

REPORT

Item No: 14(a)

SUBJECT:	Unaudited Annual Accounts 2017/2018
TO:	Integration Joint Board
Lead Officer for Report:	Chief Accountable Officer
Author(s) of Report	Chief Financial Officer
DATE:	5 June 2018

1. PURPOSE OF REPORT

1.1 This paper is coming to the Integration Joint Board (IJB) for:

For approval	<input checked="" type="checkbox"/>	For endorsement	<input type="checkbox"/>	To note	<input type="checkbox"/>
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1.2 This report provides an overview of the unaudited IJB Annual Accounts for the financial year 2017/2018 in line with the legislative requirements.

2. ROUTE TO THE INTEGRATION JOINT BOARD:

2.1 This paper has been:

Prepared By;	Reviewed By;
Chief Financial Officer	Chief Accountable Officer

3. RECOMMENDATIONS

3.1 The IJB is asked to agree the following recommendations:

- (1) that the unaudited IJB Annual Accounts for 2017/2018, as appended to this report, be noted;
- (2) that authority is delegated to the Chair, Vice- Chair, Chief Officer and Chief Financial Officer to finalise the unaudited annual accounts, taking into consideration the latest guidance from Audit Scotland in respect of best practice disclosures; and
- (3) that the arrangements for publication of the IJB Annual Accounts for 2017/2018 in line with the legislative requirements be noted.

4. BACKGROUND/SUMMARY OF KEY ISSUES

- 4.1 The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal Assent in April 2014. The IJB is a legal entity in its own right, created by Parliamentary Order, following Ministerial approval of the Integration Scheme.
- 4.2 NHS Lanarkshire and North Lanarkshire Council have delegated functions to the IJB which has the responsibility for strategic planning, resourcing and ensuring delivery of all integrated services.
- 4.3 The IJB is specified in legislation as a “section 106” body under the terms of the Local Government Scotland Act 1973. It is therefore expected to prepare Annual Accounts in compliance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 (the “Code of Practice”) and the International Financial Reporting Standard (IFRS).

5. CONCLUSIONS

5.1 This report provides an overview of the unaudited IJB Annual Accounts for the financial year 2017/2018 in line with the legislative requirements.

6. IJB ANNUAL ACCOUNTS 2017/2018

6.1. The unaudited 2017/2018 Annual Accounts for the IJB are attached as an appendix. The Annual Accounts have been prepared in line with proper accounting practice, but remain subject to audit by Audit Scotland, who will complete their audit by 30 September 2018, having reported their findings to the IJB in advance of that date.

6.2. Audit Scotland undertook a review of all of the IJB annual accounts published in 2016/2017 and recently issued guidance. The Chief Financial Officer is following this guidance and will make any further changes necessary in order to ensure compliance with best practice before publication.

6.3. As prescribed by the Local Authority Accounts (Scotland) Regulations 2014 and in line with the previous year, the unaudited Annual Accounts will be available for public inspection in the Council Offices for a three week period from Friday 29 June 2018 until Friday 20 July 2018 inclusive. The Regulations also require publication of the Annual Accounts on the IJB’s website. The unaudited Annual Accounts are therefore available online from 29 June 2018 until the date the audited Annual Accounts are published.

6.4. Following completion of the external audit and having taken into consideration any findings reported by Audit Scotland, the audited 2017/2018 Annual Accounts will be submitted to the IJB for approval before 30 September 2018.

6.5. The 2017/2018 Annual Accounts of the IJB will thereafter be available in both hard copy and on the website for at least five years, together with any further reports provided by the External Auditor that relates to the audited accounts. The Annual Accounts of the IJB must be published by 31 October 2018 and any further reports by External Auditor by 31 December 2018.

7. IMPLICATIONS

7.1 NATIONAL OUTCOMES

This report relates to all national outcomes as effective governance arrangements will ensure that the IJB can fulfil its statutory duties.

7.2 ASSOCIATED MEASURE(S)

None.

7.3 FINANCIAL

7.3.1 This paper has been reviewed by Finance:

Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
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7.3.2 The main risk associated with the IJB is that one or both partners could overspend. The risk has been closely managed by each partner during the financial year under review. The budget monitoring arrangements in place ensured that corrective action could be taken including additional partner contributions as appropriate to address increases in demand for health and social care services.

7.3.3 The Director of Finance of NHS Lanarkshire and the Head of Business for Financial Solutions for North Lanarkshire Council were both consulted on the content of this report.

7. IMPLICATIONS (Cont.)

7.4 PEOPLE
None

7.5 INEQUALITIES

EQIA Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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7.6 CARBON MANAGEMENT IMPLICATIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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8. BACKGROUND PAPERS
None

9. APPENDICES
North Lanarkshire Integration Joint Board Annual Account 2016/2017 Appendix

10. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
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CHIEF ACCOUNTABLE OFFICER (or Depute)

Members seeking further information about any aspect of this report, please contact Marie Moy on telephone number 01698 453709.



**NORTH LANARKSHIRE
INTEGRATION JOINT BOARD**

ANNUAL REPORT AND ACCOUNTS

2017/2018

CONTENTS

	Page
Management Commentary	3
Statement of Responsibilities for the Statement of the Accounts	13
Remuneration Report	14
Annual Governance Statement	18
Comprehensive Income And Expenditure Statement	26
Movement in Reserves Statement	27
Balance Sheet	28
Notes to the Financial Statements	29
Audit Arrangements	42

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

MANAGEMENT COMMENTARY

Introduction

The North Lanarkshire Integration Joint Board (IJB) was established as a body corporate by order of Scottish Ministers, and 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 which is available at [North Lanarkshire Integration Scheme](#).

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.

- The population of North Lanarkshire is 339,390: 21% are under 18 years of age, 62% are aged between 18 and 64 years and 17% are over 65 years. The population projections between 2014 and 2039 indicate a net reduction of 12% in the age group under 65 but an increase of 37% in those aged 65 to 74 years and 87% in the 75+ age group.
- In terms of absolute numbers, North Lanarkshire has the second highest number of data zones falling within the SIMD designated deprived areas.
- Unemployment within North Lanarkshire is 5.8% compared to 5.4% for Scotland. Youth unemployment in North Lanarkshire is 5.8% compared to 3.9% for Scotland.
- Educational attainment is lower than that of Scotland with 13.2% of young people in North Lanarkshire leaving school without any educational qualification compared to 9% for Scotland. Lower educational attainment and unemployment is more prevalent for our young people who have been looked after and accommodated or are carers.
- In comparison to the Scottish average, life expectancy in North Lanarkshire is also lower.
- Many older people and a growing number of younger people are living with two or more long term conditions such as diabetes and respiratory disease.
- Children who experience chaotic and affectionless childhoods are more likely to experience mental health problems, poor achievement at school, addiction to alcohol, use of drugs, experience teenage pregnancies and end up in jail.
- Over the last 20 years, prevalence of people smoking in Lanarkshire has dropped from 35% to 22%. In the most deprived communities, although it has also dropped from 40% to 32% over the last three years, the number of people who smoke still remains too high.

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 2018 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 a wide range of health and social care services within the North Lanarkshire area. There are 62 directly managed health and social care partnership services including

- 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. or hosted services, services; and
- social care services including children's services and justice services; and

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL REPORT AND ACCOUNTS 2017/2018

The Role and Remit of the IJB (Cont.)

The IJB is made up of eight voting members: four elected members appointed by North Lanarkshire Council and four non-executive directors appointed by NHS Lanarkshire. Non voting members of the Board include the Chief Accountable 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 2017, the IJB approved the Strategic Commissioning Plan, 'Achieving Integration', which set out the commissioning intentions for 2017/2018 and the supporting pillars of the commissioning framework to achieve safer, healthier, independent lives. This plan is available at [Achieving Integration](#).

The IJB's Business Model and Strategy

The business model for the IJB is managed by the partnership through key leadership groups, which ensure cross-care and cross-locality working. The IJB's Strategic Commissioning Plan, Achieving Integration, the NLC Business Plan, Aspire, and the NHS Lanarkshire Healthcare Strategy, Achieving Excellence are aligned. Front-line service delivery continues to be carried out by the NLC and NHSL 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.

The IJB's Outcomes for the Year

The IJB and the partners continue to explore new ways to deliver services that better meet the needs of the people in the community. The focus of service design is to reduce inequalities, build community capacity and resilience and decrease demand for services in other parts of the system. The progress made during the year is set out below.

- A key development during 2017/2018 was the establishment of the Integrated Service Review Board (ISRB) to review all services within the partnership, with a view to optimising the use of all available resources and coordinate developments on a whole system basis. In order to expanding multidisciplinary locality teams, a high level model of integrated health and social care services in both localities and area wide services was approved by the IJB in November 2017 and the implementation plan in February 2018.
- The rehabilitation implementation pilot commenced in the Motherwell locality in September 2017, creating a single integrated team of twelve practitioners across physiotherapy and occupational therapy (OT) staff from the acute hospital, community assessment and rehabilitation service, domiciliary health teams and social work OT teams. By December 2017, waiting lists had fallen from 12 weeks to 4.5 weeks, highlighting early success.
- The new model of Home Support was approved in March 2018 and will form a core part of the new team arrangements, linking in to the future model of discharge to assess. It will include specialist teams and provide a 'same day' response. Work has commenced to create a second re-ablement team in each locality.
- A joint approach to self directed support has been developed for complex community cases. A working group has been established to review the management of invasive ventilation. As part of the national Transforming Care After Treatment programme, individual budgets have also been identified for people following cancer treatment.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

The IJB's Outcomes for the Year (Cont.)

- On a pan Lanarkshire basis, the bed modelling group has developed an outline plan to maximise the in-house estate, repatriate out of area placements where possible and review the model of intermediate care to maximise the impact of community hospitals. This work, which included a review of mental health inpatient rehabilitation, is at an advanced stage with the repatriation of some patients back into NHS Lanarkshire from out of area placements. Two out of area placements were also avoided. An intermediate care review group was also established to create a more rehabilitation and reablement focused service to improve patient outcomes, delayed discharge performance and hospital flows. This group will also report back to the IJB in June 2018.
- Following a successful pilot of the 13-15 month review in Coatbridge, which saw the number of children with no developmental delay at 27-30 months reach over 95%, this Universal Health Visitor Pathway model has now been rolled out across all six localities. Health Visitor recruitment remains on track. Across the partnership, awareness of Adverse Childhood Experiences is also being raised using the resilience documentary as a tool for facilitated discussions. Management of Family Nurse Partnership (FNP) transferred to the IJB in September 2017 and staff were recruited to expand the programme, with staff aligned to the six locality areas. Additional Scottish Government funding was also secured to allow the FNP programme to become universal for all individuals in Lanarkshire who meet the service criteria.
- A key priority is to shift the balance of care. The IJB continues to deliver against its agreed target trajectory of reducing unscheduled bed days across all specialties by 10% over 2017/18 and 2018/19. Working with colleagues in acute services, a whole system approach has been adopted to reducing unscheduled bed days. In 2017/2018, a significant reduction was made in the number of days people spend in hospital waiting on a home care package to be put in place although being clinically ready to be discharged. Since January 2017, the median number of bed days per week of people delayed due to home care has fallen from 197 to 93 in April 2018, a reduction of 53%. This has been a result of improved joint working between local home support teams and the discharge hubs within the acute hospital sites.
- An integrated workforce plan is being developed to support the shift in the balance of hospital based care to the community, improve the quality of support and care delivered and increase job satisfaction across the workforce. Current workforce challenges include vacancies and an ageing workforce. 49% of Mental Health, Health Visiting District Nursing workforce are over the age of 50 years and 57% of the Home Support workforce are over the age of 50 years. Research indicates that there will be a dearth of skilled staff in the health and social care sector in the future. NLIJB, NLC and NHSL therefore jointly agreed to establish a Health and Social Care Academy to grow the future health and social care workforce from the local population by encouraging more residents of North Lanarkshire to choose a career from the broad spectrum of options across the partnership.
- The Health and Social Care Academy is a key priority for the partnership in developing our workforce for the future and will assist young people to access employment in growth sectors within North Lanarkshire and across the country, through providing curriculum pathways linked to labour market intelligence. During 2017/2018, significant planning and scoping work has taken place and will continue to be progressed in 2018/2019.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

The IJB's Outcomes for the Year (Cont.)

- During 2018-19, the partnership agreed a new model for palliative care services and specialist hospice provision in conjunction with NHS Lanarkshire and South Lanarkshire Health & Social Care Partnership. The new model will see community nursing and home care staff – supported by respective specialist clinical staff – working in an integrated 24/7 way to provide palliative and end of life care and support to people in their own homes or in a homely setting. The new model reflects the preferences of people – expressed during a review of palliative care services earlier this year – to receive end of life care in their own home. The new model continues to recognise the importance of hospice provision and the services they provide that will support residents across Lanarkshire.
- The IJB commissioned Voluntary Action North Lanarkshire, to lead and support a major locality led programme of Community Capacity Building and Carer Support focused around prevention and anticipatory approaches. This has been a very successful partnership over many years. Effective, sustained engagement with third sector providers is a key pillar of the IJB Strategic Plan.
- Making Life Easier is the North Lanarkshire Platform for self-management, early intervention and prevention was recently shortlisted as a finalist in the Digital Health and Care Award, Scotland 2018.
- An external consultancy firm identified the potential for an IT infrastructure across NLC, SLC and NHSL to develop a more efficient information sharing solution, securely and this key development is being progressed.
- Linking in with the campaign work of both NLC and NHSL, four campaign topics were identified for delivery in 2017/2018: Care Academy, Making Life Easier, Anticipatory Care Plan and Winter Planning. Lanarkshire's winter communications received national recognition for its innovative approach.
- Extensive staff organisational development plans were developed in 2017/2018, covering a range of areas. The first Annual Conference took place in September 2017 with over 300 staff attending and nine locality roadshows took place in April 2018 to further the work of the ISRB.

North Lanarkshire was the first area in Scotland to be inspected by the Care Inspectorate and Healthcare Improvement Scotland on the effectiveness of its strategic planning and commissioning of health and social care services for all adults. Some areas where there is room for continuous improvement were identified and these are included in the Annual Governance Statement.

The inspectors concluded that the health and social care partnership in North Lanarkshire is laying down “strong foundations” to support more integrated working. The clear and ambitious vision of North Lanarkshire's Health and Social Care Services to deliver positive outcomes for its communities, alongside its sound strategic planning were cited as areas of good practice, including the partnership with voluntary sector organisations which was described as “strong”. Inspectors found the building blocks were in place to support improvement in people's health and care experiences and outcomes. The core suite of integration measures which support the national health and wellbeing outcomes is set out in the North Lanarkshire IJB Annual Performance Report which is published before 31 July 2018.

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL REPORT AND ACCOUNTS 2017/2018

The IJB's Position at 31 March 2018

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. Consistent with the majority of public sector organisations, both NLC and NHSL have, over many years, faced challenges balancing their respective budgets due to cost pressures exceeding the provisional level of funding available. NHSL is also the lowest funded per head for primary care services and is below the NHS Scotland Resource Allocation Committee (NRAC) formula. Notwithstanding these pressures, within the financial envelope available to each partner and following a process of consultation, the IJB agreed a financial plan for 2017/2018 in order to achieve a balanced budget by 31 March 2018.

The total funding for the IJB in 2017/2018 was £566.098m (NHSL- £387.411; NLC - £178.687m).

Although NLC were allowed to reduce the contribution to the IJB by £5.210 million, they approved a decision to maintain the 2016/2017 baseline funding. They also provided additional recurring funding of £6m to meet the cost of regrading the home support workers, £1m to support the transition of vulnerable young adults with complex needs leaving school and £1m to meet the cost of the apprenticeship levy and auto-enrolment.

Recurring funding of £6.970m was transferred by NHSL to the IJB to meet the projected cost increases associated with the following policy commitments:

- The full year effect of the payment of the living wage of £8.25 per hour to all adult care workers.
- The payment of the living wage uplift of £0.20 per hour from £8.25 per hour to £8.45 per hour, effective from May 2017.
- The impact of sleepover costs and sustainability in the care sector.
- The disregard of the value of war pensions from financial assessments for social care.
- The pre-implementation work in respect of the Carers (Scotland) Act 2016.

Additional funding for NHSL was also issued during the year. Approximately 87% of the in-year NHSL funding was ring fenced for areas covered by the IJBs.

Cost pressures in 2017/2018 were originally expected to be £15.649m.

- On a non-recurring basis, £3m was also allocated to support the growing needs of the elderly.
- Budgets totalling £4.849m (NHSL - £3.249m; NLC - £1.6m) were realigned. This was achieved as a result of historical underspends and efficiency savings.
- A target of £1.6m was set for management actions including a review of the structure, vacancy control and the targeted reduction of cost pressures and £2m for the first phase of the implementation of the ISRB Change Programme.
- Potential underspends were estimated to be £1.4m which could, on a non-recurring basis, continue to assist with addressing delayed discharges and unscheduled care through NHSL.
- Options to address an anticipated reduction in income of £2.8m due to the withdrawal of the community alarm charge with effect from 1st April 2017 were to be explored during the year.

A new community justice model was established in Scotland in line with the Community Justice (Scotland) Act 2016. Funding for this area was previously issued to Community Justice Authorities however the new model resulted in the dis-establishment of these authorities, with strategic planning and service delivery becoming the responsibility of local community justice partners. Ring-fenced funding of £6.691m was directed via NLC from 1 April 2017.

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL REPORT AND ACCOUNTS 2017/2018

The IJB's Position at 31 March 2018 (Cont.)

The profile of expenditure is summarised as follows:

- 38% of the budget is allocated to front line social care services (£209.623m)
- 28% is incurred on a range of hosted services (£157.886m) which includes Family Health Services (£88m) and Primary Care Transformation Services (£1.8m)
- 13% of the budget is spent on prescribing (£72.636m)
- 10% is attributable to the notional set-aside budget (£58.215m) in relation to large hospital services
- 7% is spent on front-line health services (£37.843m)
- 2% is allocated to Area Wide Services (£6.911m) and Out-of Area Services (3.668m)
- 1% is allocated to Justice Services (£6.324mm)
- 0.3% relates to the ring fenced Housing Revenue Account services (£1.896m)

Key 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. The two key risks facing the IJB are the non-availability of finance and the non-availability of the workforce which could impact on the ability to deliver the primary care improvement plan within the agreed timescales.

A break-even position is reported in respect of prescribing costs however this is due to the additional, one-off funding of £0.600m provided by the Health Board to address the overspend. Before the start of the financial year, the anticipated refund of excess historic profits, a recurring reduction in the drug tariff, a heavily used drug going off patent and the NHSL savings schemes made it appear that an overspend against the prescribing budget would be highly unlikely. Not all of the above materialised in full and these anticipated beneficial impacts were reduced by the price of a range of drugs increasing considerably as, across the UK, shortages in supply emerged.

The intensity of the Pan-Lanarkshire Prescribing Quality and Efficiency Programme was maintained during the year and, while both the South Lanarkshire and the North Lanarkshire IJBs benefited, their activity could not in itself compensate for the short supply factors, leaving a forecast year-end overspend across Lanarkshire due to price increases. The short supply issues have not yet washed out of the market, leading to predictions that 2018/2019 will also be a difficult year. The existing prescribing reserve of £0.616m has therefore been increased by £2.265m to £2.881m, which represents 4% of the prescribing budget of £72.636m.

The Director of Finance of NHS Lanarkshire continues to progress the exercise to update the notional set-aside budget. This notional budget, which represents the consumption of hospital resources by North Lanarkshire residents, was originally reported as £58.554m at the start of 2017/2018. This was based on 2014/2015 activity levels which were costed at 2016/2017 price levels and adjusted for the transfer of the Community Assessment and Rehabilitation service totalling £1.446m. This service was realigned from the set-aside notional allocation for hospital services to the directly managed locality services. Based on the 2015/2016 activity levels at the 2017/2018 prices, the notional set-aside budget has now been revised to £58.215m.

Similar to the previous year, the notional budget can also be included as the estimated expenditure for the 2017/2018 annual accounts. It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB in 2017/2018 however it has been endorsed as an acceptable approach pending further updates from the Information Services Division.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

Key Risks and Uncertainties (Cont.)

Audit Scotland also recommended in the North Lanarkshire IJB Annual External Audit Report 2016/2017 that the financial monitoring reports should be reviewed to ensure that they are accurately reflecting the spend to date and the projected year end position. The Chief Financial Officer, in consultation with both partners, reviewed and further developed the financial monitoring arrangements for the IJB. Throughout the year, the financial monitoring reports set out the key financial risks including in particular variance explanations in respect of prescribing costs and also the impact of the agreed budget recovery plan on reducing the projected overspend across social care services. Further work will be undertaken to align the strategic commissioning plan, the directions to each partner and the financial allocations.

Matters of Strategic Importance

The financial plan for 2018/2019 was approved by the IJB in March 2018. Cost pressures totalling £20.090m were confirmed which were offset by additional funding of £10.081m leaving net cost pressures of £10.009m. Savings totalling £7.231m have been identified (NHSL - £1.745m; NLC - £5.486m). The officer recommendations to the IJB were the best fit with the strategic commissioning intentions and the best value requirement to use resources more effectively.

The balance of cost pressures remaining of £2.778m will be addressed as follows:

- management actions totalling £1.100m;
- the next phase of the transformational change programme releasing £0.278m and
- the use of underspends of £1.400m on a non-recurring basis.

Projected growth in elderly demographics and the increasing complexity of need, together with inflationary rises, continue to drive the cost pressures across home support, care home placements and adaptations. As a result of proactive, positive work within the home support service to change the balance of care, more service users are being maintained within their own home as opposed to being placed within a care home. It is anticipated that the positive trend in the balance of care, which has had a favourable impact on the financial outturn for 2017/2018, will continue into the new financial year.

In November 2017, the Scottish Government published “The 2018 GMS Contract in Scotland” following agreement with the BMA. It also published “The National Code of Practice for GP Premises” which sets out the Scottish Government’s plan to facilitate the shift to a model which does not entail GPs providing their practice premises. The new contract came into effect on 1st April 2018. Primary care services are a hosted service within the South Lanarkshire IJB. As the lead partner for this hosted service, the South Lanarkshire IJB is responsible for the implementation of the new contract across Lanarkshire. The governance arrangements for the implementation of the new GMS 2018 GP contract were set out in a report to the IJB in February 2018. The future role of GPs is critical to reshaping service delivery and managing future demand. The number of General Practitioners retiring is however increasing. Sustainability plans therefore require to be developed.

A whole system approach is adopted by the partners to support the use of, and where possible, the transfer of set-aside resources. Within NLIJB, the transfer of the Community Assessment and Rehabilitation Service from the acute sector to localities is an example of a shift in resources of £1.4m from the set-aside budget to the directly managed community budgets to further develop the integrated care pathway.

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL REPORT AND ACCOUNTS 2017/2018

Matters of Strategic Importance (Cont.)

The Carers Act came into effect on 1 April 2018 and significant work has been undertaken in preparing for the implementation of the legislation. North Lanarkshire has a long history of commitment to carers and a highly respected approach to Self Directed Support. Our priority in preparing for the implementation of the legislation has therefore been to ensure that developments in both the Guided Self Assessment (GSA) and Carer Act implementation are complementary to, and build on existing strong practice. The IJB's share of the 2018/2019 Scottish Government allocation of £66m is £3.937m. This includes funding of £1.051m for the implementation of the Carer's Act.

The financial planning assumptions for 2019/2020 are being updated. It is difficult to predict future cost pressures as there are a number of uncertainties. Future pay increases including the living wage, the national care home contract negotiations and the prescribing cost volatility will impact on cost pressures, the extent to which is not yet known.

Legislative changes continue to influence the landscape, including the Carer's Act, the extension of free personal care to under 65s (e.g. Frank's Law) and the proposed Safe Staffing Bill. The introduction of the Children & Young Persons (Scotland) (Act) 2014, in particular the requirements for a named person service and corporate parenting provisions and new Universal Pathway in Health Visiting will add additional demands on the service. Complex and complicated governance arrangements require to be complied with across the three separate entities. These include data sharing protocols, staff management and decision-making responsibilities.

There is some reliance on the recruitment of EU nationals to deliver services, including across the independent providers and the voluntary sector. There is uncertainty about what the post-Brexit rules will be with the European Union.

The Fairer Scotland Duty came into force in Scotland in April 2018. When making strategic decisions, the IJB and its partners have a legal responsibility to actively consider how they can reduce inequalities of outcomes caused by socio-economic disadvantages. Whilst still having due regard to best value and equality, tackling inequality needs to be at the heart of our key decision-making.

Although we are taking steps to avoid future cost pressures and manage demand by redesigning services, the financial outcome of this is difficult to quantify. The current estimate of cost pressures in 2019/2020 is around £15m, which mainly relates to pay and inflationary cost pressures and does not reflect any growth or expansion in service capacity.

Annual Accounts 2017/2018

As the North Lanarkshire IJB was established under the Public Bodies (Joint Working) (Scotland) Act 2014, it falls within section 106 of the Local Government (Scotland) Act 1973 and is required to prepare annual accounts in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

The balance on the IJB reserves at 1 April 2017 was £7.462m (NLC - £2.224m; NHSL - £5.238m). This provided a contingency against demographic demand and service volatility in 2017/2018 and facilitated the implementation of the strategic transformational change programme.

A total of £1.524m was transferred from the IJB reserves during 2017/2018 (NHSL - £0.867m; NLC - £0.657m).

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

Annual Accounts 2017/2018 (Cont.)

A surplus of £7.102m is reported at 31 March 2018 (NHSL - £2.685m; NLC - £4.417m) which represents 1.25% of the total funding available. It is critical to note however that part of this underspend will be non-recurring. The total amount which is being transferred to reserves is £12.262. This includes the surplus of £7.102m and also budgets totalling £5.160m which relate to commitments agreed in 2017/2018, the expenditure for which had not been incurred or accrued by 31 March 2018. Under the Integration Financial guidance, any funding unspent by the partner at the year end belongs to the IJB and is returned to by the partner to be held in reserve for use in future years. The net movement on reserves in 2017/2018 is therefore £10.738m.

The main factor contributing to the surplus within health services is an under spend across the locality and other services of £1.736m as a result of vacancies across nursing services, occupational therapy services and administration and clerical support services and an underspend on non-pay costs across integration care fund projects. The vacancy rate at 3.1% compared with 3.4% in the previous year. Across the hosted services, there is an underspend on the Children and Adolescents Mental Health Service of £0.376m which is also linked to recruitment and retention difficulties, particularly where posts were only funded from non recurring funding. There was an underspend of £0.219m in psychological therapies also linked to vacancies. In both these areas performance has dropped below both the 2017/2018 target level and the 2016/2017 performance. These issues are being actively addressed in order to increase performance against the access target. Mental health services were marginally overspent.

The hosted services which are led by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB and the hosted services which are led by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB are detailed in note 10 on pages 35 and 36. A break-even position is reported across both of these areas. 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. £0.932m of the South Lanarkshire IJB surplus relates to slippage against the primary care transformation, £0.475m (51%) of which is attributable to the North Lanarkshire IJB.

The main factor contributing to the surplus within social care services is an underspend of £5.333m across self directed support services. The review of care packages, the changing profile of service users and the introduction of assistive technology continues to enable the service to manage significant cost pressures in this area including the payment of the Scottish living wage. There is also non-recurring slippage as a result of the commencement of annual budgets being later than first anticipated. There is an underspend of £2.595 m in respect of employee costs. This variance is primarily as a result of managed actions including vacancy control, the management of overtime and proactive management actions to reduce costs in relation to the Home Support Service. The change in the timeline for the implementation of pension auto-enrolment to 1 April 2019 is also a contributory factor to the underspend. Notwithstanding the effect of these actions, employee costs continue to include pressures as a result of the demand in the home support service coupled with turnover savings and incremental pay increases. There was a shortfall in income of £3.911 million due to changes in the charging policy. This variance will be address in 2018/2019 as part of the financial strategy. The overspend in respect of independent home care providers is £2.160m. This reflects the increase in the number of hours provided by the independent sector and also incorporates the full year impact of the living wage. The total expenditure on housing adaptations within Council houses was £1.896m, which was £0.369m lower than anticipated. In line with the accounting policy, this underspend is retained within the Housing Revenue Account.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

Our joint focus will continue to be ensuring all the resources available are used to achieve the health and well-being outcomes.

Paul Kelly

Chair

Date 4 September 2018

Janice Hewitt

Chief Accountable Officer

Date 4 September 2018

Marie Moy

Chief Financial Officer

Date 4 September 2018

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

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 4 September 2018.

Signed on behalf of the North Lanarkshire Integration Joint Board

Chair: Paul Kelly

Date: 4 September 2018

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 2017/2018 (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 31st March 2018 and the transactions for the year then ended.

Chief Financial Officer: Marie Moy

Date: 5 June 2018

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

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.

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 and four of whom are non-executive directors appointed by the NHS Lanarkshire Health Board. 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 however voting board members will be remunerated by their 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 2017/2018, the Chair of the IJB was Councillor Harry McGuigan and the Vice Chair was Dr Avril Osborne. Following Councillor McGuigan's retirement and also the local government elections in May 2018, Councillor Paul Kelly has been appointed as the Chair of the IJB. Dr Osborne continues to hold the post of Vice-Chair.

The details of the Chair and Vice Chair appointments held during 2017/2018 and any taxable expenses paid by the IJB are shown below.

Name	Post Held	Nominated by	Taxable Expenses 2017/2018	Taxable Expenses 2016/2017
Mr P. Kelly	Chair (5 May 2017 to 31 March 2018)	North Lanarkshire Council	Nil	Nil
Mr H. McGuigan	Chair (1 April 2017 to 4 May 2017)	North Lanarkshire Council	Nil	Nil
Dr. A.Osborne	Vice Chair (1 April 2017 to 31 March 2018)	NHS Lanarkshire	Nil	Nil

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 Vice Chair.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

REMUNERATION REPORT (Cont.)

4 Senior officers

The Chief Accountable Officer is appointed by the IJB in consultation with NHS Lanarkshire Health Board and North Lanarkshire Council. The Chief Accountable Officer is employed by North Lanarkshire Council 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 Board Members do not currently receive remuneration or expenses directly from the IJB however voting Board Members will be remunerated by their relevant IJB partner organisation.

The remuneration of the Chief Accountable 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 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	Taxable Expenses	2017/2018 Total Remuneration	2016/2017 Total Remuneration
Janice Hewitt Chief Accountable Officer (April 2017 to March 2018)	£124,384 (Full Year Equivalent - £124,384)	Nil (Full Year Equivalent Nil)	£124,384 (Full Year Equivalent - £124,384)	£121,295 (Full Year Equivalent – £121,295)
Marie Moy Chief Financial Officer (April 2017 to March 2018)	£32,989 (Full Year Equivalent - £32,989)	Nil (Full Year Equivalent Nil)	£32,989 (Full Year Equivalent - £32,989)	£32,563 (Full Year Equivalent – £32,563)

The grade of the Chief Accountable Officer post was revised during the year to reflect the responsibilities of the post. The remuneration total for 2016/2017 has been restated to reflect this. The Chief Financial Officer is also appointed to the South Lanarkshire Integration Joint Board. The remuneration disclosed in the table above is the proportion of remuneration received in relation to the activity of the North Lanarkshire IJB during 2017/2018. The remuneration in respect of South Lanarkshire Integration Joint Board is therefore shown separately in the South Lanarkshire Integration Joint Board Annual Accounts.

The Integration Joint Board does not directly employ any Health or Social Care staff. They are employed by either NHS Lanarkshire or North Lanarkshire Council and remuneration for staff is reported in the employing organisation.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

REMUNERATION REPORT (Cont.)

7 Officer's Remuneration

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Remuneration Band	Number of Employees 2017/18	Number of Employees 2016/17
£100,000 - £104,999	-	1
£140,000 - £144,999	1	-

8 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 Accountable 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 2018 are shown in the table below:

Name		To 31 March 2018	To 31 March 2017
Janice Hewitt Chief Accountable Officer (April 2017 to March 2018)	In-year pension contributions	£14,568 (Full Year Equivalent £14,568)	£19,675 (Full Year Equivalent £19,675)
	Accrued pension benefits	£48,512 (Full Year Equivalent £48,512)	£38,190 (Full Year Equivalent £38,190)
	Movement in accrued pension benefits	£10,322 (Full Year Equivalent £10,322)	£2,571 (Full Year Equivalent £2,571)
	Lump Sum	£89,384	£73,099

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

REMUNERATION REPORT (Cont.)

8 Pension benefits (Cont.)

Name		To 31 March 2018	To 31 March 2017
Marie Moy Chief Financial Officer (April 2017 to March 2018)	In-year pension contributions	£12,695 (Full Year Equivalent £12,695)	£12,569 (Full Year Equivalent £12,569)
	Accrued pension benefits	£23,936 (Full Year Equivalent £23,936)	£22,277 (Full Year Equivalent £22,277)
	Movement in accrued pension benefits	£1,659 (Full Year Equivalent £1,659)	£1,547 (Full Year Equivalent £1,547)
	Lump Sum	£39,676	£39,283

The pension benefits detailed in the table above relate to the total amount attributable to each post on a full-time basis. A pro-rata approach has not been adopted.

All of the information disclosed in this remuneration report is subject to audit.

Paul Kelly

Janice Hewitt

Chair

Chief Accountable Officer

Date: 4 September 2018

Date: 4 September 2018

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL REPORT AND ACCOUNTS 2017/2018

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 governance arrangements and the system of internal control for the IJB.

Scope of Responsibility

The Public Bodies (Joint Working) (Scotland) Act 2014 sets out the legislative responsibilities for the delivery of integrated health and social care services. The 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.

The IJB is responsible for commissioning health and social care supports and services to improve the outcomes of the people of North Lanarkshire.

The IJB has a responsibility to ensure business is conducted in accordance with the legislation and the proper standards and adheres to and works within a framework of internal values and external principles and standards.

Within a strategic context, as part of that responsibility, the IJB has a statutory duty of best value and is required to ensure that public money is safeguarded and properly accounted for. An appropriate balance requires to be maintained between quality and cost, having regard to economy, efficiency and effectiveness and also continuous improvement in service provision and performance.

To meet these responsibilities, the IJB has established arrangements for governance which includes a system of internal control to ensure its functions are exercised in a timely, inclusive, open, honest and accountable manner. This includes:

- setting the strategic direction, vision, culture and values of the IJB;
- engaging with and, where appropriate, leading communities;
- monitoring whether strategic partnership objectives have been achieved;
- ensuring services are delivered cost effectively; and
- ensuring appropriate arrangements are in place for the management of risk.

The system of internal control is proportionate to the IJB's strategic responsibility and reliance is placed on the NHS Lanarkshire and North Lanarkshire Council systems of internal control. The effective operation of each partner's financial and corporate systems, processes and internal controls are key to the achievement of the IJB's outcomes. The internal control system can only provide reasonable and not absolute assurance of effectiveness.

The Purpose of the Governance Framework

The overall aim of the governance framework is to ensure that resources are directed in accordance with agreed policies and according to priorities, that there is sound and inclusive decision making and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. The governance framework is comprised of the systems and processes, culture and values in place within the IJB and across the health and social care partnership. It enables the IJB to set the strategic priorities, monitor achievement and secure the delivery of sufficient, cost-effective services.

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL REPORT AND ACCOUNTS 2017/2018

The Purpose of the Governance Framework (Cont.)

The IJB has established a governance framework which is set out in the North Lanarkshire IJB Code of Corporate Governance, is consistent with the seven core principles of the Delivering Good Governance in Local Government Framework (CIPFA 2016) and also the International Framework, Good Governance in the Public Sector and includes a system of internal control.

The governance framework enables the IJB to monitor the attainment of the partnership outcomes, including the identification and management of key risks. This included evaluating the likelihood of those risks being realised and the impact of those risks if they are realised. The system of internal control aims to help manage the risks efficiently, effectively and economically. It is proportionate to the IJB's strategic responsibility and reliance is placed on the NHS Lanarkshire and North Lanarkshire Council systems of internal control. These support compliance with each organisation's policies and promote achievement of each organisation's aims and objectives, as well as those of the IJB. Internal controls cannot eliminate all risks of failing to achieve policies, aims and objectives. Internal controls however are a significant part of the governance framework and are designed to manage risk at a reasonable level.

Review of Adequacy and Effectiveness

The Local Authority Accounts (Scotland) Regulations 2014 require a review at least once in each financial year of the effectiveness of the system of internal control. The IJB is required to report publicly on compliance with its own Code of Corporate Governance on an annual basis including how it has monitored the effectiveness of its governance arrangements during the year under review and planned future changes. The review undertaken for 2017/2018 was informed by:

- an annual self-assessment against the IJB's Local Code of Corporate Governance consistent with the principles and recommendations of the new CIPFA/SOLACE Framework (2016);
- IJB internal audit reports;
- IJB external audit reports; and
- relevant reports by other external scrutiny bodies and inspection agencies.

The review was also informed by cross-assurances from each of the partners, NHS Lanarkshire and North Lanarkshire Council, including consideration of their relevant internal audit and external audit reports.

The Governance Framework and Internal Control System

In line with the seven core principles of good governance, the main features of the North Lanarkshire IJB governance framework and internal control system include the following:

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The members and officers of the IJB work within a decision-making framework which incorporates "The Seven Principles of Public Life" identified by the Nolan Committee. Professional advice on the discharge of duties is provided to the IJB by the Chief Accountable Officer supported by the Chief Financial Officer, the Standards Officer, the Chief Internal Auditors, the Medical Advisor, the Nurse Advisor and the Chief Social Work Officer as appropriate.

The roles and responsibilities of IJB members and statutory officers are set out across a range of key documents including the Scheme of Integration, Standing Orders, Financial Regulations and Codes of Conduct. The Chief Accountable Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The conduct of the IJB's business is governed by these processes which ensure that public business is conducted with fairness and integrity.

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL REPORT AND ACCOUNTS 2017/2018

The Governance Framework and Internal Control System (Cont.)

Governance structures are in place and operate effectively. These include the following:

- Senior Leadership Team;
- Support, Care and Clinical Governance Committee;
- Quality Improvement Committee;
- Health Governance Committee;
- Social Work Sub-Committee;
- Public Protection Arrangements;
- Mental Health and Learning Disability Strategy Board;
- Primary Care Strategy Board;
- Community Justice Partnership;
- Children's Services Partnership;
- Community Health Partnership;
- Strategic Commissioning Plan Programme Board;
- Strategic Planning Group
- Integration Review Sounding Board;
- Performance, Finance and Audit Committee; and
- IJB.

At the meeting of the IJB on 12th December 2017, it was agreed that the Performance, Scrutiny and Assurance Sub-Committee and the Finance and Audit Sub-Committee would be merged to form the Performance, Finance and Audit Committee effective from January 2018.

Reliance is placed upon the arrangements across the partnership to ensure the right conditions are created in order for the IJB to fulfil its responsibilities in accordance with legislative and regulatory requirements and ethical values. This includes:

- processes for handling complaints;
- whistleblowing policies and procedures;
- recruitment and staff appraisal processes;
- identifying, mitigating and recording conflicts of interest including hospitality and gifts; and
- the sustainable procurement of goods to secure best value.

B. Ensuring openness and comprehensive stakeholder engagement

The IJB meet in public and decisions are documented in the public domain. The only exception to this would be if there were good reasons for not doing so on the grounds of confidentiality.

Changes to the Integration Scheme require that key stakeholders and prescribed consultees are either informed or consulted. The implementation of the Carers Act has implications for the IJB, NHS Lanarkshire and North Lanarkshire Council and the Integration Scheme is being amended to reflect the Carers (Scotland) Act 2016, which is due to come into effect from 1 April 2018. The amendment requires the new duties cited within this Act to be delegated specifically to the IJB and the partners are being notified of this.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

In March 2017, the IJB approved the Strategic Commissioning Plan, 'Achieving Integration', which set out the commissioning intentions for 2017/2018 and the supporting pillars of the commissioning framework. Progress against the ten commissioning intentions has been monitored throughout the year. On 13th December 2017, the second Strategic Planning Group for 2017/18 took place. The progress against the 2017/2018 commissioning intentions was reviewed and the key priorities for delivery in 2018/2019 were considered. These included the implementation of the Integrated Service Review Board Report, Children's Services Plan and the Community Justice Improvement Plan.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

The Governance Framework and Internal Control System (Cont.)

The Chief Accountable Officer has joint quarterly performance review meetings with the Chief Executive of NHS Lanarkshire and the Chief Executive of North Lanarkshire Council. These meetings are supported by a Chief Executive Performance Framework comprising a range of performance measures from across both health and social work systems, including relevant targets and trajectories. Joint corrective actions are agreed for those areas that are flagged as red or amber. In line with the agreed outcome of the Integrated Service Review Board, work has also been progressed to develop multi-dimensional outcome measurements across all health and social services as part of an enhanced integrated performance framework.

Equalities as well as environmental and rural implications are considered during the decision making process. The combined economic, social and environmental impact of policies and plans is considered when decisions are taken about service provision, ensuring fair access. A long term view is taken with regard to decision making, with a focus on sustainability and the link between governance and public financial management.

Decisions in respect of capital investment remain the responsibility of each partner.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The Strategic Commissioning Plan, 'Achieving Integration' is based on consultation and the Strategic Planning Group has a key role in influencing and supporting the overall future strategy. Progress was reported to the IJB in February 2018 in respect of each of the following ten commissioning intentions which were agreed for 2017/2018:

1. Expanding multi-disciplinary teams
2. Strengthening the rehabilitation service
3. Reconfiguring home support services
4. Jointly funded self directed support packages
5. Bed redesignation
6. Universal health visiting pathway
7. Family nurse partnership expansion
8. Campaigns and messaging
9. Staff organisational development
10. Technical solutions for IT and information sharing

Progress was also reported to the IJB on the following areas which emerged as priorities following wider engagement:

1. Developing community transport
2. Housing contribution
3. Palliative care strategy
4. Out of area care services

The development of the medium to long term financial outlook will provide a balanced and objective analysis of service priorities, financial affordability and other resource constraints, including the workforce. The outlook will set the context for ongoing decisions on significant delivery issues and responses to the changes in the external environment. These include consideration of the impact of the end of the public sector pay cap, the national care home contract, the Carers (Scotland) Act 2016 and the EU withdrawal. The Financial Plan for 2018/2019 sets out the parameters to achieve a balanced budget.

Each partner has established effective relationships, collaborative working and contractual arrangements with other public, private and voluntary organisations in delivering services.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

The Governance Framework and Internal Control System (Cont.)

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The objectives of the Health and Social Care partnership link to the NHS Lanarkshire's Healthcare Strategy, the North Lanarkshire Council's Business Plan and the Strategic Commissioning Plan, 'Achieving Integration'. The partnership also supports the agreed outcomes for Children's Services and Justice Services.

The recommendations of the Integrated Service Review Board, which met during 2017/2018, set out the vision for a revised model of health and social care delivery in North Lanarkshire. Following IJB approval in November 2017, a number of engagement sessions were held to develop an overall programme plan including an implementation plan and a delivery plan. A progress report will be available in August 2018 which will provide an update on the locality modelling work.

The roles of the Chief Accountable Officer and the Chief Financial Officer are defined in agreed job profiles.

The Chief Accountable Officer is responsible and accountable to the IJB for all aspects of management including promoting sound governance and providing quality information and support to inform decision-making and scrutiny. Regular meetings are held between the Chief Accountable Officer and the Chair and Vice Chair of the IJB. The Chief Accountable Officer also meets regularly with the Chief Executives of the partner organisations.

The Chief Financial Officer is responsible for the proper administration of all aspects of the IJB's financial affairs including ensuring appropriate advice is given to the IJB on all financial matters.

A leadership programme to support the development of the partnership has been in place since the IJB came into existence. Staff performance is reviewed in accordance with each partner's performance development review process.

F. Managing risks and performance through robust internal control and strong public financial management

The IJB is the decision-making body and is governed by key constitutional documents including the integration scheme, standing orders, scheme of delegation, financial regulations and reserves policy and strategy. Effective and constructive challenge and debate on policies and objectives is encouraged at the IJB and the Performance, Finance and Audit Committee.

The Financial Plan for 2017/2018 was agreed in March 2017. In accordance with the requirements set out in the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB issued directions effective from 1 April 2017 to NHS Lanarkshire Health Board and North Lanarkshire Council in respect of the delivery of integrated functions and how resources were to be allocated for resultant services. The budget was further refined during the course of the year by both partners and also updated to reflect additional in-year funding.

Each of the partners, North Lanarkshire Council and NHS Lanarkshire have a proven track record of sound financial management and robust monitoring arrangements to manage their finances in year. The IJB places reliance on these existing financial monitoring arrangements. Financial monitoring reports are presented to the IJB at each meeting. The financial reports have been developed to include an annual outturn by each partner.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

The Governance Framework and Internal Control System (Cont.)

A risk management strategy has been approved by the IJB which complements the existing risk management processes within each partner. A risk management strategy is in place to mitigate and monitor those risks which threaten the IJB's ability to meet its objectives to deliver services to the public. The IJB strategic risks are monitored regularly. The operational risks in respect of the delegated health and social care functions are also regularly monitored by both partners. The IJB has oversight of service delivery and the associated risks.

A quarterly performance report is prepared. At the September 2017 IJB meeting, the Annual Performance Report for 2016/2017 was approved. This provided an overview of performance against the strategic objectives in the first year.

The IJB is committed to high standards of governance including information governance. An Information Sharing Protocol has been implemented. A publication scheme has been agreed and a process is also in place for responding to Freedom of Information requests and for handling complaints. The IJB relies upon each partner to manage data in accordance with relevant legislation and to minimise the risk of fraud, theft, corruption and crime. This is integral to delivering services effectively and sustainably, protecting public finances and safeguarding assets.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The internal audit service plays an essential role in the control environment by providing assurance that internal controls are being applied. The IJB approved the joint appointment of the Head of Audit and Inspection for North Lanarkshire Council and the Chief Internal Auditor for NHS Lanarkshire.

The IJB complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA). Both Heads of Internal Audit report directly to the Performance, Finance and Audit Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the IJB Performance, Finance and Audit Committee on any matter. Effective working arrangements are in place between the partner's respective internal auditors on matters relevant to the IJB.

The 2016/2017 Internal Audit Plan originally indicated that areas would be identified for inclusion within the audit universe and a three year strategic audit plan would be developed congruent with the IJB's risk register. It was subsequently agreed however that the development of a three year plan would not be appropriate at this stage due to the emergent nature of the IJB, the continuous development and understanding of the control and risk environment in which the IJB operates and the changing needs of the organisation. It was therefore concluded that the discretionary elements of the internal audit plan for 2017/2018 were focused around the North Lanarkshire IJB's strategic risk register, with individual topics also informed by the professional views of the IJB Chief Accountable Officer, the Chief Financial Officer and the Chief Internal Auditors of both parties. It also took account of assurances provided to the IJB based on work performed under the internal audit plans of both parties. The 2017/2018 internal audit plan was agreed by the Finance and Audit Sub-Committee in September 2017.

The findings and recommendations of internal audit, external audit and inspection bodies are reported to the IJB. The Performance, Finance and Audit Committee is integral to ensuring that recommendations are acted upon and improvements in internal control and governance are monitored.

An external audit plan has been approved for 2017/2018 which incorporates the agreed governance responsibilities of the IJB.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

Overview of Control and Governance Improvements during 2016/2017

The North Lanarkshire Health and Social Care Partnership was the first area in Scotland to be inspected by the Care Inspectorate and Healthcare Improvement Scotland. This was due in part to the long standing successful working relationships between the inspection agencies, North Lanarkshire Council and NHS Lanarkshire, which it was recognised, would facilitate a mutual learning process linked to the development of a range of new quality indicators focused on integration. Activity around three of the nine integration key performance indicators was assessed as follows.

- Operational and strategic planning arrangements and commissioning arrangements were assessed as good.
- Improvements in partnership performance in both health care and social care was assessed as adequate.

The vision, values and culture across the partnership and the leadership of strategy and direction were assessed but not subject to evaluation against the six point scale. This however was identified as an area of strength and good practice. In particular, the following were noted:

- the strong foundations that have been developed to deliver integrated health and social care;
- the quality of our strategic needs assessments; and
- locality profiles and the involvement of local communities, people who use the services and carers in the development of our vision and plans.

As a result of the improvement areas identified in the Annual Governance Statement for 2016/2017, the IJB's governance arrangements were developed as follows:

- A balanced budget was set for 2017/2018 and identified savings were implemented.
- The medium to long term financial outlook for the IJB is being developed. This outlook is consistent with the financial planning principles adopted by each partner.
- The recommendations of the external audit review on the role of Board members have been considered and the role of the IJB members continues to develop.
- A Good Governance Group is in place which complements the remit of the Resource Planning Group. The aim of the group is to further develop effective controls, ensure best value is secured and the achievement of outcomes is effectively monitored.
- The commissioning intentions set out in the strategic commissioning plan, Achieving Integration, have been progressed and a programme plan to implement the recommendations of the Integrated Service Review Board has been developed.
- Extensive work has been progressed by NHS Lanarkshire to review the framework for the planning and performance management of delegated hospital functions and associated resources (the set-aside).
- The bed modelling group (pan Lanarkshire) has developed an outline plan to support a number of aims including maximising the in-house estate, repatriating out of area placements where possible and reviewing the model of intermediate care to maximise the impact of community hospitals. This work is at an advanced stage and a proposed workplan for implementation over the next 3 years (2018/2019 to 2020/2021) has been set out.
- Business continuity and resilience plans are regularly reviewed.
- The performance management framework and the performance trajectories continue to be embedded across the partnership. The integrated performance framework to support the outcome of the Integrated Service Review Board is being developed.
- The IJB has been advised of the progress in implementing the 2017/2018 commissioning intentions. The Strategic Planning Group also met to consider the service priorities for delivery in 2018/2019.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

Overview of Control and Governance Improvements for 2018/2019

Following consideration of the internal review of the adequacy and effectiveness of the IJB governance arrangements, continuous improvement actions will be progressed in 2018/2019 to further develop good governance controls. This will include:

- 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.
- Further develop the performance management framework to secure improvement activity and evidence the shift in the balance of care.
- Continue to embed governance structures across the partnership and promote a culture that fully endorses and accepts challenge among partners.

Internal Audit Assurance for 2017/2018

Internal audit concluded that the financial management and financial planning arrangements are consistent with financial guidance/regulations and good practice through the production of an annual financial plan, identification of financial risks in the IJB risk register and the identification and monitoring of savings. No issues or weaknesses have been identified. The auditors categorised this audit as offering 'substantial assurance' meaning that it is considered that the control environment is adequate and has substantially operated as intended.

Conclusion and Opinion on Assurance

During 2017/2018, 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 and that, in respect of the second year of operation for the IJB, these were effective and fit for purpose during 2017/2018 and there were no significant weaknesses.

While recognising that continuous improvement actions will be progressed during the third year of operation as set out in the 2018/2019 action plan, 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.

Paul Kelly

Janice Hewitt

Chair

Chief Accountable Officer

Date 4 September 2018

Date 4 September 2018

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

2016/2017				2017/2018		
Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net
£m	£m	£m		£m	£m	£m
328.472	0.000	328.472	Health Care Services	337.160	0.000	337.160
218.593	(9.120)	209.473	Social Care Services	217.940	(8.685)	209.255
0.198	0.000	0.198	Corporate Services (Note 6)	0.260	0.000	0.260
547.263	(9.120)	538.143	Cost of Services	555.360	(8.685)	546.675
-	(545.605)	(545.605)	Taxation and Non-Specific Grant Income (Note 5)	-	(557.413)	(557.413)
547.263	(554.725)	(7.462)	(Surplus)/Deficit on provision of services	555.360	(566.098)	(10.738)
-	-	-	Other Comprehensive Income and Expenditure	-	-	-
547.263	(554.725)	(7.462)	Net Income and Expenditure (Note 11)	555.360	(566.098)	(10.738)

The IJB was established on 27 June 2015. Integrated delivery of health social care services commenced on 1 April 2016. 2017/2018 is the second 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 REPORT AND ACCOUNTS 2017/2018**

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 2017/2018	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2017	7.462	7.462
Total Comprehensive Income and Expenditure	10.738	10.738
Adjustments between accounting basis and funding basis under regulations	-	-
Increase or decrease in 2017/2018	10.738	10.738
Closing balance at 31 March 2018	18.200	18.200

Movements in Reserves during 2016/2017	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2016	-	-
Total Comprehensive Income and Expenditure	7.462	7.462
Adjustments between accounting basis and funding basis under regulations	-	-
Increase or decrease in 2016/2017	7.462	7.462
Closing balance at 31 March 2017	7.462	7.462

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

BALANCE SHEET AS AT 31 MARCH 2018

The balance sheet shows the value as at 31 March 2018 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 2018 £m	31 March 2017 £m
Current assets			
Short term debtors	7	18.200	7.462
Current liabilities			
Short term creditors	8	-	-
Net assets / (liabilities)		18.200	7.462
Usable reserves	11	18.200	7.462
Total reserves		18.200	7.462

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 2018 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue on 5 June 2018.

Marie Moy

Chief Financial Officer

Date: 5 June 2018

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

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 2017/2018 and its position at the year end of 31 March 2018.

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.

The financial statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018, supported by the International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

1.2 Going concern

The 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 accounts are prepared under the historical cost convention as modified for the valuation of certain assets.

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. The funding balance due to or from each funding partner as at 31 March 2018 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 REPORT AND ACCOUNTS 2017/2018**

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 2018 is not material and has therefore not been accrued.

1.9 Provisions, contingent liabilities and assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March 2018 due to a past event, settlement of the obligation is probable and a reliable estimate of the amount can be made. Recognition of a provision would result in expenditure being charged to the Comprehensive Income and Expenditure Statement. There are no provisions in respect of the IJB for the financial year 2017/2018.

A contingent liability is a possible liability arising from events on or before 31 March 2018 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. There are no contingent liabilities in respect of the IJB for the financial year 2017/2018.

A contingent asset is a possible asset arising from events on or before 31 March 2018 whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's balance sheet, but is disclosed in a note only if it is probable to arise and can be reliably measured. There are no contingent assets in respect of the IJB for the financial year 2017/2018.

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.

Known claims would be assessed as to the value and probability of settlement. If material, the overall expected value of known claims, taking probability of settlement into consideration, would be provided for in the IJB balance sheet.

The likelihood of receipt of an insurance settlement to cover any claims would be separately assessed and, if material, presented as either a debtor or disclosed as a contingent asset.

There are no known claims for which the IJB would be liable in respect of the financial year 2017/2018.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

1. Accounting policies (Cont.)

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.

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 2018, the useable reserve balance totals £18.200 million. There are no unusable reserves.

2. Critical judgements and estimation uncertainty

The critical judgements made in the financial statements relating to complex transactions are in relation to the accounting treatment of hosted services and the hospital acute services (set-aside). The aforementioned areas of expenditure are therefore 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.

2.1 Hosted services.

The relevant share of the pan Lanarkshire and area wide service expenditure is included in the North Lanarkshire IJB on the basis of 51% of the total expenditure.

In line with the Integrated Resource Advisory 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 2017/2018, a notional figure for the sum set aside has been agreed with NHS Lanarkshire and will be included in both the Health Board and IJB 2017/2018 annual accounts. This is based on 2015/2016 activity levels uprated to reflect the 2017/2018 price basis.

It should be noted therefore that the sum set aside recorded in the annual accounts will not therefore reflect actual hospital use in 2017/2018. This is a transitional arrangement for 2017/2018. Advice is expected to be issued in 2018/2019 to Health Boards and Integration Authorities to help establish arrangements that meet the legislative requirements and statutory guidance.

3. Events after the reporting period

The Chief Financial Officer authorised the audited accounts for issue on 4 September 2018. There have been no other material events since the date of the balance sheet which requires revision to the figures in the Accounts.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

4. Expenditure and Income Analysis by Nature

2016/2017 £m		2017/2018 £m
32.541	Locality Services	37.844
87.685	Family Health Services	88.701
72.586	Prescribing Costs	72.636
6.391	Area Wide Services Fund	6.911
3.715	Out-of Area Services	3.668
1.251	Primary Care Transformation Fund	1.844
47.661	Hosted Services – Led by the North IJB	48.775
16.641	Hosted Services – Led by the South IJB	18.566
60.000	Hospital Acute Services (Notional Set Aside Budget)	58.215
210.016	Social Care Services	209.623
6.307	Community Justice Services	6.324
2.138	Housing Services – Housing Revenue Account	1.896
0.133	Housing Services - General Fund	0.097
0.198	Corporate Services	0.260
547.263	Total Gross Expenditure	555.360
(166.331)	Funding Contribution – North Lanarkshire Council	(167.578)
(377.461)	Funding Contribution – NHS Lanarkshire	(365.986)
(0.021)	Resource Transfer – NHS Lanarkshire	(21.425)
0.789	Transfer of Hosted Service Funding to South Lanarkshire IJB	0.000
(9.120)	Specific Service Income	(8.685)
(2.581)	Other Service Income	(2.423)
(554.725)	Total Income	(566.098)
(7.462)	Surplus on the provision of services	(10.738)

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

5. Taxation and Non-Specific Grant Income

2016/2017 £m		2017/2018 £m
(376.693)	Funding Contribution from NHS Lanarkshire	(387.411)
(168.912)	Funding Contribution from North Lanarkshire Council	(170.002)
0.000	Other Non-Ring Fenced Grants and Contributions	0.000
(545.605)	Total	(557.413)

The funding contribution from the NHS Board shown above includes £60.000 million 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.

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

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:

2016/2017 £m		2017/2018 £m
(2.138)	Housing Revenue Account	(1.896)
(6.789)	Community Justice Grant	(6.692)
0.000	Garden Assistance Scheme Income	(0.097)
(0.021)	Other Justice Services Grant	0.000
(0.122)	Scottish Legal Aid Board	0.000
(0.050)	Asylum Seekers Grant	0.000
(9.120)	Total	(8.685)

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

6. Corporate Services

31 March 2017 £m		31 March 2018 £m
0.177	Staff Costs	0.233
0.004	Administration Costs	0.003
0.017	External Audit Fee	0.024
0.198	Total	0.260

7. Short Term Debtors

31 March 2017 £m		31 March 2018 £m
5.238	NHS Lanarkshire	7.056
2.224	North Lanarkshire Council	11.144
7.462	Total	18.200

8. Short Term Creditors

31 March 2017 £m		31 March 2018 £m
0.000	NHS Lanarkshire	0.000
0.000	North Lanarkshire Council	0.000
0.000	Total	0.000

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 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 REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

10. Agency 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 removed from the Comprehensive Income and Expenditure Statement, since the North Lanarkshire IJB is not acting as principal in these transactions. The net amount of expenditure and income relating to these agency arrangements is shown below:

2016/2017			Delegated Services - Hosted Services	2017/2018		
Expenditure on agency services	Income from agency services	Net Expenditure		Expenditure on agency services	Income from agency services	Net Expenditure
£m	£m	£m		£m	£m	£m
1.127	(1.127)	0.000	Sexual health Services	1.135	(1.135)	0.000
1.091	(1.091)	0.000	Continence Services	1.059	(1.059)	0.000
1.200	(1.200)	0.000	Immunisation Services	1.082	(1.082)	0.000
2.397	(2.397)	0.000	Speech and Language Therapy Services	2.588	(2.588)	0.000
2.520	(2.520)	0.000	Children and Adult Mental Health Services	2.691	(2.691)	0.000
4.803	(4.803)	0.000	Children's Services	4.886	(4.886)	0.000
0.495	(0.495)	0.000	Integrated Equipment and Adaptation Service	0.265	(0.265)	0.000
1.589	(1.589)	0.000	Dietetics Services	1.589	(1.589)	0.000
1.798	(1.798)	0.000	Podiatry Services	1.800	(1.800)	0.000
0.718	(0.718)	0.000	Prisoner Healthcare Services	0.693	(0.693)	0.000
0.777	(0.777)	0.000	Blood Borne Virus Services	0.777	(0.777)	0.000
29.034	(29.034)	0.000	Mental Health Services	29.721	(29.721)	0.000
47.549	(47.549)	0.000	Services hosted by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB	48.287	(48.287)	0.000

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

10. Agency Income and Expenditure

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 agency arrangements is shown below:

2016/2017			Delegated Services - Hosted Services	2017/2018		
Expenditure on agency services	Income from agency services	Net Expenditure		Expenditure on agency services	Income from agency services	Net Expenditure
£m	£m	£m		£m	£m	£m
1.251	(1.251)	0.000	Primary Care Transformation	1.844	(1.844)	0.000
3.259	(3.259)	0.000	Community Dental Services	3.075	(3.075)	0.000
3.040	(3.040)	0.000	Out of Hours Services	2.949	(2.949)	0.000
1.389	(1.389)	0.000	Diabetic Services	1.475	(1.475)	0.000
3.500	(3.500)	0.000	Occupational Therapy Services	3.445	(3.445)	0.000
0.865	(0.865)	0.000	Palliative Care Services	3.133	(3.133)	0.000
0.318	(0.318)	0.000	Primary Care Services	0.318	(0.318)	0.000
4.270	(4.270)	0.000	Physiotherapy Services	4.170	(4.170)	0.000
17.892	(17.892)	0.000	Services hosted by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB	20.410	(20.410)	0.000

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

11. Usable Reserve: General Fund

The IJB holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

2016/2017				Useable Reserve	2017/2018		
Balance as at 1 April 2016	Transfers Out	Transfers In	Balance as at 31 March 2017		Transfers Out	Transfers In	Balance as at 31 March 2018
£m	£m	£m	£m		£m	£m	£m
				Earmarked Reserves			
0.000	0.000	0.000	0.000	Self Directed Support Strategy	0.000	3.320	3.320
0.000	0.000	0.616	0.616	Prescribing Fund	0.000	2.265	2.881
0.000	0.000	0.000	0.000	Financial Plan 2018/2019 Contingency	0.000	1.400	1.400
0.000	0.000	0.246	0.246	Training Fund	0.000	0.680	0.926
0.000	0.000	0.000	0.000	Palliative Care Services	0.000	0.840	0.840
0.000	0.000	0.000	0.000	Integrated Service Review Programme	0.000	0.500	0.500
0.000	0.000	0.249	0.249	Adaptations Fund	(0.249)	0.466	0.466
0.000	0.000	0.403	0.403	Alcohol and Drug Partnership Fund	0.000	0.000	0.403
0.000	0.000	0.000	0.000	Project Decommissioning Strategy	0.000	0.370	0.370
0.000	0.000	0.363	0.363	Mental Health and Learning Disability Fund	0.000	0.000	0.363
0.000	0.000	0.000	0.000	Carer's (Scotland) Act 2016 Programme	0.000	0.312	0.312
0.000	0.000	1.877	1.877	Sub Total (Carried forward to next page)	(0.249)	10.153	11.781

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

11. Usable Reserve: General Fund (Cont.)

2016/2017				Useable Reserve	2017/2018		
Balance as at 1 April 2016	Transfers Out	Transfers In	Balance as at 31 March 2017		Transfers Out	Transfers In	Balance as at 31 March 2018
£m	£m	£m	£m		£m	£m	£m
0.000	0.000	1.877	1.877	Sub Total (Brought forward from previous page)	(0.249)	10.153	11.781
0.000	0.000	0.000	0.000	Self Directed Support Programme	0.000	0.300	0.300
0.000	0.000	0.000	0.000	Integrated Support Worker	0.000	0.250	0.250
0.000	0.000	0.000	0.000	IT Federated Trust Environment Strategy	0.000	0.214	0.214
0.000	0.000	0.091	0.091	Integrated Equipment & Adaptations Service	(0.091)	0.182	0.182
0.000	0.000	0.077	0.077	Financial Inclusion Service	(0.077)	0.180	0.180
0.000	0.000	0.000	0.000	Fairer Scotland Funded Programmes	0.000	0.150	0.150
0.000	0.000	0.600	0.600	Mental Health Service Redesign	(0.600)	0.115	0.115
0.000	0.000	0.000	0.000	Psychological Therapies Access Project	0.000	0.091	0.091
0.000	0.000	0.000	0.000	Active Health Programme	0.000	0.085	0.085
0.000	0.000	0.000	0.000	Mental Health Innovation Fund	0.000	0.080	0.080
0.000	0.000	0.000	0.000	Strategic Framework Support	0.000	0.080	0.080
0.000	0.000	0.000	0.000	Test of Change - High Intensity Service Users	0.000	0.077	0.077
0.000	0.000	0.000	0.000	Nurse Leadership Professional Capacity	0.000	0.073	0.073
0.000	0.000	0.000	0.000	Psychological Therapies Service	0.000	0.065	0.065
0.000	0.000	0.016	0.016	Veterans Fund	0.000	0.040	0.056
0.000	0.000	0.000	0.000	Independent Living Project	0.000	0.030	0.030
0.000	0.000	0.267	0.267	Physical Activity Programmes	(0.267)	0.000	0.000
0.000	0.000	0.140	0.140	Mobile Device Refresh Project	(0.140)	0.000	0.000
0.000	0.000	0.100	0.100	Bellhaven and Chilterns Project	(0.100)	0.000	0.000
0.000	0.000	3.168	3.168	Earmarked Reserves Total	(1.524)	12.165	13.809

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

11. Usable Reserve: General Fund (Cont.)

2016/2017				Useable Reserve	2017/2018		
Balance as at 1 April 2016	Transfers Out	Transfers In	Balance as at 31 March 2017		Transfers Out	Transfers In	Balance as at 31 March 2018
£m	£m	£m	£m		£m	£m	£m
					Contingency Fund		
0.000	0.000	0.000	0.000	Change Fund	0.000	1.000	1.000
0.000	0.000	0.000	0.000	ICT Fund	0.000	0.500	0.500
0.000	0.000	0.000	0.000	Test of Change Pilots	0.000	0.500	0.500
0.000	0.000	4.294	4.294	Balance	(1.903)	0.000	2.391
0.000	0.000	4.294	4.294	Contingency Fund Total	(1.903)	2.000	4.391
0.000	0.000	7.462	7.462	General Fund Total	(3.427)	14.165	18.200

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

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 accounts are presented to provide additional information on the relationships.

2016/2017 £m	Transactions with NHS Lanarkshire	2017/2018 £m
(376.693)	Funding Contributions received from NHS Lanarkshire	(387.411)
-	Service Income received from NHS Lanarkshire	0.000
328.472	Expenditure on Services Provided by NHS Lanarkshire	337.160
-	Key Management Personnel: Non-Voting Board Members	0.000
0.009	Support Services	0.027
(48.212)	Net Transactions with NHS Lanarkshire	(50.224)

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. 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 2017 £m	Balances with NHS Lanarkshire	31 March 2018 £m
5.238	Debtor balances: Amounts due from NHS Lanarkshire	7.056
0.000	Creditor balances: Amounts due to NHS Lanarkshire	0.000
5.238	Net Balance with NHS Lanarkshire	7.056

2016/2017 £m	Transactions with North Lanarkshire Council	2017/2018 £m
(168.912)	Funding Contributions received from North Lanarkshire Council	(170.002)
(9.120)	Service Income received from North Lanarkshire Council	(8.685)
218.593	Expenditure on Services Provided by North Lanarkshire Council	217.940
0.177	Key Management Personnel: Non-Voting Board Members	0.233
0.012	Support Services	0.000
40.750	Net Transactions with North Lanarkshire Council	39.486

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

12. Related Party Transactions

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 Accountable Officer and the Chief Financial Officer is made 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. 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 2017 £m	Balances with North Lanarkshire Council	31 March 2018 £m
2.224	Debtor balances: Amounts due from North Lanarkshire Council	11.144
0.000	Creditor balances: Amounts due to North Lanarkshire Council	0.000
2.224	Net Balance with North Lanarkshire Council	11.144

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. Contingent Assets and Liabilities

The IJB is not aware of any material contingent asset or liability as at 31 March 2018.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL REPORT AND ACCOUNTS 2017/2018**

Audit Arrangements

Under the arrangements approved by the Commission for Local Authority Accounts in Scotland (“The Accounts Commission”), the auditor with overall responsibility for the audit of the accounts of the North Lanarkshire IJB for the year ended 31 March 2017 is Audit Scotland, 4th Floor, The Athenaeum Building, 8 Nelson Mandela Place, Glasgow G2 1BT.