

## Internal Audit



### East Lothian IJB – Strategic change priorities and delivery at HSCP level

April 2020

#### Internal Audit Assurance assessment:

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

#### Timetable

Date closing meeting held: 4 March 2020

Date draft report issued: 3 April 2020

Date management comments received: 4 May 2020

Date Final report issued: 8 May 2020

This report has been agreed with the Chief Internal Auditor for East Lothian Integration Joint Board and prepared in our capacity as NHS Lothian Internal Auditors. The report will be shared with the East Lothian Integration Joint Board Audit & Risk Committee and the NHS Lothian Audit & Risk Committee.

This report has been prepared solely for internal use as part of NHS Lothian's internal audit service. No part of this report should be made available, quoted or copied to any external party without Internal Audit's prior consent.

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## 1. Introduction

1.1 In developing its Strategic Plan 2019-2022, the East Lothian IJB agreed six strategic priority areas for change. These focus on: primary care, adults with complex needs, adults affected by mental health and substance misuse issues, shifting care from acute hospitals to the community and support to carers. These six areas, along with the updated Strategic Objectives and a range of 'Golden Threads' will form the basis of transformational change over the three years. Golden threads include for example:

- Early intervention and prevention
- Carers needs
- Self-Directed Support rights
- Equality and diversity, including tackling health inequalities and discrimination
- Partnership working

1.2 East Lothian IJB has established a 'Change Board' structure in order to monitor delivery of the strategic priorities. Each Change Board is chaired by a senior HSCP Officer, co-chaired by an IJB member and ensures that input from service-users, carers, professional, operational, management and planning representative informs the work of the Strategic Planning Group.

1.3 The Change Boards have an agreed remit to:

- Provide a structured and accountable approach to delivery of programmes, projects and workstreams
- Ensure a culture of involvement, engagement and appropriate consultation in all work programmes, using a range of approaches including the reference groups and independent advocacy
- Ensure a clear line of sight to the priorities as set out in the IJB Directions and delivery through the Strategic Plan
- Report in line with the agreed terms of operation
- Set the tone and direction for partnership working
- Support the delivery of all relevant national and local targets and performance requirements in respect of health and social care
- Maintain effective links with other partnerships and other Change Boards in areas of joint interest.

1.4 There will be a requirement for all projects to evidence to their respective Change Board that the Golden Thread Commitments have been achieved as part of project delivery.

### Scope

1.5 The audit reviewed the IJB's corporate governance arrangements in place to support the revised Change Board structure, including how the Board's oversee delivery of the strategic priorities.

### Acknowledgements

1.6 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 adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit. Definitions of the ratings applied to each action are set out in Appendix 3.

No.	Control Objectives	Assurance Level	Number of Findings			
			Critical	High	Medium	Low
1	The Change Boards are supported by Terms of Reference and have appropriate membership, scope, relationships with other Governance Boards and support decision making by the Strategic Planning Board and the IJB	Moderate Assurance	-	-	2	-
2	The delivery of projects and programmes is supported by appropriate measures	Significant Assurance	-	-	-	1
3	The use of reference and other involvement groups is reasonable and support delivery of the strategic objectives	Significant Assurance	-	-	-	1
4	The Strategic Planning Group has established governance processes across the change Boards and these are managed appropriately, including performance monitoring and management	Significant Assurance	-	-	-	1
<b>Total</b>			-	-	2	3

## Conclusion

2.2 Since the introduction of the Change Boards in 2018, the Governance Framework has operated reasonably effectively, with projects introduced that contribute to the delivery of the East Lothian IJB strategic priorities. However some improvement opportunities have been identified and recommendations made to enhance the governance arrangements already in place.

## Main findings

2.3 The Change Boards were created with a clear remit to oversee a range of transformation change projects and programmes arising from the strategic priorities. A Terms of Reference was developed to support the Change Boards in providing a structured and accountable approach to the delivery of projects and workstreams.

2.4 The Change Boards reviewed as part of this audit have to date have addressed a number of initial Change Board priorities through their various projects, and are reasonably well placed to take forward new or emerging priorities.

2.7 A governance structure has been developed, which records the relationships between the Reference Groups, Change Boards and IJB Strategic Planning Group. Originally, a Strategic Change Board had been created to sit between the SPG and the Change Boards. However that had resulted in unnecessary duplication and has since been replaced by an Officers Group, which supports the more practical operational matters and accompanying decision making. The Officers Group also facilitates discussion around matters arising from the individual Change Boards.

2.8 Elsewhere, while the Terms of Reference for the Change Boards recorded that a communication strategy was to be developed overarching all change programmes supporting transformational change towards the agreed IJB Directions and Priorities. Instead, it was decided to develop individual communications plans related to individual Change Board activities. Examples have been provided supporting the Self-directed Support and Primary Care Improvement Plan projects overseen by the Primary Care Change Board.

2.9 The membership of the Change Boards includes a Group Service Manager as they have the level of seniority to enable management decisions to be made. Planning and Performance Managers also attend meetings to ensure that an operational perspective is brought to the Change Board.

2.10 The Strategic Planning Group meets approximately every six weeks, where Change Boards chairs are provide a status update through the submission of highlight reports. The Highlight Reports include all programmes under the Change Board's responsibility, in addition to what each is expected to achieve. Progress to date is then added followed by the key milestones ahead.

2.13 We identified five improvement opportunities during this review:

Medium Rating

- Without a comprehensive review of the Change Boards and their operational activities, there is a risk that specific aspects of the Boards' remit is not being achieved.
- There is a risk that, without regular review and update, the Golden Threads cannot be aligned effectively with the Change Board projects and other strategic priorities.

Low Rating

- Without clarity and agreement from the outset of a project and its performance measures there is a risk that projects can lose direction with budget and time overruns likely.
- Projects and workstreams should each be engaging with the appropriate reference group, with the membership and relationships reviewed to ensure that they remain appropriate and able to support strategic delivery.
- While the principle of reporting to the SPG is reasonably sound. Without clear intention and timeline for the various Change Board Projects, this may not be an efficient reporting method.

Further details of these points are set out in the Management Action Plan.

### 3. Management Action Plan

**Control objective 1: The Change Boards are supported by Terms of Reference and have appropriate membership, scope, relationships with other governance boards and support decision making by the Strategic Planning Group and the IJB**

**Finding 1: Terms of Reference for the Change Boards are inconsistent, with no review of the Boards having taken place**

**Associated risk of not achieving the control objective: Some requirements recorded in the Boards’ remit is not being achieved**

**Medium**

Background

In February 2018 the East Lothian IJB agreed that the HSCP needed to focus its energies in 2018-19 and beyond on work to respond to financial pressures and support service change and the delivery of local national and local priorities, including the delivery of the Primary Care Strategy/new GP Contract Implementation plan and review of services for adults with mental health and substance misuse issues.

Observation and Risk

The Change Boards were established towards the end of 2018 to support the work of the East Lothian Health & Social Care Partnership in addressing these priorities, in addition to other initial Change Board Priorities, such as delivery of the financial plan (all Change Boards) and Action 15 Mental Health Strategy (Mental Health & Substance Misuse Change Board).

To support the Change Boards, a generic Terms of Reference was prepared, which includes the general purpose of the Change Boards (number and remit), in addition to specific responsibilities, core membership, communication arrangements and stakeholder involvement.

While the Carers, Mental Health & Substance Misuse and Primary Care Change Boards all use the generic Terms of Reference, the Adults with Complex Needs and Shifting the Balance of Care Change Boards Terms of Reference do not follow the generic version and record only the core Board membership, meeting dates and a list of Change Board priorities.

The Change Boards’ Terms of Reference note that membership of each change board and Reference Group will be reviewed according to the nature of the change programmes reporting. However, no review to this effect has yet been carried out despite the Change Boards being operational for approximately 18 months.

Without a comprehensive review of the Change Boards and their operational activities, there is a risk that some requirements recorded in the Boards’ remit is not being achieved, specifically:

- Ensure a culture of involvement, engagement and appropriate consultation in all work programmes through the established reference groups, and
- Provide a structured and accountable approach to delivery of programmes, projects and workstreams

Recommendation

The Chairs of the Change Boards should review their Terms of Reference, using the generic version as guidance.

Specific detail should be included to make clear:

- Meeting frequency
- Total membership
- Reference groups
- Programme reporting and monitoring, and
- Authority and responsibilities

Once done, the Terms of Reference instruction should be followed and the membership, performance, structure and relevance of the Change Boards reviewed to ensure that they remain effective in delivering the East Lothian IJB strategic Priorities.

In doing this, Change Boards should also consider areas where joint working and cross-Board cooperation is likely and make this clear in the updated Terms of Reference.

Management Response

The Management Team accepts finding 1 above, the medium rating allocated and the actions within the recommendation to address the issue.

Management Action

The Planning and Performance Team will work with the Chairs of the Change Boards, the relevant HSCP General Manager and Change Board members to update the Terms of Reference, ensuring these include all elements of the generic template and those specific to each Change Board and that these facilitate inter-Change Board working where possible.

The Planning and Performance Team will work with each Change Board to review its achievements in delivering the East Lothian IJB Strategic Plan priorities as well as operational and other priorities.

Responsibility:

Interim General Manager - Strategic Integration, East Lothian Health and Social Care Partnership

Target date:

September 2020



<b>Control objective 1: The Change Boards are supported by Terms of Reference and have appropriate membership, scope, relationships with other governance boards and support decision making by the Strategic Planning Group and the IJB</b>	
<b>Medium</b>	<p><b>Finding 2: There are difficulties around the mapping of current Golden Threads to the activities of the Change Board and the wider strategic priorities</b></p> <p><b>Associated risk of not achieving the control objective: Without regular review and update, the Golden Threads cannot be aligned effectively with the Change Board projects and other strategic priorities</b></p> <p><u>Background</u></p> <p>In addition to taking forward the six priority areas for change, recorded in the East Lothian IJB Strategic Plan, Change Boards are also required to demonstrate that their activities also take into account key principles or “Golden Threads”. These include:</p> <ul style="list-style-type: none"> <li>• Early intervention and prevention</li> <li>• Equality and diversity</li> <li>• Communication, engagement and involvement</li> <li>• Maximising effective use of resources</li> <li>• Health promotion</li> </ul> <p>There is a requirement on all projects to evidence to their respective Change Board that the Golden Thread commitments have been achieved as part of project delivery.</p> <p><u>Observation and Risk</u></p> <p>While Change Boards are required to report what is being actively done to support work on the Golden Threads through their highlight reports to the Strategic Planning Group, the reporting detail can vary between Boards.</p> <p>For example, the Primary Care Change Board has been able to identify through its work seven of the 13 Golden Threads, although some are more certain in their impact than others.</p> <p>Elsewhere, the Adults with Complex Needs Change Board has identified four Golden Threads, however the highlight report lacks detail around how the projects are addressing them. For example the report notes only that the Transition project ‘supports early intervention and prevention’.</p> <p>Discussions with Chairs of the Change Boards have noted difficulties around the mapping of current Golden Threads to the activities of the Change Board and the wider strategic priorities.</p> <p>There is a risk that, without regular review and update, the Golden Threads cannot be aligned effectively with the Change Board projects and other strategic priorities.</p> <p><u>Recommendation</u></p> <p>A clear method for identifying and assigning Golden Threads to the Change Boards’ projects</p>

should be developed. This should be subject to regular review to ensure that they continue to be relevant and captured by the activities of the Change Board.

Management Response

The Management Team accepts finding 2 above, the medium rating allocated and the actions within the recommendation to address the issue.

Management Action

Each Change Board will be asked to set out how it will monitor its delivery of the agreed 'Golden Threads' in coming months.

Responsibility:

Interim General Manager - Strategic  
Integration, East Lothian Health and Social  
Care Partnership

Target date:

September 2020

**Control objective 2: The delivery of projects and programmes is supported by appropriate measures**

<p><b>Finding 3: Projects are being established without a corresponding Project Initiation Document</b></p> <p><b>Associated risk of not achieving the control objective: Projects can lose direction with budget and time overruns likely</b></p>	<p><b>Low</b></p>
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Background

The Change Boards' Terms of Reference advises that Change Boards have a structured and accountable approach to the delivery of projects and workstreams.

Change Boards have responsibility for a number of projects, with progress against each reported at the Change Board meetings.

Observation and Risk

Of the original six Change Boards, two were selected for further review. This included assessment of how programmes are being identified, assessed, approved and monitoring/ reporting arrangements agreed.

Of the six programmes overseen currently by the Adults with Complex Needs Change Board, all had been established without a corresponding Project Initiation Document (PID); Similarly, the six projects under the Primary Care Change Board's responsibility are not supported by documentation to support individual project approval.

Essentially, PIDs are used to define any project and form the basis for its management and assessment of its overall success. A PID's primary purpose is to ensure that the project has a sound basis before asking the Change Board to make any major commitment to the project, in addition to acting as the base document against which the Change Board can assess progress, change management issues and ongoing viability questions.

Without clarity and agreement from the outset of a project and its performance measures there is a risk that projects can lose direction with budget and time overruns likely.

Recommendation

Change Boards, should implement a means of reviewing and approving the projects and workstreams under their responsibility. This should include the agreement of project objectives, strategic relevance, monitoring & reporting arrangements, and where impact by the project on other Change Boards is likely.

Management Response

The Management Team accepts finding 3 above, the low rating allocated and the actions within the recommendation to address the issue.

Management Action

Each Change Boards will be asked to review and where indicated reduce the number of projects it is involved in to ensure these can effectively deliver on IJB strategic priorities. Each project will require to have a delivery plan in place, with clear project objectives and robust monitoring and reporting arrangements.

Responsibility:

Interim General Manager - Strategic  
Integration, East Lothian Health and Social  
Care Partnership

Target date:

October 2020

**Control Objective 3: The use of reference and other involvement groups is reasonable and support delivery of the strategic objectives**

<p><b>Finding 4: Reference groups are not subject to ongoing review and remit</b></p> <p><b>Associated risk of not achieving the control objective: If Projects and workstreams do not engage with the appropriate reference group, they may not be able to support strategic delivery.</b></p>	<p><b>Low</b></p>
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Background

A key element of the new structure is the reference groups which facilitate ongoing stakeholder involvement in strategic planning and development.

Of the two Change Boards considered in our internal audit testing, Primary Care has established Change Board stakeholder representation through four reference Groups:

- Access and Service Delivery
- Pharmacotherapy
- CTACs
- Link Workers and Third Sector

All four groups hold a position in at least one of the six Change Board projects; with the Chairs of the reference groups attending meetings of the Change Boards. Also, the Pharmacotherapy and Link Workers reference groups are directly involved in taking forward the 2018 GP Contract strategic priority. The Primary Care Improvement Programme strategic priority is also supported by the Access & Service Delivery and CTACs reference groups.

The Adults With Complex Needs reference group has been convened to take forward the Transformation Programme as a strategic priority, with the Chair of the Adults with Complex Needs reference group also a member of the Change Board.

Observation and Risk

The review of minutes from meetings of the Primary Care Change Board demonstrated that progress updates are being received from the four reference groups, in addition to the ongoing review of group membership and remit.

However the review has been unable to adequately confirm that there are similar controls operating within the Adults with Complex Needs Change Board. Projects and workstreams should each be engaging with the appropriate reference group, with the membership and relationships reviewed to ensure that they remain appropriate and able to support strategic delivery.

Recommendation

Review of the Change Boards should also include how the individual project teams are engaging with the reference groups. Change Board Chairs should ensure that there is appropriate

representation within the groups and that they are able to provide input.

In doing this, the Change Boards should also consider their relationship with each other and the sharing of practices to promote consistency.

Management Response

The Management Team accepts finding 4 above, the low rating allocated and the actions within the recommendation to address the issue

Management Action

The Planning and Performance Team will work with the Chairs of the Change Boards, the relevant HSCP General Manager, Change Board members and Reference Group members to agree how to improve engagement with the Reference Group/s and how to secure appropriate representation in the group/s.

Responsibility:

Interim General Manager - Strategic  
Integration, East Lothian Health and Social  
Care Partnership

Target date:

September 2020

**Control Objective 4: The Strategic Planning Group has established governance processes across the Change Boards and these are managed appropriately, including performance monitoring and management**

<p><b>Finding 5: Without clear intention and timeline for the various Change Board Projects, current reporting methods may be inefficient</b></p> <p><b>Associated risk of not achieving the control objective: The Strategic Planning Group is not provided with information at the appropriate time to make an informed assessment of the Change Boards' performance</b></p>	<p><b>Low</b></p>
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Background

Change Boards are required to complete Highlight Reports, which are presented at meetings of the Strategic Planning Group. The Highlight Reports include all programmes under the Change Board's responsibility, in addition to what each is expected to achieve. Progress to date is then added followed by the key milestones ahead.

The Strategic Planning Group maintains an action plan, which is updated at each meeting. This includes all actions identified by the SPG, though not all are related directly to the activities of the Change Boards.

Observation and Risk

At the October meeting, three reports were presented and only one at the September meeting. This was noted by the Chair of the Group and an action raised to remind Change Board Chairs of the importance of reporting and transparency.

At its meeting on 25 November 2019, the SPG was presented with highlight reports from the following Change Boards:

- Adults with Complex Needs
- Carers
- Primary Care
- Shifting the Balance of Care
- Mental Health & Substance Misuse

However, while the principle of reporting to the SPG is reasonably sound, there is no plan for when reporting is to be made and at what level of detail.

Without clear intention and timeline for the various Change Board Projects, this may not be an efficient reporting method.

Some projects are driven forward nationally, with timelines governed by national targets. Elsewhere, other projects have significant timelines where frequent reporting is unlikely to prove beneficial.

Recommendation

The Strategic Planning Group should agree with the Change Board Chairs the most appropriate

reporting frequency that would be most beneficial in providing the Group with a clear picture of progress.

Management Response

The Management Team accepts finding 5 above, the low rating allocated and the action within the recommendation to address the issue.

Management Action

The Strategic Planning Group will be asked to agree its requirements for the frequency and content of Change Board reports.

Responsibility:

Interim General Manager - Strategic  
Integration, East Lothian Health and Social  
Care Partnership

Target date:

September 2020



## **Appendix 1 – Staff Involved and Documents Reviewed**

### **Staff Involved**

- Strategic Planning & Performance Manager
- Assistant Strategic Programme Manager
- Chair of Primary Care Change Board
- Chair of Adults with Complex Needs Change Board
- Chair of the Strategic Planning Group

### **Documents Reviewed**

- Change Boards Terms of Reference
- Highlight Reports
- Change Board Meeting Minutes
- Strategic Planning Group Meeting Minutes
- East Lothian IJB 2019-2022 Strategic Plan
- Documentation outlining the delivery of Strategic and other Priorities and Directions by Change Boards

## Appendix 2 - Definition of Ratings

### Findings and management actions ratings

Finding Ratings	Definition
<b>Critical</b>	A fundamental failure or absence in the design or operating effectiveness of controls, which requires immediate attention
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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
<b>No assurance</b>	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)
<b>Limited assurance</b>	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.	<p>This may be used when:</p> <ul style="list-style-type: none"> <li>• There are known material weaknesses in key control areas.</li> <li>• 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.</li> </ul> <p>The controls are deficient in some aspects and require management action (for instance one 'high' finding and a number of other lower rated findings)</p>
<b>Moderate assurance</b>	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.	<p>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".</p> <p>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)</p>
<b>Significant assurance</b>	<p>The Board can take reasonable assurance that the system(s) of control achieves or will achieve the control objective.</p> <p>There may be an insignificant amount of residual risk or none at all.</p>	<p>There is little evidence of system failure and the system appears to be robust and sustainable.</p> <p>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)</p>