

MEETING:	IJB PERFORMANCE FINANCE & AUDIT COMMITTEE
DATE:	WEDNESDAY 1ST JULY 2020
TIME:	9.30AM
VENUE:	MS TEAMS

PRESENT :	<p>NHS Lanarkshire: Mr B Moore (Vice Chair), Dr A. Osborne, Mrs M. Morris</p> <p>North Lanarkshire Council: Councillors Kelly (Chair), Gallacher and Linden</p> <p>Stakeholder Representatives: Mr H Robertson, North Lanarkshire Carers Together, Mrs L Seaton, Partnership for Change (service user representative), Mr J Watson, Trade Union representative, Unison NLC,</p> <p>Board Members: Mr R McGuffie, Chief Officer, Miss M Moy, Finance Officer (S95)</p> <p>IN ATTENDANCE Ms L Duthie, Senior Auditor, Audit Scotland; Mrs C Jack, IJB Board Secretary; Mrs J Arthur, IJB Admin Support; Thomas Moan, Partnership for Change Development Worker; Neil McGrory, Journalist</p>
Apologies:	Mr P Campbell, Non Exec Director, NHSL Councillor J Logue, Leader of NLC

1. Welcome and Apologies

Cllr Kelly welcomed everyone to today's meeting.

2. Declarations of Interest

No declarations of interest were noted.

3. Report on disaggregation of budgets transferred to Education

Ms M Moy made reference to the report, requested by internal audit, which provided an overview of the methodology adopted to implement the transfer of the discretionary Children, Families and Justice Service budgets from the IJB to NLC in line with the revised Integration Scheme.

Ms Moy explained that as at 31st March, £21million of the budget had been transferred to Education & Families. Due to the complexity of the budget disaggregation exercise, based on the 2020/2021 financial position, budgets totalling £15.6m will be transferred to the Education and Families Service effective from 1 April 2020. In respect of 2019/2020, the expenditure in relation to the 2020/2021 budgets totalling £15.6m is still included in the IJB Annual Accounts 2019/2020 at the 2019/2020 cost base of approximately £14.7m. The NLC Annual Accounts 2019/2020 also account for this expenditure as services commissioned by the IJB in 2019/2020.

A Service Level Agreement between NLC and the IJB is in place which reflects the local arrangements agreed between the partners for the operational management of the services and the related financial implications including the agreement in principle to “host” services as appropriate. The detail to support the Service Level Agreement will continue to be developed.

Mr B Moore asked for the following –

1. Confirmation that the PFA would receive regular reports as work progresses. Ms Moy confirmed this would be the case and hoped that the following report would confirm from a financial perspective that remaining budgets have been reallocated. Mr McGuffie further confirmed this and acknowledged the open and collaborative process followed around this complex piece of work.
2. Confirmation that there would be no impact on the reserve position. Ms Moy confirmed there were plans to carry out a full review of reserves as a result of the Covid impact but working on the assumption that there would no need to allocate any of the reserves to Children & Families. The review of reserves would be carried out in full consultation with NLC and NHSL finance directors.
3. Confirmation of any risks in relation to the process as the report did not make any reference to this. Ms Moy advised ensure there is a focus on risk included in progress reports.

Mr J Watson asked when the Head of Adult Social Care was likely to be appointed. Mr R McGuffie advised the process had been delayed as NLC committees were stood down during the Covid period but dates were now set to recommence the process in early September.

Decided: The PFA agreed the following recommendations:

- (1) that the contents of the report be noted;
- (2) that the progress made to date on the transfer of the discretionary budgets between the IJB and NLC over a transitional 18 month period to September 2020 be noted;
- (3) that the local operational arrangements which have been agreed for the allocation and management of the budgets during the transitional period be endorsed; and
- (4) that the Service Level Agreement in respect of the transfer of the discretionary delegated functions from the IJB to NLC is considered and submitted to the IJB on 22 September 2020 for formal retrospective approval.

4. Financial Monitoring Report 2019/2020

Ms M Moy made reference to the report which provided a summary of the financial position of the North Lanarkshire Health and Social Care Partnership (HSCP) for the period from 1 April 2019 to 31 March 2020 (Health Care Services) and 31 March 2020 (Social Work and Housing Services).

Ms Moy noted the following points -

- Underspend of £5.692 million on health care services mainly due vacancies and underspend in prescribing. Covid costs absorbed within this have avoided the need to seek any bridging allocation from Scottish Government.
- Underspend of £0.866m on social care and housing services. Management actions taken have improved the position significantly. Important to note that NLC may have had to draw down full reserve of £2.962 million plus access contingency fund but this was not necessary and the contingency remains intact.
- All reserves will be reviewed and will consult with finance directors to use to best effect. It is hoped that funding will come from Scottish Government to deal with the impact of Covid but the amount was not yet known.

Cllr Linden noted that £0.273m was drawn down from the Family Nurse Partnership ring-fenced reserve. Family Nurse Partnership Funding of £0.326m was also returned to the Scottish Government in 2019/2020 and asked on what basis this was being returned. Ms Moy explained that when FNP was being set up, the Scottish Government allocation wasn't fully spent, mainly due to vacancies. Although we had been able to keep the funding at the start of the FNP project, more recently Scottish Government had asked that earlier years unused allocations be returned. However there would be an opportunity to request further funding in the future. There was no anticipated underspend this year or any unfilled vacancies.

Volatility and uncertainty around prescribing costs continue to represent a high-risk area within the NHSL element of the partnership's budget. There is a risk that prescribing could overspend in 2020/2021 as a result of both the Covid-19 pandemic and also the EU withdrawal. Prescribing costs, including the planned savings targets for 2020/2021 will continue to be closely monitored.

Cllr Linden referred to item 12.2.2 and the risk that that there could be overspend in the prescribing budget as a result of Covid and asked how this could be better managed or mitigated. Ms Moy explained that North Lanarkshire have done very well to achieve significant efficiency savings through successful initiatives. The prescribing costs will continue to be monitored closely and risk is being actively managed. Mr McGuffie further added that a number of other issues can also affect prescribing costs e.g. ingredients for specific drugs.

Cllr Gallacher asked should Scottish Government not be providing health boards with more funding and if officials were looking for further savings. Ms Moy advised that a remobilisation process was in place and Scottish Government were being kept informed. An initial tranche of funding has been given by Scottish Government to manage the impact of Covid. As it was not yet known what further funding would be provided by Scottish Government, officers were working collectively with NHSL and NLC colleagues to review and redesign services and make further savings, e.g. the introduction of the community alarm charge which was paused due to Covid but had now been built into the remobilisation plan to show it was a projected saving but delayed due to Covid.

Mr Moore referred to the lack of drawdown of funding relating to alcohol and drugs and requested a progress report on this. Mr McGuffie explained that work to reconvene a North Lanarkshire ADP had slowed this process, but work was now getting back on track. It was confirmed this was a recorded action that would be included in the agenda for the next meeting.

Mr Moan noted frustration that there was an underspend in ADP and also shown in Primary Care, but it was confirmed that the funding would not be lost, but instead rolled over to the end of the current programmes.

Mr McGuffie again noted that the ADP being re-formed now put ourselves in a better position so the challenges seen to date should reduce imminently.

Further discussion ensued around some service areas where it has proved difficult to recruit to roles, including CAMHS, SLT and Psychological Services. In each of these service areas, permission has been given to over recruit above establishment, in recognition of the rate of staff turnover and often only annual recruitment opportunities linked to educational programmes.

Mrs Morris noted the importance of investment in technology enabled care. Covid has shown this has a future.

Mr Robertson queried the overspend around Frank's Law and the Carer's Act when there were ring-fenced reserves. Both Ms Moy and Mr McGuffie reassured Mr Robertson that all funding specifically for Frank's Law had been fully utilised for that purpose and services delivered, noting that as it was not known where the impact would be, and the money had been kept separate. Money was now being matched from the separate budget to the main budget.

Decided: The PFA agreed the following recommendations:

- (1) Note the contents of the report;
- (2) That the final year-end outturn of a net underspend of £6.558m (NHSL - £5.692m; NLC - £0.866m) is noted;
- (3) That the draw-down of £6.127m from reserves, as highlighted at section 11, is noted;
- (4) That the net movement on the IJB reserves of £0.431m is noted;
- (5) That the retention of £0.208m by the partner, in line with the agreed accounting policy for the Housing Revenue Account, is noted;
- (6) That the proposed reserves totalling £6.558m as set out at section 11 is endorsed in principle pending a comprehensive review of all reserves balances including new reserves and subject to IJB approval;
- (7) That the additional costs incurred in March 2020 to respond to the Covid-19 pandemic are noted; and
- (8) That the requirement to review the financial planning assumptions set out in the IJB Financial Plan for 2020/2021, taking into consideration the year-end outturn and the financial implications of the Covid-19 pandemic is endorsed.

5. IJB Annual Accounts (Unaudited) 2019/2020

Ms Moy made reference to the report which provided an overview of the unaudited IJB Annual Accounts for the financial year 2019/2020 in line with the legislative requirements. Ms Moy noted the following -

- The accounts reflect the financial position as discussed in the previous item. Regulations require these are considered. The accounts do not need approved at this stage as they are unaudited.
- It was important to note from item 3 that £14.7million expenditure has not yet moved across. Auditors considering this and working with them around this.
- Accounts now publically available for inspection and next stage will be that external auditors will bring audit report in September with any recommendations.
- Annual governance statement will continue to change over coming months as should reflect anything of relevance that comes to the fore during period of audit so the document is likely to be updated.

Cllr Linden referred to point 12 of the Unaudited Accounts and asked what period of time the annual compensation would be paid to the former IJB Chief Officer and if the full sum of £265,434 was also paid. Ms Moy explained that the Chief Officer remuneration was included as a comparative for last year. The totality of the package was reported in previous years. The sum of £254,434 paid was payment for one full year. Ms Moy advised she would however seek full clarification on the arrangement.

Cllr Linden asked how Ms Moy envisaged the Medium to Long Term Financial Plan being impacted by Covid 19 and Redesign and Recovery as this was not articulated in the report. Ms Moy advised that the IJB Financial Plan for 20/21 would be revisited in line with the framework for medium to long term that was now in place. Going forward, discussions would take place earlier in the financial year to give officers the opportunity to review on a longer term basis, considering opportunities for service redesign and where there was a need to disinvest over a longer period to achieve balance. The initial task would be to revisit 20/21 assumptions.

Mr Moore referenced page 8 of the report and asked for a progress update on the H&SCNL integration structure. Mr McGuffie advised this had been delayed due to Covid 19 but the process had now recommenced and meetings were in place with staffside colleagues from both NHSL and NLC to agree the process for taking forward.

Dr Osborne referred to page 18 of the report and asked if there was any criteria or clarity from Scottish Government around the funding that would be made available to help with the additional costs as a result of Covid 19. Ms Moy advised there has been no clarity but understood that Scottish Government were in the process of validating the mobilisation plan submissions. Additional evidence had been requested. Feedback from the process so far was that financial costs included by us were fair and reasonable. At the moment funding will be non-recurring. If however a recurring funding allocation is made further discussions will be needed around how that money will be allocated.

Decided: The PFA agreed the following recommendations:

- (1) that the unaudited IJB Annual Accounts for 2019/2020, as appended to this report, be considered;
- (2) that the submission of the unaudited annual accounts, as appended to this report, to the External Auditors be noted; and
- (3) that the arrangements for publication of the IJB Annual Accounts for 2019/2020 in line with the legislative requirements be noted.

6. Governance Update

Ms Moy made reference to the report, the purpose of which was to:

- raise awareness of the principles for sustainability payments to social care providers during the COVID 19 pandemic
- provide an update on the additional funding received from the Scottish Government in respect of the Covid-19 pandemic
- highlight the key priorities moving forward and the requirement to continue to review the IJB and each partner's governance arrangements to support the response, recovery and redesign of services following the pandemic

Ms Moy highlighted that –

1. The report sets out sustainability payments to Social Care (SC) providers. The cost pressure around this is as yet unknown but it is hoped Scottish Government will fund all reasonable additional provider costs.

2. Request made to allow the Chief Officer to have final authority on the final allocation to ensure the money is allocated properly. Actual costs to date are still being worked on and will be reported at a future meeting.
3. The receipt of additional funding of £0.612m for allocation to the partner NLC as a contribution towards the cost of the living wage in 2020/2021. The expectation is that this will be recurring.

Mr T Moan highlighted the importance of engagement with service users and carers and asked if there were clear plans to ensure this was in place. Mr McGuffie assured Thomas that absolute commitment to this is there but there needs to be agreement on how this can be done as traditional methods of engagement are not available due to the pandemic. The Participation & Engagement Steering group would be an important mechanism during this time.

Decided: The PFA agreed the following recommendations:

- (1) that the contents of the report be noted;
- (2) that the principles for sustainability payments to social care providers during the COVID 19 pandemic, as set out in the attached appendix, are noted on the understanding that the Scottish Government will meet all reasonable additional provider costs up to the end of July 2020, as they are aligned to Mobilisation Plans, whereupon the principles will be reviewed;
- (3) that the allocation of the additional Scottish Government funding of £2.976m particularly to support immediate challenges in the social care sector is noted
- (4) that authority is delegated to the Chief Officer to agree the allocation of the funding of £2.976m in consultation with the Chief Financial Officer, the Head of Financial Solutions of North Lanarkshire Council (NLC) and the Director of Finance of NHS Lanarkshire (NHSL);
- (5) that the allocation of the additional Scottish Government funding of £0.302m to the NLC partner as a contribution to the cost of the 2020/2021 living wage rate uplift is noted; and
- (6) that the ongoing development of the IJB and each partner's governance arrangements is endorsed.

Cllr Kelly wished to put on record thanks and gratitude from the IJB to all H&SC, NHSL and NLC staff, the voluntary sector etc. for their continued hard work and commitment throughout the pandemic.

7. DATE OF NEXT MEETING – 11th August 2020