

NHS Lothian

Internal Audit 2023/24

IJB Directions - NHS Lothian Processes

February 2024

FINAL REPORT

Emily Mayne
Head of Internal Audit
T 0121 232 5309
E emily.j.mayne@uk.gt.com

Jamie Fraser
Internal Audit Assistant Manager
T 0141 223 0886
E jamie.a.fraser@uk.gt.com

Russell Richmond-McIntosh
Principal Auditor
T 0131 465 7757
E russell.mcintosh@nhslothian.scot.nhs.uk

Contents

Section	Page
Executive summary	03
Headline messages	05
Detailed findings & action plan	07

Appendices

Appendix 1: Staff involved and documents reviewed	12
Appendix 2: Our assurance levels	13
Appendix 3: Our recommendation ratings	14

Report Distribution

Executive Lead:

- Colin Briggs, Director of Strategic Planning

For action:

- Darren Thompson, Board Secretary
- Rebecca Miller, Head of Strategy Development

For Information:

- Craig Marriott, Director of Finance
- Corporate Management Team
- Audit and Risk Committee



This report is confidential and is intended for use by the management and directors of NHS Lothian. It forms part of our continuing dialogue with you. It should not be made available, in whole or in part, to any third party without our prior written consent. We do not accept responsibility for any reliance that third parties may place upon this report. Any third party relying on this report does so entirely at its own risk. We accept no liability to any third party for any loss or damage suffered or costs incurred, arising out of or in connection with the use of this report, however such loss or damage is caused.

It is the responsibility solely of NHS Lothian's management and directors to ensure there are adequate arrangements in place in relation to risk management, governance, control and value for money.



Executive summary



Background

The Public Bodies (Joint Working) (Scotland) Act 2014 requires integration Joint Boards (IJBs) to develop a Strategic Plan for all functions and budgets under their control. To deliver the Strategic Priorities binding directions (and associated budgets) must be issued to the Health Board and Local Authority Partners.

Guidance emphasises that directions should:

- not be issued unnecessarily and should be proportionate
- always be prompted by a decision made by the IJB
- be “...thoughtfully constructed and capable of being monitored effectively with delivery timescales, milestones and outcomes.”
- be developed and delivered through a Directions Policy, based on the guidance.

In the case on an IJB, a direction must be given in respect of every function which has been delegated. A direction must set out how each integrated function is to be exercised, and identify the budget associated with that. Directions are the means by which one of the IJBs tells NHS Lothian what is to be delivered using the integrated budgets and for the IJB to improve the quality and sustainability of care, as outlined in its strategic commissioning plan. Directions are the legal basis on which NHS Lothian delivers services that are under the control of the IJB. If directions are not being provided or they lack sufficient detail, NHS Lothian should actively seek directions in order to properly discharge their statutory duties under the Act.



Objectives

The objective of this review was to provide an independent assessment of processes within NHS Lothian when a new direction is received from one of the four IJBs. We considered both the design and operational effectiveness of processes in place.

Our review focussed on the following potential risk areas:

- There is insufficient documentation of directions received from the four IJBs, resulting in a failure to assign ownership and monitor progress.
- There is insufficient internal oversight of IJB directions, resulting in NHS Lothian being unaware if all directions received have been fulfilled or dealt with appropriately.
- NHS Lothian do not have an escalation route or ongoing communication with the IJB around their directions, resulting in issues remaining unresolved and lessons on both sides going undetected.

Executive summary



Limitations in scope

Please note that our conclusion is limited by scope. It is limited to the risks outlined above. Other risks exist in this process which our review and therefore our conclusion has not considered. Where sample testing has been undertaken, our findings and conclusions are limited to the items selected for testing.

During our testing we were unable to review a sample of complaint investigation reports therefore, we cannot provide assurance over the quality of these.

This report does not constitute an assurance engagement as set out under ISAE 3000.



Acknowledgement

We would like to take this opportunity to thank your staff for their co-operation during this internal audit.

Headline messages



Conclusion

Limited Assurance

We have reviewed the processes and controls around NHS Lothian's management of IJB Directions and have concluded that the processes have provided a **LIMITED LEVEL OF ASSURANCE**. This was confirmed through testing in specific areas of the organisation and through discussions with management.

The risks reviewed are set out on page 6 with the assurance rating we have assessed for each one and the number of recommendations raised. We have reported by exception against the areas where we consider that Management and the Audit and Risk Committee should focus their attention.

The weakest area is related to the documentation of directions received from the four IJBs. We have assessed the controls in this area as providing no assurance and raised three high rated and two medium rated recommendations which management should prioritise for implementation.

- While a documented process has been created for the receipt, analysis, distribution and implementation of directions, this is considerably out of date and not currently operational.
- There is no central listing of all directions received from each of the IJBs and as such, NHS Lothian are not aware of all the directions that have been received.
- Directions are not being routinely analysed and an implementation plan for each direction is not agreed and adopted.

Another area of weakness which has received a red rated recommendation relates to the governance arrangements. No NHS Lothian governance group has been given formal responsibility for the collective review of all extant directions and the Board's progress in implementing them.

We have also identified other areas for improvement as follows:

- While the integration schemes and individual IJB Direction Policies have processes for the resolution of issues between the IJBs and Chief Officers included, there is no defined escalation or communication route in place for NHS Lothian to Communicate with the IJB regarding directions, allowing them to highlight any issues promptly and agree a resolution.
- The review has also noted that no formal lessons learned exercises are being carried out or are scheduled for NHS Lothian and the IJBs to identify improvement opportunities and implement them.

We will review progress made as part of our recommendation tracking during the 2023/24.



Headline messages



Conclusion

We have raised eight recommendations. The grading of these recommendations is based on risk and is summarised in the table below.

Risks	Assurance rating	Number of recommendations			
		High	Medium	Low	Imp
There is insufficient documentation of directions received from the four IJBs resulting in a failure to assign ownership and monitor progress.	No Assurance	3	2	-	-
There is insufficient internal oversight of IJB directions, resulting in NHS Lothian being unaware if all directions received have been fulfilled or dealt with appropriately.	Limited Assurance	1	-	-	-
NHS Lothian do not have an escalation route or ongoing communication with the IJB around their directions, resulting in issues remaining unresolved and lessons on both sides going undetected.	Moderate Assurance	-	2	-	-

Detailed findings & action plan

1.1

Limited Assurance

There is insufficient documentation of directions received from the four IJBs resulting in a failure to assign ownership and monitor progress

Finding and implication	Audit recommendation	Management response, including actions
<p><u>The Documented Process is out-of-date and not operating</u></p> <p>There is no current documented process in place to direct staff on the steps to be followed for the receipt, implementation and management of directions.</p> <p>While a documented process was provided during the review (NHS Lothian Process for responding to Directions, 2017-18), this relates only to responding to IJB directions for that year.</p> <p>The documented process for responding to directions is a useful control in ensuring that directions are subject to appropriate scrutiny prior to their implementation. Amendments to the procedures have been identified from this review which would further improve the controls documented.</p> <p>For example, there is no instruction to note where any likely collaboration will be required between directorates/Health & Social Care Partnerships and how this will be managed. Also, the appended process for identifying responsibilities, deadlines and expected outcomes advises monthly progress reports, which is likely to be too frequent for any meaningful review.</p>	<p>Recommendation 1</p> <p>The Director of Strategic Planning should review and update the NHS Lothian Process for Responding to Directions.</p> <p>In doing so, they should ensure that the procedures can support collaboration between directorates and the timeline is realistic for the review, understanding, implementation and monitoring of directions.</p> <p>A process for the ongoing review of the document should also be included.</p>	<p>Actions: The Director of Strategic Planning will review and update the NHS Lothian Process for Responding to Directions. In doing so this will address collaboration between directorates and ensure that timeline for the implementation of directions is realistic.</p> <p>Responsible Officer: Colin Briggs, Director of Strategic Planning</p> <p>Executive Lead: Calum Campbell, Chief Executive</p> <p>Due Date: 31 March 2024</p>
	<p>Recommendation 2</p> <p>Once the process document has been updated, this should be agreed with the relevant NHS Lothian governance group (e.g. CMT/ELT), before implementation.</p>	<p>Actions: The Director of Strategic Planning will present the updated Process document at the March meetings of the Strategic CMT and Strategic Planning & Performance Committee for approval</p> <p>Responsible Officer: Colin Briggs, Director of Strategic Planning</p> <p>Executive Lead: Calum Campbell, Chief Executive</p> <p>Due Date: 31 March 2024</p>

Detailed findings & action plan

1.2

Limited Assurance

There is insufficient documentation of directions received from the four IJBs resulting in a failure to assign ownership and monitor progress

Finding and implication	Audit recommendation	Management response, including actions
<p><u>A listing of all IJB directions is not maintained by NHS Lothian and an implementation plan not completed for each</u></p> <p>The out-of-date process document advises that the Director of Strategic Planning should, in the first instance, carry out a formal review of the direction, record it in a central log or listing and identify the most appropriate individual(s) to forward the direction on to. An implementation plan template is appended to the process document and should also be completed for each direction to record responsible implementation leads, alongside performance measures, key milestone and implementation deadlines. There is no evidence of this happening.</p> <p>However, no central log or listing of all directions received from each of the IJBs is currently maintained and consequently no implementation plans have been completed.</p> <p>At the 8 November 2023 meeting of the NHS Lothian Strategic Planning and Performance Committee (SPPC), the Director of Strategic Planning advised in discussion with Chief Officers, that work is underway to ensure that all extant Directions received from IJBs were held centrally within NHS Lothian and processed appropriately.</p> <p>The Director of Strategic Planning has since requested all extant Directions from their IJB colleagues to be provided by the IJBs to both the Chief Executive and Director of Strategic Planning. Thereafter, the Director of Strategic Planning will review and send them on to the relevant Director/Executive Lead.</p>	<p>Recommendation 3</p> <p>The Director of Strategic Planning should agree a deadline for the receipt of all extant directions from the four IJBs.</p> <hr/> <p>Recommendation 4</p> <p>Once all extant directions have been received, they should be added to a central log, analysed and sent on to the relevant HSCP/Acute/REAS implementation lead alongside a completed implementation plan.</p> <hr/> <p>Recommendation 5</p> <p>Formal receipt of the direction and implementation plan should be requested, and a record kept of this.</p>	<p>Actions: All extant directions have now been received from the four IJBs, with the final set provided by Edinburgh IJB on 16 January 2024.</p> <p>Action complete.</p> <p>Responsible Officer: N/A</p> <p>Executive Lead: N/A</p> <p>Due Date: N/A</p> <hr/> <p>Actions: The Director of Strategic Planning will create a single log for all Directions. This will include the recording of where each direction has been issued to for actioning, alongside implementation plans.</p> <p>Responsible Officer: Colin Briggs, Director of Strategic Planning</p> <p>Executive Lead: Calum Campbell, Chief Executive</p> <p>Due Date: 29 February 2024</p> <hr/> <p>Actions: A Formal letter will be drafted for the Chief Executive to sign and send to IJB Chief Officers upon receipt of the direction. This will be in a standard format for implementation details to be recorded.</p> <p>Responsible Officer: Colin Briggs, Director of Strategic Planning</p> <p>Executive Lead: Calum Campbell, Chief Executive</p> <p>Due Date: 29 March 2024</p>

Detailed findings & action plan

2.1

Limited Assurance

There is insufficient internal oversight of IJB directions, resulting in NHS Lothian being unaware if all directions received have been fulfilled or dealt with appropriately

Finding and implication	Audit recommendation	Management response, including actions
<p><u>There is no group within NHS Lothian with responsibility for the monitoring of all directions</u></p> <p>No NHS Lothian governance group holds formal responsibility for the collective review of all extant directions and the Board's progress in implementing them.</p> <p>The Terms of Reference for the Strategy, Planning & Performance Committee includes:</p> <ul style="list-style-type: none"> a) To inform and direct medium and long-term planning and strategy development within NHS Lothian, supporting the continuous improvement of the Board's health and care system, and b) To review and monitor system performance and improvement, discussing specific performance challenges, exploring contributing factors and considering potential solutions. <p>One of the Committee's additional core functions relates to Performance Monitoring and Improvement and includes reviewing current performance levels, exploring underlying causes and discussing potential actions in response. The Chief Officers of the four IJBs are expected to routinely attend.</p>	<p>Recommendation 6</p> <p>Management should formally consider the most appropriate forum to receive reports and monitor progress of IJB directions. If necessary, the Terms of Reference for the Committee should be amended to reflect this responsibility.</p> <p>Thereafter a schedule for the reporting of progress against the implementation of directions should be agreed.</p>	<p>Actions: It is assumed that the Strategic Corporate Management Team and Strategy, Planning & Performance Committee are the correct forums.</p> <p>Following the alterations to the Terms of Reference and agreement between the Board Secretary and Chair of the Strategy, Performance & Planning Committee, progress reporting will be made at the March meetings of each group, and routinely thereafter. Prior to reporting to the NHSL Board.</p> <p>Responsible Officer: Colin Briggs, Director of Strategic Planning</p> <p>Executive Lead: Calum Campbell, Chief Executive</p> <p>Due Date: 31 March 2024</p>

Detailed findings & action plan

3.1

Limited Assurance

NHS Lothian do not have an escalation route or ongoing communications with the IJBs around their directions. Resulting in issues remaining unresolved and lessons on both sides going undetected

Finding and implication	Audit recommendation	Management response, including actions
<p><u>Formal lessons learned exercises are not being carried out</u></p> <p>IJB Directions Policies and Integration Schemes advise that where any partners experience difficulty in implementing a direction, or require further detail regarding expectations, this should be brought to the attention of the Chief Officer in the first instance.</p> <p>Initially, the Chief Officer will seek to resolve issues, liaising with and involving the IJB Chair or Vice-Chair accordingly. If resolution proves difficult, for example if issues are particularly complex, the EIJB will be informed prior to initiating the dispute resolution process. HSCP senior management will be aware of issues arising in relation to service delivery through ongoing review / oversight of activity</p> <p>However, there is no corresponding process in place within NHS Lothian whereby difficulties or concerns can be highlighted, and senior management made aware of them and actions being taken to resolve, including how these have been raised with the IJB.</p> <p>Additionally, no formal lessons learned exercise has been carried out or is scheduled by both NHS Lothian and the IJBs to consider the issues or barriers identified during the implementation of directions. With improvement opportunities identified.</p>	<p>Recommendation 7</p> <p>Management should agree an escalation route within NHS Lothian, aligned with any reporting schedules to support the notification of issues relating to the effective implementation of directions.</p> <p>Agreement should be formally sought on any corrective actions to be implemented, alongside an appropriate timeframe for their reporting.</p> <p>Recommendation 8</p> <p>NHS Lothian Management should schedule a formal lessons learned exercise, occurring annually, to consider the implementation of all directions. Improvement opportunities identified should be recorded and their implementation monitored.</p>	<p>Actions: The escalation route and monitoring of corrective actions will be agreed with the Strategic Corporate Management Team and the Process for Responding to Directions updated to record this.</p> <p>Responsible Officer: Colin Briggs, Director of Strategic Planning</p> <p>Executive Lead: Calum Campbell, Chief Executive</p> <p>Due Date: 31 March 2024</p> <p>Actions: A formal lessons learned exercise will be aligned to the NHS Lothian Planning Cycle and led by the Strategic Corporate Management Team.</p> <p>Responsible Officer: Colin Briggs, Director of Strategic Planning</p> <p>Executive Lead: Calum Campbell, Chief Executive</p> <p>Due Date: 31 October 2024</p>

Appendices

Appendix 1: Staff involved and documents reviewed



Staff involved

- Director of Strategic Planning
- Board Secretary, NHS Lothian
- Director of Primary Care
- Performance & Improvement Manager – East Lothian Community Health Partnership
- Director of Health and Social Care – Midlothian HSCP



Documents reviewed

- NHS Lothian Process for responding to Directions, 2017-18
- Minutes from the Strategy Planning & Performance Committee – 8 November 2023
- Strategy Planning & Performance Committee Terms of Reference
- Health and Social Care Integration Statutory Guidance – Directions from Integration Authorities to Health Boards and Local Authorities
- East Lothian IJB Directions Policy
- Edinburgh IJB Directions Policy
- IJB Integration Schemes



Appendix 2:

Our assurance levels

The table below shows the levels of assurance we provide and guidelines for how these are arrived at. We always exercise professional judgement in determining assignment assurance levels, reflective of the circumstances of each individual assignment.

Rating*	Description
Significant Assurance	<p>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.</p> <p>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)</p>
Moderate Assurance	<p>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> <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>
Limited Assurance	<p>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> <p>This may be used when:</p> <ul style="list-style-type: none"> • 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. <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>
No assurance	<p>The Board cannot take any assurance from the audit findings. There remains a significant amount of residual risk.</p> <p>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 a number of HIGH rated recommendations)</p>

Appendix 3:

Our recommendation ratings

The table below describes how we grade our audit recommendations based on risks:

Rating	Description	Possible features
High	Findings that are fundamental to the management of risk in the business area, representing a weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> • Key activity or control not designed or operating effectively • Potential for fraud identified • Non-compliance with key procedures/standards • Non-compliance with regulation
Medium	Findings that are important to the management of risk in the business area, representing a moderate weakness in the design or application of activities or control that requires the immediate attention of management	<ul style="list-style-type: none"> • Important activity or control not designed or operating effectively • Impact is contained within the department and compensating controls would detect errors • Possibility for fraud exists • Control failures identified but not in key controls • Non-compliance with procedures/standards (but not resulting in key control failure)
Low	Findings that identify non-compliance with established procedures, or which identify changes that could improve the efficiency and/or effectiveness of the activity or control but which are not vital to the management of risk in the business area.	<ul style="list-style-type: none"> • Minor control design or operational weakness • Minor non-compliance with procedures/standards
Improvement	Items requiring no action but which may be of interest to management or which represent best practice advice	<ul style="list-style-type: none"> • Information for management • Control operating but not necessarily in accordance with best practice

