



**MINUTES OF THE MEETING OF THE
EAST LOTHIAN INTEGRATION JOINT BOARD
AUDIT & RISK COMMITTEE**

**TUESDAY 12 SEPTEMBER 2017
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Members Present:

Mrs M McKay (Chair)
Councillor S Currie
Councillor F O'Donnell

Council/NHS Lothian Officers Present:

Mr S Allan
Ms M Garden
Mr D King
Mr D Small

Others Present:

Ms E Scoburgh, Audit Scotland
Ms G Woolman, Audit Scotland

Clerk:

Ms F Currie

Apologies:

Ms F Ireland
Mr A Joyce

Declarations of Interest:

None

1. INDEPENDENT AUDITORS' REVIEW OF THE IJB ANNUAL ACCOUNTS 2016/17

A report was submitted by the Chief Finance Officer presenting the Independent Auditors' review of the IJB's annual accounts for 2016/17.

David King provided a brief background to the report reminding members that the IJB was required by statute to produce annual accounts and that these must be reviewed by independent auditors. The draft accounts were presented to the IJB in June 2017 and subsequently reviewed by the auditors. Following dialogue with officers, the auditors produced their report which included a series of recommendations and responses from the Chief Officer and Chief Finance Officer. Mr King explained that the Independent Auditors now required to present their opinion to the Committee and that the Committee would wish to discuss the accounts and the report before they were presented to the IJB for final approval.

Gillian Woolman, the appointed auditor for the IJB, presented the report. She outlined the contents of Audit Scotland's letter of 12 September 2017 and the accompanying report and confirmed that they would be issuing an unqualified audit opinion. She drew members' attention to main conclusions of the audit report as they related to the areas of financial management and sustainability, governance and transparency and value for money. Ms Woolman concluded by highlighting the recommendations and management responses set out in the action plan.

The Chair noted that the general tenor of the auditors' report was positive. There was a discussion around the issue of risk sharing and Mr King explained that although there was no formal risk sharing agreement in place, a detailed financial assurance process had been undertaken with the Partners and the IJB had been kept informed of progress. Regarding financial pressures and recovery plans, he said that he had already (in 17/18) invoked the IJB's Integration Scheme and had asked NHS Lothian for details of their recovery plans.

Councillor Stuart Currie welcomed the report and the action plan. He remained concerned about how the Partners intended to deliver the necessary efficiency savings and the IJB's ability to recover in-year should these plans fall behind target. He supported the need for multi-year budget planning despite the obvious challenges this may pose. He cited providing assurances for ongoing funding of third sector organisations as just one benefit to this process. He was also pleased that the report recognised the importance of the Committee meeting in public. He concluded that the key factor would be how to measure performance consistently to ensure that targets were met and that sustainability of services was maintained.

David Small advised that NHS Lothian was now working on a five year financial plan and that the IJB would be would undertake its financial planning based on that and the Council's three year plan.

Ms Woolman pointed out that the audits carried out for the other IJBs would provide an overview of how things were working across the country and may also offer examples of good practice for them to consider.

Councillor Fiona O'Donnell asked for clarification on figures in the accounts relating to drug and alcohol funding and the adult wellbeing budget. She sought further information about what was included in the Set Aside allocation and observed that the timing of budget-setting was a major issue as NHS Lothian set its budgets much later than the Council.

Mr King gave further detail on the accounts and agreed to circulate additional information to members. He also explained that this year NHS Lothian had provided an indicative budget in March 2017, with only marginal change between it and the final budget in June 2017. The same arrangement would be in place next year and Mr King said he would use these figures to prepare a three year indicative plan.

Councillor O'Donnell also sought assurances that, despite a decrease in this year's budget, the IJB would be equipped to manage future challenges such as the introduction of the living wage for sleepovers. She noted that while the Scottish Government may make some money available for this change, it would expect the IJB to fund the remaining cost.

The Chair agreed, stating that this would increase funding pressures considerably in the current year and may impact on the ability to deliver existing care packages.

Mr Small indicated that a structure was in place to review night-time support packages but that this would not necessarily mean that care packages would change significantly.

Councillor Currie remarked that many of his constituents had expressed concern about the impact on care packages. He said that one of the key risks was the inability to recruit and retain staff and the living wage was only one part of the solution. He also referred to the transfer of funds from acute services and the importance of showing how this money had been invested elsewhere and the impact this had had on services.

Mr King said that officers were working to understand exactly how each budget within set aside services was used and where resources could be released to increase services elsewhere.

The Chair observed that the transfer of resources was not always about prevention. It could be about packages of care and investing in these and other services to achieve a reduction in demand in the future.

Mala Garden commented that many of the areas in the external auditors' report were consistent with the report she had submitted to the IJB in June 2017 and the recommendations were reflected in the Audit Plan for 2017/18.

Esther Scoburgh concluded that 2016/17 had been the first year of Audit Scotland's role as external auditors and they had developed a good relationship with staff and looked forward to working with them over the next four years.

The Chair raised a technical point regarding the accounts; asking if a reference to criminal justice services could be included. Mr Small confirmed that this would be done. She also asked that the auditors' comments be reflected back to the staff involved in the audit work.

Decision

The Committee agreed to:

- (i) Note the Independent Auditors' review of the IJB's annual accounts.
- (ii) Support the Auditors' recommendations.
- (iii) Recommend the annual accounts to the IJB.

2. DATE OF NEXT MEETING

Mr King advised members that an additional meeting of the Committee had been scheduled for 2pm on Thursday 24 October 2017 to deal with the business not included on today's agenda.

Signed

Mrs Margaret McKay
Chair of the East Lothian IJB Audit & Risk Committee