



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

**TUESDAY 6 JUNE 2023
VIA DIGITAL MEETINGS SYSTEM**

1

Committee Members Present:

Councillor L Bruce
Ms E Gordon
Ms F Ireland (Chair)
Councillor L Jardine
Mr D Binnie (NV)

Other IJB Members Present:

Councillor C McFarlane

Officers Present:

Ms C Flanagan
Mr I Gorman
Mr A Main
Mr D Stainbank
Ms F Wilson

Other Attendees:

Ms K Graham, Audit Scotland

Clerk:

Ms F Currie

Apologies:

None

Declarations of Interest:

None

1. MINUTES OF THE EAST LoTHIAN IJB AUDIT AND RISK COMMITTEE MEETING OF 8 MARCH 2023 AND MATTERS ARISING

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 8th March 2023 were approved.

There were no matters arising from the minutes.

2. INTERNAL AUDIT MEMO – DIRECTIONS SETTING

A report was submitted by the Chief Internal Auditor informing the Committee of the memo issued by Internal Audit in relation to Directions Setting.

Duncan Stainbank presented the report advising members that the process for setting Directions under the new Directions Policy, approved at the IJB in October 2022, was still being completed through the Strategic Planning Group in May 2023. As a result, his view was that it would not be appropriate to complete a full audit review at this stage as it would not provide a comprehensive assurance review.

In the meantime, he offered an assurance to members that an appropriate Directions Policy was in place and Directions setting processes were progressing under this policy. A full review would be considered at a later stage, following further implementation of the policy.

Decision

The Committee agreed to note the contents of the memo.

3. INTERNAL AUDIT UPDATE OF NHS LoTHIAN 2022/23 AUDIT REPORTS

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit reports relevant to IJB Governance, Internal Control and Risk Management processes, reported to the NHS Lothian Audit & Risk Committee.

Mr Stainbank presented the report which sought to bring to the Committee's attention any audit reports of relevance to the IJB. He advised that all of the audit reports highlighted were available on NHS Lothian's website. He drew members' attention to the audit of IT Security, as its findings highlighted risks which had the potential to impact delivery of the IJB's Strategic Plan, e.g. end of life assets and lack of simulation testing. He confirmed that action plans were in place with specific recommendations identified.

Mr Stainbank responded to a question from Councillor Bruce confirming that a plan was in place for the replacement of all end of life assets identified in the audit and for NHS Lothian to take itself off outdated systems, such as Windows XP. He also reminded members that they had the opportunity to consider whether further assurances were required in relation to the potential risk to the delivery of the IJB's Strategic Plan.

In response to a question from the Chair, Iain Gorman said he was not aware of any risks from end of life assets affecting East Lothian. There were some systems which would be switched over, such as Mosiac and Care At Home, but this work would be completed by the end of the year. While he would not be surprised if there were some minor legacy issues, there was no risk at present and the situation would continue to be monitored.

Elizabeth Gordon said she was not aware of any change having been made to password policy and asked whether an assurance could be given that action on recommendation

2.2 had been completed by the target of April 2023. Fiona Wilson said she was not aware of a change but would follow this up. She added that the change may only have applied to those individuals whose passwords had been affected.

Replying to a further question from Councillor Bruce, Mr Stainbank advised that assessing potential risks from data sharing with partners was not within the scope of the audit but it might be possible to add this work to audit plans going forward.

The Chair said she was surprised at some of the audit findings as NHS Lothian's IT security was considered to be quite robust. She noted that NHS Lothian was one of the few health boards not affected by recent ransom wear attacks suffered by the NHS across Scotland.

Decision

The Committee agreed to note the contents of the report and considered any risk management implications.

4. END OF SUSTAINABILITY PAYMENTS

A report was submitted by the Strategy Officer – Planning & Performance, ELHSCP, notifying the Committee of the end of Sustainability Payments, including the Social Care Staff Support Fund (SCSSF), and providing it with the closing position.

Andrew Main presented the report. He outlined the background to the payments scheme which had covered the period December 2020 to March 2023 and confirmed that during this time 378 claims from 33 providers, totalling £3,290,535.86, had been approved for payment. He offered his thanks to all those involved in the administration of the scheme.

The Chair acknowledged the importance of this scheme in providing support during the pandemic and said this was the right time to bring it to a close.

In reply to a question from Councillor Jardine, Mr Main advised that some providers had left East Lothian and some had ceased trading during this period but all of them had had access to the fund. Of these providers, some had left East Lothian as it was no longer a viable area, and some had considered that their business was no longer viable due to the pandemic. He added that some providers had also been experiencing operating challenges prior to the pandemic. However, all providers had been appreciative of the sustainability payment scheme.

Claire Flanagan responded to a question from Councillor Bruce confirming that the scheme had been financed via COVID funding and, in line with recent guidance, any unallocated COVID funding had been reclaimed by the Scottish Government. She advised that there would be a final reconciliation of the figures after the year end but she felt that it was important to bring this report to the Committee now as the scheme had been the subject of a previous internal audit report. She added her thanks to Mr Main for his management of the Panel and the payments process.

Councillor Bruce commented that the providers he had spoken to had been hugely appreciative of the support given by this scheme.

Decision

The Committee agreed to:

- i. Note the end of Sustainability Payments and the SCSSF as at 31st March 2023;

- ii. Note that the final meeting of the Sustainability Payment Panel was held on Wednesday 10th May 2023. The closing date for submission of final quarter 4 claims was Sunday 30th April 2023; and
- iii. Note the closing financial position.

5. ANNUAL INTERNAL AUDIT OPINION AND REPORT 2023/23

A report was submitted by the Chief Internal Auditor informing the Committee of the internal audit work undertaken in 2022/23 and providing an opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control.

Mr Stainbank presented the report outlining the background and the main findings, including the evaluation of the IJB's controls and governance. He indicated that, subject to the weaknesses highlighted within the report, it was the opinion of Internal Audit that reasonable assurance could be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year ended 31 March 2023.

He summarised the areas with scope for improvement outlined in the report, including recruitment to the Strategic Planning Group, development of a workforce plan, and a requirement to refine the medium term financial plan and develop significant recovery actions to bring the plan back into balance.

The Chair noted that there had been a lot of discussion at recent IJB meetings and with officers from East Lothian Council on financial issues, and that the associated risks were recorded in the IJB's risk register. However, this was not as straightforward as a gap in funding but rather that the Council's 2023/24 budget offer was not within the parameters set out by the Scottish Government. This had left the IJB seeking additional mitigation measures to cover the £250,000 funding shortfall, over above those already required to balance current and future budgets. She felt that it was important to record this fact and not to dilute the reality of the situation.

Ms Flanagan responded to a question from Ms Gordon advising that there had been no reaction as yet from the Scottish Government on the issue of local authority budget offers not conforming to the parameters set out in relation to additionality. She referred to the meeting of the IJB on 25 May 2023 at which members had been informed of a report to Scottish Ministers providing feedback from IJBs across Scotland in relation to financial challenges. She confirmed that this report had been shared with IJB members.

The Chair asked members if they were content for her clarification on the budget position to be recorded in the minutes of the meeting. In reply to a query by Councillor Bruce, she confirmed that this would not alter the internal audit opinion.

Mr Stainbank advised that, in relation to the IJB's financial challenges, there were a variety of strategies in place and these would be implemented going forward.

Decision

The Committee agreed to note that the Annual Internal Audit Opinion and Report 2022/23 was a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year ended 31 March 2023.

6. 2022/23 DRAFT UNAUDITED ANNUAL ACCOUNTS

A report was submitted by the Chief Finance Officer presenting the IJB's draft (unaudited) Annual Accounts for 2022/23.

Ms Flanagan presented the report. She confirmed that the Committee was being asked to agree that the draft accounts could be published and put forward for audit. She provided a detailed summary of the main sections within the accounts, including: the management commentary outlining the work of the IJB during 2022/23; the review of the Strategic Plan; and the operations of the IJB highlighting those within Core, Hosted and Set Aside budgets.

She summarised the year end position and the Reserves position and commented that while some areas had recorded underspends, there had been significant challenges in other areas. The general health budget had recorded a small overspend and had required additional, non-recurring funding from NHS Lothian to bring it back into balance. The recovery of unallocated COVID funding and the use of earmarked Reserves had also impacted on the IJB's year-end position.

Ms Flanagan also highlighted the statement of responsibility, remuneration report and the annual governance statement; the contents of which had been outlined by the Internal Audit Manager in his earlier report. She advised that the external auditor's report would be inserted following the audit of the accounts. She concluded her presentation by drawing attention to the financial statements and reminding members that all monies were held by the partners, on behalf of the IJB.

The Chair thanked Ms Flanagan and commented that the accounts showed very clearly how the IJB had reached its year end position for 2022/23, including the increase in its Reserves. She also reiterated her earlier remarks regarding the significant financial pressures facing the IJB in 2023/24.

The Chair moved to a vote on the recommendations, which was taken by roll call and approved unanimously.

Decision

The Committee:

- i. Considered the IJB's draft annual accounts; and
- ii. Agreed that the draft annual accounts could be published and presented for audit.

7. RISK REGISTER UPDATE

A report was submitted by the Chief Finance Officer laying out the IJB's risk register.

Ms Flanagan presented the quarterly update report reminding members that only risks rated '12' or above were reported to the Committee. She highlighted changes to individual risks:

- 5486 - Council Finance Department in business continuity measures – this risk had been raised to a rating of '12' following ongoing dialogue with officers.

- 3924 – Financial resources may be insufficient to sustain the Strategic Plan – this risk had been increased to a rating of ‘16’ in March 2023 and updated following the partners’ budget offers presented to the IJB in March and May 2023. The term ‘failure’ had been replaced with ‘sub optimal’.
- 3925 – Operational resources may be insufficient to deliver the Strategic Plan – it was proposed to reduce this risk rating to ‘9’.

Ms Flanagan responded to questions from Ms Gordon on risk 5486. She said she was expecting a Quarter 1 report from the Finance Team at the end of June. However, the situation was challenging for the IJB as it currently received a financial report at each meeting. Ms Flanagan said she was working with colleagues in the Council to ensure that the frequency of their reports would fit in with the IJB’s reporting timeline. She also confirmed that staffing and Council budget constraints were continuing to impact the Team.

Councillor Bruce asked about the reduction in the rating for risk 3925. Ms Flanagan advised that following discussion with officers it had been agreed that, as there were currently no factors likely to impact on the operational resources required to deliver the Strategic Plan, the risk should be lowered to ‘9’.

Mr Gorman added that the new Strategic Plan had been written to be achievable within the current resources available to the IJB. Therefore, the likelihood of those resources being insufficient had reduced and this had resulted in a reduction in the overall risk rating.

The Chair noted that it was only recently that the Council Finance Team had moved out of business continuity and it was very concerning to hear that they had now returned to these measures. She queried whether ‘12’ was the correct rating for this risk.

Ms Flanagan acknowledged the point but said that officers had discussed this and thought it appropriate to assess the impact of the Team’s return to business continuity and the Quarter 1 report before making a further change. She added that a key concern would be continuing access to monthly financial information to identify fluctuations which could have significant implications for service delivery.

The Chair suggested that this situation should continue to be closely monitored.

Councillor Jardine said that the Finance Team within the Council was relatively small and minor changes could make a big difference in its ability to cope. However, she agreed that it was important to have effective financial oversight and to receive regular updates to understand the impact of the ongoing financial situation.

Ms Flanagan also agreed and said she had raised this at her most recent meeting with Council officers.

Responding to a question on the further implications going into winter, Mr Gorman acknowledged that there was a risk that without timely information the budget could get out of hand and this may require actions to be restricted in certain areas. He added that the wider financial challenges facing the Council remained the highest risk on its Corporate Risk Register. He agreed that this situation should be carefully monitored and consideration given in future as to whether to increase the rating on the IJB Risk Register.

Fiona Wilson also acknowledged the risks associated with trying to make operational decisions without access to timely financial information. She noted that although there

was a good working relationship between the Council and the IJB, there was currently no indication of when the current situation might improve.

Mr Stainbank referred to the Council's Corporate Risk Register and advised that mitigation measures were being worked through to address the risk posed by the continuing financial situation.

The Chair reiterated her concern about the return to business continuity measures and requested that the associated risks for the IJB be reviewed in more detail at the next meeting. She also suggested that the Committee might wish to consider requesting an Internal Audit review, if the situation did not improve.

Mr Stainbank confirmed that, if required, the Internal Audit plan for 2023/24 could be revised. Ms Flanagan supported further consideration of this issue and possible options for further action.

The Chair asked members if they would support the addition of an item on Financial Risks to the agenda for the Committee's next meeting on 19 September 2023. The members agreed. She then moved to the recommendations in the report which were agreed unanimously.

Decision

The Committee:

- i. Noted the risks on the current risk register; and
- ii. Considered if any further risks should be added to the register.

The Chair noted that this was Mr Gorman's last Committee meeting before he moved onto his new role within NHS Lothian. She thanked him for his contributions and offered him best wishes for the future.

Signed

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

REPORT TO: East Lothian IJB Audit & Risk Committee
MEETING DATE: 19 September 2023
BY: Chief Finance Officer
SUBJECT: Risk Register - update

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1 PURPOSE

1.1 This paper lays out the IJB's risk register.

2 RECOMMENDATIONS

2.1 The Committee is asked to:

- Note the risks on the current risk register
- Consider if any further risks should be added to the register

3 BACKGROUND

3.1 As a key part of its governance process the IJB maintains a risk register. This risk register examines the risks that impact on the business of the IJB itself and not the operational risks that the IJB's partners manage unless those risks are considered so significant that they could impact on the business of the IJB – that is impact on the ability of the IJB to deliver its strategic plan.

3.2 The current version of the risk register is attached. As agreed at the Audit & Risk Committee June 2022 meeting risks with a score of 12 and above are routinely reported with the full risk register presented on an annual basis. Since the last meeting the following should be considered

- Risk 5486 – Council Finance Department in business continuity – this risk has been updated for the successful recruitment of principal accountant within East Lothian Council.
- Risk 3924 - Financial resources may be insufficient to sustain the Strategic Plan – this risk has been increased to a rating of 20 very high and the highest risk on the register following the quarter 1 financial projections from IJB Partners.

- 3.3 Members are asked to consider if there are additional risks that require to be added to the register and consider if the management actions identified against these current risks provide assurance that these risks are being appropriately managed.

4 ENGAGEMENT

- 4.1 The IJB makes its papers and reports available on the internet.

5 POLICY IMPLICATIONS

- 5.1 This paper is covered within the policies already agreed by the IJB.

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 DIRECTIONS

- 7.1 The subject of this report does not affect the IJBs directions or require a new direction to be issued.

8 RESOURCE IMPLICATIONS

- 8.1 Financial – None
8.2 Personnel – None
8.3 Other – None

9 BACKGROUND PAPERS

- 9.1 None

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DATE	September 2023

Appendices

1. Risk Rating Matrix
2. Risk Register

Appendix 1- Risk Rating Matrix (DATIX)

Likelihood	Consequences / Impact				
	Negligible	Minor	Moderate	Major	Extreme
Almost Certain	Medium 5	High 10	High 15	V High 20	V High 25
Likely	Medium 4	Medium 8	High 12	High 16	V High 20
Possible	Low 3	Medium 6	Medium 9	High 12	High 15
Unlikely	Low 2	Medium 4	Medium 6	Medium 8	High 10
Rare	Low 1	Low 2	Low 3	Medium 4	Medium 5

ID	Title	Description	Controls in place	Risk level (current)	Rating (current)	Risk level (Target)	Rating (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Description	Progress	Start date	Due date
5220	Demographic Pressures	There is a risk that because the population of East Lothian has increased over the past few years, the projections predict a further increase. Because of this the pressure is further compounded by the percentage of that population over the age of 65 will also increase from the current position. This will lead to increased demand for the health and social care services in East Lothian that have been delegated to the IJB.	This will be managed through the IJB's Strategic Planning processes. Change boards should be operating with recognition of demographic changes within the area. Commissioned Cap Gemini to access future demand on care at home services. Closer links with public health to understand our demographics better.	High	16	Medium	9	Wilson, Fiona M	Wilson, Fiona M	20/08/2021	22/08/2023	Community Transformation Provisioning work	Gillian Nell leading with an April 2024 timescale	01/09/2022	30/04/2024
												Primary Care Overview	Primary Care GM working with NHSL on practice capital requirements. IJB officers working with ELC officers on large population change plans (e.g. Blindwells)	18/11/2022	30/04/2024
												Provisioning Strategy Project	extensive engagement to assess how to develop services for older people - LK 11/5/23	11/05/2023	30/04/2024
												Housing strategy	Continued involvement by the HSCP with East Lothian Councils housing department to develop comprehensive local Housing Strategy LK 22/08/2023	11/05/2023	30/04/2024
5486	East Lothian Council finance department in business continuity	There is a risk that the IJB will have reduced financial support and information from East Lothian Council on its delegated budgets. There is a risk this will impact on the IJBs ability to manage its financial position and deliver its strategic plan.	1- The Scheme of Integration 2- IJB CFO in post 3- ELC review position every 2 weeks	High	12	Medium	6	Wilson, Fiona M	Flanagan, Claire	18/11/2022	22/08/2023	Ongoing dialogue with East Lothian Council	ELC reporting timetable provided ELC will move to quarterly reporting for the IJB ELC actively recruiting CF 12/5/23 ELC principal accountant recruited to Q1 financial forecast received from ELC in July 23. Additional recruitment within the HSCP for HSCP local finance manager. - CF 22/08/2023	18/11/2022	31/12/2023
3924	Financial resources may be insufficient to sustain the Strategic Plan	There is a risk that the financial challenges faced by the NHS and East Lothian Council will result in allocations to the IJB that do not allow the Strategic Plan to be delivered leading to sub-optimal the failure to achievement of outcomes and targets.	1. Financial assurance process carried out by IJB 2. Engagement of IJB Officers and members in NHS and Council budget setting processes 3. Regular financial monitoring reports to IJB 4. Scheme of Integration risk sharing and dispute resolution processes 5. IJB Chief Finance Officer in post 6. Strategic Planning Group in place 7. Efficiency and recovery plans are developed in year by operational teams to "break even". 8. There is a programme of meetings and discussion between IJB, Council and Health Board leading to an IJB financial planning process being approved by the IJB and supported by Council and Health Board 9. The IJB take a lead role in policy decisions to support the Financial Plan. 10. Developed a longer term rolling financial plan for the IJB. 11. IJB now holds a general reserve.	Very High	20	High	12	Wilson, Fiona M	Flanagan, Claire	26/02/2016	22/08/2023	IJB budget offer from Partners	Ongoing dialogue with both Partners on budget offers for 2023/24 following Scottish Government letters on the parameters for Partners - CF 14/2/23	14/02/2023	30/06/2023
												Monitoring of the IJBs financial position	Q1 forecast financial information has been received from Partners and will be presented to the IJB in Sept 23. IJB Discussions ongoing with ELC Officers on the passporting across to the IJB of the LA pay award additional funding. - CF 22/08/2023	22/08/2023	31/03/2024
5279	Impact of National Care Service Proposals	There is a risk that the NCS consultation could have a significant impact on the IJB, indeed the IJB could be replaced by a new body.		High	12	High	12	Wilson, Fiona M	Wilson, Fiona M	29/11/2021	22/08/2023	Scottish Government	CO engaging with the Scottish Government and inputting to the consultation - 16/8/22 CO has a meeting with Scottish Government Officials in June 2023 - SO 11/5/23 IJB National announcement from SG and COSLA on Partnership on National Care Service July 2023 - CF 22/08/2023	15/08/2022	31/12/2023
3925	Operational resources may be insufficient to deliver the Strategic Plan	There is a risk that the IJB fails to achieve its targets due to insufficient access to key services and resources e.g. General Practice, Care at Home, Care Homes, Health Visiting, Housing, acute services etc leading to failure to deliver the Strategic Plan resulting in risk to patients' and clients' safety, external review and reputational damage	1. The Strategic Plan sets out clear priorities 2. IJB directions are clear about actions required by NHS and Council 3. The Partnership Management Team is focused on ensuring adequate resources are in place for delegated functions to deliver the Strategic Plan 4. NHS Lothian is focused on ensuring adequate resources are in place for set-aside and hosted functions to deliver the Strategic Plan 5. NHS Lothian and East Lothian Council are focused on ensuring adequate resources are in place for non-delegated but related functions (e.g. housing), to deliver the Strategic Plan 6. Quarterly Performance Report to IJB and scrutiny by the Audit and Risk Committee. 7. Care at Home contracts in place. 8. Use of Integrated Care Fund to increase capacity and improve terms and conditions. 9. Use Primary Care Transformation Fund to improve access in west of county. 10. Joint Workforce Plan approved and in place at IJB on 23/5/19 11. Financial investment in additional capacity	High	12	Medium	6	Wilson, Fiona M	Wilson, Fiona M	26/02/2016	22/08/2023	Infrastructure and Corporate Partners	Ongoing dialogue regarding infrastructure and corporate partners, corporate functions to support the IJB. - LK 11/5/23	11/05/2023	31/03/2024
												GP Sustainability	Development session on primary care planned for Aug 2023	22/08/2023	31/03/2024

