

Agenda Item 7

National Audit Report and Inspection Overview



Falkirk Integration Joint Board Audit Committee

1 March 2024

National Audit Report and Inspection Overview

For Consideration and Comment

1. Executive Summary

- 1.1 This report provides an overview of national audit, scrutiny and inspection reports published since the previous Audit Committee meeting held on 17 November 2023. This report is a standing agenda item.
- 1.2 A total of 8 reports have been published since the last meeting (1 by Care Commission, 2 by Mental Welfare Commission and 5 by Audit Scotland).

2. Recommendations

The Audit Committee is asked to:

- 2.1 Consider and comment on the content of this report.

3. Background

- 3.1 In June 2019, the IJB Audit Committee agreed to receive a “National Audit and Inspection Report Overview” paper as a standing item at each meeting. This arrangement recognised that reports may need to be considered across a wide range of settings (such as the IJB or Clinical and Care Governance Committee) dependent on the nature of the report and the associated recommendations. However, it was also recognised that as a minimum, all national reports must be noted by Audit Committee and where action plans are required, these must be developed and monitored.
- 3.2 Audit Committee members can highlight if they think that more detailed consideration of any paper is required, and if so, what the appropriate reporting route would be.

4. National Reports

- 4.1 The table below lists the National reports that have been issued since the last update presented to the November 2023 Audit Committee.

Author	Title of Report	Publication Date	Reported To
Audit Scotland	Falkirk Council Pension Fund annual audit plan 2022/23	10/11/23	IJB Audit Committee

Author	Title of Report	Publication Date	Reported To
Audit Scotland	The 2022/23 audit of NHS Forth Valley	05/12/23	IJB Audit Committee
Audit Scotland	A Renewed Focus on the Sustainability of Social Care	14/12/23	IJB Audit Committee
Audit Scotland	Local Government in Scotland Financial Bulletin 2022-23	16/01/24	IJB Audit Committee
Audit Scotland	How the Accounts Commission holds Local Government to Account	18/01/24	IJB Audit Committee

- 4.2 The Audit Scotland report entitled “Falkirk Council Pension Fund annual audit plan 2022/23” comments on the position at, and performance to, 31st March 2023. The Scottish Local Government Pension Schemes had a challenging year in 2022-23, however the Falkirk Fund performance was one of only three to exceed the benchmark return target, at 12.8% above. The asset value of the Fund is £3.2bn with retirement benefits payments estimated at £2.667bn, resulting in a “well funded” nett asset position of £528m. The scheme is valued every three years. The audit report acknowledges that there may be some volatility in the market due to conflict in Ukraine, and also acknowledges that commitment against the Fund are likely to rise in the future due to rising numbers of qualifying pensioners.
- 4.3 The Audit Scotland report entitled “The 2022/23 audit of NHS Forth Valley” covers the financial reports for the year ended 31st March 2023, but also comments on matters associated with NHS Forth Valley’s escalation to Stage 4 of the Escalation framework. Financially, NHS Forth Valley met its financial targets, and achieved a small surplus of £0.229m, albeit via £20.3m of non-recurring savings. The financial performance was delivered against a backdrop of underspends in Corporate and ring-fenced & delegated services, offset by overspends in Acute and primary care prescribing. The initial 2023-24 financial assessment indicated a £40.6m financial challenge, although a large number of other Scottish health boards are in a similar position. In respect of escalation, the Board has made progress, albeit slowly. Specific service areas under scrutiny are Acute, Primary care, Mental health and progress with Integration.
- 4.4 The Audit Scotland report entitled “A Renewed Focus on the Sustainability of Social Care” addresses how social care enables people to live life and thrive. People are living longer but with increasingly complex health and care needs, and therefore there is increasing demand on services. This is at a time when recruitment is a challenge, with low pay demanding hours. There is an underlying challenge of financial sustainability, together with the challenge of

local pressures especially in rural and island areas. Audit Scotland are developing how to report on IJBs, with a focus on commenting on the effectiveness of IJBs. The reports will focus on specific areas e.g. Commissioning and procurement of private sector Social care services. This review is due to be published in the Summer of 2024.

- 4.5 The Audit Scotland report entitled “Local Government in Scotland Financial Bulletin 2022-23” notes financial pressures are pushing Councils to make hard decisions about service cuts. Frank discussions are needed with local communities regarding the future of council services, because difficult decisions are needed. Councils have less funds in real terms (i.e. net of inflation) calculated at a reduction of £619m. Further complicating this is the amount of funding which is ring-fenced for specific purposes, which reduces the Councils flexibility in managing their resources. This is at a time of increasing demand for services, further complicated by inflation and a cost of living crisis. As a result, the financial outlook for Councils is extremely challenging and therefore Councils need to make difficult decisions regarding cuts and how services are delivered. The challenge is not restricted to revenue expenditure, there is reduced capital funding available to maintain and expand infrastructure; e.g. roads, libraries and schools.

Local government is the second largest area of Scottish Government spending, albeit it has reduced proportionately compared with other areas.

Budget changes 2013/14 to 2022/23:

Total Scottish Government up by £15.54bn to £58bn

Health up by £2.9bn to £17.5bn

Local Government up by £0.62bn to £13.37bn

Scot Public Pensions Agency (SPPA) up 3.89bn to £7.17bn

Social Security Agency up by £4.04bn to £4.04bn

The Audit Commission reports that no Councils are at immediate financial risk but there is a need for realistic spending and expectations. All Councils are currently financially sustainable in the short term, but overall currently project a 2023/24 budget gap of £0.725bn.

Recommendations:

There is a clear need for Councils to:

- Be frank with communities about need for change.
- Prioritise achievement of recurrent savings.
- Ensure open and transparent regarding planning decisions.
- Clarity regarding reserves policy and planning.
- Reduce reliance on one-off savings and use of reserves.
- Engagement with communities regarding their achievement of a balanced budget
- Strengthen monitoring and reporting.
- Work with the Scottish Government regarding longer term financial planning.

- Clarify what services can be delivered now and in the future, whilst recognising the national priorities e.g. climate change.

4.6 The Audit Scotland report entitled “How the Accounts Commission holds Local Government to Account” addresses the role of the accounts commission in the audit of accounts and performance of Councils and local government bodies. The Auditor General for Scotland is responsible for the audit of accounts and performance of all other devolved public bodies in Scotland. Audit Scotland are Scotland’s national public sector audit agency and delivers services to the Accounts Commission and Auditor General. The Commission holds Local Government to account and helps services improve. It has a watchdog role, independent reporting on performance and finances of councils and other local public sector bodies in Scotland. Are they well run, financially stable and value for money? The review includes an overview of Councils and IJBs. The Commission can produce a report on any area of concern and instruct for: further investigation, hold public meetings, publish findings, express opinions and expected actions.

The Commission generally meets and reports in public so as to demonstrate openness and transparency. However, to ensure candid and robust discussions, some meetings are held in private, but the findings are made public by publication

5. Inspection Reports

5.1 There has been 1 Care Inspectorate Report and 2 Mental Welfare Commission reports published since the last Audit Committee update. Inspection reports are routinely presented to the Clinical and Care Governance Committee and all associated action plans are monitored by the HSCP Senior Leadership Team.

Publication Date	Inspection	Inspection Date	Reported To
20/12/23	Woodlands Resource Centre	05/10/23	Will be reported to CCGC 15/03/24
20/12/23	FVRH Ward 1 IPCU	11/10/23	Will be reported to CCGC 15/03/24
12/01/24	Grahamston House	11/01/24	Will be reported to CCGC 15/03/24

6. Conclusions

6.1 This report provides a summary of all relevant national audit and inspection reports which have been published since the last Audit Committee meeting. Local Care Inspectorate, Mental Welfare Commission and Healthcare Improvement Scotland reports are reported to Clinical Care Governance Committee. Improvement plans are monitored at HSCP Senior Leadership Team. The Audit & Inspection reports published nationally require to be formally considered by the Audit Committee.

Resource Implications

There are no resource implications arising from this report.

Impact on IJB Outcomes and Priorities

The IJB is committed to delivering on the outcomes and principles set out in the Strategic Plan. This requires effective planning for services, appropriate governance structures and assurance that safe, high-quality services are in place. The National Audit reports and Inspection Reports provide standards and recommendations that the IJB can assess itself against to ensure delivery of the Strategic Plan.

Directions

A new Direction or amendment to an existing Direction is not required as a result of the recommendations of this report.

Legal & Risk Implications

There are no specific legal implications arising from this report. The key risk implications relate to the potential risk of harm to service users, financial risk and reputational risk arising from failure to consider the findings of National Audit reports and Inspection reports.

Consultation

There are no consultation requirements arising from this report.

Equalities Assessment

EPIA Reference: 00474

An initial EPIA has been completed. This report provides an update on National Reports and asks the Committee to note the content of the report. The Committee are not being asked to make a decision which will impact on people. Therefore, a full EPIA is not required.

Should any changes be made to the policies, procedures or services detailed within the report, a full EPIA may be required.

This initial EPIA will be kept under review.

7. Report Author

7.1 Mark Fairley, Interim Chief Finance Officer

8. List of Background Papers

8.1 None

9. Appendices

9.1 N/A