

# REPORT

Item No:

<b>SUBJECT:</b>	Unaudited Annual Accounts 2018/2019
<b>TO:</b>	Integration Joint Board
<b>Lead Officer for Report:</b>	Interim Chief Officer
<b>Author(s) of Report</b>	Chief Financial Officer
<b>DATE:</b>	12 June 2019

## 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 2018/2019 in line with the legislative requirements.

## 2. ROUTE TO THE INTEGRATION JOINT BOARD:

2.1 This paper has been:

Prepared By; Chief Financial Officer	Reviewed By; Interim Chief Officer
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## 3. RECOMMENDATIONS

3.1 The IJB is asked to agree the following recommendations:

- (1) that the unaudited IJB Annual Accounts for 2018/2019, 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 2018/2019 in line with the legislative requirements be noted.

## 4. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
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## **5. BACKGROUND/SUMMARY OF KEY ISSUES**

- 5.1 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.
- 5.2 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.
- 5.3 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).

## **6. CONCLUSIONS**

- 6.1 This report provides an overview of the unaudited IJB Annual Accounts for the financial year 2018/2019 in line with the legislative requirements.

## **7. IJB ANNUAL ACCOUNTS 2018/2019**

- 7.1. The unaudited 2018/2019 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 2019, having reported their findings to the IJB in advance of that date.
- 7.2. The Chief Financial Officer is following the Audit Scotland and LASAAC guidance and will make any further changes necessary in order to ensure compliance with best practice before publication.
- 7.3. 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 28 June 2019 until Friday 19 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 28 June 2019 until the date the audited Annual Accounts are published.
- 7.4. Following completion of the external audit and having taken into consideration any findings reported by Audit Scotland, the audited 2018/2019 Annual Accounts will be submitted to the IJB for approval before 24 September 2019.
- 7.5. The 2018/2019 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 2019 and any further reports by External Auditor by 31 December 2019.

## **8. IMPLICATIONS**

- 8.1 NATIONAL OUTCOMES  
This report relates to all national outcomes as effective governance arrangements will ensure that the IJB can fulfil its statutory duties.
- 8.2 ASSOCIATED MEASURE(S)  
None.

**8. IMPLICATIONS (CONT.)**

**8.3 FINANCIAL**

8.3.1 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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8.3.2 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 the use of the contingency reserve as appropriate to address increases in demand for health and social care services.

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

**8.4 PEOPLE**  
None

**8.5 INEQUALITIES**

EQIA Completed:

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

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

**10. APPENDICES**

North Lanarkshire Integration Joint Board Annual Account 2018/2019                      Appendix

.....  
INTERIM CHIEF 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 ACCOUNTS**  
UNAUDITED

**2018/2019**

DRAFT



**CONTENTS**

	<b>Page</b>
Management Commentary	3
Statement of Responsibilities	13
Remuneration Report	14
Annual Governance Statement	18
Comprehensive Income And Expenditure Statement	28
Movement in Reserves Statement	29
Balance Sheet	30
Notes to the Financial Statements	31
Audit Arrangements	46

# NORTH LANARKSHIRE INTEGRATION JOINT BOARD

## ANNUAL ACCOUNTS 2018/2019

### 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.

The North Lanarkshire Health and Social Care partnership refers to the joint working arrangements between the partners NLC and NHSL. The IJB is a separate legal entity which is responsible for the strategic planning and commissioning of the wide range of health and social care services across North Lanarkshire. The partnership is responsible for the operational delivery of the IJB's strategic directions.

In September 2018, the partners proposed an amendment to the [Integration Scheme \[https://mars.northlanarkshire.gov.uk/egenda/images/att91210.pdf\]](https://mars.northlanarkshire.gov.uk/egenda/images/att91210.pdf) to transfer the discretionary delegated functions for children, families and justice social work services to the newly reshaped Education and Families service within the council. The amendment was formally approved by the Scottish Ministers effective from 1 April 2019.

NLC and NHSL also agreed this significant change was an opportune time to carry out the review of the Integration Scheme which is required by statute before the expiry of the period of five years in June 2020. It is anticipated that the Integration Scheme will be further updated and re-submitted for approval on conclusion of the review.

The purpose of the IJB is to improve the wellbeing of people who use health and social care services and their carers' and to deliver on the nine national health and wellbeing outcomes. There are multi faceted factors which impact on the demand for health and social care services across North Lanarkshire.

- North Lanarkshire is the fourth largest and fifth most densely populated area in Scotland. The population is 339,960: 18.5% are under 16 years of age, 64.7% are aged between 16 and 64 years and 16.8% are 65 years and over. Although the population is projected to increase by a net 1% (3,421 people) by 2026, an increase of 3.3% (11,280) is projected in the age group 65 years and over. Between 2026 to 2041, the increase in this age group is projected to be 5.1% (17,385). The population across the age groups 0 to 64 will decrease by 6% (20,573), with the most significant reduction in adults of working age of 16 to 64 years (17,461).
- 21,500 of the residents live in the 5% most deprived areas of North Lanarkshire according to the Scottish Index of Multiple Deprivation. 75,000 residents live in the worst 15% datazones. 21% of children live in households that experience both low income and material deprivation. 24.8% of children live in poverty compared to a national average of 23%.
- In comparison to the Scottish average, life expectancy in North Lanarkshire continues to be lower. Mortality rates for those aged under 75 are well above the Scottish average for cancer and coronary heart disease. Hospitalisation rates for emergencies and chronic obstructive pulmonary disease are also well above the national rates.
- The percentage of the population prescribed drugs for anxiety, depression or psychosis in 2016/2017 was 20.2% which is higher than the Scottish average. This is also a 5% increase since 2009/2010.

## **NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2018/2019**

### **Introduction (Cont.)**

- 75% of adult patients who participated in a GP survey reported that they are supported to live as independently as possible which is less than the Scottish average of 81%. 33% of carers feel supported to continue in their caring role which is lower than the Scottish average of 37%.
- 23.1% of babies are breastfed at 6 to 8 weeks which is significantly lower than the Scottish average of 41.7%.
- 29% of Lanarkshire residents are living with two or more long term conditions such as anxiety/depression and COPD/asthma. 60.4% of North Lanarkshire residents over the age of 65 have two or more long term conditions. Based on information available, 19 of the 22 long term conditions are projected to see an increase in the overall prevalence over the next 5 years.

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 2019 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. The directly managed health and social care partnership services include:

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

The IJB is made up of eight voting members: four elected members appointed by NLC and four non-executive directors appointed by NHSL. Non voting members of the Board include the Chief Officer, the Chief Social Work Officer, the Nurse Advisor, the Medical Advisor, the Chief Financial Officer, the Registered Medical Practitioner and representatives for staff, the third sector, service users and carers. In March 2019, the IJB approved the Strategic Commissioning Summary which set out the commissioning intentions for 2018/2019 to achieve safer, healthier, independent lives.

### **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 Plan, We Aspire, and the NHS Lanarkshire Healthcare Strategy, Achieving Excellence are aligned.

Front-line service delivery continues to be carried out by NLC and NHSL across six localities in line with the directions from the IJB. The directions from the IJB to NHSL and NLC outline what the IJB requires both bodies to do, the funding allocated to these functions, and the mechanisms through which the performance in delivering the directions will be monitored.

Strong financial planning and management, the achievement of best value and the allocation of resources to support sustainable models of service delivery from a whole system perspective underpin everything that the IJB and the partners do to ensure our limited resources are targeted to achieve our outcomes.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**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 redesign 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.

**[TO BE INSERTED]**

**The IJB's Position at 31 March 2019**

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. Notwithstanding these pressures, within the financial envelope available to each partner and following a process of consultation, the IJB agreed a financial plan for 2018/2019 in order to achieve a balanced budget by 31 March 2019.

The total funding for the IJB in 2018/2019 was £621.583m (NHSL- £450.163m; NLC - £171.420m). This is included in the comprehensive income and expenditure statement at page XX and is further explained at note 5 on page XX.

Cost pressures were originally expected to be £20.090m in 2018/2019 comprising of £13.326m across social care services and £6.764m across health care services.

NLC transferred additional funding of £3.937m to the partnership to support social care services. In respect of the pension enrolment costs, although these were delayed to April 2019, the partnership was also able to retain the funding of £0.666m previously allocated to meet this cost. This totalled £4.603m.

NHSL transferred additional funding of £3.784m to the partnership to support health care services. A further £1.694m was transferred in June 2018 following confirmation from the Scottish Government. This totalled £5.478m.

Both NLC and NHSL maintained the same level of base cash resources to the IJB. Although base budget adjustments and savings were implemented in 2018/2019, the budgets released were retained by the IJB and re-allocated to address inflationary cost increases and demographic growth.

Additional funding for NHSL was also issued during the year. Approximately x% of the in-year NHSL funding was ring fenced for areas covered by the North and South Lanarkshire IJBs.

The cost pressures were reduced by base budget adjustments of £0.894m. Savings of £6.337m were identified and approved by the IJB (NLC - £4.592m; NHSL - £1.745m).

The funding strategy to address the balance of the remaining cost pressures of £2.778m included management actions (£1.100m), the next phase of the implementation of the transformational change programme (£0.278m) and the use of underspends on a non-recurring basis (£1.400m).

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**The IJB's Position at 31 March 2019**

The profile of expenditure which is detailed on page XX is summarised as follows:

- 36% of the budget is allocated to front line social care services (£225.947m)
- 15% of the budget is allocated to family health services (£94.362m)
- 11% of the budget is spent on prescribing (£70.288m)
- 19% is incurred on a range of hosted services, including % of all hosted services led by the North Lanarkshire IJB and also the % share of those hosted services led by the South Lanarkshire IJB (£119.676m)
- 9% is attributable to the notional set-aside budget (£56.978m) in relation to large hospital services
- 9% is incurred on a range of health care services (£56.272m)
- 1% is allocated to justice services (£6.161m)
- 0.2% relates to housing services (£1.872m)
- 0.1% is incurred in IJB corporate services (£0.745)

**Key Strategic Risks and Uncertainties**

The IJB Risk Management Strategy complements the existing risk management processes within each partner. All three risk registers are reviewed regularly by the management team. The three very high risks facing the IJB are detailed within the Annual Governance Statement on page XX.

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. Further information on the set-aside budget is included in the Annual Governance Statement on page XX.

**Matters of Strategic Importance**

The financial plan for 2019/2020 was approved by the IJB in March 2019, details of which can be located at <https://mars.northlanarkshire.gov.uk/egenda/images/att90491.pdf>.

[TO BE INSERTED]

**Annual Accounts 2018/2019**

[TO BE INSERTED]

**Dr. Avril Osborne**

**Chair**

**Date** 12 June 2019

**Ross McGuffie**

**Chief Officer**

**Date** 12 June 2019

**Marie Moy**

**Chief Financial Officer**

**Date** 12 June 2019

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**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.

**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 2018/2019 (the "Code of Practice"), as supported by the International Financial Reporting Standard (IFRS), is required to give a true and fair view of the financial position of the IJB at the financial year end and its income and expenditure for the year then ended.

In preparing the Annual Accounts, I am responsible for:

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

I am also required to:

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

**I certify that these Annual Accounts present a true and fair view of the financial position of the North Lanarkshire Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.**

**Certified By Marie Moy**

**Chief Financial Officer:** Marie Moy

**Date:** 12 June 2019

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**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 2018/2019, the Chair of the IJB was Councillor Paul Kelly and the Vice Chair was Dr Avril Osborne.

The details of the Chair and Vice Chair appointments held during 2018/2019 are shown below. No taxable expenses were paid by the IJB in 2018/2019.

<b>Name</b>	<b>Post Held</b>	<b>Nominated by</b>
Mr P. Kelly	Chair (1 April 2018 to 31 March 2019)	North Lanarkshire Council
Dr. A.Osborne	Vice Chair (1 April 2018 to 31 March 2019)	NHS Lanarkshire

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**REMUNERATION REPORT (Cont.)**

**4 Senior officers**

The Chief Officer is appointed by the IJB in consultation with NHSL and NLC.

During 2018/2019, following structural changes in NLC, the Assistant Chief Executive, Janice Hewitt was offered and accepted voluntary severance, effective from 8 April 2019. Ms. Hewitt also held the post of Chief Officer. Ms Hewitt was employed by North Lanarkshire Council and seconded to the IJB.

The post of Chief Officer was assumed by Ross McGuffie on an interim basis from 23 October 2018. Mr McGuffie 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 remuneration of the Chief Officer is set with reference to national arrangements as well as local decisions on management structures and their associated remuneration levels.

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

**6 Remuneration: Officers of the IJB**

The senior officers received the following remuneration in the period:

<b>Name</b>	<b>Salary, Fees, Allowances</b>	<b>Taxable Expenses</b>	<b>Compensation for loss of office</b>	<b>2018/2019 Total Remuneration</b>	<b>2017/2018 Total Remuneration</b>
Janice Hewitt Chief Officer (1 April 2018 to 22 October 2018)	£131,076	Nil	£450,802	£581,878	£124,384
Ross McGuffie Chief Officer (Interim) (23 October 2018 to 31 March 2019)	£41,456	Nil	N/A	£41,456	N/A
Marie Moy Chief Financial Officer (1 April 2018 to 31 March 2019)	£34,026	Nil	N/A	£34,026	£32,889

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**REMUNERATION REPORT (Cont.)**

**6 Remuneration: Officers of the IJB (Cont.)**

The Chief Financial Officer is also appointed to the South Lanarkshire IJB. The remuneration disclosed in the table on the previous page is the proportion of remuneration received in relation to the activity of the North Lanarkshire IJB during 2018/2018. The remuneration in respect of South Lanarkshire IJB is therefore shown separately in the South Lanarkshire IJB Annual Accounts.

The IJB 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.

**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 2018/19	Number of Employees 2017/18
£120,000 - £124,999		1
£580,000 - £584,999	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 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 2019	To 31 March 2018
Janice Hewitt Chief Officer (April 2018 to March 2019)	In-year pension contributions	£24,937	£27,484
	Accrued pension benefits	£53,000	£48,512
	Movement in accrued pension benefits	£4,000	£10,322
	Lump Sum	£92,000	£89,384

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**REMUNERATION REPORT (Cont.)**

**8 Pension benefits (Cont.)**

<b>Name</b>		<b>To 31 March 2019</b>	<b>To 31 March 2018</b>
Ross McGuffie Chief Officer (Interim) (23 October 2018 to 31 March 2019)	In-year pension contributions	£17,075	£14,145
	Accrued pension benefits	£3,426	£1,578
	Movement in accrued pension benefits	£1,848	N/A
	Lump Sum	Nil	Nil

<b>Name</b>		<b>To 31 March 2019</b>	<b>To 31 March 2018</b>
Marie Moy Chief Financial Officer (1 April 2018 to 31 March 2019)	In-year pension contributions	£13,134	£12,569
	Accrued pension benefits	£26,142	£22,277
	Movement in accrued pension benefits	£2,206	£1,547
	Lump Sum	£41,047	£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.

**9 Severance Costs**

The Accounting Code of Practice requires disclosure of severance costs agreed in bands of £20,000 up to £100,000 and bands of £50,000 thereafter. The severance costs which require to be disclosed include the strain on the pension as a result of employees retiring before the assumed retirement ages, compensated added years lump sums, redundancy lump sums and payments in-lieu of notice. The costs included in the bands are those for which there is a demonstrable commitment, which may be legal, contractual or constructive, at the end of the financial year under review.

The table below discloses the severance costs that were agreed by NLC and accrued in the year. There were no compulsory redundancies during 2017/2018.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**9 Severance Costs (Cont.)**

<b>Exit Packages Bands</b>	<b>2018/2019</b>		<b>2017/2018</b>	
	No. of employees	Total Severance Costs	No. of employees	Total Severance Costs
£450,001-£500,000	1	£450,801	N/A	N/A

In addition to actual severance costs incurred by NLC, the Accounting Code of Practice also requires disclosure of capitalised compensatory added years' payments that NLC may be required to pay to the pension fund up until the age at which the former employee is assumed to cease being a member of the pension scheme. It should be stressed that these cost assumptions are based on average life expectancies and so may be subject to change based on actual circumstances impacting on individual pension members.

The following table therefore details, by cost banding, an estimate of the total severance costs that may potentially be incurred by NLC up until the age at which the relevant employee(s) are assumed to cease being members of the pension scheme.

<b>Exit Packages Bands</b>	<b>2018/2019</b>		<b>2017/2018</b>	
	No. of employees	Notional Projected Lifetime Costs	No. of employees	Notional Projected Lifetime Costs
£800,001-£850,000	1	£849,961	N/A	N/A

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

**Dr. Avril Osborne**

**Ross McGuffie**

**Chair**

**Chief Officer**

**Date:** 12 June 2019

**Date:** 12 June 2019

# **NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2018/2019**

## **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 (the Act) sets out the legislative responsibilities for the delivery of integrated health and social care services. The original North Lanarkshire Health and Social Care Integration Scheme was approved by the Scottish Parliament in May 2015 and the IJB became a public sector organisation in June 2015. In April 2019, the Cabinet Secretary approved an updated North Lanarkshire Integration Scheme to reflect the transfer of the discretionary delegated functions for Children and Families and Justice Social Work Services to the newly reshaped Education and Families service in North Lanarkshire Council.

In order to comply with section 44 of the Act, the partnership Integration Scheme requires to be reviewed before May 2020 for the purpose of identifying whether any changes to the scheme are necessary or desirable. This review, which reaffirms the commitment of NHS Lanarkshire (NHSL) and North Lanarkshire Council (NLC) to the delivery of integrated health and social care services to improve the outcomes of the local population, was undertaken between October 2018 and June 2019.

Within a strategic context, the IJB has a statutory duty of best value and is required to ensure that public money is safeguarded and properly accounted for.

### **The Governance Framework**

The IJB Code of Corporate Governance, which describes the IJB's governance arrangements, will be updated to reflect the outcome of the review of the Integration Scheme in June 2019 and a hyperlink to the Code will be detailed here. The system of internal control is proportionate to the IJB's strategic responsibility and reliance is placed on the NHSL and NLC systems of internal control. The effective operation of each partner's financial and corporate systems, processes and internal controls are key to achieving the IJB's outcomes. The internal control system can only provide reasonable and not absolute assurance of effectiveness.

### **Review of Adequacy and Effectiveness**

A review of the effectiveness of the IJB's governance arrangements during 2018/2019 has been undertaken and took into consideration the following:

- the review of the Integration Scheme between October 2018 and June 2019 which included seven work streams:
  - (1) Finance; (2) Information and Communication Technology; (3) Strategic Planning;
  - (4) Governance; (5) Human Resources and Workforce; (6) Performance and (7) Operational
- the self-evaluation of the proposals outlined in the Ministerial Strategic Group for Health and Community Care's report on the Review of Progress with Integration of Health and Social Care
- an annual self-assessment against the IJB's Local Code of Corporate Governance consistent with the seven core principles and recommendations of the 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, NHSL and NLC, including consideration of their relevant internal audit and external audit reports.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Assessment of Governance Arrangements**

The assessment of the North Lanarkshire IJB governance framework and internal control system confirmed that no significant control weaknesses or significant failures have arisen in the expected standards for good governance, risk management and internal control. There are therefore no issues arising that would require to be disclosed in this statement.

The key conclusions which contributed to this overall assessment are detailed below.

- Strategic Commissioning Framework

On 27 March 2018, the IJB approved the directions to each of the partners. This included the [Commissioning Summary](#)<sup>1</sup> [<https://mars.northlanarkshire.gov.uk/egenda/images/att87773.pdf>] which set out the eight key commissioning intentions for 2018/2019. It also included four intentions which were continued from 2017/2018 and four intentions which had been previously identified for delivery in 2018/2019. At that stage of the financial year, ten new commissioning intentions were also highlighted for further development in 2019/2020.

On 27 September 2018, NLC set out a new vision for the future direction of the council in [We Aspire](#) [<https://mars.northlanarkshire.gov.uk/egenda/images/att88713.pdf>]. This vision included a proposal to revise the Integration Scheme and transfer the discretionary delegated functions for children, families and justice social work services to the newly reshaped Education and Families service within the council.

NLC and NHSL were also required to carry out a review of the Integration Scheme before the expiry of the period of five years beginning with the day on which the scheme was approved. Given the changes proposed in the We Aspire report, the partnership agreed it presented an opportune moment to expedite the review, building on the learning to date and agreeing the best direction of travel moving forwards.

The [North Lanarkshire Integration Review and Self-Assessment](#) [<https://mars.northlanarkshire.gov.uk/egenda/images/att91211.pdf>] was therefore undertaken between October 2018 and June 2019 and reported to the IJB on 12 June 2019. Improvement actions were identified and a detailed action plan is being developed to further develop integration.

The amendment to the [Integration Scheme](#) [<https://mars.northlanarkshire.gov.uk/egenda/images/att91210.pdf>] was formally approved by the Scottish Ministers effective from 1 April 2019. It is anticipated that the Integration Scheme will be further updated following the outputs of the review and re-submitted for approval.

In partnership with NHSL and NLC, the IJB continues to have effective and robust structures in place to deliver the commissioning intentions. The good governance arrangements across the partnership also effectively contribute to the implementation of Achieving Excellence, the Health and Social Care Delivery Plan and the Annual Operating Plan and [The Plan](#) [<https://www.northlanarkshire.gov.uk/CHttpHandler.ashx?id=22960&p=0>].

The strategic commissioning arrangements are effective and continue to be improved.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Assessment of Governance Arrangements (Cont.)**

▪ **Performance Monitoring Framework**

Progress against the commissioning intentions has been monitored throughout the year. The performance management framework has evolved significantly during the year, embedding a genuine performance culture across each of the localities. Following review, it is concluded that the current system is fit for purpose.

The IJB and the Performance, Finance and Audit Committee receive quarterly reports on performance, as well as six-monthly updates on the Measuring Performance Under Integration dataset. This is the framework which was introduced in 2017 by the Scottish Government as a means of providing a consistent approach to understanding the impact of integration on the health and social care system across a small number of indicators.

The operational committees in NLC and NHSL receive quarterly updates on performance, as well as more detailed reporting on any service areas that are causing concern. Operational quarterly reviews are held jointly by both Chief Executives and the Health and Social Care Partnership team hold six-monthly face to face formal reviews across all service areas.

A continuous improvement programme is in place and includes an action to continue to use performance data to drive further improvement and support informed decision making in respect of strategic planning and commissioning.

While some benchmarking has been undertaken around performance, the national IJB performance metrics are predominantly adult focused. The North Lanarkshire IJB Annual Performance Report 2018/2019 [LINK TO BE INSERTED] provides further information on our progress during the year.

The performance monitoring arrangements are effective and continue to be improved.

▪ **Financial Monitoring Framework**

The Financial Plan for 2018/2019 was agreed on 27 March 2018. In accordance with the requirements set out in the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB issued directions effective from 1 April 2018 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.

The final year-end outturn for the IJB is a net underspend of £2.570m. The key factors contributing to this position are highlighted in the management commentary. Although a positive outturn was reported across the partnership, reliance had to be placed on non-recurring funding totalling £5.373m to address the demand for social care services during the year as a result of demographic growth. Slippage in the 2018/2019 savings totalling £0.850m was also highlighted as a non-recurring cost pressure. The underspend reported by NHSL was mainly due to the lead in time to spend new funding and also vacancies across a range of services.

The 2019/2020 Financial Plan was approved by the IJB on 26 March 2019 and set out the parameters to achieve a balanced budget by 31 March 2020. It is highlighted that reliance continues to be placed on non-recurring funding solutions.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Assessment of Governance Arrangements (Cont.)**

The establishment of a minimum level of contingency reserves is recommended good practice. During 2018/2019, the demand for services necessitated the draw down of the contingency reserve. The IJB Reserves Policy has been updated to better reflect the allocation of non-recurring funding to ring-fenced, earmarked, risk-based and contingency reserves. In particular, the introduction of a category for risk-based reserves reflects those anticipated cost pressures that are not completely within the control of the IJB.

The Health and Social Care Medium Term Financial Framework was published by the Scottish Government on 4 October 2018. This framework supports the Health and Social Care Delivery Plan and sets out in more detail the potential approach and type of initiatives required to ensure continued delivery of a financially balanced and sustainable Health and Social Care system. The financial assumptions upon which this national framework has been based are still to be tested locally.

The development of the medium to long term financial outlook for the IJB is being progressed to provide a balanced and objective analysis of service priorities, financial affordability and other resource constraints, including the workforce. The financial 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 Safe Staffing legislation, the national care home contract, the Carers (Scotland) Act 2016, the implementation of free personal care for under individuals under the age of 65 and the EU withdrawal. This plan is currently under review. In the interim, reliance is being placed on the medium term financial strategies of each partner.

The effectiveness and transparency of the financial framework across the partnership continues to be developed. During the year, the financial reporting by NHSL was extended to include an audit trail of the in-year funding allocations highlighting recurring and non-recurring funding. This work will be further developed in 2019/2020. The NLC partner is also undertaking work to reduce as far as possible the financial risk associated with the range of uncertainties of demand led services. A total of nine financial monitoring reports were presented to the IJB and the PFA Committee during the year. The timing of the meetings at the start of the financial year however still requires to be addressed to reduce the gaps in the availability of the reports.

In 2019/2020, a due diligence exercise will be undertaken in consultation with NLC to agree the disaggregation of the budget as a result of the changes to the Integration Scheme.

The Scottish Government has committed to providing longer term financial settlements in 2019/2020 for the financial years 2020/2021 and beyond. This is a significant development. Up-front investment however is still required to ensure sufficient health and social care community services can be established and sustained.

The financial monitoring arrangements are effective and continue to be improved.

- **Risk Management Framework**

Following a risk management workshop in May 2018, an updated protocol was agreed. Risks have been effectively monitored throughout the year with action being taken to mitigate those risks which are higher than the tolerance level set. There are currently 17 risks which are assessed as follows: 3 – Very High; 5 – High; 8 – Moderate and 1 – Low.

**Assessment of Governance Arrangements (Cont.)**

The 3 Very High risks relate to the following:

The availability and sustainability of GP services.

Implementation of the new national contract agreed in 2017 continues, alongside a longer term Primary Care Improvement Plan which is a hosted service led by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB. Practical measures to reduce the pressure on GP practices include additional pharmacists, plans to move the responsibility for vaccinations to Health Board staff and a rolling programme to transfer the property responsibility to the NHS board where GPs feel it is the property burden which is affecting the practice's attractiveness.

Prescribing Costs

The prescribing budget was underspent by £1.464m at 31 March 2019. Notwithstanding the ongoing effective control through the Prescribing Quality and Efficiency Plan, price increases and volatility continue to impact on prescribing costs. Reliance continues to be placed on the prescribing reserve which totals £2.881m. Although this was not reduced in year, it was not possible to increase the reserve further which represents 4% of the prescribing budget.

EU Withdrawal

EU withdrawal is an external factor. Mitigating actions cannot fully diminish this risks and there continues to be significant uncertainty. An operational group which has been set up to support winter planning activity will also be an integral part of the response to the preparations for Brexit. This group comprises of individuals with expertise in areas potentially impacted by EU withdrawal. The resilience structure will facilitate the rapid assessment of issues as they emerge and designated channels will support decision-making.

The remaining 14 risks are reviewed at least every 2 to 3 months. A key development is the transition to one joint register for all six localities for both health and social care services. A collaborative exercise has also commenced with the South Lanarkshire Health and Social Partnership and NHSL to further strengthen the risk management framework with a particular focus on shared risks and assurance arrangements.

The risk management arrangements are effective and continue to be improved.

- **Operational Oversight and Transformational Change**

The review of integration offered the opportunity to review the structure. In respect of integrated service delivery, the preferred locality model will see the creation of two teams of three localities, creating greater flexibility in service models and strengthening links with the hospital sites. It is recognised that it is vital that the appropriate professional capacity is in place to meet all statutory and professional requirements including high risk decision making, professional supervision and quality assurance. Arrangements are also in place to manage the practical implications of the disaggregation of Children & Families and Justice Social Work services.

In respect of the area-wide services model, as a first phase, the aim will be to create four area-wide groupings which will include a separate Social Work area-wide service grouping while the disaggregation exercise is implemented. In future, it is anticipated that a broader integrated long term conditions and frailty grouping could be established as a second phase.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Assessment of Governance Arrangements (Cont.)**

The health 'hosted services' that currently sit within the NLHSCP locality management, alongside Home Support management, will be placed into the area-wide services structure to gain greater autonomy, oversight and synergies. It is intended that Integrated Addictions Services and Social Work Locality Support Services will move in the opposite direction to be locality delivered.

The hosted services arrangements were reviewed in May 2019 in consultation with the South Lanarkshire IJB. The membership of the hosted services group was reduced to a core group of 10 officers and the terms of reference were revised to focus on significant variance in performance from target, significant variance from budget, service development requests and savings proposals. The objective of the review is to create the conditions to agree a shared response to mutual issues of strategic importance.

The North Lanarkshire IJB Annual Performance Report 2018/2019 [LINK TO BE INSERTED] includes an overview of the key service developments and achievements realised in 2018/2019 including the Children and Adult Mental Health Services Deep Dive Review, Community Capacity Building and Carer Support, Home Support and Re-ablement, Making Life Easier, Integrated Rehabilitation Teams, Rapid Rehousing Transition Plan, High Users of Emergency Departments Project, the development of Discharge to Assess, Distress Brief Intervention, Breastfeeding developments and Care Academy developments.

The vacancy factor in 2018/2019 was an average of 5% (138 WTE), which is higher than the average vacancy factor of 3.1% in 2017/2018. The workforce plan continues to be developed to address the future implications of the Safe Staffing legislation and the requirement to maintain staffing levels. The establishment of the Care Academy has been a key priority for the partnership in this regard.

Making transformational change at the same time as managing existing services and funding pressures continue to be challenging, particularly within the current financial climate.

- **Consultation and Engagement**

There is strong collaboration between the two Local Authorities, the Health Board and both IJBs in Lanarkshire. There is a commitment to develop a whole-system approach to the delivery of integrated health and social care services to improve the outcomes of the local population. There is strong collaborative working relationships in place with VANL, the third sector and Carers. Staff engagement, Trade Union and staff side representation are essential to maintaining effective employee relations particularly during times of change and service redesign.

The consultation and engagement arrangements are effective and continue to evolve to support the delivery of the nine national health and wellbeing outcomes.

- **Estimates and uncertainties**

The operation of the set-aside budget for unscheduled care services is a key area of uncertainty. Both hospital and community services must operate together to maximise the efficacy of unscheduled care services. A whole system approach is adopted by the partners.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Assessment of Governance Arrangements (Cont.)**

A Lanarkshire Unscheduled Care Improvement Board is in place, jointly chaired by the IJB Chief Officers and the Director of Acute Services, with representation from all key stakeholders. Key strategic projects include “front door” assessment, discharge to assess, re-ablement and re-direction. Performance and improvement actions are progressed to further improve the unscheduled care targets. Notwithstanding this work, there are challenges in trying to move further funding from the acute sector into the community sector. The management of ‘set-aside’ budgets is complex however NHSL have been committed to establishing an appropriate mechanism for its operation.

Due to the complexity of allocating costs, there is a substantial time lag with ISD data to agree the notional set-aside budget which means the strategic review of changes in resource use is 18 months in arrears. This does not prevent service changes as these are modelled on a case by case basis based on local data. Local development work with ISD is underway to assess if more basic but more timely information linked to the financial ledgers could be more useful for monitoring purposes.

Cost pressures across acute services, for both the set-aside and non-set-aside services, have been managed by the health partner since 2016. Given the extent of the pressures which are facing acute services now and in the future this may not be sustainable if the current financial constraints continue.

▪ **Self-evaluation Framework and Independent Assessments**

On 15 November 2018, Audit Scotland published an update report on the progress of integration. On 4 February 2019, the Ministerial Strategic Group (MSG) for Health and Community Care also undertook a review of progress which further developed the improvement actions highlighted by Audit Scotland. Twenty five proposals were made by the MSG. A national self-evaluation tool was created which brought together the actions of both reports.

In respect of the twenty five proposals, the self-assessment indicated the North Lanarkshire HSCP response to one proposal was exemplary. This is in relation to the relationships and partnership working with the third and independent sector. 17 proposals were assessed as already established and 4 proposals were partly established. No proposal were not yet established. 3 proposals would be assessed by the Scottish Government.

The 2018/2019 Internal Audit Plan was approved by the Performance, Finance and Audit Committee on 4 September 2018.

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 2018/2019.

Audit Scotland’s Best Value Assurance Report positively reflected some of the performance improvements that have taken place through integration to date and the joint plans in place to undertake the integration review.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Overview of Control and Governance Improvements during 2018/2019**

Improvement areas to further strengthen the IJB's governance arrangements were identified in the Annual Governance Statement in the 2017/2018 annual accounts. The timeline for achieving these improvements was a two year period to 31 March 2020. A progress report in respect of these ongoing actions is detailed below.

Ref.	Area for improvement identified for 2018/2019	Action Undertaken 2018/2019
1	<p>Ensure the financial and commissioning strategies of the IJB and each partner continue to be aligned in order to progress the health and social care integration agenda and respond to the national and local policy initiatives within the context of on-going significant financial challenges.</p> <p>Review Financial Framework</p> <ul style="list-style-type: none"> <li>▪ Review Financial Regulations</li> <li>▪ Finalise the medium to long term financial strategy</li> <li>▪ Further develop transparency and financial management reporting</li> <li>▪ Specify the resources to be attached to the directions in line with strategic commissioning plan intentions.</li> <li>▪ Consider the options to review the alignment of financial resources to reflect the population and locality needs</li> </ul> <p><b>Chief Financial Officer April 2018 to March 2020</b></p>	<p>Ongoing.</p> <p>As highlighted at action point 1, the Commissioning Framework 2019 to 2022 was approved by the IJB on 26 March 2019 and can be located at: <a href="https://mars.northlanarkshire.gov.uk/egenda/images/att90476.pdf">https://mars.northlanarkshire.gov.uk/egenda/images/att90476.pdf</a></p> <p>A balanced budget was set for 2018/2019 and savings plans were progressed. A budget recovery plan was implemented to address an overspend across social care services due to an increase in the demand for services as a result of demographic growth. Work has progressed on the medium to long term financial strategy and an update will be presented to a future meeting of the IJB. An audit trail has also been developed to aid the financial management reporting and transparency.</p> <p>The North Lanarkshire Integration Scheme is currently being reviewed and will be completed by June 2019. Careful consideration is also being given to:</p> <p>(1) The Audit Scotland report on Health and Social Care Integration Update on Progress (November 2018); and</p> <p>(2) The Ministerial Strategic Group for Health and Community Care's report on the Review of Progress with Integration of Health and Social Care (February 2019)</p> <p>A self-evaluation has been undertaken and an action plan is being developed to further strengthen the existing arrangements in consultation with the partners.</p> <p>Notwithstanding the further improvements which will be progressed, the current financial governance framework has been complied with.</p>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Overview of Control and Governance Improvements during 2018/2019 (Cont.)**

Ref.	Area for improvement identified for 2018/2019	Action Undertaken 2018/2019
2	<p>Further develop the performance management framework to maintain improvement activity and evidence the shift in the balance of care.</p> <p>Review Performance Framework</p> <ul style="list-style-type: none"> <li>▪ Review performance targets and outcomes</li> <li>▪ Review shifting the balance of care</li> <li>▪ Review the ongoing sustainability of services</li> </ul> <p><b>Head of Planning, Performance and Quality Assurance April 2018 to March 2020</b></p>	<p>Ongoing.</p> <p>A performance work stream was established to support the North Lanarkshire Review of the Integration Scheme. Both Lanarkshire partnerships are viewed nationally as leading the way in integrated performance management arrangements. Notwithstanding this, improvement actions have been identified by the key stakeholders involved in this work stream. These actions will be included in the final report in June 2019.</p> <p>The performance management framework has continued to be embedded across each of the localities during the year. Performance outcomes will be included in the management commentary included in the IJB Annual Accounts. The Internal Audit Plan for 2018/2019 included a review of the performance monitoring arrangements which will be presented to a future meeting of the IJB.</p>
3	<p>Continue to embed governance structures across the partnership</p> <p>Review Governance Arrangements</p> <ul style="list-style-type: none"> <li>▪ Embed governance framework and link to the directions pathway</li> <li>▪ Provide ongoing support and personalised development opportunities for IJB members</li> <li>▪ Progress learning and review opportunities which actively encourage meaningful and constructive feedback from key stakeholders</li> </ul> <p><b>Interim Chief Officer April 2018 to March 2020</b></p>	<p>Ongoing.</p> <p>The review of the North Lanarkshire Integration Scheme, which included consideration of governance arrangements, concluded in June 2019. The governance structure moving forward proposes the key interfaces around clinical and care governance. The understanding of the governance requirements underpinning health and social care integration is developing including an increased awareness of decision-making responsibilities.</p> <p>NLC completed an audit of the IJB's governance arrangements and concluded that substantial assurance can be placed on the IJB's arrangements for reviewing and assessing its governance framework and that this framework is consistent with relevant legislative requirements and with expected good practice. Two areas of good practice were noted during the audit.</p> <p>The further development of collaborative leadership and building relationships with key stakeholders continue to be key improvement actions.</p>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Overview of Control and Governance Improvements during 2018/2019 (Cont.)**

<b>Ref.</b>	<b>Area for improvement identified for 2018/2019</b>	<b>Action Undertaken 2018/2019</b>
<b>4</b>	<p>Implementation of national agreements and new legislative duties</p> <ul style="list-style-type: none"> <li>▪ GMS 2018 contract</li> <li>▪ Carers (Scotland) Act 2016</li> <li>▪ Contribute to consultations (e.g. Safe Staffing Bill and Free Personal Care to under 65s)</li> </ul> <p><b>Interim Chief Officer April 2018 to March 2020</b></p>	<p>Ongoing.</p> <p>Significant progress has been made in respect of the implementation of legislative changes and national policy initiatives. Progress reports have been presented to the IJB throughout the year.</p> <p>Work on key priorities is ongoing including contributing to Scottish Government consultations.</p>

**Overview of Control and Governance Improvements for 2019/2020**

Following consideration of the internal review of the adequacy and effectiveness of the IJB governance arrangements, in addition to the four ongoing continuous improvement actions identified for the period from April 2018 to March 2020, further actions will be progressed in 2019/2020 to strengthen the good governance controls.

These actions, including the timeline, are summarised in the table below.

<b>Ref.</b>	<b>Area for Improvement and Outcome To Be Achieved</b>	<b>Improvement Action Agreed</b>	<b>Lead Officer</b>	<b>Timeline</b>
<b>1</b>	Implementation of the outcome of the Review of the Integration Scheme.	<p>Improvement actions have been agreed following the outcome of each of the seven work streams.</p> <p>Update reports will be presented to the IJB to advise of progress as appropriate.</p>	Interim Chief Officer	April 2019 to March 2021
<b>2</b>	Further consideration of the Ministerial Strategic Group (MSG) proposals.	<p>A range of actions have been agreed across the partnership to take forward the MSG proposals.</p> <p>The MSG have indicated that a second self-evaluation will be undertaken in 12 months to assess progress.</p> <p>Update reports will be presented to the IJB to advise of progress during 2019/2020 as appropriate.</p>	Interim Chief Officer	April 2019 to March 2021

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**Internal Audit Opinion**

Based on the programme of internal audit work undertaken in 2018/2019, it is Internal Audit's opinion that reasonable assurance can be placed on the adequacy and effectiveness of the North Lanarkshire Integrated Joint Board's framework of governance, risk management and internal control arrangements for the year ending 31 March 2019. No issues have been identified during the course of the internal audit work which would require to be disclosed in the Annual Governance Statement. Planned Internal Audit work for 2019/2020 will continue to focus on key strategic and operational areas of risk for the IJB.

**Conclusion and Opinion on Assurance**

During 2018/2019, 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 third year of operation for the IJB, these were effective and fit for purpose during 2018/2019 and there were no significant weaknesses.

While recognising that continuous improvement actions will be progressed during the fourth year of operation as set out in the 2019/2020 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.

**Dr. Avril Osborne**

**Ross McGuffie**

**Chair**

**Chief Officer**

**Date** 12 June 2019

**Date** 12 June 2019

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

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

2017/2018				2018/2019		
Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net
£m	£m	£m		£m	£m	£m
209.623	0.000	209.623	Social Care Services	225.947	0.000	225.947
88.701	0.000	88.701	Family Health Services	94.362	0.000	94.362
72.636	0.000	72.636	Prescribing Costs	70.288	0.000	70.288
117.472	0.000	117.472	Hosted Services	119.676	0.000	119.676
56.877	0.000	56.877	Hospital Acute Services (Notional Set Aside Budget)	56.978	0.000	56.978
48.423	0.000	48.423	Health Care Services	56.272	0.000	56.272
6.324	(6.692)	(0.368)	Justice Services	6.161	(6.629)	(0.468)
1.993	(1.993)	0.000	Housing Services	1.872	(1.872)	0.000
0.260	0.000	0.260	Corporate Services (Note 6)	0.745	0.000	0.745
<b>602.309</b>	<b>(8.685)</b>	<b>593.624</b>	<b>Cost of Services</b>	<b>632.301</b>	<b>(8.501)</b>	<b>623.800</b>
0.000	(604.362)	(604.362)	Taxation and Non-Specific Grant Income (Note 5)	0.000	(621.583)	(621.583)
<b>602.309</b>	<b>(613.047)</b>	<b>(10.738)</b>	<b>Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure</b> (Note 13)	<b>632.301</b>	<b>630.084</b>	<b>2.217</b>

The IJB was established on 27 June 2015. Integrated delivery of health social care services commenced on 1 April 2016. 2018/2019 is the third year of operation for the IJB.

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

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**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.

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

<b>Movements in Reserves during 2017/2018</b>	<b>General Fund Balance £m</b>	<b>Total Reserves £m</b>
<b>Opening balance at 1 April 2017</b>	<b>7.462</b>	<b>7.462</b>
Total Comprehensive Income and Expenditure	10.738	10.738
Increase or (decrease) in 2017/2018	10.738	10.738
<b>Closing balance at 31 March 2018</b>	<b>18.200</b>	<b>18.200</b>

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

**BALANCE SHEET AS AT 31 MARCH 2019**

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.

	<b>Notes</b>	<b>31 March 2019 £m</b>	<b>31 March 2018 £m</b>
<b>Long Term assets</b>			
Long Term debtors	7	2.347	5.015
<b>Current assets</b>			
Short term debtors	8	13.636	13.185
<b>Current liabilities</b>			
Short term creditors	9	-	-
<b>Net assets / (liabilities)</b>		<b>15.983</b>	<b>18.200</b>
Usable reserves	13	<b>15.983</b>	18.200
<b>Total reserves</b>		<b>15.983</b>	<b>18.200</b>

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 2019 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue on 12 June 2019.

**Authorised By Marie Moy**

**Marie Moy**

**Chief Financial Officer**

**Date:** 12 June 2019

**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 2018/2019 and its position at the year end of 31 March 2019.

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

The financial statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019, supported by the International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

**1.2 Going concern**

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

**1.3 Accounting convention**

The annual accounts are prepared under the historical cost convention.

**1.4 Accruals of income and expenditure**

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

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

**1.5 Funding**

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

**1.6 Cash and cash equivalents**

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partners. Consequently, the IJB does not present a "cash and cash equivalent" figure on the balance sheet. There is therefore no requirement for the IJB to prepare a cash flow statement. The funding balance due to or from each funding partner as at 31 March 2019 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.

**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 2019 is not material and has therefore not been accrued.

**1.9 Contingent Liability**

A contingent liability is a possible liability arising from events on or before 31 March 2019 whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's balance sheet but is disclosed in a note where it is material.

**1.10 Indemnity Insurance**

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding board member and officer responsibilities.

NHS Lanarkshire and North Lanarkshire Council have responsibility for claims in respect of the services that they are statutory responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any "shared risk" exposure from participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). The IJB participation in CNORIS is therefore analogous to normal insurance arrangements.

**1.11 Debtors and creditors**

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet.

Debtors have been analysed between short term debtors which is income receivable within one year and long term debtors which fall due after more than one year. A bad debt provision is not assessed as necessary as the debtor balances represent usable reserves held by each partner on behalf of the IJB.

There are no creditor balances.

**1.12 Reserves**

A reserve is the accumulation of surpluses, deficits and appropriation over a number of years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB. Reserves should be split between usable and unusable on the balance sheet. As at 31 March 2019, the useable reserve balance totals £15.983million. There are no unusable reserves.

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**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**

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

Within Lanarkshire, each IJB has operational responsibility for the services which it hosts on behalf of the other IJB.

In delivering these services the IJB has primary responsibility for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required.

As such, the IJB is considered to be acting as “principal” and the full costs are now reflected within the annual accounts for the services it hosts.

This is the basis upon which the 2018/2019 annual accounts have been prepared.

The relevant share of the pan Lanarkshire and area wide service expenditure is therefore included in the North Lanarkshire IJB on the basis of 51% of the total expenditure. 49% of the services relating to the South Lanarkshire IJB are also included as the North Lanarkshire IJB is acting as the principal for the delivery of these services.

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

**2.2 Hospital Acute Services (Set Aside)**

The legislation sets out that Integration Authorities are responsible for the strategic planning of hospital services most commonly associated with the emergency care pathway along with primary and community health care and social care services.

In respect of the current financial year 2018/2019, 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 2018/2019 annual accounts. This is based on 2016/2017 activity levels updated to reflect the 2018/2019 price basis and adjusted for the transfer of agreed activity out to the community during 2018/2019.

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**2. Critical judgements and estimation uncertainty (Cont.)**

It should be noted that the sum set aside recorded in the annual accounts will not therefore reflect actual hospital use in 2018/2019. This is a transitional arrangement for 2018/2019. Advice is expected to be issued in 2019/2020 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 unaudited annual accounts for issue on 12 June 2019. There have been no other material events since the date of the balance sheet which require revision to the figures in the annual accounts.

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

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**4. Expenditure and Income Analysis by Nature**

<b>2017/2018</b> <b>£m</b>		<b>2018/2019</b> <b>£m</b>
209.623	Social Care Services	225.947
88.701	Family Health Services	94.362
72.636	Prescribing Costs	70.288
97.062	Hosted Services - Led by the North IJB (Note 12)	97.837
20.410	Hosted Services - Led by the South IJB	21.840
117.472	Hosted Services – Total	119.676
56.877	Hospital Acute Services (Notional Set Aside Budget)	56.978
37.844	Health Care Services - Localities	45.770
6.911	Health Care Services - Area Wide	6.563
3.668	Health Care Services - Out-of Area	3.939
48.423	Health Care Services – Total	56.272
6.324	Community Justice Services	6.161
1.896	Housing Services - Housing Revenue Account	1.785
0.097	Housing Services - General Fund	0.087
1.993	Housing Services – Total	1.872
0.260	Corporate Services	0.745
<b>602.309</b>	<b>Total Gross Expenditure</b>	<b>632.301</b>
(167.578)	Funding Contribution - North Lanarkshire Council	(169.084)
(434.360)	Funding Contribution - NHS Lanarkshire	(450.163)
0.000	South Lanarkshire IJB Hosted Service Funding	0.000
(8.685)	Specific Service Income	(8.501)
(2.424)	Other Service Income	(2.336)
<b>(613.047)</b>	<b>Total (Income)</b>	<b>(630.084)</b>
<b>(10.738)</b>	<b>Deficit or (surplus) on the provision of services</b>	<b>2.217</b>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**5. Taxation and Non-Specific Grant Income**

<b>2017/2018 £m</b>		<b>2018/2019 £m</b>
(434.360)	Funding Contribution from NHS Lanarkshire	(450.163)
(170.002)	Funding Contribution from North Lanarkshire Council	(171.420)
0.000	Other Non-Ring Fenced Grants and Contributions	0.000
<b>(604.362)</b>	<b>Total</b>	<b>(621.583)</b>

The funding contribution from the NHS Board shown above includes £56.978 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:

<b>2017/2018 £m</b>		<b>2018/2019 £m</b>
0.000	Scottish Legal Aid Board	0.000
0.000	Asylum Seekers Grant	0.000
0.000	Social Care Services	0.000
(6.692)	Community Justice Grant	(6.619)
0.000	Other Justice Services Grant	(0.010)
(6.692)	Community Justice Services	(6.629)
(1.896)	Housing Revenue Account	(1.785)
(0.097)	Garden Assistance Scheme Income	(0.087)
(1.993)	Housing Services	(1.872)
<b>(8.685)</b>	<b>Total</b>	<b>(8.501)</b>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**6. Corporate Services**

<b>31 March 2018 £m</b>		<b>31 March 2019 £m</b>
0.233	Staff Costs	0.717
0.024	External Audit Fee	0.025
0.003	Administration Costs	0.003
<b>0.260</b>	<b>Total</b>	<b>0.745</b>

**7. Long Term Debtors**

<b>31 March 2018 £m</b>		<b>31 March 2019 £m</b>
0.499	NHS Lanarkshire	2.130
4.516	North Lanarkshire Council	0.217
<b>5.015</b>	<b>Total</b>	<b>2.347</b>

**8. Short Term Debtors**

<b>31 March 2018 £m</b>		<b>31 March 2019 £m</b>
6.557	NHS Lanarkshire	7.693
6.628	North Lanarkshire Council	5.943
<b>13.185</b>	<b>Total</b>	<b>13.636</b>

**9. Short Term Creditors**

<b>31 March 2018 £m</b>		<b>31 March 2019 £m</b>
0.000	NHS Lanarkshire	0.000
0.000	North Lanarkshire Council	0.000
<b>0.000</b>	<b>Total</b>	<b>0.000</b>

**10. Contingent Liabilities**

Contingent liabilities represent items that at 31 March 2019 are not recognised in the IJB's annual accounts because there is significant uncertainty at that date as to the necessity of the Council to make payments in respect of them.

The IJB is aware that the partner, NLC, continues to work with providers to finalise the payment of the sleepover rate as a result of the implementation of the Scottish Living Wage. Due to the uncertainty of any potential liability on conclusion of the process with the providers, no value has been attributed to these payments in the financial statements. The financial risk in respect of this matter has been mitigated by the approval of the earmarked reserve, Self Directed Support Services, at note 13.

The IJB is unaware of any other material contingent liability as at 31 March 2019.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**11. VAT**

The IJB is not VAT registered and as such the VAT is settled or recovered by the partner agencies.

The VAT treatment of expenditure in the IJB's annual accounts depends on which of the partner agencies is providing the service as these are treated differently for VAT purposes.

Where North Lanarkshire Council is the provider, income and expenditure excludes any amounts related to VAT, as collected VAT is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

North Lanarkshire Council is not entitled to fully recover VAT paid on a very limited number of items of expenditure and for these items the cost of VAT paid is included within service expenditure to the extent that it is irrecoverable from HM Revenue & Customs.

Where NHS Lanarkshire is the provider, expenditure incurred will include irrecoverable VAT as, generally, NHS Lanarkshire cannot recover VAT paid as input tax and will seek to recover its full cost as income from the IJB.

The services provided by the Chief Officer to the IJB are outside the scope of VAT as they are undertaken under a specific legal regime.

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

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**12. Principal Income and Expenditure**

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

2017/2018			Delegated Services - Services hosted by the North Lanarkshire IJB On behalf of the South Lanarkshire IJB	2018/2019		
Expenditure on hosted services	Income from hosted services	Net Expenditure		Expenditure on hosted services	Income from hosted services	Net Expenditure
£m	£m	£m		£m	£m	£m
1.135	(1.135)	0.000	Sexual health Services	1.186	(1.186)	0.000
1.059	(1.059)	0.000	Continence Services	1.033	(1.033)	0.000
1.082	(1.082)	0.000	Immunisation Services	1.053	(1.053)	0.000
2.588	(2.588)	0.000	Speech and Language Therapy Services	2.573	(2.573)	0.000
2.691	(2.691)	0.000	Children and Adult Mental Health Services	2.881	(2.881)	0.000
4.886	(4.886)	0.000	Children's Services	5.043	(5.043)	0.000
0.265	(0.265)	0.000	Integrated Equipment and Adaptation Service	0.265	(0.265)	0.000
1.589	(1.589)	0.000	Dietetics Services	1.671	(1.671)	0.000
1.800	(1.800)	0.000	Podiatry Services	1.842	(1.842)	0.000
0.693	(0.693)	0.000	Prisoner Healthcare Services	0.736	(0.736)	0.000
0.777	(0.777)	0.000	Blood Borne Virus Services	0.757	(0.757)	0.000
0.000	0.000	0.000	Hospital at Home Services	0.935	(0.935)	0.000
29.721	(29.721)	0.000	Mental Health Services	28.656	(28.656)	0.000
<b>48.287</b>	<b>(48.287)</b>	<b>0.000</b>	<b>South Lanarkshire IJB Total</b>	<b>48.632</b>	<b>(48.632)</b>	<b>0.000</b>
<b>48.775</b>			<b>North Lanarkshire IJB Total</b>	<b>49.205</b>		
<b>97.062</b>			<b>Total services hosted by the North Lanarkshire IJB (Note 4)</b>	<b>97.837</b>		

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**12. Principal Income and Expenditure (Cont.)**

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

2017/2018			Delegated Services - Hosted Services	2018/2019		
Expenditure on hosted services	Income from hosted services	Net Expenditure		Expenditure on hosted services	Income from hosted services	Net Expenditure
£m	£m	£m		£m	£m	£m
1.844	(1.844)	0.000	Primary Care Improvement Fund	1.085	(1.085)	0.000
3.075	(3.075)	0.000	Community Dental Services	3.071	(3.071)	0.000
2.949	(2.949)	0.000	Out of Hours Services	3.979	(3.979)	0.000
1.475	(1.475)	0.000	Diabetic Services	1.696	(1.696)	0.000
3.446	(3.446)	0.000	Occupational Therapy Services	3.722	(3.722)	0.000
3.133	(3.133)	0.000	Palliative Care Services	3.485	(3.485)	0.000
0.318	(0.318)	0.000	Primary Care Services	0.327	(0.327)	0.000
4.170	(4.170)	0.000	Physiotherapy Services	4.474	(4.474)	0.000
<b>20.410</b>	<b>(20.410)</b>	<b>0.000</b>	<b>Services hosted by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB</b>	<b>21.840</b>	<b>(21.840)</b>	<b>0.000</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**13. Usable Reserve: General Fund**

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

- Ring-fenced Reserves  
To ring-fence funds which require to be used for the purposes for which the funding was received.
- Earmarked Reserves  
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.
- Risk-based Reserves  
To allocate reserves to address financial costs which may arise as a result of specific risks associated with service delivery including legislative changes.
- Contingency Reserves  
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 held for specific purposes and the amount held as a general contingency.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD**  
**ANNUAL ACCOUNTS 2018/2019**

2017/2018				Useable Reserve	2018/2019		
Balance as at 1 April 2017 £m	Transfers Out £m	Transfers In £m	Balance as at 31 March 2018 £m		Transfers Out £m	Transfers In £m	Balance as at 31 March 2019 £m
				<b>Ring-fenced Reserves</b>			
0.403	0.000	0.000	0.403	Alcohol and Drug Partnership Fund	(0.358)	1.092	1.137
0.000	0.000	0.000	0.000	Family Nurse Partnership Fund	0.000	0.273	0.273
0.000	0.000	0.000	0.000	Mental Health Improvement Fund	0.000	0.235	0.235
0.000	0.000	0.000	0.000	Mental Health Services - Action 15 Fund	0.000	0.224	0.224
0.000	0.000	0.000	0.000	Children and Adult Mental Health Services	0.000	0.153	0.153
0.016	0.000	0.040	0.056	Veteran's First Point Services	(0.056)	0.136	0.136
0.963	(0.600)	0.351	0.714	Ring-fenced Reserves – Other Services	(0.714)	0.263	0.263
<b>1.382</b>	<b>(0.600)</b>	<b>0.391</b>	<b>1.173</b>	<b>Ring-fenced Reserves Total</b>	<b>(1.128)</b>	<b>2.376</b>	<b>2.421</b>
				<b>Earmarked Reserves</b>			
0.000	0.000	0.000	0.000	Health Visitor Training Fund	0.000	0.584	0.584
0.000	0.000	0.840	0.840	Palliative Care Services	(0.569)	0.298	0.569
0.000	0.000	0.000	0.000	Social Care Contract Monitoring Services	0.000	0.435	0.435
0.000	0.000	0.000	0.000	IT Developments Fund	0.000	0.429	0.429
0.000	0.000	0.300	0.300	Self-Directed Support Services	0.000	0.000	0.300
0.000	0.000	0.250	0.250	Integrated Support Worker Fund	(0.003)	0.000	0.247
0.246	0.000	0.680	0.926	Training Fund	(0.680)	0.000	0.246
0.249	(0.249)	0.466	0.466	Adaptations Fund	(0.223)	0.000	0.243
0.000	0.000	0.000	0.000	Pharmacy Services	0.000	0.223	0.223
0.000	0.000	0.000	0.000	Community Alarm Services	0.000	0.220	0.220
0.000	0.000	0.000	0.000	Sexual Health Services	0.000	0.218	0.218
0.000	0.000	0.214	0.214	IT Federated Trust Environment Fund	0.000	0.000	0.214
0.077	(0.077)	0.180	0.180	Financial Inclusion Service	(0.185)	0.212	0.207
0.000	0.000	0.000	0.000	School and District Nurse Training Fund	0.000	0.125	0.125
<b>0.572</b>	<b>(0.326)</b>	<b>2.930</b>	<b>3.176</b>	<b>Sub Total (Carried forward to next page)</b>	<b>(1.660)</b>	<b>2.744</b>	<b>4.260</b>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

2017/2018				Useable Reserve	2018/2019		
Balance as at 1 April 2017 £m	Transfers Out £m	Transfers In £m	Balance as at 31 March 2018 £m		Transfers Out £m	Transfers In £m	Balance as at 31 March 2019 £m
<b>0.572</b>	<b>(0.326)</b>	<b>2.930</b>	<b>3.176</b>	<b>Sub Total (Brought forward from previous page)</b>	<b>(1.660)</b>	<b>2.744</b>	<b>4.260</b>
0.000	0.000	0.000	0.000	Health Promotion Services	0.000	0.123	0.123
0.000	0.000	0.500	0.500	Integrated Service Review Programme Fund	(0.500)	0.000	0.000
0.598	(0.598)	1.359	1.359	Earmarked Reserves – Other Services	(1.366)	0.646	0.639
<b>1.170</b>	<b>(0.924)</b>	<b>4.789</b>	<b>5.035</b>	<b>Earmarked Reserves Total</b>	<b>(3.526)</b>	<b>3.513</b>	<b>5.022</b>
				<b>Risk-based Reserves</b>			
0.000	0.000	3.320	3.320	Self-Directed Support Services	(0.106)	0.000	3.214
0.616	0.000	2.265	2.881	Prescribing Fund	0.000	0.000	2.881
0.000	0.000	1.400	1.400	Social Care Services	(1.400)	2.025	2.025
0.000	0.000	0.000	0.000	Winter Plan Fund	0.000	0.367	0.367
<b>0.616</b>	<b>0.000</b>	<b>6.985</b>	<b>7.601</b>	<b>Risk-based Reserves - Total</b>	<b>(1.506)</b>	<b>2.392</b>	<b>8.487</b>
<b>4.294</b>	<b>0.000</b>	<b>0.097</b>	<b>4.391</b>	<b>Contingency Fund Total</b>	<b>(4.605)</b>	<b>0.267</b>	<b>0.053</b>
<b>7.462</b>	<b>(1.524)</b>	<b>12.262</b>	<b>18.200</b>	<b>General Fund Total</b>	<b>(10.765)</b>	<b>8.548</b>	<b>15.983</b>
				<b>Transfer Between Contingency Reserves</b>	<b>(3.513)</b>	<b>3.513</b>	<b>0.000</b>
				<b>Movement In Reserves</b>	<b>(7.252)</b>	<b>5.035</b>	<b>(2.217)</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**14. Related Party Transactions**

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

<b>2017/2018 £m</b>	<b>Transactions with NHS Lanarkshire</b>	<b>2018/2019 £m</b>
(434.360)	Funding Contributions received from NHS Lanarkshire	(450.163)
0.000	Service Income received from NHS Lanarkshire	0.000
384.109	Expenditure on Services Provided by NHS Lanarkshire	397.576
0.000	Key Management Personnel: Non-Voting Board Members	0.000
0.027	Support Services	0.028
<b>(50.224)</b>	<b>Net Transactions with NHS Lanarkshire</b>	<b>(52.559)</b>

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

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

<b>31 March 2018 £m</b>	<b>Balances with NHS Lanarkshire</b>	<b>31 March 2019 £m</b>
7.056	Debtor balances: Amounts due from NHS Lanarkshire	9.823
0.000	Creditor balances: Amounts due to NHS Lanarkshire	0.000
<b>7.056</b>	<b>Net Balance with NHS Lanarkshire</b>	<b>9.823</b>

<b>2017/2018 £m</b>	<b>Transactions with North Lanarkshire Council</b>	<b>2018/2019 £m</b>
(170.002)	Funding Contributions received from North Lanarkshire Council	(171.420)
(8.685)	Service Income received from North Lanarkshire Council	(8.501)
217.940	Expenditure on Services Provided by North Lanarkshire Council	233.980
0.233	Key Management Personnel: Non-Voting Board Members	0.717
0.000	Support Services	0.000
<b>39.486</b>	<b>Net Transactions with North Lanarkshire Council</b>	<b>54.776</b>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**

**14. Related Party Transactions (Cont.)**

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

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

The total cost of the Chief Officer and the Chief Financial Officer is 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, excluding severance costs which were met in full by the employing partner. Details of the remuneration of these post holders is included in the Remuneration Report.

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

<b>31 March 2018 £m</b>	<b>Balances with North Lanarkshire Council</b>	<b>31 March 2019 £m</b>
11.144	Debtor balances: Amounts due from North Lanarkshire Council	6.160
0.000	Creditor balances: Amounts due to North Lanarkshire Council	0.000
<b>11.144</b>	<b>Net Balance with North Lanarkshire Council</b>	<b>6.160</b>

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.

**15. New standards issued but not yet adopted**

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2018/2019**

**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 2019 is Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.