based on this assumption.

- 2.3.2 The Integration scheme sets out that in the first year of operation, each partner will follow their existing budget setting process to develop a baseline for the cost of delegated functions. Thereafter any variations to the baseline for delegated functions will be negotiated between the Chief Officer and the partners, based on business cases tied back to the Strategic Plan, and agreed by each partner in accordance with their normal budget setting process – by February each year. As set out at 2.1.6-8 above, there may be difficulties in assessing priorities until the plans and resources required to meet them are more fully developed.

- 2.3.3 It is vital therefore that the IJB and partners have assurance over each budget setting process (Council, NHS and IJB) to ensure that appropriate and adequate resources are in place to continue to deliver the existing functions in the short term, and that sufficient scope has been built in to the budgets, or can be through the budget process, to develop the functions in line with the IJB’s strategic intentions in the medium to long term.

- 2.3.4 This audit can only provide assurance over the budget setting process followed by Aberdeen City Council. No opinion is being expressed as to the adequacy of the resources transferred by partners – it is up to the partners, and members of the IJB, to determine whether or not this is the case, and to act accordingly.

- 2.3.5 The Council has already delegated responsibility and budgets for Adult Social Care services to the Integration Chief Officer, therefore plans for this budget are already built in to the Council’s budget setting process.

- 2.3.6 The Finance Service within the Council has commenced the 2016/17 budget setting process. £1.5 million of savings were taken out during the 2015/16 budget setting process, following underspends in both 2013/14 and 2014/15 across Adult Social Care. Although there are substantial variances within budget headings, including £3.5 million anticipated overspend within Learning Disabilities, where agreed budget savings for service redesign are not being achieved; and £2.8 million underspend on Older People, Physical and Sensory Disabilities commissioned care; year to date budget monitoring (to October 2015) suggests that overall City Adult Social Care expenditure will be broadly in line with budget. However, there are potential risks, as small variations in demand can have significant impacts on expenditure.

- 2.3.7 Further savings are required from the 2016/17 budget, to balance a number of potential risk areas where increased costs are anticipated. At 3 November 2015, around £2.8 million of savings options, and £3.2 million of growth items had been tabled, and will be subject to further consideration and challenge through the Council's budget process, alongside options presented for other Council Services. The Social Care growth items are largely comprised of anticipated cost increases for commissioned services. A number of savings have been built in to reflect the IJB's share of planned corporate cost reductions.
- 2.3.8 There is a risk to the Council if it agrees a budget for the IJB which is not affordable in the longer term, as this will impact on the Council's ability to continue to provide other services. It may prove difficult to substantially alter the budget in future years once a baseline level has been committed to.
- 2.3.9 Unless the IJB is given a budget which is sufficient to cover current or anticipated costs, it may not be able to continue providing services in the short term, or be able to invest in required changes for the future. However, there needs to be an incentive for the IJB to provide efficient and economic services. It should be required to meet a fair and equitable share of any resource impacts resulting from a reduction in grant aided expenditure from the Scottish Government, or unfunded increases in costs. If it cannot do so, then there is a risk, through application of relevant clauses of the Integration Scheme that the partners will have to fund any overspend on the IJB annual budget retrospectively.
- 2.3.10 In the first year, overspends would be funded by the original owner of the budget – i.e. the Council would fund any overspend in former Social Work budgets. In future years it is likely that (unless one partner volunteers payment) an overspend would be shared in proportion to the total budgets originally transferred by each partner. This means that the cost of an overspend in the former Social Care services may be part funded by NHS Grampian, and an overspend on former Health Care services may be part funded by Aberdeen City Council.
- 2.3.11 It is unlikely that either partner will have budgeted for such an overspend, particularly if it arises under the other partner's former operations. Reserves may have to be utilised, or resources diverted from other activities which had been prioritised.

Recommendation

The Service should ensure adequate mechanisms are in place to ensure overspends are avoided or resolved amicably between the Partners and the IJB.

Service Response / Action

Agreed. It is considered that the Integration Scheme contains sufficient provision for reporting on budget monitoring and risks associated with spending pressures, setting a reserves strategy, and agreeing recovery plans in the event of an overspend. Once budgets have been passed to the IJB it is intended that they no longer maintain their former identity of either Health or Social Care, therefore the risk to the Council should be seen as a risk that the IJB will overspend its budget not that the Council is being asked to fund an NHS overspend (or vice-versa that the NHS is being asked to fund a Council overspend).

Audit Position

There remains a risk to the partnership and therefore to the Council if delegated services cannot be delivered due to a budget shortfall. Partners will then have to agree, or resolve via the provisions included in the Integration Scheme, how this is to be funded. As highlighted by the Highland Partnership's experience,

Grading

Significant within audited area

where difficulties and misunderstandings were experienced in respect of risk sharing, as set out in the Scottish Government's Guidance for Integration Financial Assurance document (May 2015), this may not be straightforward.

- 2.3.12 The sIJB has been provided with joint budget monitoring reports, at a high level, on expenditure against both NHS and Council budgets for 2015/16 in July 2015, and thereafter resolved to receive this information bi-monthly. Variance notes have been provided for information, and the sIJB has been advised of the risks posed to current and future services and budgets as a result of increased costs and demand, and the assumptions on which forecasts have been based.
- 2.3.13 The budget monitoring paper for September 2015 notes that Hosted Services provided across the Grampian area are not apportioned between each of the IJB's responsible for them – instead the Integration partnership in which the Service is hosted is reporting the expenditure in full. This has the potential to distort the budget monitoring information, particularly if these areas are subject to variances in forecast outturn. As the split of services has not yet been confirmed, this anomaly cannot yet be resolved. Similarly the 'large hospital services set aside' for services provided by NHS Grampian have still to be determined. Until these aspects have been resolved, the budget monitoring will not provide the whole picture of the IJB's financial performance.

Recommendation

Finance, in conjunction with counterparts in Aberdeenshire, Moray and NHS Grampian should ensure that shared Grampian wide services are budgeted and monitored appropriately.

Service Response / Action

Agreed. This work is underway, being led by the Deputy Director of Finance for NHS Grampian.

Implementation Date

February 2016

Responsible Officer

Chief Officer

Grading

Significant within audited area

- 2.3.14 Budget monitoring for each partner has continued to be reported to the relevant committees within each organisation. Figures for Adult Social Care reported to Finance, Policy and Resources Committee, and Education and Childrens' Services Committee, include NHS resource transfer funding income, budgeted at £18 million. This transfer has been netted out of the budget monitoring figures presented to the sIJB in order to avoid double counting.
- 2.3.15 Although budget monitoring for Adult Social Care continues to be reported to Council Committees, details of current expenditure against the entire sIJB budget is not shared between the partners except to the extent it is reported to the sIJB. Councillors therefore have had limited opportunity to view and understand the potential risk to Council budgets through the joint budget implications of Health and Social Care Integration. In order to provide additional transparency it was recommended by Internal Audit that sIJB budget monitoring be presented to an appropriate Council Committee, however Finance has noted that due to the imminent changes an alternative approach to providing financial due diligence information will be pursued instead.
- 2.3.16 In previous years a draft budget would have been provisionally set by December, with revisions and updates progressed through the normal process prior to seeking Full Council approval in February 2016. Finance has noted that details of the anticipated Scottish

Government funding settlement for the Council have still to be released, and therefore the required resources for achieving a balanced budget are still not known. This may mean that only a final budget paper will be produced.

- 2.3.17 It is a requirement of the IRAG guidance that all parties have had sight of relevant budget information from the other party and the underlying process for deciding them. Given the IJB has no formal powers to receive this information on behalf of the partners, in order to meet the requirements Full Council will need to be given information on the IJB's budget setting process (from both NHS and Council funds).

Recommendation

Finance should ensure that Full Council is given details of the key assumptions and risks underlying the IJB budget from both partners including current expenditure patterns and budget pressures.

Service Response / Action

Agreed. Key assumptions and risks will be incorporated into the Council's budget setting report or a separate report to Council on the due diligence process on the budgets to be delegated by the Council and NHS Grampian.

Implementation Date

February 2016

Responsible Officer

Head of Finance

Grading

Important within audited area

2.4 Performance Measures

- 2.4.1 There is a set of 9 national outcomes, against which performance of the IJB will be measured. It is intended that a suite of local indicators will be developed to complement these.

- 2.4.2 Although work is progressing on developing performance measures there has to date been no formal output from this workstream. As a result, it is not possible to determine whether baseline data for these measures can be or has been obtained. Baseline data could be difficult to obtain if it is not measured in advance of changes. It may therefore be difficult to provide assurance that Integration has met its objectives, beyond measuring whether or not as a whole it has remained within budget.

Recommendation

The Service should ensure performance metrics are developed and baselines recorded in advance of April 2016.

Service Response / Action

A number of performance measures are already in place and data is being collected in respect of existing services. The Service is awaiting guidance from the Scottish Government on national performance indicators, agreement of the Strategic Plan, and approval from the IJB when it has formed, to determine the appropriate measures. It is not planned that this will be in place prior to 1 April 2016.

Audit Position

There is a risk that without clear measures from the outset, it will be more difficult to drive and demonstrate achievement of the IJB's strategy.

Grading

Significant within audited area

- 2.4.3 The intention, per the Strategic Plan, is to deliver services on a locality basis, (subject to consultation) with alignment based on existing GP clusters. There have been no decisions made to date regarding the planned management and budget structure. It is anticipated

that there will be a mix of geographic and specialist budgets. The Service has stated that early proposals are still being discussed by officers, and it will ensure these are contained within the level of current financial resources. It is important that budgets are appropriately split and responsibility is determined and assigned by the point the IJB commences delivery of services, in order to ensure budget holders can be appropriately held to account for financial performance. This is also a requirement of the Scottish Government's localities guidance.

Recommendation

The Service should review how budgets are going to be devolved in advance of April 2016.

Service Response / Action

Existing budget holders will continue to be accountable for budgets within the current management structure until any revised management structure is put in place. It is not anticipated that the new management structure will be in place by April 2016. It is also not anticipated that work to allocate budgets across Localities will be completed by April 2016. Work has commenced within Finance to give a broad indication of locality splits, but further development is required to determine how this will operate in practice.

Audit Position

Until new structures are in place, and budgets aligned with them, it will be more difficult to drive and demonstrate achievement of the IJB's strategy.

Grading

Significant within audited area

AUDITORS: D Hughes
C Harvey

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.