

**NORTH LANARKSHIRE
INTEGRATION JOINT BOARD**

ANNUAL ACCOUNTS
AUDITED

2019/2020



CONTENTS

	Page
Management Commentary	3
Statement of Responsibilities	11
Remuneration Report	12
Annual Governance Statement	15
Comprehensive Income And Expenditure Statement	24
Movement in Reserves Statement	25
Balance Sheet	26
Notes to the Financial Statements	27
Independent Auditor's Report	39

NORTH LANARKSHIRE INTEGRATION JOINT BOARD

ANNUAL ACCOUNTS 2019/2020

MANAGEMENT COMMENTARY

Introduction

The North Lanarkshire Integration Joint Board (IJB), which was established as a body corporate by order of Scottish Ministers under the Public Bodies (Joint Working) (Scotland) Act 2014, became operational in June 2015 with integrated delivery of health and social care services commencing on 1 April 2016. The functions delegated by North Lanarkshire Council (NLC) and NHS Lanarkshire (NHSL) to the IJB are detailed in the Integration Scheme. The North Lanarkshire Health and Social Care Partnership (HSCP) refers to the joint working arrangements between the partners NLC and NHSL. The IJB is a separate legal entity which is responsible for the strategic planning and commissioning of the wide range of health and social care services across North Lanarkshire. The partnership is responsible for the operational delivery of the IJB's strategic directions.

The purpose of the IJB is to improve the wellbeing of people who use health and social care services and their carers' and to deliver on the nine national health and wellbeing outcomes. There are multi faceted factors which impact on the demand for health and social care services across North Lanarkshire which is the fourth largest and fifth most densely populated area in Scotland with a population of 341,370. The increase in the age group of people 65 years and over is projected to be 3% by 2026 and 5% by 2041. 75,000 residents live in the worst 15% datazones and 60% of North Lanarkshire residents over the age of 65 have two or more long term conditions such as anxiety, depression, COPD or asthma.

This management commentary provides an overview of the key outcomes relating to the objectives and strategy of the IJB. It considers our financial performance for the year ended 31st March 2020 and provides an indication of the issues and risks which may impact upon our finances in the future.

The Role and Remit of the IJB

The IJB has responsibility for the strategic planning and commissioning of the following services:

- accident and emergency services provided in a hospital;
- inpatient services related to general medicine, geriatric medicine, rehabilitation medicine, respiratory medicine and palliative care services in a hospital;
- community health services including Lanarkshire-wide (hosted) services; and
- social care services.

The IJB is made up of eight voting members: four Elected Members appointed by NLC and four Non-Executive Directors appointed by NHSL. Non-voting members of the Board include the Chief Officer, the Chief Social Work Officer, the Nurse Advisor, the Medical Advisor, the Chief Financial Officer, the Registered Medical Practitioner and representatives for staff, the third sector, service users and carers. In March 2019, the IJB approved the [Strategic Commissioning Framework](#)¹ for the period 2019 to 2022 and issued the [IJB Directions](#)² to each of the partners to achieve safer, healthier, independent lives for the residents of North Lanarkshire.

The IJB's Business Model and Strategy

The business model for the IJB is managed through key leadership groups which are aligned to both partners' objectives. Front-line service delivery continues to be carried out by NLC and NHSL across six localities in line with the directions from the IJB. The directions from the IJB to NHSL and NLC outline what the IJB requires both bodies to do, the funding allocated to these functions, and the mechanisms through which the performance in delivering the directions will be monitored. Strong financial planning and management, the achievement of best value and the allocation of resources to support sustainable models of service delivery from a whole system perspective underpin everything that the IJB and the partners do to ensure our limited resources are targeted to achieve our outcomes.

¹ <https://mars.northlanarkshire.gov.uk/egenda/images/att90476.pdf>

² <https://mars.northlanarkshire.gov.uk/egenda/images/att90479.pdf>

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/2020

The IJB's Outcomes for the Year

Effective from 1 April 2019, the Cabinet Secretary approved an updated [Integration Scheme](#)³ to comply with the statutory requirement to review the Integration Scheme within the five year timescale of May 2020 and also to reflect the transfer of the discretionary delegated functions for Children, Families and Justice Services from the IJB to the newly reshaped Education and Families Service in NLC. During 2019/2020, a new Chief Officer was appointed and a structural review of the HSCP was initiated. A comprehensive review was also undertaken at the outset of 2019/2020 and the [North Lanarkshire Integration Review and Self-Assessment](#)⁴ progress report was reported to the IJB Performance, Finance and Audit Committee (PFAC) on 19 February 2020. A range of improvement actions are still ongoing.

The performance across the HSCP is reported regularly to the IJB throughout the year. In addition to making progress with the key performance indicators which is highlighted at page 17, the HSCP also responded to the Covid-19 pandemic. The publication of the Annual Performance Report has been delayed due to the pandemic. Extensive consultation was undertaken to develop the [Strategic Commissioning Plan 2020-2023](#)⁵. The significant progress made in improving the outcomes for individuals in North Lanarkshire is detailed at section 3 of the plan and is summarised as follows:

- Integrated Rehabilitation Teams have been developed across each of our six localities and proactively support the Discharge to Assess approach. Rehabilitation and reablement principles are at the heart of integrated service delivery across the whole system. The number of unplanned bed days (unscheduled care) was reduced by 17% (62,398 bed days) by 31 March 2019, exceeding the target set of 10%. During 2019/2020 however the number of delayed discharge bed days has been consistently higher than 2018/2019, the exception being March 2020 and the impact of the Covid-19 pandemic. This is considered further at page 18.
- The Lanarkshire Mental Health and Wellbeing Strategy was launched setting in progress a range of service improvements for all age groups. The Stigma Free Lanarkshire programme aims to reduce mental health stigma and discrimination. Access to mental health services has also expanded in Accident and Emergency Departments, police custody suites and prisons as a result of the availability of Action 15 funding. Specialist mental health services are available to women during and immediately after pregnancy.
- The Health and Social Care Academy has been established to promote entry routes into health and social care roles.
- The Hospital at Home model, which provides care in peoples own homes and prevents admission to hospital, continued to evaluate well. This service equated to 64 beds per day.
- The Making Life Easier online self-assessment tool provides consistent advice and personalised responses. It also facilitates early intervention and prevention by signposting individuals appropriately.
- A five year Rapid Rehousing Transition Plan has been developed to help those experiencing homelessness.
- A comprehensive independent review was undertaken of our Community Solutions i.e. the Third Sector voluntary and community organisations delivering on a range of early intervention and prevention activities
- A range of recovery services are delivered to support individuals affected by alcohol and drug misuse and their families in particular advocacy, peer support and family support services.
- A range of service waiting times have been negatively impacted on by the Covid-19 pandemic, including Children and Mental Health Service, Psychological Therapies and Children and Young People Speech and Language Therapy. A recovery plan is in place however the pre-Covid-19 performance levels are unlikely to be achieved again until April 2021 at the earliest.
- A range of cost pressures across the HSCP were effectively addressed through management actions and non-recurring funding solutions.

³ <https://mars.northlanarkshire.gov.uk/egenda/images/att91210.pdf>

⁴ <https://mars.northlanarkshire.gov.uk/egenda/images/att93449.pdf>

⁵ <https://mars.northlanarkshire.gov.uk/egenda/images/att93862.pdf>

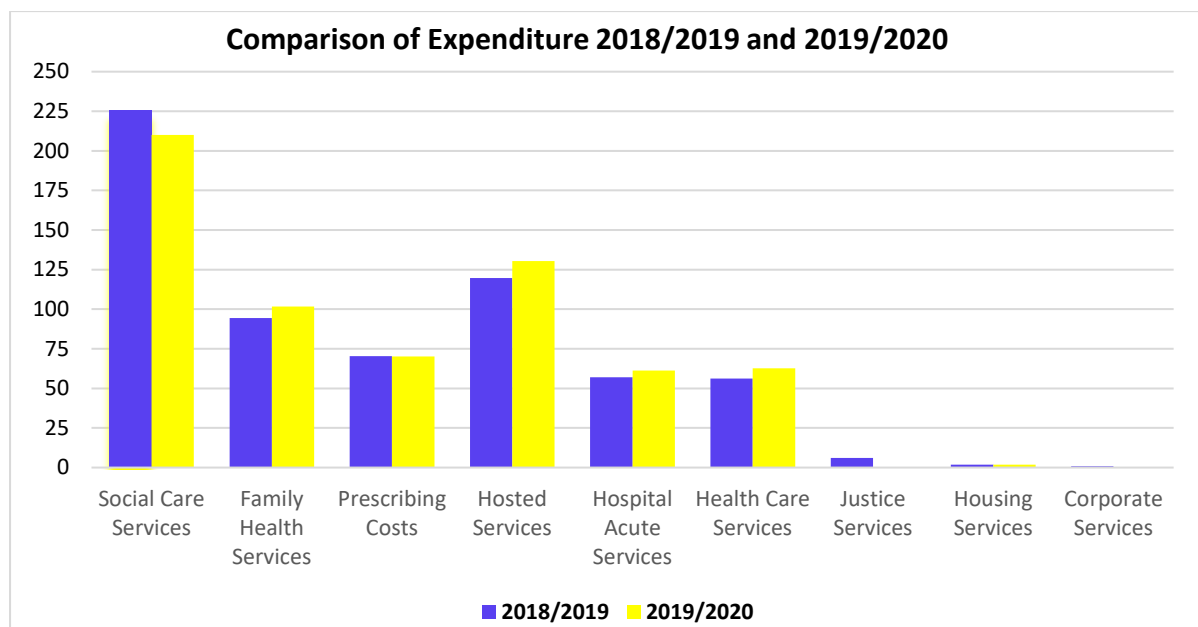
**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

The IJB’s Financial Position at 31 March 2020

The delegated funds for the IJB come from NLC and NHSL. The level of funding available to the IJB is therefore heavily influenced by these organisations’ grant settlements from the Scottish Government. The [IJB Financial Plan 2019/2020](#)⁶ was approved on 26 March 2019.

- Demographic growth, inflationary cost pressures and national priorities were originally projected to increase costs by £25m in 2019/2020 (NHSL - £9.4m; NLC - £15.6m).
- Both NLC and NHSL maintained the original partner funding contributions to the IJB.
- Additional funding invested in the HSCP totalled £17.7m (NHSL- £7.5m; NLC - £10.2m). This included £6.5m for the inflation uplift of 2.5% on the health services delegated to the IJB and the additional funding of £11.2m to implement the agreed national priorities.
- The funding gap at the start of the financial year 2019/2020 was therefore £7.3m. In order to address this, base budget adjustments for NHSL of £1m and savings totalling £3.7m (NHSL - £0.4m; NLC - £3.3m) were approved.
- The savings proposals recommended to the IJB were the best fit with the strategic commissioning intentions and the best value requirement to use resources more effectively. The budgets released from the base budget adjustments and savings were retained by the IJB and re-allocated to address inflationary cost increases and demographic growth.
- The balance of cost pressures remaining was £2.6m. Until further savings could be identified, reliance had to be placed on management actions and the non-recurring use of the IJB contingency reserves.
- Additional funding for NHSL was also issued during the year, the detail of which is included in the financial monitoring reports presented to the IJB and PFAC.

The actual expenditure incurred in 2019/2020 is detailed at note 4 on page 31 and is compared to the actual expenditure incurred in 2018/2019 in the graph below.



Although projected expenditure was expected to increase by £25m between 2018/2019 and 2019/2020, the actual increase in expenditure was only £5.9m (2018/2019 - £632.3m; 2019/2020 - £638.2m). The main factor contributing to this was the transfer of Children, Families and Justice Services’ budgets of £21m to Education and Families Services as a result of the change in the Integration Scheme.

⁶ <https://mars.northlanarkshire.gov.uk/egenda/images/att90491.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

The IJB's Financial Position at 31 March 2020 (Cont.)

Earlier projections during 2019/2020 indicated a significant overspend across social care services due to demographic changes. However, these cost pressures were addressed by management actions, favourable movements in-year and non-recurring funding solutions. The final year-end underspend at 31 March 2020 is £6.5m and reflected underspends of £5.7m by NHSL and £0.8m by NLC. Expenditure incurred against reserves in 2019/2020 is £6.1m. The surplus on the provision of services and total comprehensive income and expenditure in 2019/2020 is £0.4m. Information on the significant variances across health and social care services are highlighted as follows:

- An underspend due to employee vacancies at an average of 5% and totalling £3.4m (NHSL - £2.9m; NLC - £0.5m).
- An underspend in prescribing activity across health services of £0.9m.
- An over-recovery of income for NLC of £1m from another local authority following the resolution of an ordinary residence case and £0.7m for care costs, winter planning arrangements and private sector housing grants returned.
- An underspend of £1.6m across the hosted services led by the IJB.
- An underspend of £0.5m across NHSL boundary service level agreements. This underspend is recurring and was therefore subsequently approved as a 2020/2021 saving.
- Slippage with the implementation of the Alcohol and Drugs Strategy. The use of IJB reserves was to be prioritised in advance of any further request for funding from the Scottish Government however officers were assured that the overall commitment to fund specific policy initiatives would not be reduced. 2019/2020 funding of £1m has therefore been retained by the Scottish Government and will be available when the expenditure is incurred.
- An underspend of £0.208m due to lower than anticipated demand for housing adaptations within Council houses which was retained by the Housing Revenue Account.

The underspends are offset by overspends in equipment and adaptations (£0.8m) and care home placements (£0.7m). These cost pressures contributed to the non-achievement of savings in 2019/2020 of £0.9m (19%). The total savings target was £4.7m, of which £3.8m (81%) was achieved.

Annual Accounts 2019/2020

The financial outturn for the year ended 31 March 2020 is therefore a surplus of £0.431m. This is highlighted on the Comprehensive Income and Expenditure Statement on page 24 and is also included in the Movement in Reserves Statement on page 25. The total movement on reserves at 31 March 2020 is a net increase of £0.4m. The final year-end underspend of £6.5m and the movement in reserves of £0.4m are reconciled in the table below.

Financial Outturn 2019/2020		Movement In Reserves Reduction / (Increase)	Returned to Partner
	£m	£m	£m
NLC - General Underspend	0.866	(0.866)	
NLC -HRA Underspend	0.208		(0.208)
NLC - Net Underspend	1.074	(0.866)	(0.208)
NHSL Underspend	5.692	(5.692)	
Total As At the 31 March 2020	6.766	(6.558)	(0.208)
Expenditure incurred against reserves in 2019/2020		6.127	
Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure (Page 24 and Page 36 Note 11)		(0.431)	

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/2020

Annual Accounts 2019/2020 (Cont.)

The services which are hosted by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB and the hosted services which are led by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB are detailed in note 10 on pages 34 to 35. In line with the Integrated Resource Advisory Group Finance Guidance, the lead partner for a hosted service is responsible for managing any overspends incurred. With the exception of ring-fenced funding, the lead partner can also retain any underspends which may be used to offset the overspends. This arrangement has been in place since 1 April 2016. The North Lanarkshire IJB and the South Lanarkshire IJB endorsed this principle in respect of 2019/2020.

During the course of the year, the IJB were advised that up to £2.9m may require to be drawn down by the NLC partner from a ring-fenced reserve (£2m) and the contingency reserve (£0.9m) in order to achieve financial balance. Due to the favourable movements in-year, only £1.6m required to be drawn down by NLC for this purpose. A further £4.5m was drawn down from other ring-fenced and earmarked reserves during the year. The total transfer from reserves of £6.1m was offset by the transfer to reserves of £6.5m, a positive movement of £0.4m. The balance on the IJB reserves at 31 March 2020 is £16.414m. The ring-fenced (£2.336m), earmarked (£10.394m) and contingency reserves (£3.684m) are detailed at note 11 on page 36. It is good financial management to maintain a contingency reserve.

The North Lanarkshire IJB was established under the Public Bodies (Joint Working) (Scotland) Act 2014 and falls within section 106 of the Local Government (Scotland) Act 1973. The annual accounts are therefore prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

Matters of Strategic Importance

The [IJB Financial Plan 2020/2021](#)⁷ was approved on 24 March 2020. Cost pressures were projected to be £30.455m. Both NLC and NHSL confirmed the original partner contributions would be maintained. In addition to this, additional funding totalling £21.035m has been passed to the IJB by NHSL and NLC. The original plan to address the funding gap of £9.420m was as follows:

▪ Savings	£3.780m
▪ Community Alarm Income	£1.410m
▪ Use of non-recurring reserves	£0.790m
▪ Management Actions	£1.558m
▪ Confirmation the timing of expected cost pressures can be delayed	£1.882m
▪ Total	£9.420m

In respect of the savings proposals recommended to the IJB, these were the best fit with the strategic commissioning intentions and the best value requirement to use resources more effectively. The budgets released have been retained by the IJB and re-allocated to address the funding gap.

In order to reflect the revision to the Integration Scheme, the discretionary Children, Families and Justice Service budgets required to be transferred from the IJB to NLC. In recognition of the complexity of the disaggregation exercise and that operational service delivery required to be maintained during the transitional period, a plan to transfer the budget to NLC was implemented over an 18 month period from 1 April 2019. The first phase of the budget transfer from the IJB to NLC, which was implemented in 2019/2020, was based on transferring the “direct” Children, Families and Justice budgets totalling £19.2m. A further transfer of £1.8m was also processed. The total transfer in 2019/2020 was therefore £21m. The methodology adopted to implement this transfer and the progress achieved by 30 June 2020 is set out in the [Revised Integration Scheme – Transfer of Functions](#)⁸ report. In respect of cross-cutting services, further consideration will be given to the financial implications of the hosting arrangements which are being developed and the transfer of relevant budgets between the IJB and NLC as appropriate.

⁷<https://mars.northlanarkshire.gov.uk/egenda/images/att93864.pdf>

⁸<https://mars.northlanarkshire.gov.uk/egenda/images/att94095.pdf>

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/2020

Matters of Strategic Importance (cont.)

The 2020/2021 IJB directions to NLC correspond to the revised responsibilities delegated to the IJB which now exclude Children, Families and Justice Services. At Annex 4 of the [IJB Directions 2020/2021](#)⁹, the financial resources for 2020/2021 for the NLC partner however still take into consideration the cost projections of all the functions originally delegated to the IJB. This therefore included the Children, Families and Justice Services. This approach to the development of the [IJB Financial Plan 2020/2021](#)¹⁰ was based on the extensive review undertaken in 2019/2020 by NLC of all anticipated costs for the forthcoming 3 years as part of a Council-wide review of service priorities and available funding and did not at that stage reflect the changes to the revised Integration Scheme.

As highlighted at section 15.3.2 of the IJB Financial Plan 2020/2021 therefore, although the budgets were being disaggregated in line with the revised Integration Scheme, the strategic financial planning processes for 2020/2021 were based on all of the services originally delegated to the IJB, including the discretionary delegated functions. Following the upload of the 2020/2021 budgets, the future cost pressures for IJB related services only will be confirmed and the 2020/2021 budgets will then be finalised. The IJB directions to NLC for 2020/2021 therefore include the requirement to reissue a revised IJB direction to reflect the final adjustments in respect of the conclusion of the budget disaggregation exercise. The actions to finalise the budget transfer are considered further in the Annual Governance Statement. As highlighted at note 2.3 on page 30, in order to complete the disaggregation exercise, hosting arrangements are being implemented in respect of the cross-cutting and support services which cannot be directly allocated to either the IJB or NLC. The financial implications of the hosting arrangements will be monitored during 2020/2021.

The management of cost pressures in 2019/2020 across social care services relied on the implementation of a budget recovery plan and non-recurring funding solutions particularly for the NLC partner. The costs associated with the social care service at 31 March 2020 were partly addressed by the transfer of funding from IJB reserves of £1.6m. In 2020/2021 and beyond, the main financial risk is that NHS and/or NLC may overspend. The IJB Medium to Long Term Financial Plan 2020/2021 to 2029/2030 was presented to the IJB Liaison Group in March 2020, before the financial impact of the Covid-19 pandemic on health and social care services and the economy as a whole was known. The impact is unprecedented in recent times and has increased the risk of an overspend.

As part of the emergency plan, the IJB and both partners took forward the Lanarkshire Mobilisation Plan. The Response, Redesign and Recovery stage is now progressing. The aims associated with this next stage are highlighted on page 19. The additional costs as a result of the Covid-19 pandemic for the HSCP for the period between April and June 2020 are calculated to be £9.4m. Scottish Government funding of £4.8m has been received to meet part of the additional social care costs incurred. Further funding of £2.4m was also received to meet additional Covid-19 costs in respect of the living wage, the loss of hospice income and mental health services. Total funding received to date from the Scottish Government to meet additional Covid-19 costs is therefore £7.2m. The financial strategy for 2020/2021 and beyond requires to be revised to maintain financial sustainability.

- Social care services continue to face demand pressures within home support and independent care homes.
- Some of the funding solutions in 2019/2020 were non-recurring and some cost pressures are expected to recur again in 2020/2021.
- The impact of the savings not achieved in full in 2019/2020 (£0.9m) will be taken into consideration during the review of the financial plan.
- There continues to be uncertainty about what the post-Brexit rules will be with the European Union. Although the prescribing budget was underspent this year, there is risk that the EU withdrawal will adversely impact on future prescribing costs.

⁹ <https://mars.northlanarkshire.gov.uk/egenda/images/att93865.pdf>

¹⁰ <https://mars.northlanarkshire.gov.uk/egenda/images/att93864.pdf>

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/2020

Matters of Strategic Importance (cont.)

- Significant Covid-19 costs have already been incurred to date and some additional funding has been received in 2020/2021 from the Scottish Government towards these costs. Although the Scottish Government will provide further additional funding, there is a very high risk the additional funding will not fully address all additional costs incurred.
- It is intended that the allocation of the contingency reserve will be considered during the review of the IJB financial plan, following which a revised IJB Reserves Strategy for 2020/2021 will be submitted to the IJB for approval.

In the absence of sufficient funding from the Scottish Government and/or the partners, reliance will require to be placed on the Integration Scheme and the IJB Financial Regulations which set out the options for addressing overspends.

As highlighted on page 6, the IJB agreed to draw down existing reserves before requesting further funding allocations from the Scottish Government on the understanding that the funding allocated to the IJB remained available and could be called down when the expenditure was incurred. This assurance was received from the Scottish Government. The reserves for the Alcohol and Drug Partnership Programme for Government and the Primary Care Improvement and Transformation Funds led by the South Lanarkshire IJB were affected by this change in approach.

Continuing to deliver services in the same way is no longer sustainable and changes will need to be made to the way services are accessed and provided. During 2019/2020, the IJB continued to progress service redesign within the financial and resource envelope available. The rapid implementation of new ways of working in response to the Covid-19 pandemic resulted in significant additional costs however it also accelerated some aspects of the modernisation programme in particular the use of “Near Me” technology and remote working IT solutions. A range of innovative developments are being taken forward to modernise the approach to health care by the Scottish Government [Technology Enabled Care Scotland Team](#)¹¹.

The progress of a range of partnership priorities will be impacted by the current situation as the response to the pandemic takes precedence. Examples include the Primary Care and Mental Health Transformation programme, the modernisation of Primary Care Services and the General Medical Services Contract, the Alcohol and Drug Partnership programme and the Distress Brief Intervention approach. It is intended that the HSCP structural review will be completed in 2020/2021.

As highlighted at pages 18 and 19, the governance arrangements for the IJB and both partners were amended during the period of the Covid-19 pandemic to ensure effective and timely decision-making continued to be in place to support the recovery process and to ensure health and social care resources were directed to best effect.

Support for all health and social care professionals, particularly those working in community settings, will be fundamental to managing service delivery while the Covid-19 virus remains a risk. Maintaining the positive developments which have been rapidly stepped up in response to the crisis will also be a priority. Financial sustainability will be key to achieving this.

Key Strategic Risks and Uncertainties

The IJB Risk Management Strategy complements the existing risk management processes within each partner. All three risk registers are reviewed regularly by the management team. There are three very high risks facing the IJB which are considered in the Annual Governance Statement as follows:

- the ability to maintain existing General Medical Services across NHSL;
- European Union withdrawal and
- the financial risks associated with the Covid-19 pandemic.

¹¹ <https://tec.scot/meet-the-team/>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Key Strategic Risks and Uncertainties (Cont.)

The Director of Finance of NHSL continued to make progress with the exercise to update the notional set-aside budget. This notional budget, which represents the consumption of hospital resources by North Lanarkshire residents, is estimated to be £61.229m. Similar to the previous year, the notional budget can also be included as the estimated expenditure for the 2019/2020 annual accounts. It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB in 2019/2020 however it has been endorsed as an acceptable approach pending further updates from the Information Services Division within NHS National Services Scotland.

This critical judgement in respect of the complex accounting treatment of the hospital acute services (set-aside) therefore follows the advice issued by the Scottish Government on how the sum set-aside should be recorded in the annual accounts. This is explained in more detail at note 2.2 on pages 29 and 30. A whole system approach will continue to be adopted by the partners to support the use of set-aside resources. As part of the plan to improve the delayed discharge performance, the learning from NHS Tayside has been adopted at Hairmyres Hospital where whole system wide changes across acute and community services are achieving a successful reduction in the number of delayed discharges. This approach will be extended across Lanarkshire.

Conclusion

As a result of effective financial management, financial balance was achieved in 2019/2020.

The Covid-19 pandemic has affected each and every member of our society. In the face of this unprecedented challenge, partnership working is critical to respond effectively to this national public health crisis. A robust response to the pandemic was implemented. Staff, partners and communities are working together to ensure we protect lives and keep people safe.

Although the current financial challenges will inevitably drive the pace of change, improving outcomes for individuals will continue to underpin the IJB's strategic commissioning intentions and the ongoing re-design and integration of health and social care services. We will do this by ensuring that we adhere to sound governance arrangements.

Approved By

Dr. Avril Osborne

Chair

Date 22 September 2020

Ross McGuffie

Chief Officer

Date 22 September 2020

Marie Moy

Chief Financial Officer

Date 22 September 2020

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

STATEMENT OF RESPONSIBILITIES

Responsibilities of the North Lanarkshire Integration Joint Board

The North Lanarkshire Integration Joint Board (IJB) is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the IJB has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this IJB, that officer is the Chief Financial Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (s12 of the Local Government in Scotland Act 2003).
- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature at a meeting of the North Lanarkshire Integration Joint Board on 22 September 2020.

Signed on behalf of the North Lanarkshire Integration Joint Board

Confirmed By

Chair: Dr. Avril Osborne

Date: 22 September 2020

Responsibilities of the Chief Financial Officer

As Chief Financial Officer I am responsible for the preparation of the IJB's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 (the "Code of Practice"), as supported by the International Financial Reporting Standard (IFRS), is required to give a true and fair view of the financial position of the IJB at the financial year end and its income and expenditure for the year then ended.

In preparing the Annual Accounts, I am responsible for:

- Selecting suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent; and
- Complying with the Code of Practice.

I am also required to:

- Keep proper accounting records which are up to date; and
- Take reasonable steps to ensure the propriety and regularity of the finances of the IJB.

I certify that these Annual Accounts present a true and fair view of the financial position of the North Lanarkshire Integration Joint Board as at 31 March 2020 and the transactions for the year then ended.

Certified by

Chief Financial Officer: Marie Moy

Date: 22 September 2020

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

REMUNERATION REPORT

1 Introduction

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014 which requires, at least, disclosure about remuneration and pension benefits of any persons whose remuneration is £150,000 or more. The Regulations also require disclosure of remuneration information for 'relevant' persons. A 'relevant person' in relation to the Remuneration Report for a financial year includes a senior officer holding office with associated authority, whether on a permanent or temporary basis, in the financial year to which that Remuneration Report relates.

All information disclosed in the tables at sections 6, 7 and 8 in this Remuneration Report is subject to audit by Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

2 Integration Joint Board

The Standing Orders of the IJB, as prescribed by the Public Bodies (Joint Working) (Integration Joint Board) Order 2014, sets out the detail regarding IJB membership, voting, calling of meetings and the quorum for meetings.

The IJB comprises eight voting members, four of whom are Elected Members appointed by North Lanarkshire Council (NLC) and four of whom are Non-Executive Directors appointed by the NHS Lanarkshire (NHSL). The term of office of members is for a period of three years. There are also non-voting representatives on the IJB drawn from health and social care professionals, employees, the third sector, service users and carers.

3 Remuneration: IJB Chair and Vice Chair

The Board Members do not currently receive remuneration or expenses directly from the IJB. Any remuneration or reimbursement of expenses for voting board members is governed by the relevant IJB partner organisation. The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting member costs borne by the partner.

During 2019/2020, the Chair of the IJB was Dr Avril Osborne and the Vice Chair was Councillor Paul Kelly. The details of the Chair and Vice Chair appointments held during 2019/2020 are shown below. No taxable expenses were paid by the IJB in 2019/2020.

Name	Post Held	Nominated by
Dr. A.Osborne	Chair (1 April 2019 to 31 March 2020)	NHS Lanarkshire
Mr P. Kelly	Vice Chair (1 April 2019 to 31 March 2020)	North Lanarkshire Council

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or the Vice Chair.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

REMUNERATION REPORT (Cont.)

4 Senior officers

The Chief Officer is appointed by the North Lanarkshire IJB in consultation with NHS and NLC. The post of Chief Officer was assumed by Ross McGuffie on an interim basis from 23 October 2018 until 25 June 2019. Following a selection process, Mr McGuffie was appointed to the Chief Officer post on a substantive basis. Mr McGuffie is employed by NLC and seconded to the IJB.

The Chief Financial Officer is appointed by the North Lanarkshire IJB and is employed by South Lanarkshire Council. The Chief Financial Officer is seconded to the IJB in line with the local arrangements.

5 Remuneration policy

The remuneration of the Chief Officer is set with reference to national arrangements as well as local decisions on management structures and their associated remuneration levels.

The Scottish Joint Negotiating Committee for Local Authority Services sets out the spinal column salary points for Chief Officers which can be utilised in setting salary levels for such posts. The grade of the Chief Officer post was reviewed during the year.

6 Remuneration: Officers of the IJB

The senior officers received the following remuneration in the period:

Name	Salary, Fees, Allowances	2019/2020 Total Remuneration	2018/2019 Total Remuneration
Ross McGuffie, Chief Officer (Interim: 1 April 2019 to 25 June 2019) (Substantial: 26 June 2019 -31 March 2020)	£98,070	£98,070	£41,456 (FYE - £94,571)
Marie Moy, Chief Financial Officer (1 April 2019 to 31 March 2020)	£35,341	£35,341	£34,026
Janice Hewitt ¹² , Chief Officer (1 April 2018 to 22 October 2018)	N/A	N/A	£265,434 <i>plus annual compensation of £13,740</i>

The Chief Financial Officer is also appointed to the South Lanarkshire IJB. The remuneration disclosed in the table above is the proportion of remuneration received in relation to the activity of the North Lanarkshire IJB during 2019/2020. The remuneration in respect of South Lanarkshire IJB is therefore shown separately in the South Lanarkshire IJB Annual Accounts 2019/2020.

The IJB does not directly employ any Health or Social Care staff. They are employed by either NHS or NLC and remuneration for staff is reported in the employing organisation. Pay band information is not separately provided as all staff pay information has been disclosed in the information above.

¹² During 2018/2019, the structural changes in NLC and the transfer of social work services for Children, Families and Justice Services back to the council resulted in a voluntary redundancy. Further details are disclosed in the NLC 2018/2019 Remuneration Report.

NORTH LANARKSHIRE INTEGRATION JOINT BOARD

ANNUAL ACCOUNTS 2019/2020

REMUNERATION REPORT (Cont.)

7 Pension benefits

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis, there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers. The IJB however, has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB.

The senior officers are members of the Strathclyde Pension Fund which is a Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Scheme Regulations 2014.

Costs of the pension scheme contributions for the year to 31 March 2020 are shown in the table below:

Name	In-year pension contributions			Accrued pension benefits		
	To 31 March 2020	To 31 March 2019 (Restated)		As at 31 March 2019 (Restated)	Movement In Year	As at 31 March 2020
	£000	£000		£000	£000	£000
Ross McGuffie Chief Officer	£18,752	£17,075	Pension	3	2	5
			Lump Sum	Nil	Nil	Nil
Marie Moy Chief Financial Officer	£6,821	£6,567	Pension	13	1	14
			Lump Sum	20	1	21
Janice Hewitt Chief Officer	N/A	£350,116 ¹³	Pension	53	N/A	N/A
			Lump Sum	92	N/A	N/A

The pension benefits detailed in the table above relate to the proportion attributable to the activity of the North Lanarkshire IJB. In respect of the Chief Financial Officer, a pro-rata approach has been adopted for 2019/2020 and the pension benefits for 2018/2019 have also been restated on the same basis.

8 Severance Costs

There were no redundancies during 2019/2020. The severance costs in the table below were incurred last year, 2018/2019, and included for comparative purposes.

Exit Packages Bands	2019/2020		2018/2019	
	No. of employees	Notional Projected Lifetime Costs	No. of employees	Notional Projected Lifetime Costs
£800,001-£850,000	N/A	N/A	1	£835,559 ¹⁴

Approved By

Dr. Avril Osborne

Ross McGuffie

Chair

Chief Officer

Date: 22 September 2020

Date: 22 September 2020

¹³ A payment of £325,179 was made to the pension fund as part of the voluntary redundancy settlement. Further details can be found in the North Lanarkshire Council 2018/2019 Remuneration Report.

¹⁴ The information contained in this table was disclosed in the North Lanarkshire Council 2018/2019 Remuneration Report where further details can be found.

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/2020

ANNUAL GOVERNANCE STATEMENT

Introduction

The Annual Governance Statement explains how the North Lanarkshire Integration Joint Board (IJB) complies with the Code of Corporate Governance and meets the requirements of the Delivering Good Governance in Local Government Framework developed by CIPFA and SOLACE in 2016. This statement reports on the effectiveness of the IJB's governance arrangements and system of internal control.

Scope of Responsibility

The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) sets out the legislative responsibilities for the delivery of integrated health and social care services. The original North Lanarkshire Health and Social Care Integration Scheme was approved by the Scottish Parliament in May 2015 and the IJB became a public sector organisation in June 2015.

In April 2019, the Cabinet Secretary approved an updated Integration Scheme to reflect the transfer of the discretionary delegated functions for Children, Families and Justice Services from the IJB to the newly reshaped Education and Families Service in NLC.

The system of internal control is proportionate to the IJB's strategic responsibility and reliance is placed on the NHSL and NLC systems of internal control. Within a strategic context, the IJB has a statutory duty of best value. The IJB is required to ensure that risk is effectively managed and public money is safeguarded and properly accounted for.

The Governance Framework

The terms of reference for the IJB are formally set out in the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 with particular reference to the Scottish Statutory Instruments 2014 No.285. This Order sets out provisions which apply in relation to the membership, proceedings and operation of all IJBs. Article 17 also confers powers on IJBs to establish committees and delegate functions to those committees.

The roles and responsibilities of the IJB and the PFAC are set out in the [Terms of Reference](#)¹⁵.

The [IJB Code of Corporate Governance](#)¹⁶ describes the IJB's governance arrangements. The internal control system can only provide reasonable and not absolute assurance of effectiveness. The effective operation of each partner's financial and corporate systems, processes and internal controls are key to achieving the IJB's outcomes.

Review of Adequacy and Effectiveness

A comprehensive review of the effectiveness of the IJB's governance arrangements was undertaken during 2018/2019. The [North Lanarkshire Integration Review and Self-Assessment](#)¹⁷ was also undertaken between October 2018 and June 2019 and reported to the IJB on 12 June 2019.

The ongoing effectiveness of the IJB's governance arrangements in 2019/2020 was reviewed. An improvement action plan is being implemented to further develop controls and to achieve integration outcomes. The review is also informed by cross-assurances from each of the partners, NHSL and NLC, including consideration of their relevant internal audit and external audit reports and the governance arrangements implemented in response to the Covid-19 pandemic.

¹⁵ <https://mars.northlanarkshire.gov.uk/egenda/images/att87070.pdf>

¹⁶ <https://mars.northlanarkshire.gov.uk/egenda/images/att86221.pdf>

¹⁷ <https://mars.northlanarkshire.gov.uk/egenda/images/att91211.pdf>

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/2020

Assessment of Governance Arrangements

The assessment of the IJB governance framework and internal control system confirmed that no significant control weaknesses or significant failures have arisen in the expected standards for good governance, risk management and internal control. Some areas for improvement have been identified and are detailed in the continuous improvement actions on page 22. The key conclusions which contributed to this overall assessment are detailed below.

- On 26 March 2019, the IJB approved the directions to each of the partners to implement the [Commissioning Framework 2019 - 2022¹⁸](#) which aims to promote good health and wellbeing for all and to address inequalities. In line with the direction set by NLC in [We Aspire¹⁹](#), the discretionary delegated functions for Children, Families and Justice Services were removed from the IJB during 2019/2020. To strengthen the NLC oversight of the social work functions and responsibilities and also to maintain joint planning with the Health Board, third sector and partner organisations, the Adult Health and Social Care Committee was established on 14 February 2019 and met five times during 2019/2020. As part of the HSCP structural review, progress was also made during the year with substantive appointments to senior leadership posts. The recruitment to key posts is ongoing.
- In respect of the transfer of the discretionary Children, Families and Justice Services budgets from the IJB to NLC, an assurance process has been fostered based on mutual trust and confidence involving an open-book approach and an honest sharing and discussion of the assumptions and risks associated with the transfer. Taking into consideration the Integrated Resource Advisory Group guidance, the local arrangements in place were agreed by the partners and reflect a pragmatic response to the strategic directions and the changes to the operational responsibilities during the transitional period of 18 months from 1 April 2019. In respect of the cross-cutting and support services which cannot be allocated to either the IJB delegated services or to the discretionary functions transferred to NLC, a hosting arrangement has been agreed and is being implemented in 2020/2021.
- Internal Audit undertook a due diligence review of the budget disaggregation exercise and concluded that the audit offered 'adequate assurance' that, to date, appropriate due diligence has been satisfactorily undertaken in relation to the financial impacts of changes to the Integration Scheme and that the resultant budget for the IJB appears fairly based. The proposed principles for the arrangements to 'host' cross-cutting services are included in a Service Level Agreement which will be finalised by 30 September 2020. The continuous improvement action required to conclude the budget disaggregation exercise has been included at page 21 (Ref. No. 3).
- The [IJB Financial Plan 2019/2020²⁰](#) was agreed on 26 March 2019 and directions were issued effective from 1 April 2019 to both partners in respect of the delivery of integrated functions and how resources were to be allocated for resultant services. The IJB budget was updated during the year to reflect additional in-year funding. The overspend projected throughout 2019/2020 was addressed as a result of management actions and non-recurring funding solutions. The surplus on provision of services and total comprehensive (income) and expenditure at 31 March 2020 is £0.4m. This position was arrived at as a result of the underspend of £6.5m. The financial position of the IJB for 2019/2020 is highlighted at pages 5 to 6 of the management commentary and detailed at pages 24 to 26.

¹⁸ <https://mars.northlanarkshire.gov.uk/egenda/images/att90476.pdf>

¹⁹ <https://mars.northlanarkshire.gov.uk/egenda/images/att88713.pdf>

²⁰ <https://mars.northlanarkshire.gov.uk/egenda/images/att90491.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Assessment of Governance Arrangements (Cont.)

- In order to understand the impact of integration on the health and social care system, the IJB and PFAC receive quarterly reports on performance, as well as six-monthly updates on the Measuring Performance Under Integration dataset. A continuous improvement programme is in place which relies on performance data to drive further improvement and support informed decision making in respect of strategic planning and commissioning. The HSCP has an established integrated performance management reporting system and provides regular updates to the PFAC.
- The most recent [Performance Update - Quarter 4 \(January - March 2020\)](#)²¹ highlights 3 amber and 4 red key performance areas which are below target and the corrective action being progressed across these services. The performance monitoring framework comprises of 95 detailed measures, of which 56 (59%) are green, 12 (13%) are amber, 16 (17%) are red and 11 (12%) are not yet available. The performance framework supports the HSCP by providing assurance on operational outcomes.
- In respect of the waiting times in Accident and Emergency Departments (A&E), a disclosure was included in the NHS Assurance Statement to highlight that unscheduled care performance was a significant issue during 2019/2020. All Health Boards aspire to at least 95% of patients attending A&E waiting less than 4 hours until being able to go home or to be admitted to hospital, although the last full year Scotland met that target was 2014/2015. During 2019/2020, only 86.3% of patients were seen within 4 hours against the target of 95% (91.7% in 2018/19).
- The main factor contributing to the decline in performance is the increase in the number of people being seen in NHS A&Es. There was also an increase in the admissions to hospital and also the number of bed days taken up by patients who were clinically fit to leave hospital but unable to because an element of their discharge plan, most often social care, was not fully established. The combination of these factors meant the ability to turn patients around within 4 hours dipped in 2019/2020, increasing the number of people waiting in the department and leading to concerns over safety.
- The membership of the existing Unscheduled Care Board, which included members from Acute Services and the North and South HSCPs, was refreshed. A series of workshops were held and an Unscheduled Care Improvement Plan was endorsed in November 2019. The actions are wide ranging and include better planning for end of life care, reducing unnecessary A&E attendances, establishing alternative pathways, better planning for discharge and the provision of social care. A series of indicators were developed to be able to track progress. A Significant Incident Full Capacity Protocol, which is a three stage multi agency approach to dealing with unexpected surges in demand for Acute Hospital beds, was also adopted in December 2019, endorsed by the Chief Executives of the local authorities and Chief Officers of the IJBs as well as the Lanarkshire Health Board.
- From March 2020 onwards, as Covid-19 cases started to emerge, attendances plummeted reaching an unprecedented low in the week ending 5 April 2020. Although Community and Mental Health Assessment Centres have been opened, A&E attendances are rising again. The 4-hour waiting time performance outcome had increased to 93.4% in May 2020 however further increases in A&E attendances will severely challenge the system. The improvement plan agreed and actioned from November 2019 will be substantially revisited to cope with patient flows in an environment with Covid-19 still circulating.

²¹ <https://mars.northlanarkshire.gov.uk/egenda/images/att94052.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Assessment of Governance Arrangements (Cont.)

- A particular measure of IJB and Scottish Government focus is the number of delayed discharge bed days in 2019/2020 which has been consistently higher than 2018/2019. This is mainly due to high rates of referrals from acute services and also the complexity of the assessments. During March 2020, there has been a significant reduction in the number of people whose discharge from hospital has been delayed. The NLC Home Support team continued to support individuals home throughout the Covid-19 pandemic and the overall number of hospital attendances and admissions have been lower since March 2020 as the health and care system has been redesigned to respond to the Covid-19 crisis. As part of the recovery plan, the learning from NHS Tayside and the whole system wide changes across acute and community services, which has already been adopted at Hairmyres Hospital and successfully reduced the number of delayed discharges, will be rolled out across Lanarkshire.
- The implementation of the recommendations of internal audit, external audit and inspection bodies is being closely tracked by the PFAC. The agreed actions from the internal audit review of the IJB's performance management arrangements are being implemented. The follow up audit confirmed that the review of the current performance monitoring and reporting arrangements has commenced with a view to reaching agreement on a new suite of indicators and targets for 2020/2021.
- The internal audit opinion was confirmed by the NLC Audit and Risk Manager only due to the absence of the Chief Auditor of NHSL. The joint internal audit working arrangements will be reviewed in 2020/2021.
- The External Auditor's previously noted there was no overall mechanism for a formal review of the best value arrangements for the IJB. A best value framework was therefore developed. The outcome of the assessment, which was reported to the PFAC on 5 November 2019, concluded that the IJB and each partner were demonstrating best value and were securing economy, efficiency, effectiveness and equality in service provision.
- On 15 May 2019, the Ministerial Strategic Group (MSG) for Health and Community Care self-evaluation was submitted to the Scottish Government. Of the 22 proposals under review, 1 (5%) was assessed as exemplary, 17 (77%) were established and 4 (18%) were partly established. The MSG intended to repeat the evaluation process at the end of the 12 month period set for delivery of all of the proposals. It is expected this review will be postponed.
- In line with Section 44 of the Public Bodies (Joint Working) (Scotland) Act 2014, the review of the Integration Scheme was undertaken before the expiry of the five year relevant period. The outcome of this review along with the MSG self-evaluation, a structural review, themed workstreams and learning experienced to date were collated into an Improvement Action Plan, the most recent update being reported to the PFAC on 19 February 2020 ([North Lanarkshire Integration Review and Self-Assessment²²](#)). Significant performance improvements had been made but it was recognised that there was a need to step up the pace of health and social care integration to maximise the benefits for local residents. As part of the Council's internal audit programme, it was confirmed that good progress had been made to take forward the improvement actions.
- The North Lanarkshire IJB Annual Performance Report 2018/2019 was published in July 2019. In line with paragraph 8 of Schedule 6 to the Coronavirus (Scotland) Act 2020, the publication of the North Lanarkshire IJB Annual Performance Report 2019/2020 was postponed to September 2020.

²² <https://mars.northlanarkshire.gov.uk/egenda/images/att93449.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Assessment of Governance Arrangements (Cont.)

- The three year [Strategic Commissioning Plan 2020-2023](#)²³ was approved by the IJB on 24 March 2020. In line with the Community Empowerment (Scotland) Act 2015, an extensive engagement process was undertaken involving a wide a range of staff, service users, carers and over 1,000 responses to an online questionnaire. This plan is underpinned by a Programme of Work to achieve the key ambitions which details the aims of each work programme, anticipated performance impact, key deliverables, approval routes and financial implications. In order to strengthen the links to addiction and mental health services, an integrated approach within justice services is being embedded. The HSCP will continue to support the ambitions set out in the Children’s Services Plan and the Children and Young People’s Health Plan. Shared priorities have also been agreed to help forge the commitment with the housing sector and key partners. There are currently a range of boundaries in place within North Lanarkshire which are not co-terminous. The locality boundaries will be reviewed over the next three years to address continuity of care and integrated locality planning issues created due to these inconsistencies. The financial and workforce implications of the withdrawal from the European Union remain uncertain. The Medium to Long Term Financial Plan is being updated to reflect the impact of the Covid-19 pandemic and a workforce strategy is being developed.
- An updated risk management protocol had been implemented. NHS Internal Audit also recommended improvements to the risk management approach which are being adopted. The [Risk Register](#)²⁴ is reviewed regularly. Making transformational change, at the same time as managing existing services and funding pressures, particularly during this period, continues to be challenging. The Risk Register has been reviewed to reflect the impact of the Covid-19 pandemic. The optimum management of all risks by the IJB and both partners is recognised as essential.
- The IJB and PFAC each met four times in 2019/2020. In response to the Covid-19 pandemic, the IJB governance arrangements had to be amended. Authority was not delegated to the Chief Officer to make decisions on behalf of the IJB during the pandemic and instead special meetings could be convened if required. Three PFAC meetings were cancelled between February 2020 and August 2020. A special PFAC meeting was held on 1 July 2020. Relevant reports were circulated and IJB and PFAC Members were invited to submit questions, the responses to which were circulated.
- Meetings since March 2020 have been convened virtually. The meeting agenda is being restricted to core and critical business. Reports are available to the public however, in line with the Public Health advice, members of the public could not attend the meetings. The meeting arrangements will continue to be reviewed to ensure effective and timely decision-making. Both partners implemented their emergency planning arrangements which included Gold, Silver and Bronze Command Structures.
- The Response, Redesign and Recovery stage is now progressing. The aim of this next stage is to support the recovery and redesign to a new landscape; provide good corporate governance and oversight; seek out innovative solutions aligned to redesign for effectiveness (outcomes) and efficiencies (invest to save); provide a safe working environment for essential services; and engage openly and constructively with Trade Unions throughout the recovery planning. A review of the actions taken will also be undertaken to identify key learning points and to share good practice.

²³ <https://mars.northlanarkshire.gov.uk/egenda/images/att93862.pdf>

²⁴ <https://mars.northlanarkshire.gov.uk/egenda/images/att94050.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Assessment of Governance Arrangements (Cont.)

- The [IJB Financial Plan 2020/2021](#)²⁵ was approved by the IJB on 24 March 2020 and set out the parameters to achieve a balanced budget by 31 March 2021. The North Lanarkshire IJB Medium to Long Term Financial Plan 2020/2021 to 2029/2030 was also prepared in March 2020. Both of these plans will require to be reviewed to reflect the impact of the Covid-19 pandemic on operational services. There is a significant element of financial risk in respect of the response to the pandemic and additional costs are associated with sustaining services and setting up new services to meet increased demand.
- The Scottish Government has established a process whereby the necessary activity and the additional costs incurred as a result of the Covid-19 pandemic are reported through Mobilisation Plans. Governance arrangements are in place for the approval and monitoring of costs. The HSCP is also actively engaging with the third and independent sector in relation to their associated costs.
- Although the Scottish Government have agreed in principle to provide additional funding for IJBs, it is not yet known whether the level of funding to be provided will be sufficient to meet all costs incurred. To date, £7.2m has been received of which £4.8m is allocated to fund social care costs and £2.4m for other Covid-19 costs as detailed on page 8. Further funding is expected to address additional health care costs incurred between April 2020 and June 2020 on completion of the Scottish Government review of the quarter one financial position. There is a risk however that mobilisation plans will not be fully funded. Dialogue is therefore ongoing with the Scottish Government.
- Moving forward, sustainable financial strategies are needed to maintain essential service delivery and to retain emerging service redesign opportunities. Reliance will continue to be placed on further additional funding from the Scottish Government, in-year management actions, a review of the IJB Reserves Strategy and the short to medium-term financial strategies of each partner. During 2019/2020, the NLC partner also undertook a detailed analysis of the cost of service provision over the period from 2020/2021 to 2022/2023. The outcome of this comprehensive exercise will also help to inform future financial projections.
- The management of 'set-aside' budgets totalling £61.229m continues to be complex however NHSL have been committed to establishing an appropriate mechanism for its operation. As highlighted at note 2.2 on pages 29 and 30, the operation of the set-aside budget for unscheduled care services is a key area of uncertainty. Both hospital and community services must operate together to maximise the efficacy of unscheduled care services. A whole system approach is adopted by the partners.
- Cost pressures across acute services, for both the set-aside and non-set-aside services, have been managed by the health partner since 2016. This approach has been maintained in 2019/2020. The overspend against the set-aside services was £0.194m in 2016/2017 and increased to £1.654m in 2017/2018. Given current service demands and financial challenges facing acute services now and in the future, it will be challenging to sustain this approach. No changes however have been agreed for 2020/2021.

²⁵ <https://mars.northlanarkshire.gov.uk/egenda/images/att93864.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Overview of Control and Governance Improvements during 2019/2020

Improvement areas to further strengthen the IJB's governance arrangements during 2019/2020 were identified in the Annual Governance Statement included in the IJB Annual Accounts 2018/2019. A progress report in respect of these actions is detailed below.

Ref.	Improvement Area	Action Undertaken
1	<p>Ensure the financial and commissioning strategies of the IJB and each partner continue to be aligned in order to progress the health and social care integration agenda and respond to the national and local policy initiatives within the context of on-going significant financial challenges.</p> <p>Chief Financial Officer (April 2018 to March 2020)</p>	<p>Progressed</p> <ul style="list-style-type: none"> ▪ The Commissioning Framework 2019 to 2022²⁶ was approved by the IJB on 26 March 2019 and a budget was set for 2019/2020, including savings plans. ▪ The budget recovery plan was implemented and addressed cost pressures in-year.
2	<p>Further develop the performance management framework to maintain improvement activity and evidence the shift in the balance of care.</p> <p>Head of Planning, Performance and Quality Assurance (April 2018 to March 2020)</p>	<p>Progressed</p> <ul style="list-style-type: none"> ▪ The performance management framework is being embedded across all localities. ▪ Internal audit were satisfied that the IJB's performance framework appeared adequate and generally effective.
3	<p>Continue to embed governance structures across the partnership and review governance arrangements including the directions pathway.</p> <p>Chief Officer (April 2018 to March 2020)</p>	<p>Progressed</p> <ul style="list-style-type: none"> ▪ Internal audit completed an audit of the IJB's governance arrangements and concluded that substantial assurance can be placed on the IJB's arrangements. ▪ Two areas of good practice were noted. ▪ The governance structure moving forward proposes key interfaces around clinical and care governance.
4	<p>Implementation of national agreements and new legislative duties</p> <p>Chief Officer (April 2018 to March 2020)</p>	<p>Progressed</p> <ul style="list-style-type: none"> ▪ Significant progress has been made in respect of the implementation of legislative changes and national policy initiatives. ▪ Progress reports have been regularly presented to the IJB as appropriate.
5	<p>Implementation of the outcome of the Review of the Integration Scheme.</p> <p>Chief Officer (April 2019 to March 2021)</p>	<p>Ongoing</p> <ul style="list-style-type: none"> ▪ Improvement actions have been agreed across seven work streams. ▪ Update reports are being presented to the IJB as appropriate.
6	<p>Further consideration of the Ministerial Strategic Group (MSG) proposals.</p> <p>Chief Officer (April 2019 to March 2021)</p>	<p>Ongoing</p> <ul style="list-style-type: none"> ▪ A range of actions are being progressed to take forward the MSG proposals. ▪ The MSG originally indicated a second self-evaluation would be undertaken in 12 months to assess progress. It is expected the follow up will be rescheduled.

²⁶ <https://mars.northlanarkshire.gov.uk/egenda/images/att90476.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Overview of Control and Governance Improvements for 2020/2021

Following consideration of the internal review of the adequacy and effectiveness of the IJB governance arrangements, in addition to the two ongoing continuous improvement actions identified for the period from April 2019 to March 2021, further actions will be progressed in 2020/2021 to strengthen the good governance controls. These actions, including the timeline, are highlighted in the table below.

Ref.	Improvement Area	Action Agreed	Lead Officer	Timeline
1	Review the IJB governance arrangements	This will include the review of the following: <ul style="list-style-type: none"> ▪ IJB joint internal audit arrangements ▪ IJB Code of Corporate Governance ▪ IJB emergency response arrangements and ▪ the further development of the IJB website. 	Chief Financial Officer	March 2021
2	Continue to develop the financial framework.	This will include the review of the following: <ul style="list-style-type: none"> ▪ IJB Medium to Long Term Financial Strategy ▪ IJB Financial Plan 2020/2021 ▪ IJB Financial Regulations ▪ IJB financial monitoring reports ▪ IJB reserves strategy ▪ the alignment of resources to partner directions and locality needs and ▪ finance capacity. 	Chief Officer	March 2021
3	Finalise the budget transfer from the IJB to NLC, in line with the revised Integration Scheme	This will include the following: <ul style="list-style-type: none"> ▪ the conclusion of the budget disaggregation exercise for the transfer of the remaining cost centres and their resultant budgets ▪ the finalisation of the Service Level Agreement including the arrangements for those services with a 'cross cutting function' ▪ the issue of a revised direction to reflect the 2020/2021 financial allocations 	Chief Officer	September 2020

Internal Audit Opinion

The formal annual Internal Audit opinion on the soundness of the IJB's internal control systems is presented by the NLC Audit and Risk Manager only due to the absence of the Chief Auditor of NHSL.

The NLC Audit and Risk Manager confirmed that overall, the results of the work of Internal Audit in 2019/2020 taken with other information available did not lead him to conclude that the IJB's overall systems of internal control were significantly or materially impaired.

It is therefore his opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the North Lanarkshire IJB's framework of governance, risk management and internal control for the year ended 31 March 2020. No issues have been identified during the course of the internal audit work which would require to be disclosed in the Annual Governance Statement.

Planned Internal Audit work for 2020/2021 will continue to focus on key strategic and operational areas of risk for the IJB.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Conclusion and Opinion on Assurance

During 2019/2020, the IJB has adhered to the stated principles of good governance, acted in the public interest and been committed to continuous improvement. The IJB continued to demonstrate that the governance arrangements and framework within which it operates is sound and effective and is consistent with the principles and recommendations of the CIPFA/SOLACE Framework (2016).

The IJB considers that systems are in place to regularly review and improve the governance framework and the internal control environment. In respect of the fourth year of operation for the IJB, these were effective and fit for purpose during 2019/2020 and there were no significant weaknesses. A wide range of stakeholders made a valuable contribution to the outcomes achieved by the IJB and both partners.

While recognising that continuous improvement actions will be progressed during the fifth year of operation, it is the IJB's opinion that reasonable and objective assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements and that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact. This assurance is limited, however, to the work undertaken during the year, the assurances provided by each partner and the evidence available at the time of preparing this statement.

In partnership with NHSL and NLC, the IJB continues to have robust structures in place to respond to the unprecedented challenge of the Covid-19 pandemic. The effective governance arrangements across the North Lanarkshire HSCP will also ensure the IJB commissioning intentions are progressed.

Approved By

Dr. Avril Osborne

Ross McGuffie

Chair

Chief Officer

Date 22 September 2020

Date 22 September 2020

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

This statement shows the actual cost of providing services in accordance with generally accepted accounting practices, the total funding contributions from the partners and the surplus on activities during the year.

2018/2019				2019/2020		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£m	£m	£m		£m	£m	£m
225.947	(2.336)	223.611	Social Care Services	210.107	(2.735)	207.372
94.362	0.000	94.362	Family Health Services	101.599	0.000	101.599
70.288	0.000	70.288	Prescribing Costs	70.193	0.000	70.193
119.676	0.000	119.676	Hosted Services (Note 10)	130.404	0.000	130.404
56.978	0.000	56.978	Hospital Acute Services (Notional Set Aside Budget)	61.229	0.000	61.229
56.272	0.000	56.272	Health Care Services	62.732	0.000	62.732
6.161	(6.629)	(0.468)	Justice Services	0.000	0.000	0.000
1.872	(1.872)	0.000	Housing Services	1.762	(1.762)	0.000
0.745	0.000	0.745	Corporate Services (Note 6)	0.205	0.000	0.205
632.301	(10.837)	621.464	Cost of Services	638.231	(4.497)	633.734
0.000	(619.247)	(619.247)	Taxation and Non-Specific Grant Income (Note 5)	0.000	(634.165)	(634.165)
632.301	(630.084)	2.217	Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure (Note 11)	638.231	(638.662)	(0.431)

The IJB was established on 27 June 2015. Integrated delivery of health and social care services commenced on 1 April 2016. 2019/2020 is the fourth year of operation for the IJB.

There are no statutory or presentation adjustments which affect the IJB's application of the funding received by partners.

The movement in the General Fund balance is therefore solely due to the transactions shown in the Comprehensive Income and Expenditure Statement. Consequently, an Expenditure and Funding Analysis is not provided in these annual accounts.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the IJB's reserves. The movements which arise due to statutory adjustments which affect the General Fund balance are separately identified from the movements due to accounting practices.

Movements in Reserves during 2019/2020	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2019	15.983	15.983
Total Comprehensive Income and Expenditure	(0.431)	(0.431)
Increase or (decrease) in 2019/2020	0.431	0.431
Closing balance at 31 March 2020	16.414	16.414

Movements in Reserves during 2018/2019	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2018	18.200	18.200
Total Comprehensive Income and Expenditure	2.217	2.217
Increase or (decrease) in 2018/2019	(2.217)	(2.217)
Closing balance at 31 March 2019	15.983	15.983

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

BALANCE SHEET AS AT 31 MARCH 2020

The balance sheet shows the value as at 31 March 2020 of the IJB's assets and liabilities at the balance sheet date. The net assets of the IJB are matched by the reserves held by the IJB.

	Notes	31 March 2020 £m	31 March 2019 £m
Current assets			
Short term debtors	7	16.414	15.983
Net assets / (liabilities)		16.414	15.983
Usable reserves	11	16.414	15.983
Total reserves		16.414	15.983

The Statement of Accounts present a true and fair view of the financial position of the North Lanarkshire Integration Joint Board as at 31 March 2020 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue on 10 June 2020 and the audited annual accounts were authorised for issue on 22 September 2020.

Authorised by

Marie Moy

Chief Financial Officer

Date: 22 September 2020

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

1.1 General principles

The financial statements summarise the transactions of the IJB for the financial year 2019/2020 and its position at the year end of 31 March 2020.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a section 106 body as defined in the Local Government (Scotland) Act 1973. It is a joint venture between North Lanarkshire Council and NHS Lanarkshire.

The financial statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020, supported by the International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

1.2 Going concern

The annual accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future.

1.3 Accounting convention

The annual accounts are prepared under the historical cost convention.

1.4 Accruals of income and expenditure

Activity is accounted for in the year that it relates to and not simply when financial transactions are undertaken. In particular:

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB.
- Income is recognised when the IJB has a right to the income, for instance, by meeting any terms and conditions required to earn the income, and receipt of the income is probable.
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the balance sheet.
- Where debts may not be received, the balance of debtors is written down.

1.5 Funding

The IJB is primarily funded through funding contributions from the statutory funding partners, North Lanarkshire Council and NHS Lanarkshire, to fund its services. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in North Lanarkshire.

1.6 Cash and cash equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a "cash and cash equivalent" figure on the balance sheet. There is therefore no requirement for the IJB to prepare a cash flow statement. The funding balance due to or from each funding partner as at 31 March 2020 is represented as a debtor or creditor on the IJB's balance sheet.

1.7 Employee benefits

The IJB does not directly employ staff. Staff are formally employed by the funding partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a pensions liability on its balance sheet.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

1. Accounting policies (Cont.)

1.8 Corporate services

The IJB has a legal responsibility to appoint a Chief Officer. A Chief Financial Officer has also been appointed to the IJB. The details in respect of these arrangements are outlined in the Remuneration Report. The charges from the employing partner are treated as employee costs within Corporate Services.

The absence entitlement of both the Chief Officer and the Chief Financial Officer as at 31 March 2020 is not material and has therefore not been accrued.

1.9 Contingent Liability

A contingent liability is a possible liability arising from events on or before 31 March 2020 whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's balance sheet but is disclosed in a note where it is material.

1.10 Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding board member and officer responsibilities. NHS Lanarkshire and North Lanarkshire Council have responsibility for claims in respect of the services that they are statutory responsible for and that they provide. Unlike NHS Boards, the IJB does not have any "shared risk" exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in CNORIS is therefore analogous to normal insurance arrangements.

1.11 Debtors and creditors

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Debtors have been analysed as short term debtors which is income receivable within one year on the basis that these reserves could be utilised at any time. A bad debt provision is not assessed as necessary as the debtor balances represent usable reserves held by each partner on behalf of the IJB.

There are no creditor balances.

1.12 Reserves

A reserve is the accumulation of surpluses, deficits and appropriation over a number of years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB. Reserves should be split between usable and unusable on the balance sheet. As at 31 March 2020, the usable reserve balance totals £16.414million. There are no unusable reserves.

1.13 Specific Service Income

Income may be received from individuals as a contribution towards the cost of their social care services. The amount collected is allocated to the relevant expenditure category and the net cost is reported in the Comprehensive Income and Expenditure Statement. This is the basis upon which the 2019/2020 annual accounts have been prepared.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

2. Critical judgements and estimation uncertainty

The critical judgements made in the financial statements relating to complex transactions include the following:

- The accounting treatment of hosted services and the hospital acute services (set-aside). Expenditure in respect of these services is included in the financial statements on the basis of estimated figures. Estimates are made taking into account the best available information, however, actual results could be materially different from the assumptions and estimates used. This is further explained at notes 2.1 and 2.2.
- The financial implications of the transfer of the Children, Families and Justice Services budgets back to NLC are highlighted at note 2.3.

2.1 Hosted Services

In applying the accounting policies set out above, the IJB has had to make a critical judgement relating to complex transactions in respect of values included for services hosted within North Lanarkshire IJB for South Lanarkshire IJB.

Within Lanarkshire, each IJB has operational responsibility for the services which it hosts on behalf of the other IJB. In delivering these services the IJB has primary responsibility for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required. As such, the IJB is considered to be acting as “principal” and the full costs are now reflected within the annual accounts for the services it hosts. This is the basis upon which the 2019/2020 annual accounts have been prepared. The relevant share of the pan Lanarkshire and area wide service expenditure is therefore included in the North Lanarkshire IJB on the basis of 51% of the total expenditure. 49% of the services relating to the South Lanarkshire IJB are also included as the North Lanarkshire IJB is acting as the principal for the delivery of these services.

In line with the Integrated Resource Advisory Group Guidance, the IJB responsible for the management of the hosted service is also responsible for managing overspends. As a result, these are accounted for within the annual accounts of the lead IJB. The same accounting treatment was adopted where an underspend arose in respect of a hosted service.

2.2 Hospital Acute Services (Set Aside)

The legislation sets out that Integration Authorities are responsible for the strategic planning of hospital services most commonly associated with the emergency care pathway along with primary and community health care and social care services. In respect of the current financial year 2019/2020, the notional figure for the sum set aside for 2019/2020 has been agreed with NHSL as £61.229m. This amount will be included in both the NHSL Health Board and IJB annual accounts 2019/2020. This notional figure is based on the 2019/2020 price basis and has been adjusted for planned service changes during 2019/2020 including any transfer of resources from acute services to community services and adjustments informed by the review of 2017/2018 activity levels. This figure has been reviewed and supplemented by additional planning information on resource use. It should be noted therefore that the sum set aside recorded in the annual accounts will not therefore reflect actual hospital use in 2019/2020.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

2. Critical judgements and estimation uncertainty (Cont.)

2.2 Hospital Acute Services (Set Aside) (Cont.)

The methodology to cost these set-aside services is complex. The agreement in place between NHSL and the IJB is that the services covered within the set aside arrangements will be provided for the agreed notional sum and that the risk of the cost of the directed services exceeding the agreed notional sum is borne by NHSL during the year. The activity data upon which the set-aside figure is based is in arrears. The 2017/2018 costs for the North Lanarkshire IJB were published in July 2019, approximately 16 months after the year-end.

Year	Notional Budget £m	Actual Cost £m	Underspend/(Overspend) £m
2016/2017	57.250	57.444	(0.194)
2017/2018	56.719	58.373	(1.654)

Based on the 2017/2018 activity data and in line with the agreed methodology, the cost of providing services is retrospectively estimated to be £58.373m, which is £1.654m (2.9%) more than the notional budget. In 2016/2017 the costs had been £0.194m (0.3%) more than notional budget. The additional cost was borne by NHSL in each year.

This arrangement continues to be transitional pending further advice from the Scottish Government on the set-aside concept in order to further develop the arrangements required to meet the legislation and the statutory guidance. In line with the agreed cost allocation methodology, the cost estimates will be updated when more information becomes available in order to inform how the set-aside services are being used and to aid the future strategic planning of this resource.

2.3 Transfer of Children, Families and Justice Services Budgets

Following the review of the Integration Scheme, budgets totalling £21m and the related expenditure which directly support the Children, Families and Justice Services were transferred to the Education and Families Service in NLC. Due to the complexity of the budget disaggregation process, the exercise was planned over an 18 month period with the final phase of the budget transfer to Education and Families Services being concluded in 2020/2021. A hosting arrangement required to be established in respect of cross-cutting and support services which could not be directly allocated to either the IJB or NLC. Expenditure is therefore still included in the IJB Annual Accounts 2019/2020 which now no longer forms part of the Integration Scheme. The hosting arrangement is being implemented in 2020/2021 and the financial implications will be monitored. To date, a further £15.6m has been transferred out of the 2020/2021 budget. In 2020/2021, a revised IJB direction will be issued to NLC to reflect the conclusion of the budget disaggregation exercise. The final budget transfer in 2020/2021 will also take into consideration inflation uplifts and investment funding.

3. Events after the reporting period

The Chief Financial Officer authorised the unaudited annual accounts for issue on 10 June 2020. There have been no other material events since the date of the balance sheet which require revision to the figures in the annual accounts.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

4. Expenditure and Income Analysis by Nature

2018/2019 £m		2019/2020 £m
225.947	Social Care Services	210.107
94.362	Family Health Services	101.599
70.288	Prescribing Costs	70.193
97.837	Hosted Services - Led by the North IJB (Note 10)	106.167
21.840	Hosted Services - Led by the South IJB	24.237
119.676	Hosted Services – Total	130.404
56.978	Hospital Acute Services (Notional Set Aside Budget)	61.229
45.770	Health Care Services – Localities	50.836
6.563	Health Care Services - Area Wide	7.651
3.939	Health Care Services - Out-of Area	4.245
56.272	Health Care Services – Total	62.732
6.161	Community Justice Services	0.000
1.785	Housing Services - Housing Revenue Account	1.186
0.087	Housing Services - General Fund	0.576
1.872	Housing Services – Total	1.762
0.745	Corporate Services	0.205
632.301	Total Gross Expenditure	638.231
(450.163)	Funding Contribution - NHS Lanarkshire	(477.550)
(169.084)	Funding Contribution - North Lanarkshire Council	(156.615)
(10.837)	Specific Service Income	(4.497)
(630.084)	Total (Income)	(638.662)
2.217	Deficit or (surplus) on the provision of services	(0.431)

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

5. Taxation and Non-Specific Grant Income

2018/2019 £m		2019/2020 £m
(450.163)	Funding Contribution from NHS Lanarkshire	(477.550)
(169.084)	Funding Contribution from North Lanarkshire Council	(156.615)
(619.247)	Total	(634.165)

The funding contribution from the NHS Board shown above includes £61.229m in respect of the “set aside” resources relating to acute hospital and other resources. These are provided by NHS Lanarkshire which retains responsibility for managing the costs of providing these services.

The IJB however, has responsibility for the consumption of, and level of demand placed on, these resources.

The funding contributions from the partners shown above exclude any funding which is ring-fenced for the provision of specific services. Such ring-fenced funding is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement.

The ring fenced contributions received by the North Lanarkshire IJB are detailed as follows:

2018/2019 £m		2019/2020 £m
(6.619)	Community Justice Grant	0.000
(0.010)	Other Justice Services Grant	0.000
(6.629)	Community Justice Services	0.000
(1.785)	Housing Revenue Account	(1.186)
(0.087)	Garden Assistance Scheme Income	(0.576)
(1.872)	Housing Services	(1.762)
(8.501)	Total	(1.762)

The funding contributions from the partners shown above also exclude specific service income contributions from individuals towards the cost of their social care services. In 2019/2020, this income totalled £2.735m and is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement on page 24.

There are no other non-ring fenced grants or contributions.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

6. Corporate Services

31 March 2019 £m		31 March 2020 £m
0.717	Staff Costs	0.175
0.025	External Audit Fee	0.027
0.003	Administration Costs	0.003
0.745	Total	0.205

7. Short Term Debtors

31 March 2019 £m		31 March 2020 £m
9.823	NHS Lanarkshire	11.665
6.160	North Lanarkshire Council	4.749
15.983	Total	16.414

All balances due to the IJB from the partner bodies have been classified as short term debtors on the basis that these reserves could be utilised at any time.

8. Contingent Liabilities

Contingent liabilities represent items that at 31 March 2020 are not recognised in the IJB's annual accounts because there is significant uncertainty at that date as to the necessity of the Council to make payments in respect of them. The IJB is aware that the partner, NLC, continues to work with providers to finalise the payment of the sleepover rate as a result of the implementation of the Scottish Living Wage. This process has been ongoing since 2017/2018. It is anticipated the process will be concluded in 2020/2021. Due to the uncertainty of any potential liability on conclusion of the process with the providers, no value has been attributed to these payments in the financial statements. The financial risk in respect of this matter has been mitigated by the approval of the earmarked reserve, Self Directed Support Services, at note 11 on page 36. The IJB is unaware of any other material contingent liability as at 31 March 2020.

9. VAT

The IJB is not VAT registered and as such the VAT is settled or recovered by the partner agencies. The VAT treatment of expenditure in the IJB's annual accounts depends on which of the partner agencies is providing the service as these are treated differently for VAT purposes.

- Where North Lanarkshire Council is the provider, income and expenditure excludes any amounts related to VAT, as collected VAT is payable to HM Revenue & Customs and all VAT paid is recoverable from it. North Lanarkshire Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from HM Revenue & Customs.
- Where NHS Lanarkshire is the provider, expenditure incurred will include irrecoverable VAT as, generally, NHS Lanarkshire cannot recover VAT paid as input tax and will seek to recover its full cost as income from the IJB.
- The services provided by the Chief Officer to the IJB are outside the scope of VAT as they are undertaken under a specific legal regime.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

10. Hosted Services - Principal Income and Expenditure

On behalf of the South Lanarkshire IJB within the NHS Lanarkshire area, the North Lanarkshire IJB acts as the lead for a number of delegated services. It therefore commissions services on behalf of the South Lanarkshire IJB and reclaims the costs involved. The payments that are made on behalf of the South Lanarkshire IJB, and the consequential reimbursement, are included in the Comprehensive Income and Expenditure Statement, since the North Lanarkshire IJB is acting as principal in these transactions. The net amount of expenditure and income relating to these principal arrangements is shown below:

2018/2019			Delegated Services - Services hosted by the North Lanarkshire IJB On behalf of the South Lanarkshire IJB	2019/2020		
Expenditure on hosted services	Income from hosted services	Net Expenditure		Expenditure on hosted services	Income from hosted services	Net Expenditure
£m	£m	£m		£m	£m	£m
1.186	(1.186)	0.000	Sexual Health Services	1.340	(1.340)	0.000
1.033	(1.033)	0.000	Continence Services	1.048	(1.048)	0.000
1.053	(1.053)	0.000	Immunisation Services	1.113	(1.113)	0.000
2.573	(2.573)	0.000	Speech and Language Therapy Services	2.783	(2.783)	0.000
2.881	(2.881)	0.000	Children and Adult Mental Health Services	3.506	(3.506)	0.000
5.043	(5.043)	0.000	Children's Services	5.401	(5.401)	0.000
0.265	(0.265)	0.000	Integrated Equipment and Adaptation Service	0.265	(0.265)	0.000
1.671	(1.671)	0.000	Dietetics Services	1.721	(1.721)	0.000
1.842	(1.842)	0.000	Podiatry Services	1.994	(1.994)	0.000
0.736	(0.736)	0.000	Prisoner Healthcare Services	0.800	(0.800)	0.000
0.757	(0.757)	0.000	Blood Borne Virus Services	0.742	(0.742)	0.000
0.935	(0.935)	0.000	Hospital at Home Services	1.014	(1.014)	0.000
28.657	(28.657)	0.000	Mental Health Services	31.536	(31.536)	0.000
48.632	(48.632)	0.000	South Lanarkshire IJB Total	53.263	(53.263)	0.000
49.205	(49.650)	(0.445)	North Lanarkshire IJB Total	52.904	(54.473)	(1.569)
97.837	(98.282)	(0.445)	Total services hosted by the North Lanarkshire IJB (Note 4)	106.167	(107.736)	(1.569)

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

10. Hosted Services - Principal Income and Expenditure (Cont.)

Similarly, the South Lanarkshire IJB within the NHS Lanarkshire area acts as the lead for a number of delegated services on behalf of the North Lanarkshire IJB. The payments that are made by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB, and the consequential reimbursement, are included in the Comprehensive Income and Expenditure Statement, since this expenditure is incurred for the residents of North Lanarkshire. The net amount of expenditure and income relating to those principal arrangements hosted by the South Lanarkshire IJB is shown below:

2018/2019			Delegated Services - Hosted Services	2019/2020		
Expenditure on hosted services	Income from hosted services	Net Expenditure		Expenditure on hosted services	Income from hosted services	Net Expenditure
£m	£m	£m		£m	£m	£m
1.085	(1.085)	0.000	Primary Care Improvement Fund	2.566	(2.566)	0.000
3.071	(3.071)	0.000	Community Dental Services	3.206	(3.206)	0.000
3.979	(3.979)	0.000	Out of Hours Services	4.123	(4.123)	0.000
1.696	(1.696)	0.000	Diabetic Services	1.825	(1.825)	0.000
3.722	(3.722)	0.000	Occupational Therapy Services	3.960	(3.960)	0.000
3.485	(3.485)	0.000	Palliative Care Services	3.465	(3.465)	0.000
0.327	(0.327)	0.000	Primary Care Services	0.348	(0.348)	0.000
4.475	(4.475)	0.000	Physiotherapy Services	4.744	(4.744)	0.000
21.840	(21.840)	0.000	Services hosted by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB (Note 4)	(24.237)	(24.237)	0.000

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

11. Usable Reserve: General Fund

The purposes of the General Fund are detailed in the [IJB Reserves Policy²⁷](#). Funding received for a specific purpose and not yet spent will be allocated to a ring-fenced reserve. Funding for future expenditure needs and key financial risks will be allocated to earmarked reserves. A contingency reserve is required to cushion the impact of unexpected events or emergencies. This is a key part of the risk management strategy. The table below shows the movements on the General Fund balance, analysed between these purposes and the amount held as a general contingency.

2018/2019				Useable Reserve	2019/2020		
Balance as at 1 April 2018	Transfers Out	Transfers In	Balance as at 31 March 2019		Transfers Out	Transfers In	Balance as at 31 March 2020
£m	£m	£m	£m	Ring-fenced Reserves	£m	£m	£m
0.403	(0.358)	1.092	1.137	Alcohol and Drug Partnership Fund	(0.779)	0.000	0.358
0.000	0.000	0.041	0.041	Mental Health Distress Brief Intervention	0.000	0.606	0.647
0.000	0.000	0.000	0.000	Community IT Strategy	0.000	0.560	0.560
0.770	(0.770)	1.243	1.243	Ring-fenced Reserves – Other Services	(1.129)	0.657	0.771
1.173	(1.128)	2.376	2.421	Ring-fenced Reserves Total	(1.908)	1.823	2.336
				Earmarked Reserves			
0.000	0.000	0.584	0.584	Health Visitor Training Fund	(0.584)	0.000	0.000
0.840	(0.569)	0.298	0.569	Palliative Care Services	(0.569)	0.000	0.000
3.320	(0.106)	0.000	3.214	Self-Directed Support Services (Risk based)	0.000	0.000	3.214
2.881	0.000	0.000	2.881	Prescribing Fund (Risk based)	0.000	0.905	3.786
1.400	(1.400)	2.025	2.025	Social Care Services (Risk based)	(1.644)	0.000	0.381
0.000	0.000	0.000	0.000	Carers Act (Scotland) 2016	0.000	0.580	0.580
4.195	(2.957)	2.998	4.236	Earmarked Reserves – Other Services	(2.306)	0.503	2.433
12.636	(5.032)	5.905	13.509	Earmarked Reserves Total	(5.103)	1.988	10.394
4.391	(4.605)	0.267	0.053	Contingency Reserve Total	0.000	3.631	3.684
18.200	(10.765)	8.548	15.983	General Fund Total	(7.011)	7.442	16.414
	3.513	(3.513)	0.000	Transfer Between Reserves	0.884	(0.884)	0.000
	(7.252)	5.035	(2.217)	Movement In Reserves (Decrease)/Increase	(6.127)	6.558	0.431

²⁷ <https://mars.northlanarkshire.gov.uk/egenda/images/att91214.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

12. Related Party Transactions

The IJB has related party transactions with NHS Lanarkshire and North Lanarkshire Council. In particular, the nature of the partnership means that the IJB may influence, and be influenced by, its partners. The following transactions and balances included in the IJB's annual accounts are presented to provide additional information on the relationships.

2018/2019 £m	Transactions with NHS Lanarkshire	2019/2020 £m
(450.163)	Funding Contributions received from NHS Lanarkshire	(477.550)
397.576	Expenditure on Services Provided by NHS Lanarkshire	426.157
0.028	Support Services	0.030
(52.559)	Net Transactions with NHS Lanarkshire	(51.363)

Key Management Personnel: The non-voting Board members are not directly employed by NHS Lanarkshire however a contribution of 50% of the cost of the Chief Officer and the Chief Financial Officer is made by NHS Lanarkshire, excluding severance costs which were met in full by the employing partner. This payment is included in the Corporate Services cost in the Comprehensive Income and Expenditure Statement. Details of the remuneration of these post holders is included in the Remuneration Report.

NHS Lanarkshire provide a range of support services for the IJB including finance services, personnel services, planning services, audit services, payroll services and creditor services. There is no charge from NHS Lanarkshire to the IJB for these support services.

31 March 2019 £m	Balances with NHS Lanarkshire	31 March 2020 £m
9.823	Debtor balances: Amounts due from NHS Lanarkshire	11.665
9.823	Net Balance with NHS Lanarkshire	11.665

2018/2019 £m	Transactions with North Lanarkshire Council	2019/2020 £m
(169.084)	Funding Contributions received from North Lanarkshire Council	(156.615)
(10.837)	Service Income received from North Lanarkshire Council	(4.497)
233.980	Expenditure on Services Provided by North Lanarkshire Council	211.869
0.717	Key Management Personnel: Non-Voting Board Members	0.175
54.776	Net Transactions with North Lanarkshire Council	50.932

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

12. Related Party Transactions (Cont.)

Key Management Personnel: The Chief Officer is a non-voting Board member and is directly employed by North Lanarkshire Council.

The Chief Financial Officer is also a non-voting Board member and is directly employed by South Lanarkshire Council. The cost of the Chief Financial Officer post is shared equally between North Lanarkshire and South Lanarkshire Council.

The total cost of the Chief Officer and the Chief Financial Officer is paid by North Lanarkshire Council. This payment is included in the Corporate Services cost in the Comprehensive Income and Expenditure Statement. A contribution of 50% of this cost is met by NHS Lanarkshire, excluding the severance costs paid last year, 2018/2019, which were met in full by the employing partner. Details of the remuneration of these post holders is included in the Remuneration Report.

North Lanarkshire Council also provide a range of support services for the IJB including finance services, personnel services, planning services, legal services, audit services, payroll services and creditor services. There is no charge from North Lanarkshire Council to the IJB for these support services.

31 March 2019 £m	Balances with North Lanarkshire Council	31 March 2020 £m
6.160	Debtor balances: Amounts due from North Lanarkshire Council	4.749
6.160	Net Balance with North Lanarkshire Council	4.749

The financial information contained in the IJB annual accounts excludes any values associated with transactions between each of the partners. This has been removed to prevent double counting.

13. New standards issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The IJB considers that there are no such standards which would have significant impact on its annual accounts.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

**Independent auditor's report to the members of North Lanarkshire Integration
Joint Board and the Accounts Commission**

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of North Lanarkshire Integration Joint Board for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of North Lanarkshire Integration Joint Board as at 31 March 2020 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four years. I am independent of North Lanarkshire Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to North Lanarkshire Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about North Lanarkshire Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Chief Financial Officer and North Lanarkshire Integration Joint Board for the financial statements

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing North Lanarkshire Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

North Lanarkshire Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Certified By

Brian Howarth, Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT