

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	09 May 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2415 – IJB Hosted Services
REPORT NUMBER	IA/AC2415
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on IJB Hosted Services

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix, and then endorse the recommendations made.

3. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of IJB Hosted Services

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

8.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.

8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

11.1 Internal Audit report AC2415 – IJB Hosted Services

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review IJB Hosted Services

Status: Final

Date: 4 March 2024

Risk Level: Corporate

Report No: AC2415

Assurance Year: 2023/24

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

Report Tracking	Planned Date	Actual Date
Scope issued	11-Dec-23	11-Dec-23
Scope agreed	12-Jan-24	09-Jan-24
Fieldwork commenced	12-Jan-24	09-Jan-24
Fieldwork completed	09-Feb-24	21-Jan-24
Draft report issued	23-Feb-24	29-Jan-24
Process owner response	08-Mar-24	23-Feb-24
Director response	22-Mar-24	04-Mar-24
Final report issued	05-Apr-24	04-Mar-24
RAP Committee	02-Apr-24	

Distribution	
Document type	Assurance Report
Director	Sandra MacLeod, Chief Officer (ACHSCP)
Process Owner	Alison MacLeod, Strategy and Transformation Lead (ACHSCP)
Stakeholder	Fraser Bell, Chief Operating Officer (ACHSCP)
	Paul Mitchell, Chief Finance Officer (ACHSCP)
	Vikki Cuthbert, Interim Chief Officer – Governance (ACC)*
Final only	External Audit
Lead auditor	Phil Smith, Auditor

1 Introduction

1.1 Area subject to review

The Public Bodies (Joint Working) (Scotland) Act 2014 mandated that Health Boards and Councils must delegate certain adult health and social care services to the Integration Joint Boards (IJBs) for planning and delivery. This included a group of delegated services where it was agreed locally within the Grampian region that these should be delivered by a single IJB on a 'hosted' basis, where disaggregation would present significant risk to deliverability, quality, and efficiency of the service.

There are 12 Hosted Services across Grampian ranging in size and complexity, three of which make up 87% of the £85m budget (2023/24). Three services are hosted by the Aberdeen City IJB and account for 76% of the Hosted Services budget. The remaining nine are hosted by either the Aberdeenshire or the Moray IJB.

Service	Host	Budget (£m)
Inpatient & Specialist MHL D Services	Aberdeen City	40
Specialist Older Adult Assessment & Rehab Services (SOARS)	Aberdeen City	23
GMED	Moray	11
HMP Grampian	Aberdeenshire	3
Sexual Health Services	Aberdeen City	2
Police Custody / Forensic Examiners	Aberdeenshire	2
Retinal Screening / Diabetes MCN	Aberdeenshire	1
Marie Curie Nursing	Aberdeenshire	0.8
Continence Service	Aberdeenshire	0.7
Primary Care Contracts	Moray	0.6
Heart Failure Service	Aberdeenshire	0.3
Chronic Oedema Service	Aberdeenshire	0.3
TOTAL		85

A service may be hosted on grounds of geography, efficiency and/or speciality. While the hosting service is responsible for operational delivery, the strategic direction of the service remains with each IJB.

1.2 Rationale for the review

The objective of this audit is to obtain assurance that the IJB has adequate arrangements in place to monitor the performance of services hosted on its behalf.

The area has not been subject to review previously by Internal Audit but has been included in the 2023/24 Internal Audit plan following a recognition that governance and performance monitoring and reporting over hosted services, particularly in the smaller hosted services, could be further improved. Service delivery and additional demands faced by all three IJBs have diverted management intentions expressed in 2021 to improve visibility and accountability. It is hoped the audit can refocus the commitment across the IJBs to this, since to date it has not yet been possible to agree the detail and metrics required by partners across the region.

There is a risk that without clear agreements for hosted services, this could impact on value for money and service quality. Where there is no standard against which key performance measures can be considered, and / or where appropriate key performance measures have not been established, the host IJB's assurance and that of the recipient IJB will be limited. Performance monitoring mechanisms and reporting must be proportional and allow IJB's to interact and transform hosted services through effective management, efficient processes, and cost savings at an operational level. The IJB's each need assurance that service users are appropriately provided for, and that payment made for services delivers Best Value and is in line with established agreements. Robust, risk-appropriate agreements, monitoring, and reporting will mitigate financial, operational, and reputational risk for all of the IJB's, and will allow each IJB to assess if their own strategic intentions are being met.

1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Corporate	This issue / risk level impacts the IJB as a whole. Mitigating actions should be taken at the Senior Leadership level.

2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to be providing **REASONABLE** assurance over the arrangements in place to monitor the performance of services hosted on its behalf. Whilst the report identifies a Major risk in respect of under-developed governance arrangements, the relative low level of expenditure in this area compared with the overall budget reduces its significance. However, this still concerns HSCP operations and finances. The risk areas identified impact negatively on the overall level of assurance and raise the requirement for action to strengthen the control framework.

The IJB's Integration Scheme sets out that the IJB should consider and agree hosting arrangements. With the exception of the transfer of one service to hosting in 2020, there has been no opportunity for the IJB to consider and agree the arrangements. The rationale needs to be reviewed and considered, and a pan-Grampian review of hosted services would be beneficial to demonstrate that hosting arrangements are the most effective method of service delivery to contribute to the integration and transformation of health and social care services.

There have been no opportunities for Aberdeen City IJB to consider strategy and policy in respect of services hosted by the other integration authorities. Whilst the aims of each IJB have similarities, without strategic coordination at the regional level there is a risk hosted services could diverge from Aberdeen City's objectives and impact other commitments (e.g. the scale and pace of transformation), and this may not be identified and mitigated sufficiently in advance.

Similar risks have been identified in respect of performance management, and financial planning and monitoring. These require further review to establish consistent and proportionate planning and reporting arrangements to provide assurance over delivery, transformation, and cost management. This will require formal agreement with host IJB's. The nature and detail of agreement necessary may vary depending on the materiality and risk level of the service delivered, however it is important to capture key elements of each arrangement, since control over planning and delivery of each service hosted on behalf of the IJB is limited and therefore risk is increased. Governance arrangements must be proportionate, but also provide the IJB with assurance that financial, strategic, operational, reputational, and other risks are adequately mitigated so that hosted services perform well and provide value for money.

A clear Grampian-wide framework for discussing and managing the performance of hosted services is required to ensure the IJB can be confident that services hosted on its behalf help deliver its intended strategic priorities. Overarching principles and improved systematic processes are needed to monitor hosted services' delivery and costs, to ensure service quality is appropriate, and transformation opportunities are identified.

It is acknowledged that the Aberdeen City HSCP cannot address these matters alone. Collaboration with Aberdeenshire and Moray HSCP's and NHS Grampian will be required to obtain and provide consistent, proportionate, and relevant assurance. As the host IJB for the greatest proportion of hosted service budgets Aberdeen City is in an optimal position to lead on this approach.

2.3 Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Board. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.3	<p>Governance Arrangements – There are currently no formalised arrangements for cross-IJB reporting on the delivery of hosted services. Whilst Aberdeen City has sought to gather performance information for annual reporting, and is able to comprehensively report on the services it hosts on behalf of others, there are no clear and agreed governance and reporting arrangements across the board. It is recognised data may not be available in every hosted service.</p> <p>There is a risk that in the absence of suitable agreements and reporting lines the HSCP will not be aware if there are issues affecting operational delivery of services hosted on its behalf, and will not have sufficient opportunities to provide input to addressing such issues, resulting in impacts on delivery of its own strategic objectives. The HSCP's Strategic Risk Register recognises this risk, and sets out mitigating actions including ongoing development of SLA's.</p> <p>Until governance arrangements to be applied for hosted services are agreed, there will be less clarity over the expectations, responsibilities, and standards which should be adhered to in each arrangement. This can cause difficulties e.g. the Service noted ACHSCP made an operational change to an element of the SOARS service which it hosts on behalf of the other IJBs, and due to the absence of defined delegations or an agreed change management procedure objections were received, since not all IJBs had approved the change prior to the changes in service delivery.</p> <p>The nature and detail of agreement necessary may vary depending on the significance of the service delivered, however it is important to capture key elements of each arrangement, since control over planning and delivery of each service hosted on behalf of the IJB is limited and therefore risk is increased.</p>	Yes	Major	10

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	<p>Any approach must be proportionate to the risk. Rationalising the number and distribution of hosted services may help in this respect, however there is currently an absence of assurance, and any review should not delay progress with determining a means of addressing this risk. In respect of lower-risk services, if a series of shared principles can be agreed supporting governance, delegations, and transparency, a level of mutual assurance could be provided between each IJB. Such principles could equally apply to higher-risk areas, but these may require further or more specific sources of assurance or risk mitigation to be determined. Governance arrangements must provide the IJB with assurance that financial, strategic, operational, reputational, and other risks are adequately mitigated so that hosted services perform well and provide value for money.</p>			

2.4 Management response

The absence of clear and agreed governance arrangements was recognised in 2021 and plans were made to address this however lack of capacity due to the ongoing response to the COVID-19 pandemic meant these were not fully progressed. We welcome the renewed focus that this report provides and are committed to delivering improved governance arrangements in respect of hosted services. We will devise a schedule that facilitates this around other priorities.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	<p>Rationale for Hosting Services – The original rationale for hosting a service was that disaggregation would present significant risk to deliverability, quality, and efficiency. A service may be hosted on grounds of geography, efficiency and/or speciality. However, a pan-Grampian review of the appropriateness and distribution of hosting the 12 services has not been undertaken, certainly since integration in 2016. In the absence of review at this level there is a risk that justifications for maintaining the status quo in terms of service delivery models and locations may no longer hold true.</p> <p>The Aberdeen City Integration Scheme references the following (<i>emphasis added</i>):</p> <p><i>“Some delegated services may be hosted by the IJB on behalf of other integration authorities, or some delegated services may be hosted by another integration authority on behalf of the IJB. <u>The IJB will consider and agree the hosting arrangements.</u>”</i></p> <p>Except for Inpatient & Specialist MHL D Services where a transfer to a hosted arrangement was approved in 2020, there have been no reports provided to the IJB to allow it to consider and agree the hosting arrangements since integration in 2016.</p> <p>There is a risk that post-integration and revised strategic planning, hosted arrangements may no longer be aligned with the area’s needs, or represent Best Value and best practice across the region. The IJB will need periodic assurance that the arrangements are appropriate, or opportunities to agree proposals for their development.</p>		
IA Recommended Mitigating Actions			
<p>Aberdeen City HSCP should review the rationale for services it hosts to ensure hosting remains the most relevant and appropriate approach.</p> <p>The appetite, scope, and timeline for a pan-Grampian review of overall hosting arrangements and rationale should be discussed with regional partners.</p> <p>The three Grampian IJBs should be provided with the opportunity to review and agree hosting arrangements, and any proposals for their variation.</p>			
Management Actions to Address Issues/Risks			
<ol style="list-style-type: none"> 1. <i>Aberdeen City HSCP will review the rationale for services it hosts to ensure hosting remains the most relevant and appropriate approach.</i> 2. <i>Aberdeen City HSCP has gained approval from the three Grampian HSCP Chief Officers that there is an appetite for a pan Grampian review of overall hosting arrangements and rationale and will liaise with regional partners to develop a scope and timeline for this, including presentation of proposals to each IJB.</i> 			
Risk Agreed		Person(s)	Due Date
Yes		Lead for Strategy and Transformation, Aberdeen City HSCP	<ol style="list-style-type: none"> 1. December 2024 2. December 2024

Ref	Description	Risk Rating	Moderate
1.2	<p>Strategic Direction and Alignment – The Aberdeen City Integration Scheme also states (<i>emphasis added</i>):</p> <p><i>“The IJB makes decisions on matters of strategy, policy and the annual budget as well as having oversight of, and obtaining assurance on, the performance of delegated services, including services that it hosts but not including the health services listed in Annex 4 or services which are hosted by another integration authority.”</i></p> <p>This matches a clause contained in Moray’s Integration Scheme. Aberdeenshire IJB sets out that it does not have ‘operational oversight’ of services hosted by another authority, whilst not explicitly excluding decision making on strategy, policy, and budget in this regard. This approach aligns with discussion at the North East Strategic Partnership Group (NESPG) in 2021 which identified that each individual IJB retains strategic responsibility, with the hosting IJB having operational responsibility only.</p> <p>There have been no reports to the Aberdeen City IJB to allow it to consider strategy and policy in respect of services hosted by the other integration authorities. Whilst the aims of each IJB have similarities, without strategic coordination at the regional level there is a risk hosted services could diverge from Aberdeen City’s objectives and impact other commitments (e.g. the scale and pace of transformation), and this may not be identified and mitigated sufficiently in advance.</p>		
IA Recommended Mitigating Actions			
Aberdeen City HSCP should work with regional partners to obtain and provide assurance over the strategic alignment of services hosted on its behalf and on behalf of others. The IJB should be provided with opportunities to review and input to hosted services’ shared strategic objectives.			
Management Actions to Address Issues/Risks			
<i>Aberdeen City HSCP will work with Aberdeenshire and Moray HSCPs to ensure the services it hosts on their behalf align with their Strategic Plans and, at the same time, seek to understand the current strategy for each of the services hosted by them on behalf of Aberdeen City IJB to confirm alignment to the Aberdeen City Strategic Plan.</i>			
Risk Agreed	Person(s)	Due Date	
Yes	Lead for Strategy and Transformation, Aberdeen City HSCP	December 2024	

Ref	Description	Risk Rating	Major
1.3	<p>Governance Arrangements – There are currently no formalised arrangements for cross-IJB reporting on the delivery of hosted services. Whilst Aberdeen City has sought to gather performance information for annual reporting, and is able to comprehensively report on the services it hosts on behalf of others, this is not the case across the board. In the absence of clear and agreed governance and reporting arrangements it may be difficult to obtain this level of detail from the other HSCP’s.</p> <p>In 2021 NESPG set out options including Service Level Agreements (SLA’s), Commissioned Services, and Shared Plans. It was intended that SLA’s would be developed for the smaller, less complex, lower risk services, and other options given consideration for more complex areas. Templates were prepared in 2022 but have not yet been adopted or populated. Engagement on this topic has reportedly proven difficult due to the shared challenges faced</p>		

Ref	Description	Risk Rating	Major
	<p>by HSCP partners across the region in respect of increased service demand, workforce stability, and financial constraints.</p> <p>There is a risk that in the absence of suitable agreements and reporting lines the HSCP will not be aware if there are issues affecting operational delivery of services hosted on its behalf, and will not have sufficient opportunities to provide input to addressing such issues, resulting in impacts on delivery of its own strategic objectives. The HSCP's Strategic Risk Register recognises this risk, and sets out mitigating actions including ongoing development of SLA's.</p> <p>Until the governance arrangements to be applied for hosted services are agreed, there will be less clarity over the expectations, responsibilities, and standards which should be adhered to in each arrangement. This can cause difficulties e.g. the Service noted ACHSCP made an operational change to an element of the SOARS service that it hosts on behalf of the other IJBs, and due to the absence of defined delegations or an agreed change management procedure objections were received, since not all IJBs had approved the change prior to the changes in service delivery.</p> <p>The nature and detail of agreement necessary may vary depending on the significance of the service delivered, however it is important to capture key elements of each arrangement, since control over planning and delivery of each service hosted on behalf of the IJB is limited and therefore risk is increased.</p> <p>Any approach must be proportionate to the risk. 36 separately negotiated agreements (across three IJB's and 12 services) may be disproportionate. Rationalising the number and distribution of hosted services (as recommended at 1.1 above) may help in this respect, however there is currently an absence of assurance, and any review should not delay progress with determining a means of addressing this risk. In respect of lower-risk services, if a series of shared principles can be agreed supporting governance, delegations, and transparency, a level of mutual assurance could be provided between each IJB. Such principles could equally apply to higher-risk areas, but these may require further or more specific sources of assurance or risk mitigation to be determined. Governance arrangements must provide the IJB with assurance that financial, strategic, operational, reputational, and other risks are adequately mitigated so that hosted services perform well and provide value for money.</p>		
	IA Recommended Mitigating Actions		
	Aberdeen City HSCP should work with regional partners to develop and implement proportionate risk-based governance arrangements setting out key expectations and controls over hosted services.		
	Management Actions to Address Issues/Risks		
	<ol style="list-style-type: none"> 1. <i>Aberdeen City HSCP will work with Aberdeenshire and Moray HSCPs to develop and agree proportionate, risk based governance arrangements.</i> 2. <i>Aberdeen City HSCP will work with Aberdeenshire and Moray HSCPs to implement the agreed governance arrangements.</i> 		
	Risk Agreed	Person(s)	Due Date
	Yes	Lead for Strategy and Transformation, Aberdeen City HSCP	<ol style="list-style-type: none"> 1. December 2024 2. September 2025

Ref	Description	Risk Rating	Moderate
1.4	<p>Financial Planning and Reporting – Integration Authorities are funded by both the NHS and local government to provide health and social care services. The funding distribution and allocation depends on the specific needs and priorities of each IJB area, and should be aligned to the strategic objectives of each Health and Social Care Partnership. In the case of hosted services, while each IJB contributes to the service costs, the hosting IJB retains budgetary control.</p> <p>Of the 12 hosted services in the region, three are hosted by Aberdeen City, and account for 76% of the total hosted services budget (£65m out of £85m). Although hosting the more significant services gives Aberdeen City greater visibility over spend, demand led expenditure continues to present risks in these areas. Visibility and the ability to influence budgetary control (e.g. managing the risk and impact of expenditure variations) in the areas hosted by other IJB's (the remaining 24% / £20m) is limited. For 2023/24 Aberdeen City HSCP budgeted £28.4m towards delivery of hosted services across Grampian: less than 8% of the Partnership's total budget (£377.7m).</p> <p>Budget allocations for hosted services were initially determined at the point of integration in 2016. Annual budget setting for these services is reported as largely iterative rather than being informed by the sharing of data, risks, and assumptions from NHS Grampian (which remains largely responsible for operational delivery) and between the HSCP's. There has been no subsequent review of the cost and allocation bases within and between services and IJB's. There is a risk these may no longer be reflective of requirements and utilisation.</p> <p>Quarterly financial reporting is received by the HSCP from NHS Grampian but there is limited commentary and assurance over financial risks and mitigating actions in respect of individual hosted services. For example: from current financial reporting the IJB's Chief Finance Officer cannot determine whether mitigating action can or is being taken in respect of £250,000 overspends forecast in both HMP Peterhead and Marie Curie services. Explanation for the challenges faced by hosted services is only reported in performance reports following the financial year-end in April. Opportunities for the IJB to apply scrutiny and to direct action are therefore limited.</p>		
IA Recommended Mitigating Actions			
Aberdeen City HSCP should seek additional assurance over budgeting and expenditure on hosted services (both hosting and hosted on its behalf), and report on this periodically to the IJB.			
Management Actions to Address Issues/Risks			
Agreed.			
Risk Agreed		Person(s)	Due Date
Yes		Chief Finance Officer, Aberdeen City HSCP	September 2024

Ref	Description	Risk Rating	Moderate
1.5	<p>Performance and Transformation – Hosted services performance reporting is presented annually to the IJB each April. The format differs between IJB's making an overview of performance difficult to establish. It is recognised this may be due in part to a variation in the breadth and depth of data available for each service and on the nature of service delivery. Information on performance, financial challenges, and risk management is clearer in some reports than others and there is a risk that without standardisation certain aspects which</p>		

Ref	Description	Risk Rating	Moderate
	<p>should be reported may not be. IJBs should be able to discern whether hosting arrangements are efficient and effective and are delivering best value and intended outcomes. Information regarding service changes, financial and workforce challenges, performance measures, service demand, adverse incidents and transformation may not have been considered, reducing the IJBs' assurance over services hosted on its behalf.</p> <p>Quarterly performance reporting to the Aberdeen City HSCP Strategic Planning Group was planned, and this is referenced as a mitigating action in the Strategic Risk Register. Reporting has been postponed pending establishment of SLA's and determination of performance metrics. Without these measures, the IJB lacks certainty that the services hosted on its behalf will provide high-quality, cost-effective solutions that achieve desired outcomes and offer the best value under the current governance frameworks.</p> <p>Assurance is derived from the procedures established by NHS Grampian before delegating services to the IJBs. The Aberdeen City HSCP risk register indicates it has conducted an in-depth review of the processes in the three hosted services it manages, however it has not examined the procedures in other hosted services to confirm their effectiveness in risk mitigation.</p> <p>Due to the lack of a Grampian-wide framework under which the three IJB's deliver hosted services, there is limited assurance that significant matters and observations are shared between the IJBs and NHS Grampian for hosted services. There is no systematic process to capture and disseminate information where lessons have been learned from the delivery of hosted services across Grampian. Without a mandated focus for IJBs to regularly review and discuss the performance of hosted services, there is a risk of declining service efficiency and effectiveness, unmet expectations and missed opportunities for further integration, savings / investment, and transformation in health and social care within these areas.</p>		
IA Recommended Mitigating Actions			
Aberdeen City HSCP should work with regional partners to obtain and provide a consistent level of assurance over performance and transformation of services hosted on its behalf and on behalf of others, and report on this periodically to the IJB.			
Management Actions to Address Issues/Risks			
This action is linked to the one above in relation to overall governance arrangements.			
<ol style="list-style-type: none"> 1. As part of the development of the governance arrangements, Aberdeen City HSCP, in conjunction with relevant colleagues in Aberdeenshire and Moray HSCPs, will develop relevant performance metrics and agree reporting routes and frequency. It is envisaged that the governance arrangements will include routes for agreement of transformation activity and any performance reporting will capture the progress on delivery and impact of this. 2. Once agreed, Aberdeen City HSCP, in conjunction with relevant colleagues in Aberdeenshire and Moray HSCPs, will implement the governance arrangements. 			
Risk Agreed	Person(s)	Due Date	
Yes	Alison MacLeod Lead for Strategy and Transformation, Aberdeen City HSCP	1. March 2025 2. September 2025	

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
Corporate	This issue / risk level impacts the IJB as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the IJB's objectives or could impact the effectiveness or efficiency of the IJB's activities or processes. Action is considered imperative to ensure that the IJB is not exposed to severe risks and should be taken immediately.

5 Appendix 2 – Assurance review scoping document

5.1 Area subject to review

The Public Bodies (Joint Working) (Scotland) Act 2014 mandated that Health Boards and Councils must delegate certain adult health and social care services to the Integration Joint Boards (IJBs) for planning and delivery. This included a group of delegated services where it was agreed locally within the Grampian region that these should be delivered by a single IJB on a 'hosted' basis, where disaggregation would present significant risk to deliverability, quality, and efficiency of the service.

There are 12 Hosted Services across Grampian ranging in size and complexity, three of which make up 87% of the £85m budget (2023/24). Three services are hosted by the Aberdeen City IJB and account for 76% of the Hosted Services budget. The remaining nine are hosted by either the Aberdeenshire or the Moray IJB.

Service	Host	Budget (£m)
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Primary Care Contracts	Moray	0.6
Heart Failure Service	Aberdeenshire	0.3
Chronic Oedema Service	Aberdeenshire	0.3
TOTAL		85

A service may be hosted on grounds of geography, efficiency and/or speciality. While the hosting service is responsible for operational delivery, the strategic considerations and implications remain with each IJB.

5.2 Rationale for review

The objective of this audit is to obtain assurance that the IJB has adequate arrangements in place to monitor the performance of services hosted on its behalf.

The area has not been subject to review previously by Internal Audit but has been included in the 2023/24 Internal Audit plan following a recognition that governance and performance monitoring and reporting over hosted services is limited, particularly in the smaller hosted services. Service delivery and additional demands faced by all three IJBs have diverted management intentions expressed in 2021 to address this recognised governance gap and improve visibility and accountability. It is hoped the audit can refocus the commitment across the IJBs to this in 2024, since to date it has not yet been possible to agree the detail and metrics required by partners across the region.

There is a risk that without clear agreements for hosted services, this could impact on value for money and service quality. Where there is no standard against which key performance measures can be considered, and / or where appropriate key performance measures have not been established, the host IJB's assurance and that of the recipient IJB will be limited. Performance monitoring mechanisms and reporting must be proportional and allow IJB's to interact and transform hosted services through effective management, efficient processes, and cost savings at an operational level. The IJB's each need assurance that service users are appropriately provided for, and that payment made for services rendered delivers Best Value and is in line with established agreements. Robust, risk-appropriate agreements, monitoring, and reporting will mitigate financial, operational, and reputational risk for all of the IJB's, and will allow each IJB to assess if their own strategic intentions are being met.

5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Corporate** level.
- Individual **net risk** ratings for findings.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.

The specific areas to be covered by this review are:

- Written Agreements, Policies & Processes
- Strategic and Financial Planning
- Systems and Record Keeping
- Data Sharing
- Key Performance Measures, Monitoring, and Reporting
- Lessons Learned and Improvement Management

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

Due to hybrid working across the Council, this review will be undertaken primarily remotely.

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 1.7 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Phil Smith, Auditor (**Audit Lead**)
- Colin Harvey, Audit Team Manager
- Jamie Dale, Chief Internal Auditor

5.7 Partnership key contacts

The key contacts for this review across the Partnership are:

- Sandra MacLeod, Chief Officer
- Fraser Bell, Chief Operating Officer
- Paul Mitchell, Chief Finance Officer
- Alison MacLeod, Strategy & Transformation Lead (**process owner**)

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	11/12/2023
Scope agreed	12/01/2024
Fieldwork commences	12/01/2024
Fieldwork completed	09/02/2024
Draft report issued	23/02/2024
Process owner response	08/03/2024
Director response	22/03/2024
Final report issued	05/04/2024