East Lothian Integration Joint Board

REPORT TO:	East Lothian IJB – Audit and Risk Committee
MEETING DATE:	19 March 2019
BY:	Senior Auditor
SUBJECT:	Internal Audit Report – Workforce Planning

1 PURPOSE

1.1 To inform the Audit and Risk Committee of the recently issued audit report on Workforce Planning.

2 RECOMMENDATION

2.1 That the Audit and Risk Committee note the contents of the audit report.

3 BACKGROUND

3.1 The NHS Lothian Internal Audit team recently carried out a review of the internal controls surrounding Workforce Planning as part of the Audit Plan for 2018/19.

3.2 The main objective of the audit was to evaluate the adequacy and effectiveness of key internal controls in place over the management of Workforce Planning.

3.3 The main findings from the audit work are outlined in the attached report.

4 ENGAGEMENT

4.1 The findings from the review have been discussed with Management, but do not require wider engagement.

5 POLICY IMPLICATIONS

5.1 None

6 INTEGRATED IMPACT ASSESSMENT

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

7.1 Financial - None

7.2 Personnel - None

7.3 Other - None

8 BACKGROUND PAPERS

8.1 None

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Internal Audit

East Lothian Integration Joint Board

Workforce Planning

February 2019

Internal Audit Assurance Assessment:

Objective One	Objective Two	Objective Three	Objective Four	Objective Five
Moderate Assurance	Significant Assurance	Moderate Assurance	Significant Assurance	Significant Assurance

Timetable

Date closing meeting held: 21 January 2019

Date draft report issued: 6 February 2019

Date management comments received: 14 February 2019

Date final report issued: 14 February 2019

This report has been prepared for East Lothian Integration Joint Board in our capacity as NHS Lothian Internal Auditors and will be shared with the East Lothian Integration Joint Board Audit & Risk Committee and the NHS Lothian Audit & Risk Committee. It has been supported by officers from the Integration Joint Board, NHS Lothian and East Lothian Council.

Contents

1.   Introduction

1.1   The Public Bodies (Joint Working) Scotland Act 2014 aims to provide better connected and co-ordinated services for adults through the integration of health and social care services. Through the Integration Scheme, East Lothian Council and NHS Lothian set up the East Lothian Integration Joint Board (ELIJB) which is responsible for directing the provision of delegated functions within East Lothian. The IJB's internal audit function is performed by East Lothian Council's internal audit team, who decided that the 2018-19 IJB internal plan should include this review..

1.2   Workforce planning is concerned with ensuring that an organisation has the right people, with the right skills, in the right place, at the right time to support the delivery of objectives. This is particularly important for the effective provision of services within East Lothian.

1.3   This audit reviewed the ELIJB controls established to ensure that there is effective management of workforce planning.

Scope

1.4   The objective of the audit was to determine if there are effective controls in place over workforce planning for the ELIJB.

Acknowledgements

1.5   We would like to thank all staff consulted during this review, for their assistance and cooperation.

2.   Executive Summary

Summary of Findings

2.1   The table below summarises our assessment of the risks and the adequacy and effectiveness of the controls in place to meet each of the risk areas agreed for this audit. Definitions of the ratings applied to each action are set out in Appendix 1.

No.	Control Objectives	Assurance Level	Number of findings			
			Critical	High	Medium	Low
1	A workforce plan is in place for the ELIJB.	Moderate Assurance	-	-	2	-
2	The plan has been approved by all relevant staff and committees.	Significant Assurance	-	-	-	-
3	Performance management requirements have been stated in the plan.	Moderate Assurance	-	-	1	-
4	There is effective reporting of plan progress to the ELIJB Board.	Significant Assurance	-	-	-	-
5	Any issues arising are resolved in a timely manner.	Significant Assurance	-	-	-	-
TOTAL			-	-	3	-

Conclusion

2.2   The area under review comprised 5 control objectives, of which 3 received Significant Assurance and 2 received Moderate Assurance.

Main Findings

2.3   The workforce plan for the Health & Social Care Partnership (HSCP) is currently in draft and expected to be finalised prior to the Scottish Government deadline of 31 March 2019. All relevant professional groups have been involved in creating the plan, and there has been discussion at senior HSCP groups. However, the draft plan does not include detailed workforce plans for individual areas within the HSCP or a

performance management framework. In addition, staff charged with completing the plan have not received detailed training.

2.4　　We identified the following areas for improvement during the review:

2.4.1　At the time of the audit the Workforce Plan was still in draft, but it is expected that it will be presented to the ELIJB Board in April 2019. In addition, detailed workforce plans for all individual areas of the HSCP, e.g. Mental Health, Adult Services, and Children's Services have not yet been created, and the plan does not state its review date.

2.4.2　HSCP staff charged with generating the HSCP's workforce plan attended a training event in December 2017 and were provided with guidance. However, the complexity of the workforce planning process and its implications for the future operations of the HSCP both mean that additional, more intensive training would have been beneficial.

2.4.3　At present the draft workforce plan does not contain SMART objectives and related KPIs. However, an event took place on 18 January 2019 to discuss action planning, and to generate objectives and KPIs. In addition, the ELIJB Board has not yet stated its performance reporting requirements for the workforce plan.

2.5　　Details of these 3 Medium findings are set out in the Management Action Plan.

3. Management Action Plan

Finding 1	
Control objective 1: A workforce plan is in place for the ELIJB. **Associated risk of not achieving the control objective: The workforce plan is not yet complete.**	**Medium**

Observation and risk

At the time of the audit the Workforce Plan was still in draft. However, the Senior Workforce Development Officer and the Service Manager have stated that it will be finalised prior to the Scottish Government deadline of 31 March 2019. It is expected that the draft plan will be presented to the ELIJB Board in April 2019

However, although the draft plan has statements on the overall direction of the HSCP, it does not yet include detailed workforce plans for individual areas within the HSCP, e.g. for Mental Health, Adult Services, and Children's Services. The Senior Workforce Development Officer stated that the managers for these individual areas did, however, contribute to the generation of the overall plan for the HSCP.

The Scottish Government had been expected to issue guidance by the end of December 2018 which will set out the format for workforce plans and the required contents. However, at the time of the audit, the guidance has not yet been released. As such, it is not yet known if the HSCP's plan will comply with this guidance.

Finally, the plan does not state its review date.

If the final workforce plan does not include detailed plans for individual areas of the HSCP, does not confirm that it complies with Government guidance, and does not have a review date then there will be reduced confidence that it will be effective in guiding workforce planning for the HSCP.

Recommendation

The draft plan should be presented to the ELIJB Board in April 2019.

Detailed workforce plans for all individual areas of the HSCP, e.g. Mental Health, Adult Services, and Children's Services should be created.

The final plan should confirm that it complies with the Government workforce planning guidance which had been expected to be issued in December 2018.

The final plan should state its review date.

Management Response

The draft plan has been presented to the Workforce Planning & Organisational Development Steering Group on both the 11th January and the 8th February. It was decided that is did not need to go to the Strategic Planning Group on 30th January. It will be presented to the IJB at

their April meeting so there will be a maximum of one month's slippage. However it is anticipated that the SG deadline is due to be extended due to a delay in issuing their guidance.

Individual service plans will have a workforce planning section which will be underpinned by the Partnership workforce plan.

Although a three year plan the action plan will be developed and reviewed annually.

The Management Action

1. Present to Joint Consultative Group on 10 April 2019
2. Present to IJB at their April 2019 meeting.
3. Develop individual service workforce action plans.
4. Review overall plan and action plan annually.

Responsibility:	Target date:
1. Service Manager	1. 30 April 2019
2. Service Manager	2. 30 April 2019
3. All	3. 30 April 2019
4. All	4. 31 March 2020

Finding 2	
Control objective 1: A workforce plan is in place for the ELIJB. **Associated risk of not achieving the control objective: Staff tasked with completing the plan have not all received full training.**	**Medium**

Observation and risk

Effective workforce planning involves determining the staff size, type, experience, knowledge, and skills an organisation requires to achieve its objectives, both in the present and in the future. It is vital for the HSCP to have a comprehensive understanding of its future staffing needs particularly due to changing demographics and the move from acute to primary care and community treatment.

Although the staff charged with generating the HSCP's workforce plan attended a training event in December 2017 and were provided with guidance, the complexity of the workforce planning process and its implications for the future operations of the HSCP both mean that additional, more intensive training would have been beneficial in order to ensure that the plan is comprehensive, sufficiently detailed, and fully reflective of the future needs of the organisation.

However, the Service Manager stated that once the plan is finalised there will be an event to discuss lessons learned which will help to provide staff with a greater understanding of the workforce planning process.

If the staff who are tasked with completing the workforce plan have not received sufficient training then there is an increased risk that the plan does not include all necessary information and will not clearly state the organisation's future staffing requirements.

Recommendation

All staff charged with completing the overall HSCP workforce plan, and the individual lower-level plans, should receive comprehensive training to allow them to more effectively perform the work.

Management Response

Such training will be developed on receipt of the Scottish Government guidance, with training then being provided to all relevant staff.

The Management Action

Develop training for staff developed from Scottish Government guidance. Training will then be provided to all relevant staff.

Responsibility: L&D function	Target date: December 2019

Finding 3	
Control objective 3: Performance management requirements have been stated in the plan. **Associated risk of not achieving the control objective: Performance and reporting arrangements have not yet been stated.**	**Medium**

Observation and risk

SMART objectives are used in plans to help ensure that objectives are specific, measurable, achievable, relevant, and time-bounded. By stating objectives based on these criteria and relevant performance measures, they are more likely to aid the effective implementation of plans. At present, the draft workforce plan does not contain SMART objectives and related KPIs. However, an event took place on 18 January 2019 to discuss action planning, and to generate objectives and KPIs.

In addition, the ELIJB Board has not yet stated its performance reporting requirements for the workforce plan. A performance reporting framework should state what reporting is required on plan progress, and with what frequency it should be provided.

If the final workforce plan does not include SMART objectives and relevant KPIs, and the ELIJB does not state its performance reporting requirements, then there will be an increased risk that the plan is not implemented effectively and on time.

Recommendation

The final workforce plan should include SMART objectives and relevant KPIs.

The ELIJB Board should determine its performance reporting requirements for the workforce plan, namely what reporting it requires on plan progress and with what frequency it is provided.

Management Response

Agree with this recommendation.

The Management Action

Develop performance and reporting to IJB. This will then be submitted to the IJB Board for approval.

Responsibility:	Target date:
Service Manager	31 July 2019

4.   Appendix 1 - Definition of Ratings

Findings and management actions ratings

Finding Ratings	Definition
Critical	A fundamental failure or absence in the design or operating effectiveness of controls, which requires immediate attention
High	A key control failure has been identified which could be either due to a failure in the design or operating effectiveness. There are no compensating controls in place, and management should aim to implement controls within a calendar month of the review.
Medium	A control failure has been identified which could be either due to a failure in the design or operating effectiveness. Other controls in place partially mitigate the risk to the organisation, however management should look to implement controls to fully cover the risk identified.
Low	Minor non-compliance has been identified with the operating effectiveness of a control, however the design of the control is effective

Report ratings and overall assurance provided

Report Ratings	Definition	When Internal Audit will award this level
No assurance	The Board cannot take any assurance from the audit findings. There remains a significant amount of residual risk.	The controls are not adequately designed and / or operating effectively and immediate management action is required as there remains a significant amount of residual risk (for instance one Critical finding or a number of High findings)
Limited assurance	The Board can take some assurance from the systems of control in place to achieve the control objective, but there remains a significant amount of residual risk which requires action to be taken.	This may be used when: • There are known material weaknesses in key control areas. • It is known that there will have to be changes that are relevant to the control objective (e.g. due to a change in the law) and the impact has not been assessed and planned for. The controls are deficient in some aspects and require management action (for instance one 'high' finding and a number of other lower rated findings)

Moderate assurance	The Board can take reasonable assurance that controls upon which the organisation relies to achieve the control objective are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk.	In most respects the "purpose" is being achieved. There are some areas where further action is required, and the residual risk is greater than "insignificant". The controls are largely effective and in most respects achieve their purpose with a limited number of findings which require management action (for instance a mix of 'medium' findings and 'low' findings)
Significant assurance	The Board can take reasonable assurance that the system(s) of control achieves or will achieve the control objective. There may be an insignificant amount of residual risk or none at all.	There is little evidence of system failure and the system appears to be robust and sustainable. The controls adequately mitigate the risk, or weaknesses are only minor (for instance a low number of findings which are all rated as 'low' or no findings)