

Report To: Shadow Integration Joint Board **Date:** 28th May 2015
Report By: Brian Moore
Chief Officer Designate
Inverclyde Health & Social Care
Partnership **Report No:** SIJB/01/2015
Contact Officer: Lesley Bairden **Contact No:** 01475 712257
Subject: FINANCIAL GOVERNANCE ARRANGEMENTS – PROGRESS
REPORT

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Shadow Integration Joint Board (IJB) on progress to date in developing a financial governance and reporting framework for the IJB once operational.

2.0 SUMMARY

- 2.1 This report provides a high level overview on progress to date in establishing a financial governance and reporting framework to support the IJB, once operational.
- 2.2 The financial governance framework is informed by both the:
- Professional guidance developed by the Integrated Resources Advisory Group (IRAG), a national group established to develop guidance to support the implementation of the Public Bodies Joint Working (Scotland) Act 2014.
 - Work to date from officer working groups comprising NHS and Local Authority finance professionals developing IRAG guidance into a set of procedures that will support the IJB in decision making in strategic and operational finance matters
- 2.3 Since the cessation of Inverclyde Community Health & Care Partnership (CHCP) on 31 March 2015, the Social Work financial performance is reported to the Council's Health & Social Care Committee and the NHS financial performance is reported to the Board. The joint reporting of the aligned financial resources during the life span of the CHCP will inform, in the main, the financial due diligence requirements for both the NHS and Council on the resources ultimately delegated to the IJB.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Shadow Integration Joint Board note the contents of this report and receive progress and implementation updates at future Board meetings.

Brian Moore
Chief Officer Designate

Lesley Bairden
Chief Financial Officer Designate

4.0 BACKGROUND

- 4.1 For the last 18 months the IJB Chief Financial Officer Designate along with other finance officers from NHS Greater Glasgow and Clyde and the six Councils coterminous with the Board have been working closely to ensure appropriate financial arrangements are in place to support the IJB and HSCP as part of the Technical Finance Working Group..
- 4.2 The Chief Financial Officer Designate was also a member of the national working group, along with the Council's Chief Financial Officer to develop the professional guidance that supports the legislation.
- 4.3 The outputs from the Technical Finance Working Group (TFWG), along with further operational considerations, are discussed below.

5.0 FINANCIAL GOVERNANCE

- 5.1 As described above the TFWG have produced and recommended a number of guidance papers, providing a high level set of principles for each partnership to follow as best practice, but also to adopt and revise to meet local requirements. To date the following papers have been agreed:
 - a. Governance Statement and Statement of Internal Control
 - b. Financial Regulations and Standing Financial Instructions
 - c. Risk Management, Insurance and Business Continuity
 - d. Managing Integrated Budgets Guiding Principles
 - e. Budget Setting
 - f. Scheme of Virement
 - g. Capital Planning Process
 - h. Managing Financial Performance
- 5.2 Work remains ongoing to develop papers on:
 1. Financial Governance Checklist
 2. Internal & External Audit Arrangements
 3. Treatment of VAT (national issue)
 4. Reserves Strategy
 5. Annual Accounts (national issue)
- 5.3 The above papers will be consolidated into a final document for Inverclyde's Health & Social Care Partnership, on completion of all work including review of the final professional guidance.

6.0 OPERATIONAL CONSIDERATIONS

- 6.1 Upon approval of the Integration Scheme, the IJB must determine when to go fully live and consideration needs to be given to part year implications during 2015/16 as well as the sign off for the Strategic Plan. A go live commencement date of 1 April for financial responsibilities will tie in with traditional expectations from creation of new Boards (e.g. Police Scotland) and will allow for a cleaner and transparent transfer of responsibility for resources.
- 6.2 It is recognised that financial treatment will not be the deciding factor in a go live date and if required part year arrangements will need to be determined to ensure that neither partner is disadvantaged.
- 6.3 Financial reporting will broadly follow the integrated reporting previously presented to the CHCP however it will be further developed to include reporting for large hospital services

and for hosted services, with a methodology currently being developed NHSGGC wide during 2015/16.

- 6.4 Strategic reporting will be developed to include a longer term financial strategy, annual financial performance statements and other requirements as determined in the final professional guidance.

7.0 DUE DILIGENCE, AUDIT & SCRUTINY

- 7.1 In determining the resources to be delegated to the HSCP a position statement as at October 2014 on joint resources was presented to the NHS Board. At this point there were no unaddressed concerns from either partner.
- 7.2 An updated due diligence report will be required by the Council to ensure, prior to delegation of resources, that the Council is satisfied in the level of resources from NHS, along with other governance matters. The vice versa position will also be updated and reviewed.
- 7.3 Joint working is progressing to allow both NHS and Council auditors to provide an assurance report to all partners that demonstrate effective and appropriate preparatory work has been undertaken. Further reports will provide updates on progress.
- 7.4 Internal Audit arrangements for the IJB need to be confirmed from both a necessity and an operational perspective and any subsequent cost implications identified. There are no internal audit requirements for the Shadow IJB.

8.0 OTHER ISSUES

- 8.1 Discussion remains ongoing as to the insurance cover required, indeed if any, for the IJB as a Board. There is ongoing work looking at the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) as a possible solution if there is any risk not currently covered by partners. An update will follow on completion of this review.
- 8.2 Employment status of the Chief Officer and Chief Financial Officer remain subject to confirmation, along with associated VAT treatment. An update will be provided as required.
- 8.3 As Inverclyde already has an integrated management structure there are no cost implications or savings opportunities resulting from this legislative change. However the costs of servicing the IJB will require to be identified and funded.

9.0 IMPLICATIONS

9.1 Finance

There are no direct financial implications within this report. It should be noted that there will be costs associated with facilitating the IJB and ensuring appropriate governance. As the position is clarified all one off and recurring cost implications will be reported.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

Legal

9.2 There are no specific legal implications arising from this report.

Human Resources

9.3 There are no specific human resources implications arising from this report.

Equalities

9.4 There are no equality issues within this report.

Has an Equality Impact Assessment been carried out?

√

YES (see attached appendix)

NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

9.5 There are no repopulation issues within this report.

10.0 CONSULTATION

10.1 The Council's Chief Financial Officer and Director of Finance NHSGGC have been consulted.

11.0 BACKGROUND PAPERS

11.1 There are no background papers for this report.