

East Lothian  
Integration Joint Board



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

**THURSDAY 10 JANUARY 2019  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

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**Members Present:**

Ms F Ireland (Chair)  
Councillor J Findlay (\*substitute)  
Councillor F O'Donnell

**Officers Present:**

Mr P Moore  
Ms C Flanagan  
Ms A MacDonald

**Others Present:**

Ms G Woolman, Audit Scotland  
Mr D Melly, Audit Scotland

**Clerk:**

Ms F Currie

**Apologies:**

Councillor S Kempson\*  
Mr A Joyce

**Declarations of Interest:**

None

In the absence of Councillor Kempson, Councillor Fiona O'Donnell proposed that Fiona Ireland should chair the meeting. The proposal was seconded by Councillor Jeremy Findlay and agreed by the members.

### **1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 27 SEPTEMBER 2018**

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 27 September 2018 were approved.

### **2. MATTERS ARISING FROM THE MINUTES OF 27 SEPTEMBER**

The following matters arising were discussed:

**(Item 6) NHS Datix Presentation** – Ms Ireland advised that this presentation, originally planned for this meeting, would be postponed until the Committee's next meeting to allow Councillor Kempson the opportunity to attend.

### **3. EAST LOTHIAN INTEGRATION JOINT BOARD ANNUAL AUDIT PLAN 2018/19**

A report was submitted by Audit Scotland outlining the audit plan for 2018/19.

Daniel Melly presented the report summarising the key elements of the plan including the key audit risks, outputs, scope and timing. He highlighted the issue of recurring overspends and the need for the IJB to have sufficiently detailed information to allow it to make informed decisions on how to address this. He added that the Partners had indicated that it would not be sustainable for them to continue to fund overspends going forward.

On the timing of the audit work, Mr Melly said that the presentation of some of the outputs would depend on future Committee meeting dates and urged that dates for 2019/20 be set as soon as possible. He also outlined the audit fee.

In response to questions from Councillor Findlay, Gillian Woolman explained that the risk exposure of the IJB would dictate the amount of time spent on the audit and as the work of the IJB expanded she would expect to see an increase in the fee over coming years. Ms Woolman also commented that in 4 out of the past 5 years the IJB had required additional funding from the Partners to address overspends. She noted that the previous agreement with the Partners to fund any shortfall had now come to an end and that robust discussions would be required to agree future arrangements.

Councillor O'Donnell referred to past overspends and pointed out that many other IJBs had been overspent in the previous financial year. She asked if this was simply a reality or whether there were examples of good practice in other areas of the country. Ms Woolman said there had been a range of outcomes across the country with some IJBs managing to accrue an end year surplus. She added that audits of some IJBs had shown that service redesign did result in a step change in resources being released.

In response to further questions, Ms Woolman commented on the value of longer term financial planning and the need to ensure that the long-term implications of capital spending, on projects such as health facilities, were factored into financial planning. She said that Audit Scotland had previously urged local authorities and health boards to adopt multi-year financial planning and East Lothian Council was now in a better

position as a result. With the Partners engaged, it made sense for IJBs to follow this example.

On monitoring the impact of Brexit on workforce planning, Ms Woolman observed that qualified staff were mostly EU nationals and unqualified staff mainly non-EU nationals, and that this would have implications for future workforce plans.

Alison MacDonald said it was important to discuss the impact of Brexit and how it might affect the strategic risks within the IJB's risk register. Referring to the workforce plan, she reminded members that the Third Sector would also be impacted by Brexit.

Ms Ireland raised the issue of strategic visioning and what the IJB's capital plan might look like in the medium to long-term. Claire Flanagan indicated that the next item of business would support some of that work.

Ms Woolman noted that dates had still to be agreed for concluding the 2018/19 audit work and she asked, if possible, that the final sign-off take place earlier than last year. She also confirmed that the audit fee would usually be agreed by officers and that the audit report would be published on the Audit Scotland website.

## **Decision**

The Committee agreed:

- (i) to note the contents of the report; and
- (ii) that it was content with the proposed audit fee.

## **4. SCOTTISH GOVERNMENT MEDIUM TERM HEALTH & SOCIAL CARE FINANCIAL FRAMEWORK**

A report was submitted by the Chief Finance Officer summarising the recent publication by the Scottish Government of its medium term health and social care financial framework.

Ms Flanagan presented the report outlining the background to the framework which was designed to provide parameters for local systems to plan both financially and for reform. She highlighted some of the key messages including the five areas of activity which would contribute most to the reform of health and social care delivery: shifting the balance of care; regional working; public health and prevention; Once for Scotland and annual savings plans.

Councillor O'Donnell said she was disappointed with the projected savings on the public health agenda. She had hoped for much more flexibility from the direction of travel and opportunities to access community services and improve outcomes.

Ms Flanagan said that more work needed to be done on the framework as concerns had been raised that it did not take account of 'unmet need'. Ms MacDonald said it was important for the IJB to develop a local plan of what could be done to reduce costs.

Ms Ireland suggested that the Strategic Change Board should have sight of the framework and consider its implications. Ms Flanagan and Ms MacDonald suggested that presentations might also be made to the Management Team and the Strategic Planning Board.

Councillor O'Donnell asked that her colleagues also be briefed on the framework and the wider role of the IJB. Councillor Findlay agreed, adding that if councillors were

being asked to take decisions they needed to know more about the work of the IJB. He referred to the situation in his own ward in North Berwick.

Councillor O'Donnell observed that it was the IJB that took decisions on reprovision of services but that its decisions then had implications for Council budgets.

Ms Ireland agreed that a briefing was required and Ms MacDonald said she would take this forward.

## **Decision**

The Committee agreed to:

- (i) Note the publication of the financial framework; and
- (ii) Note the key messages as a result of this report.

## **5. AUDIT SCOTLAND REPORTS – INTEGRATION, HEALTH AND EU WITHDRAWAL**

A report was submitted by the Chief Finance Officer summarising the findings of recent Audit Scotland reports regarding progress with health and social care integration and also a further report on EU withdrawal.

Ms Flanagan advised members that she would present each of the three Audit Scotland reports separately.

### Health & Social Care Integration – an update on progress

Ms Flanagan advised that this report looked at the progress made since Audit Scotland's last review of health and social care integration. It highlighted that a stronger commitment was required to collaborative working to achieve the long-term benefits of integration. The report was also critical of financial planning arrangements being neither integrated nor long-term. Ms Flanagan outlined some of the recommendations which set out six areas where action was required by bodies including the Scottish Government, CoSLA, councils, health boards and integration authorities. The areas included collaborative leadership and building relationships, effective strategic planning for improvement and agreed governance and accountability arrangements.

Ms Flanagan said that East Lothian was already making progress in these areas. A Lothian wide Chief Officer organized development session with senior partners had been held in December to consider the report and the views expressed had demonstrated a shared willingness to support integration. The session had also included a discussion on using the report as a self-assessment tool.

In response to questions from members, Ms Flanagan confirmed that there was a financial strategy in place and that the Partners provided three year indicative budgets. She also reminded members that NHS Lothian was moving towards a Cost Allocation Budget model which would look at actual activity and costs and would allow the IJB to more easily demonstrate a shift in the balance of care and to plan for transformation.

Ms MacDonald reported that extremely meaningful discussions had been taking place with the Partners to build on the outline financial strategy and that there were also regular meetings between the chief officers of all four Lothian IJBs which provided another useful forum for debating these issues.

Councillor O'Donnell was reassured that the plans and systems were in place and working well. She agreed that further work was needed and she hoped that through the Change Boards they would see more joined up working between the Partners and others to deliver health outcomes.

Ms Woolman welcomed the fact that all three national studies had been brought to the Committee and she said she was also encouraging local authority audit committees to include them on their agendas. She noted in relation to this particular report that improvements had been made in reducing hospital admissions and delays. She also acknowledged that difficult decisions needed to be taken around issues such as re-provision and she referred to the case studies in the report as a source of assistance and examples of good practice.

### NHS in Scotland

Ms Flanagan said that the report highlighted the fact that a number of NHS Boards were struggling to breakeven and that in the longer term the NHS was not in a financially sustainable position. She said that the report concluded that the NHS urgently needed to move towards long-term fundamental change and she outlined some of the recommendations including that the Scottish Government develop a robust and transparent system to manage and monitor NHS boards' end year flexibility and three year breakeven positions, that government and boards work to strengthen board-level governance arrangements and that all partners develop a clearer understanding of demand for services.

Ms Woolman commented that NHS Boards were conscious of how the report had been received and had recognised that it was more critical and represented a step change in tone coming from Audit Scotland.

### Withdrawal from the European Union

Ms Flanagan summarised the key messages of this report which included a number of questions that public bodies should ask themselves in preparation for Brexit and which were classified into three themes: people; finance; and rules and regulations. She said that the report listed specific risks for health and social care regarding its workforce and the cost and availability of essential goods and services. Ms Flanagan indicated that some of these issues would also be discussed as part of the next agenda item.

Ms Ireland commented that in planning terms it was very difficult to know what the workforce actually looked like as there had been a low response to the staff survey. She said that the risks seemed to be around the lower paid jobs but the extent of the risks was not clear.

Councillor O'Donnell believed that the lack of engagement may have been fueled by individuals' concern about drawing attention to themselves or their families.

Councillor Findlay asked what percentage of medications were bought from the EU. Ms MacDonald was not able to give a figure but said that NHS Lothian's Pharmacy Group were looking at the issue and she would seek feedback from them on the position for East Lothian.

Ms Flanagan added that some companies were looking to move their premises out of the UK post-Brexit and this would provide additional challenges. Ms Ireland said there would also be implications for licensing of medicines.

In response to a further question from Councillor Findlay on the length of the potential transition period, Ms Ireland said that the IJB needed to identify what its key risks were,

e.g. EU and non-EU nationals within the workforce. Ms MacDonald suggested that Brexit and workforce issues should be discussed as part of the next agenda item – the risk register.

## **Decision**

The Committee agreed to:

- (i) Note the publication of the Audit Scotland reports; and
- (ii) Support the proposal to report to a future meeting of the IJB any lessons and actions required in East Lothian as a result of these reports.

## **6. RISK REGISTER - UPDATE**

A report was submitted by the Chief Finance Officer updating the IJB's risk register and presenting the current version to the Committee.

Ms Ireland presented the report stating that it had been clear during previous discussions that the IJB risk register should only contain risks related to IJB, i.e. strategic rather than operational. However, she took the view that those operational risks which could hamper delivery of the strategic plan should also be included in the IJB risk register. She invited members to review the register and to consider whether there was a need to include additional risks, such as Brexit.

Councillor O'Donnell asked what was meant by 'risk related to the IJB'. Ms Flanagan explained that these were risks directly related to the work of the IJB, some of which may also be included in the health & social care risk register.

Ms Ireland asked for Audit Scotland's view on the content of the risk register. Mr Melly said that he had reviewed the register and was aware of the discussions which had taken place at previous meetings of the Committee. He acknowledged the difficulty in identifying which of the operational risks would impact on the IJB's ability to deliver its strategic objectives.

In response to a question from Councillor O'Donnell, Ms Flanagan said that workforce issues were not included as the IJB does not directly employ anyone. Ms MacDonald added that workforce resources formed a large part of the health and social care risk register.

Ms Woolman said that having had the issue articulated today, she and her team would give further consideration to it. In the meantime, she encouraged the accountable officer to seek assurances from the Partners that they have risk registers and adequate mitigation measures in place.

Ms Ireland said that the proposed presentation on the Datix system would go some way to providing that assurance from NHS Lothian but that the same was needed from the Council.

Ms MacDonald advised that the health and social care risk register sat jointly with both the Council and NHS Lothian. The latest version had been presented to the Council Management Team and would also be presented to NHS Lothian. There was not currently a system for reporting it to the IJB.

Ms Woolman suggested that Ms MacDonald prepare a report for the IJB on the work that is being done on the joint risk register.

Ms Ireland invited members comments on the individual risks outlined in the register, whether an additional risk should be added for Brexit and whether this should form part of the IJB risk register or the health and social care risk register.

There was general agreement that Brexit should be included in both registers. Councillor O'Donnell asked for an amendment to risk 3924 to clarify the distinction in roles between officers and IJB members.

Ms Woolman noted that risk 3924 required updating for the current financial year. Councillor Findlay said that nothing seemed to have changed on the risk register since it had been presented to the Committee in March 2018. He asked if this meant that the control measures were not adequate as there had been no improvement in the figures during the past year.

Ms Flanagan acknowledged that both she and Ms MacDonald needed to review and update the risk register to reflect work undertaken in the past year. However, she said that there were some risks which would always remain.

Ms Ireland agreed that some risks were intractable and Councillor O'Donnell observed that it was about how such risks were managed in the long-term.

Ms Ireland noted that there was general agreement that the risk register required updating and she suggested that both this and the Datix presentation could be presented as a workshop at the next meeting of the Committee.

### **Decision**

The Committee considered the risk register and agreed:

- (i) That a further risk should be added to reflect the impact of Brexit; and
- (ii) That, overall, the mitigation measures were adequate but that the risk register required updating to reflect recent progress.

## **7. NHS Lothian Datix Presentation**

This item was postponed to the next meeting of the Committee on 19 March 2019.

Signed .....

Fiona Ireland  
Acting Chair of the East Lothian IJB Audit and Risk Committee