

REPORT

Item No: 15

SUBJECT:	Unaudited Annual Accounts 2020/2021
TO:	Integration Joint Board
Lead Officer for Report:	Chief Officer
Author(s) of Report	Chief Financial Officer
DATE:	22 June 2021

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 2020/2021 in line with the legislative requirements.

2. ROUTE TO THE INTEGRATION JOINT BOARD:

2.1 This paper has been:

Prepared By;	Reviewed By;
Chief Financial Officer	Chief Officer

3. RECOMMENDATIONS

3.1 The IJB is asked to agree the following recommendations:

- (1) that the Annual Governance Statement and the continuous improvement actions included in the IJB Annual Accounts for 2020/2021 are endorsed;
- (2) that the unaudited IJB Annual Accounts for 2020/2021, as appended to this report, be noted;
- (3) that the arrangements for publication of the IJB Annual Accounts for 2020/2021 in line with the legislative requirements be noted; and
- (4) that authority is delegated to the Chief Financial Officer to amend the IJB Annual Accounts for 2020/2021 before the publication date of 30 June 2021 to reflect feedback from the IJB.

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. BACKGROUND/SUMMARY OF KEY ISSUES (CONT.)

- 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 the unaudited IJB Annual Accounts for the financial year 2020/2021 in line with the legislative requirements.

7. IJB ANNUAL ACCOUNTS 2020/2021

- 7.1 The unaudited IJB Annual Accounts 2020/2021 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. Subject to the impact of the Covid-19 pandemic, the intention is to complete the audit and report the outcome to the IJB by 9 November 2021, having reported their findings to the IJB in advance of that date. If this timeline cannot be achieved, the IJB will be advised of the revised timeline at the earliest opportunity.
- 7.2 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 Wednesday 1 July 2021 until Wednesday 22 July 2021 inclusive. The Regulations also require publication of the Annual Accounts on the IJB’s website. The unaudited Annual Accounts are therefore available online from 1 July 2021 until the date the audited Annual Accounts are published.
- 7.3 Under normal circumstances, the IJB Annual Accounts 2020/2021 should be published by 31 October 2021 and any further reports by External Auditor by 31 December 2021. The Independent Auditor’s Report and the External Audit Annual Report will be available by 26 October 2021. Following completion of the external audit and having taken into consideration any findings reported by Audit Scotland, the audited IJB Annual Accounts 2020/2021 will be submitted to the IJB (Performance, Finance and Audit) Committee for approval by 9 November 2021. The IJB Annual Accounts 2020/2021 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.
- 7.4 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. The IJB is asked to delegate authority to the Chief Financial Officer to amend the IJB Annual Accounts for 2020/2021 before the publication date of 30 June 2021 to reflect feedback from the IJB.

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 STAKEHOLDER ENGAGEMENT

There has been consultation between the Chief Financial Officer and the External Auditor in respect of the External Audit Plan and the requirements to support the external audit within the agreed timeline.

8.6 INEQUALITIES & FAIRER SCOTLAND DUTY

EQIA Completed & Fairer Scotland Impact Assessment Form Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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8.7 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 2020/2021

Appendix



.....
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**

2020/2021



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NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2020/2021

MANAGEMENT COMMENTARY

Introduction

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

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

This management commentary provides an overview of the key outcomes relating to the objectives and strategy of the IJB. It considers our financial performance for the year ended 31st March 2021 and provides an indication of the issues and risks which may impact upon our finances in the future.

The Role and Remit of the IJB

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

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

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

The IJB's Business Model and Strategy

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

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

² <https://mars.northlanarkshire.gov.uk/egenda/images/att93865.pdf>

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2020/2021

The IJB's Outcomes for the Year

The updated [Integration Scheme](#)³ was approved by the Cabinet Secretary effective from 1 April 2019. This ensured compliance with the statutory requirement to review the Integration Scheme within the five year timescale of May 2020 and also reflected the transfer of the discretionary delegated functions for Children, Families and Justice Services from the IJB to Education and Families Service in NLC.

Extensive consultation was undertaken to develop the [Strategic Commissioning Plan 2020-2023](#)⁴. The performance across the HSCP is reported regularly to the IJB throughout the year and is highlighted at page 21. The key outcomes for individuals in North Lanarkshire are summarised as follows:

- The World Health Organisation declared a Covid-19 pandemic on 12 March 2020. Command structures were immediately put in place in both North Lanarkshire Council and NHS Lanarkshire, with the North Lanarkshire and South Lanarkshire Health and Social Care Partnerships fully participating across both governance arrangements. The IJB exercised agile governance principles and the Chief Officer participated as a full and active member of North Lanarkshire Council and NHS Lanarkshire's Gold Command structures and the Lanarkshire Resilience Partnership. The IJB is now included as a Category 1 Responder.
- The delivery of the Covid-19 pandemic vaccination programme is now at an advanced stage. From March 2021, 2 supercentres with capacity to vaccinate more than 50,000 people each week, 7 local centres and mobile units are operational to ensure people across Lanarkshire are vaccinated safely, quickly and more efficiently. This model provides flexibility allowing pace of delivery to increase when vaccine supplies allow.
- The Redesign of Urgent Care Services was progressed at pace to reduce the number of patients presenting at A&E and to direct them to other more appropriate services. A Hub and two Acute Respiratory Illness Centres (ARIC) for Covid-19 cases were initially established in Hamilton and Airdrie. Due to reduced demand, this was reduced to one ARIC in Hamilton in July 2020. The Airdrie site however remains on standby if demand increases. Patients suffering symptoms at home initially make contact through NHS24. Following the initial triage, they are then signposted to the NHS Lanarkshire Covid Hub. Patients are clinically triaged via the Hub and if required are then asked to attend the local ARIC. The model re-directs patients away from the routine GP pathway and diverts a flow of patients from the front door of the hospital. The centres have been staffed by volunteer GPs, Nurses and Allied Health Professionals and have been very effective.
- A Care Home Support Team was established to support testing, oversee the management of outbreaks, monitor workforce requirements, supply mutual aid and provide ongoing surveillance. In addition to the enhanced support to independent contractors from the NLC Social Work Quality Assurance Team, the social care provider sustainability payments were processed by NLC in line with the Scottish Government guidance. In November 2020 a Care Home Outbreak Oversight Group was also established, chaired by a Public Health Consultant, to provide oversight of all active outbreaks.
- In March 2020, the demand on delayed discharge activity was up by 30% with 125 delays recorded. A Planned Date of Discharge approach is being adopted which is having a sustained impact on performance and is contributing significantly to the effective management of the available bed capacity within the Acute Service, particularly during the Covid-19 pandemic.

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

⁴ <https://mars.northlanarkshire.gov.uk/egenda/images/att93862.pdf>

NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021

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

- A whole system approach has been adopted to increase the resilience of community health and social care services including statutory services, independent providers and the third and voluntary sector through the redeployment of staff, increasing existing staff capacity and the reliance on volunteers. Partners and staff have embraced different ways of working and new technologies including remote service delivery and the use of telephone and Near Me (video) consultations to minimise footfall and enable face-to-face consultations for patients and service users who need it the most.
- Significant work has been undertaken to continue to align the Remobilisation Plan with the Strategic Commissioning Plan 2020-2023 ambitions and the Programme of Work. 53 service reviews have been undertaken to refresh the key priorities for 2021/2022 and to build on the recovery plans. Many aspects of the Programme of Work had moved forward more quickly due to the emergency response to the Covid-19 pandemic. Engagement continued with stakeholders to develop the detail of the plan. Response, Redesign and Recovery groups have been established to remobilise services.
- People continue to be supported to live full and active lives in their own homes and localities, minimising the use of hospital settings. During the public consultation exercise on the Strategic Commissioning Plan, the following top three priorities were identified:
 - People should be in control of the care they receive and it should meet their needs
 - People are supported to maintain independence and manage their care needs
 - People are supported and helped to avoid preventable conditions
- Services and supports are being developed in line with these priorities to enable people to live as long as possible, not just within the community but connected to the community. Care Home usage across North Lanarkshire was well below the Scottish average. A significant percentage of adults with long term needs receive personal care at home.
- The first phase of the redesign of Home Support Services saw the expansion to two reablement teams in every locality in order to ensure any referrals for new or increased packages of care could be supported with up to 12 weeks of reablement to maximise independence before moving towards any ongoing care package. Since this development, over 70% of new or increased packages of care have commenced with reablement with over 45% of those requiring no ongoing package of care at the end and a further 30% requiring a reduced package of care. The Reablement service has also provided proactive supports to enable Discharge to Assess cases to be discharged into the community safely. The second phase of the new Home Support model is now being implemented. The roll out of electronic dynamic scheduling for the Home Support Service is being taken forward by the NLC Digital team. The management of the locality services will be centralised and efficiency savings up to 20% are anticipated. This will create additional capacity for assessment and reviews and to meet increasing demand.
- The Integrated Rehabilitation Team model was rolled out in October 2018 with multidisciplinary teams comprising of both NLC and NHS staff including Physiotherapy, Occupational therapy and therapy assistant staff across the 6 localities. The primary aim of the teams is to provide a range of specialist rehabilitation to enable maximum personal outcomes and wellbeing for the people in North Lanarkshire. The teams provide prompt rehabilitation responses to support early discharge planning from hospital or, where possible, help avoid hospital admission. The aim is to shift the balance of care towards the community. The IRTs have played a crucial role in supporting the development of the Discharge to Assess methodology in North Lanarkshire. Data suggests an increase in capacity in the range of 25% through use of our prioritisation framework and reduced duplication between professions. The partnership has supported around 500 discharges using this methodology, with an average 5 bed day saving per case.

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

- NHS Near Me virtual clinics were developed in April 2020 in response to Covid-19 restrictions and have had a hugely beneficial impact on the service, enabling some non-urgent referrals to be assessed and managed effectively. This has reduced waiting times and numbers, managed the risks for service users and helped to reduce the risk of further deterioration and hospital admissions.
- The mixed market of provision supports genuine choice and control for people. This has seen a significant investment in the relationship with the 19 independent sector providers on the Self-Directed Support Framework. This relationship offers greater flexibility to achieving outcomes, promotes inclusion and connection and incorporates digital responses. This requires trust, co-operation and a partnership approach between all stakeholders. The operating model supporting individual budgets has also developed to ensure financial stability for providers whilst ensuring best value for people considering the use of their indicative budget. Choice and control are further promoted through the option of people receiving their individual budget as a direct payment.
- The Carers (Scotland) Act 2016 came into force on 1st April 2018. North Lanarkshire Carers Together is the overarching carer information service in North Lanarkshire, overseeing a range of information and advice services relevant to carers' needs. They work in partnership with health and social care, community and voluntary sector colleagues to identify and to support hard to reach carers. North Lanarkshire Young Carers Project also supports young carers aged 8-18 (or age 18 and still at school). They raise awareness, identify and provide direct support to children and young people who look after or help to look after someone in their family who is unwell or disabled, including children caring for parents who have mental health or substance misuse problems.
- Through the Community Solutions programme, a strategic funding programme for the community and voluntary sector managed by VANL, the third sector interface in North Lanarkshire, North Lanarkshire Council has invested in a number of condition specific, locality based services which offer information, activities and support to carers. The Community Solutions Programme (CSP) has made a significant contribution to supporting vulnerable groups and communities during the Covid-19 pandemic. The CSP utilises eleven project hosts to guide best practice (e.g. in physical activity; healthy eating; anticipatory planning; transport etc) and six locality host organisations to ensure a truly community led approach.
- The CSP approach ensures that all activity contributes to IJB outcomes and that best value is achieved. Additionally, the CSP is able to use its budget to leverage a significant, although variable, amount of additional funding and in-kind contributions. New funding generated for 2020/2021 onwards of £0.6m was secured. VANL, North Lanarkshire Council, NHS Lanarkshire, and NLHSCP continue to work in partnership to develop a Recovery, Renewal and Strategic Investment Plan informed by the CSP approach.
- Mental Health and Learning Disability Services are a hosted service which is managed and strategically led within North Lanarkshire on behalf of both HSCPs. The Lanarkshire Mental Health and Wellbeing Strategy set in progress a range of service improvements for all age groups. Access to mental health services expanded in Accident and Emergency Departments, police custody suites and prisons as a result of the availability of Action 15 funding. Specialist mental health services are available to women during and immediately after pregnancy.
- Through the Mental Health and Wellbeing Strategy and following the Children and Adolescent Mental Health Service deep dive review, improvement actions were being implemented. Services however were constrained and prioritised as a result of the Covid-19 pandemic which has created a significant adverse impact on capacity and waiting times.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

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

- Remobilisation plans are now in place, with previously agreed areas of development continuing to progress within the current restricted environment. While some developments have had to be placed on hold, others such as IT developments for patient consultations and the use of self-help resources have managed to accelerate. The continued implementation of these plans is a key priority for the IJB in 2021/2022 given the increased profile of demand for Mental Health services as a result of the impact of the Covid-19 pandemic.
- During 2020/2021, the Community Mental Health Services were localised to deliver more effective integrated partnership working between health and social care within both primary and secondary care services. The North IJB will continue to hold the strategic responsibility for Mental Health and Learning Disability Services as per the Hosted Services agreement, co-ordinating and delivering the mental health and wellbeing strategy, in conjunction with all local partners. This is the first Hosted Service where part of the budget is being realigned to the directly managed locality budgets in both Partnerships.
- A stakeholder event was held in October 2020 to restart the implementation of the Mental Health and Wellbeing Strategy and to consider the implications of the Covid-19 pandemic particularly on individuals who are most socio-economically disadvantaged and experiencing inequality. A pan-Lanarkshire Good Mental Health for All group has been established and action plans developed for both North and South Lanarkshire. These will be revisited to ensure we work across all agencies to address the mental health and wellbeing needs of the whole population as we emerge from the Covid-19 pandemic.
- A Strategic Lead to take forward the Alcohol and Drug Partnership (ADP) was appointed during the year. The ADP Board and supporting structures have been strengthened by the introduction of an ADP Finance Sub Group. The development of the NLADP Strategic Plan and the supporting Investment Plan are being progressed and will incorporate the findings from the scoping study which was undertaken by Scottish Families Affected by Alcohol and Drugs, the Scottish Drugs Forum findings from the two day Staying Alive events and the lived experience of people in North Lanarkshire. The Scottish Government has stated that we face a public health emergency in relation to the unacceptable number of drug deaths in Scotland. The First Minister set out a National Mission to reduce drug deaths by listening and learning from those with lived experience and improving treatments and other support services. The North Lanarkshire ADP commissioning intentions are being reshaped to create a robust response to the challenge of avoidable drug deaths in North Lanarkshire and to inform the proposed Investment Plan.
- A range of service waiting times were negatively impacted on by the Covid-19 pandemic, including Children and Mental Health Service, Psychological Therapies and Children and Young People Speech and Language Therapy. Although a recovery plan was in place, it has not yet been possible to return to the pre-Covid-19 performance levels. CAMHS and Psychological Therapies are areas of high risk.
- The implementation of the revised Health and Social Care Leadership Structure was originally delayed until March 2020 as work was undertaken through both the NLC and NHSL HR systems. Unfortunately, the Covid-19 pandemic further delayed roll out. The revised structure was implemented in January 2021. Financial governance, staffing governance, support care and clinical governance and performance structures have been refreshed to reflect revised sector and area wide responsibilities. The structural changes have also embedded engagement and participation in operational practice. The work around a new model of finance was driven by the outcome of national Integration Review, with some local options identified. This process however has currently been delayed pending further consideration.

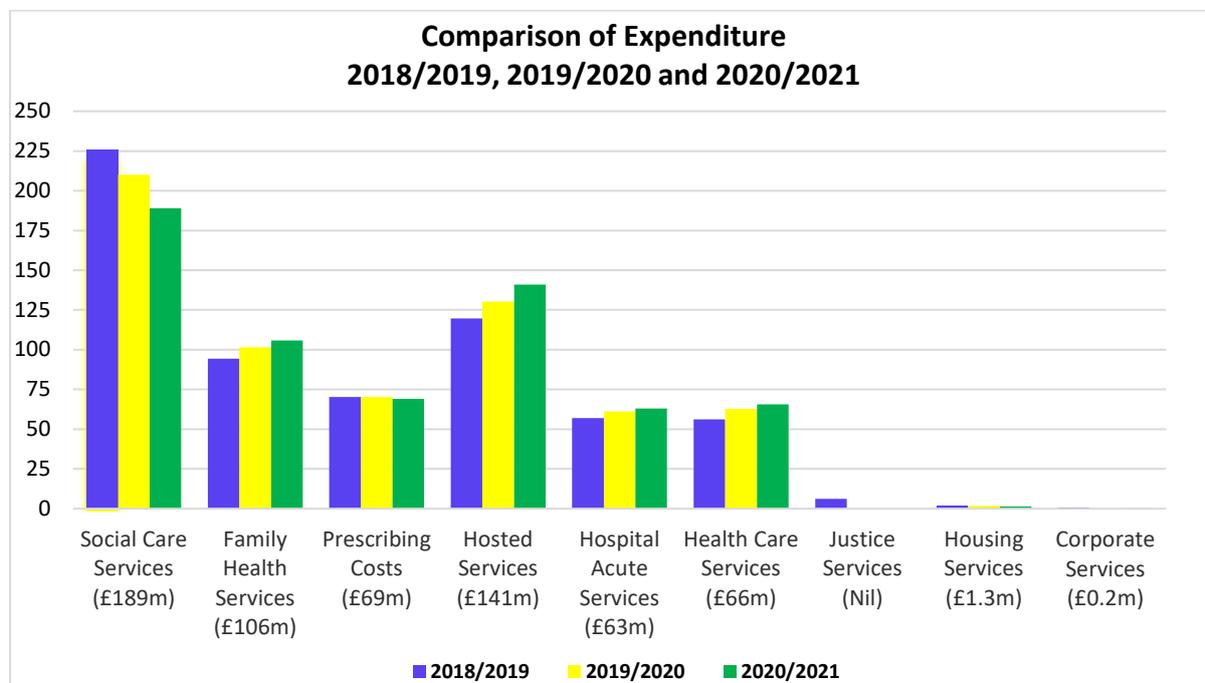
**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

The IJB’s Financial Position at 31 March 2021

The delegated funds for the IJB come from NLC and NHSL. The level of funding available to the IJB is therefore heavily influenced by these organisations’ grant settlements from the Scottish Government. The [IJB Financial Plan 2020/2021](#)⁵ was approved on 24 March 2020.

- Demographic growth, inflationary cost pressures and national priorities were originally projected to increase costs by £30.5m in 2020/2021 (NHSL - £14.6m; NLC - £15.9m).
- Additional funding invested in the HSCP totalled £21m (NHSL- £11.9m; NLC - £9.1m). The NLC partner increased the partner contribution by a further £2m. The NHSL partner increased the partner contribution by a further £8.2m for the inflation uplift of 3% on the health services delegated to the IJB. Additional Scottish Government funding of £10.8m was received to implement the agreed national priorities.
- The funding gap was therefore £9.4m. In order to address this, base budget adjustments for NHSL of £0.2m and savings totalling £3.7m (NHSL - £0.4m; NLC - £3.3m) were approved. The savings proposals recommended to the IJB were the best fit with the strategic commissioning intentions and the best value requirement to use resources more effectively. Budgets released from base budget adjustments and savings were retained by the IJB and re-allocated to address inflationary cost increases and demographic growth.
- Additional income totalling £1.4m was anticipated by the NLC partner following the implementation of a charge for the community alarm service. Reliance was being placed on non-recurring reserves totalling £0.8m (NHSL - £0.6m; NLC - £0.2m) and management actions (NLC - £1.6m). The balance of cost pressures remaining was £1.9m. Further work was to be undertaken to confirm if the expected cost pressure could be delayed.
- Additional funding for NHSL was also issued during the year, the detail of which is included in the financial monitoring reports presented to the IJB and PFAC.

The actual expenditure incurred in 2020/2021 is detailed at note 4 on page 38 and is compared to the actual expenditure incurred in 2019/2020 and 2018/2019 in the graph below.



The main factor contributing to the reduction in Social Care Services expenditure was the transfer to Education and Families Services of Children, Families and Justice Services (2019/2020 - £21m; 2020/2021 - £15.6m) in line with the change in the Integration Scheme.

⁵<https://mars.northlanarkshire.gov.uk/egenda/images/att93864.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

The IJB's Financial Position at 31 March 2021 (Cont.)

The final year-end underspend at 31 March 2021 is £37.680m (NHSL - £25.305m; NLC - £12.375m). Expenditure incurred against reserves in 2020/2021 is £0.976m (NHSL - £0.570m; NLC - £0.406m). The surplus on the provision of services and total comprehensive income and expenditure in 2020/2021 is therefore £36.704m. Information on the significant variances across health and social care services are highlighted as follows:

- Covid-19 funding totalling £23.607m was received from the Scottish Government in 2020/2021 of which £21.342m was incurred in 2020/2021 and £2.265m will be transferred to a ring-fenced reserve to meet ongoing Covid-19 costs in 2021/2022
- Additional funding of £12.385m was received between January 2021 and March 2021, the planned commitments in respect of which will be incurred in 2021/2022. This includes ADP (£0.964m), Mental Health Action 15 (£2.106m), Integration Authority Support (£6.076m), Community Living Fund (£1.298m) and Adult Social Care Winter Plan Funding (1.941m).
- An underspend of £2.500m in respect of prescribing services.
- A net underspend of £4.421m in respect of Mental Health and Learning Disability Services which includes Mental Health Action 15 Funding which will be transferred to a ring-fenced reserve
- A net underspend of £1.297m in respect of Addiction Services which includes Alcohol and Drug Partnership Funding which will be transferred to a ring-fenced reserve
- A net underspend of £2.436m on the core budgets within Health Care Services
- An underspend of £12.375m on the core budgets within Social Care Services
- An underspend of £0.689m due to lower than anticipated demand for housing adaptations within Council houses which was retained within the Housing Revenue Account (HRA) by the NLC partner.

The total underspend represents approximately 5% of the total financial envelope available.

The total savings target was £5.3m. The emergency response to the Covid-19 pandemic was the priority during 2020/2021. As a result, the value of the savings target achieved was £2.5m (47%). The underachievement of savings totalling £2.8m (53%) was addressed by the additional Scottish Government funding received to address the impact of the Covid-19 pandemic.

Annual Accounts 2020/2021

The financial outturn for the year ended 31 March 2021 is therefore a surplus of £36.704m. This is highlighted on the Comprehensive Income and Expenditure Statement on page 31 and is also included in the Movement in Reserves Statement on page 32. The total movement on reserves at 31 March 2021 is a net increase of £36.704m. The final year-end underspend of £37.680m and the movement in reserves of £36.704m are reconciled in the table below.

Financial Outturn 2020/2021		Movement In Reserves Reduction / (Increase)	Returned to Partner
	£m	£m	£m
NLC - General Underspend	12.375	(12.375)	
NLC -HRA Underspend	0.689		(0.689)
NLC - Net Underspend	13.064	(12.375)	(0.689)
NHSL Underspend	25.305	(25.305)	
Total As At the 31 March 2021	38.369	(37.680)	(0.689)
Expenditure incurred against reserves in 2020/2021		0.976	
Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure <small>(Page 31 and Page 43 Note 11)</small>		(36.704)	

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2020/2021

Annual Accounts 2020/2021 (Cont.)

The services which are hosted by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB and the hosted services which are led by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB are detailed in note 10 on pages 41 to 42. In line with the Integrated Resource Advisory Group Finance Guidance, the lead partner for a hosted service is responsible for managing any overspends incurred. With the exception of ring-fenced funding, the lead partner can also retain any underspends which may be used to offset the overspends. This arrangement has been in place since 1 April 2016. The North Lanarkshire IJB and the South Lanarkshire IJB endorsed this principle in respect of 2020/2021.

During the year, £0.976m was drawn from the IJB reserves. Of the total underspend of £37.680m reported at 31 March 2021, £20.809m (55%) was transferred to ring-fenced reserves, £16.672m (44%) was transferred to risk based and earmarked reserves and £0.199m (1%) was added to the contingency reserve. The net transfer to reserves was therefore an increase of £36.704m. The self-directed support service reserve of £3.214m was no longer required and was transferred to contribute to the establishment of the social care services reserve totalling £4.000m.

The balance on the IJB reserves at 31 March 2021 is £53.118m. The ring-fenced (£22.661m), earmarked (£26.574m) and contingency reserves (£3.883m) are detailed at note 11 on page 43. It is good financial management to maintain a contingency reserve. The contingency reserve represents 0.6% of the total IJB financial envelope.

There continues to be a significant element of financial risk associated with the ongoing response to and consequences of the Covid-19 pandemic. The Chief Finance Officer and both partners will continue to confirm the Covid-19 pandemic costs which will require to be set against the remobilisation and recovery plan. In order to ensure financial sustainability during the pandemic and post-pandemic, the IJB Medium to Long Term Financial Plan will be updated.

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

Matters of Strategic Importance

The [IJB Financial Plan 2021/2022](#)⁶ was approved on 23 March 2021. Cost pressures were projected to be £24.505m. Additional expenditure will also be incurred in respect of the Covid-19 pandemic (£14.220m), Scottish Government national priorities (£6.815m) and planned future commitments including contingencies (£9.520m). The total increase in expenditure is expected to be £55.060m.

Both partners increased their contributions to the IJB (NLC- £4.307m; NHSL - £10.458, of which £2.781m is non-recurring). The Scottish Government has allocated funding totalling £3.954m for national priorities. Funding received in 2020/2021 totalling £33.856m is being realigned to address 2021/2022 cost pressures.

The 2021/2022 funding gap is £2.485m. This will be addressed by reallocating the budgets released from the planned savings of £1.704m (NLC - £1.453m; NHSL - £0.251m) which will be retained by the IJB. Reliance is also being placed on reserves totalling £0.781m.

In respect of demographic growth and demand for services, research indicates that expenditure on healthcare would require to increase in real terms by an average of 3.3% per annum over the next 15 years to 2033 in order to maintain NHS provision at current levels. Social care funding would also require to increase by 3.9% per annum to meet the needs of the population living longer and an increasing number of younger adults living with disabilities. These projections do not take into account the impact of the Covid-19 pandemic including long-Covid, the financial cost of which continues to be uncertain but is expected to be significant.

⁶<https://mars.northlanarkshire.gov.uk/egenda/images/att95939.pdf>

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Matters of Strategic Importance (Cont.)

The management of cost pressures in 2020/2021 across social care services relied on the additional non-recurring funding received from the Scottish Government to meet the additional Covid-19 costs.

At this stage the exact magnitude of additional costs and the total amount of additional Scottish Government funding available for 2021/2022 requires to be confirmed. The Scottish Government have agreed in principle to continue to provide additional funding for IJBs to meet these costs but it is not yet known whether the level of funding to be provided will be sufficient to meet all costs incurred. In 2021/2022 and beyond, the main financial risk is that NHSL and/or NLC may overspend. The IJB reserves funding will mitigate part of this risk in 2021/2022.

The impact of Covid-19 on health and social care services and the economy as a whole is unprecedented in recent times and has increased the risk of an overspend. Governance arrangements continue to be in place for the approval and monitoring of costs and regular updates are provided to the Scottish Government. Resilience is required within our health and social care system for the foreseeable future in response to Covid-19.

The NLC and NHSL governance arrangements were reviewed and adapted as appropriate to support the response, recovery and redesign of services following the pandemic. The response, redesign and recovery of services is continuing. The aim of this next stage is to provide good corporate governance and oversight; seek out innovative solutions aligned to redesign for effectiveness and efficiencies; provide a safe working environment for essential services; and engage openly and constructively with all key stakeholders throughout the recovery planning.

The IJB considers the innovative approaches and service alterations put in place out of necessity may present opportunities as we seek to re-start services within the new context in which health and social care services now need to be delivered. In doing so the IJB will continue to follow appropriate governance structures and consider equalities and human rights requirements to ensure that from the current crisis emerges a more efficient and effective health and social care system that delivers on the priorities set out in the SCP. The NLHSCP will actively seek to understand the impact of the measures implemented during the emergency response to the Covid-19 pandemic and also the remobilisation and recovery activity in order to agree which changes can be retained or adapted to improve services whilst still continuing to be person-centred and meet individual outcomes. A review will also be undertaken to identify key learning points and to share good practice.

The Independent Review of Adult Social Care was published in February 2021 and makes observations about the challenges faced by Integration Authorities, some of which remain unaddressed by the integration of health and social care services. These are founded based on service user experience and reference the challenges with needs assessment, care planning and rationing of care to those in only the greatest need which have been necessary to deal with the rapid increase in demographic related demand and limited funding available. The review also highlights the priority that needs to be given to preventative and anticipatory care supports before responding at a crisis point. The [Independent Review of Adult Social Care Services](https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2021/02/independent-review-adult-social-care-scotland/documents/independent-review-adult-care-scotland/independent-review-adult-care-scotland/govscot%3Adocument/independent-review-adult-care-scotland.pdf?forceDownload=true)⁷ makes 53 recommendations across 9 areas.

The IJB is actively engaged with partners at a local and national level to understand the recommendations of the report and the potential future impact on the governance framework within which the IJB operates in the planning and delivery of health and social care.

⁷<https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2021/02/independent-review-adult-social-care-scotland/documents/independent-review-adult-care-scotland/independent-review-adult-care-scotland/govscot%3Adocument/independent-review-adult-care-scotland.pdf?forceDownload=true>

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Matters of Strategic Importance (Cont.)

This report builds on the national review undertaken by the Ministerial Strategic Group for Health and Community Care in February 2019, which contained 25 proposals, 22 of which were relevant to all IJBs. Prior to this, Audit Scotland published the results of the second of three national performance audits on health and social care integration in November 2018 which contained nine recommendations on the integration of health and social care services.

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

Key Strategic Risks and Uncertainties

The IJB Risk Management Strategy complements the existing risk management processes within each partner. All three risk registers are reviewed regularly by the management team. There are 2 very high risks facing the IJB which are highlighted in the Annual Governance Statement at page 18.

It is important to note that some of the funding solutions in 2020/2021 were non-recurring and some cost pressures are expected to recur again in 2021/2022. The impact of the savings not achieved in full in 2020/2021 (£2.8m) will be taken into consideration during the review of the 2021/2022 Financial Plan.

The Director of Finance of NHSL continued to make progress with the exercise to update the notional set-aside budget. This notional budget, which represents the consumption of hospital resources by North Lanarkshire residents, is estimated to be £63.066m. Similar to the previous year, the notional budget can also be included as the estimated expenditure for the 2020/2021 annual accounts. It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB in 2020/2021 however it has been endorsed as an acceptable approach pending further updates from the Information Services Division within NHS National Services Scotland.

This critical judgement in respect of the complex accounting treatment of the hospital acute services (set-aside) therefore follows the advice issued by the Scottish Government on how the sum set-aside should be recorded in the annual accounts. This is explained in more detail at note 2.2 on pages 36 and 37. A whole system approach will continue to be adopted by the partners to support the use of set-aside resources.

Conclusion

Covid-19 has affected each and every member of our society and a robust response was implemented. Staff, partners and communities continue to work in partnership to ensure we respond effectively to this ongoing public health crisis, protect lives and keep people safe. In the face of this unprecedented challenge, partnership working continues to be critical to respond effectively to this national health and social care crisis. Available resources have, to date, been refocussed on the critical areas affected by the Covid-19 pandemic. Whilst these priorities are also continuing into 2021/2022, every effort is being made to progress the Response, Recovery and Remobilisation Plans. A financial surplus totalling £36.704 was reported at 31 March 2021. This is mainly due to the additional funding received from the Scottish Government to address Covid-19 expenditure and to take forward national and local priorities and also the essential and necessary changes across HSCP service delivery which released core funding.

Remobilising the full range of HSCP services is challenging and maintaining innovation and learning from the pandemic will be essential. Covid-19 has led to a substantial backlog of patients waiting for treatment. NHS Boards are prioritising those in most urgent need. NHS leaders are working collaboratively, in partnership with Local Authorities and across public services, to respond to the ongoing challenges caused by the Covid-19 pandemic and to remobilise services.

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Conclusion (Cont.)

The focus of the work is now increasingly towards planning for recovery taking account of ongoing guidance and restrictions particularly in relation to vulnerable service users and carers. The recovery progress is also going to have to consider the availability of resources going forward given that service delivery has become more complex, more expensive and financial resources and funding priorities are most likely going to need to be reconsidered in future financial years.

Although the current operational and financial challenges will inevitably drive the pace of change, improving outcomes for individuals will continue to underpin the IJB's strategic commissioning intentions and the ongoing re-design and integration of health and social care services. We will do this by ensuring that we continue to adhere to sound governance arrangements and by exploring alternative pathways to divert people into more appropriate forms of support. Much of this will require a coordinated and consistent communications message to the public, together with concerted action planning with colleagues in acute services and also the third sector, independent providers and carers across the partnership.

Support for all health and social care professionals, particularly those working in community settings, will be fundamental to managing service delivery while Covid-19 remains a risk. Maintaining the positive developments which have been rapidly stepped up in response to the crisis will be a priority during the recovery process. Ensuring health and social care resources are directed to best effect and achieving financial sustainability will be key to achieving this.

Approved By

Dr. Avril Osborne

Chair

Date

Ross McGuffie

Chief Officer

Date

Marie Moy

Chief Financial Officer

Date

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
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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 2020/2021 (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 2021 and the transactions for the year then ended.

Certified By Marie Moy

Chief Financial Officer: Marie Moy

Date: 22 June 2021

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
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REMUNERATION REPORT

1 Introduction

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

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

2 Integration Joint Board

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

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

3 Remuneration: IJB Chair and Vice Chair

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

During 2020/2021, the Chair of the IJB was Dr Avril Osborne and the Vice Chair was Councillor Paul Kelly. The details of the Chair and Vice Chair appointments held during 2020/2021 are shown below. No taxable expenses were paid by the IJB in 2020/2021.

Name	Post Held	Nominated by
Dr. A.Osborne	Chair (1 April 2020 to 31 March 2021)	NHS Lanarkshire
Mr P. Kelly	Vice Chair (1 April 2020 to 31 March 2021)	North Lanarkshire Council

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
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REMUNERATION REPORT (Cont.)

4 Senior officers

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

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.

6 Remuneration: Officers of the IJB

The senior officers received the following remuneration in the period:

Name	Salary, Fees, Allowances	2020/2021 Total Remuneration	2019/2020 Total Remuneration
Ross McGuffie, Chief Officer (1 April 2020 to 31 March 2021)	£101,601	£101,601	£98,070
Marie Moy, Chief Financial Officer (1 April 2020 to 31 March 2021)	£36,224	£36,224	£35,341

The Chief Financial Officer is also appointed to the South Lanarkshire IJB. The remuneration disclosed in the table above is the proportion of remuneration received in relation to the activity of the North Lanarkshire IJB during 2020/2021. The remuneration in respect of South Lanarkshire IJB is therefore shown separately in the South Lanarkshire IJB Annual Accounts 2020/2021.

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

7 Pension benefits

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

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
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REMUNERATION REPORT (Cont.)

7 Pension benefits (Cont.)

Costs of the pension scheme contributions for the year to 31 March 2021 are shown in the table below:

Name	In-year pension contributions			Accrued pension benefits		
	To	To		As at	Movement	As at
	31 March 2020	31 March 2021		31 March 2020	In Year	31 March 2021
			£000	£000	£000	
Ross McGuffie Chief Officer	£18,752	£19,519	Pension	5	3	8
			Lump Sum	Nil	Nil	Nil
Marie Moy Chief Financial Officer	£6,821	£6,991	Pension	14	1	15
			Lump Sum	21	1	22

The pension benefits detailed in the table above relate to the proportion attributable to the activity of the North Lanarkshire IJB. In respect of the Chief Financial Officer, a pro-rata approach has been adopted for 2020/2021.

Approved By

Dr. Avril Osborne

Ross McGuffie

Chair

Chief Officer

Date:

Date:

NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2020/2021

ANNUAL GOVERNANCE STATEMENT

Introduction

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

Scope of Responsibility

The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) sets out the legislative responsibilities for the delivery of integrated health and social care services. The original North Lanarkshire Health and Social Care Integration Scheme was approved by the Scottish Parliament in May 2015 and the IJB became a public sector organisation in June 2015. In April 2019, the Cabinet Secretary approved an updated Integration Scheme to reflect the transfer of the discretionary delegated functions for Children, Families and Justice Services from the IJB to the newly reshaped Education and Families Service in NLC. The system of internal control is proportionate to the IJB's strategic responsibility and reliance is placed on the NHSL and NLC systems of internal control. Within a strategic context, the IJB has a statutory duty of best value. The IJB is required to ensure that risk is effectively managed and public money is safeguarded and properly accounted for.

The Governance Framework

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

The roles and responsibilities of the IJB and the PFAC were originally set out in the [Terms of Reference](#)⁸. During the year, minor amendments to the original Terms of Reference for the IJB were approved to reflect the changes recommended by the Review of Integration in respect of the reporting arrangements for support, care and clinical governance. The IJB also approved the amendment to the Terms of Reference for the PFA Committee in order to reflect key role of the North Lanarkshire Council and NHS Lanarkshire staff side representatives and the Third Sector. In order to ensure their contribution is fully recognised and embedded within IJB strategic planning and performance, the stakeholder membership of the PFA Committee was increased from three to five to allow all stakeholders to participate in committee meetings. The recommendations arising from the Internal Audit review of risk management were also reflected within the responsibilities of the PFA Committee. The [IJB Code of Corporate Governance](#)⁹ describes the IJB's governance arrangements. The internal control system can only provide reasonable and not absolute assurance of effectiveness. The effective operation of each partner's financial and corporate systems, processes and internal controls are key to achieving the IJB's outcomes.

Review of Adequacy and Effectiveness

The ongoing effectiveness of the IJB's governance arrangements in 2020/2021 was reviewed in line with the Local Authority Accounts (Scotland) Regulations 2014. The review took into consideration the changes necessary to address the Covid-19 pandemic. Improvement actions continue to be implemented to further develop controls and to achieve integration outcomes. The review is also informed by cross-assurances from each of the partners, NHSL and NLC, including consideration of their relevant internal audit and external audit reports and the governance arrangements implemented in response to the Covid-19 pandemic. Ongoing service sustainability is a key priority for the IJB and both partners.

⁸ <https://mars.northlanarkshire.gov.uk/egenda/images/att87070.pdf>

⁹ <https://mars.northlanarkshire.gov.uk/egenda/images/att86221.pdf>

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Assessment of Governance Arrangements

The assessment of the IJB governance framework and internal control system confirmed that no significant control weaknesses or significant failures have arisen in the expected standards for good governance, risk management and internal control. Some areas for improvement have been identified and are detailed in the continuous improvement actions on page 26 to 29. The key conclusions which contributed to this overall assessment are detailed below.

1. Response to the Covid Pandemic

1.1 There was an immediate requirement to move quickly and decisively to manage the pressures on health and social care services across South Lanarkshire and to sustain this support throughout the duration of the pandemic. The governance context within which the IJB operates has been significantly impacted by the need to implement business continuity processes to respond to the national and international public health challenge presented by the Covid-19 pandemic. The IJB governance arrangements were therefore adapted to support the planning and delivery of health and social care services during the pandemic.

1.2 In response to the Covid-19 pandemic, the IJB governance arrangements were amended. Authority was not delegated to the Chief Officer to make decisions on behalf of the IJB during the pandemic and instead special meetings could be convened if required. Three PFAC meetings were cancelled between February 2020 and August 2020. A special PFAC meeting was held on 1 July 2020. Relevant reports were circulated and IJB and PFAC Members were invited to submit questions, the responses to which were circulated.

1.3 Meetings since March 2020 have been convened virtually. The meeting agenda have been restricted to core, critical and time sensitive business. Reports are available to the public however, in line with the Public Health advice, members of the public could not attend the meetings. The meeting arrangements will continue to be reviewed to ensure effective and timely decision-making. Both partners implemented their emergency planning arrangements which included Gold, Silver and Bronze Command Structures.

1.4 The IJB, the Chief Officer and the Senior Leadership Team have been key active participants and stakeholders across the range of governance structures adopted to manage the impact of the pandemic. The NLHSCP implemented new service areas and service delivery models in response to the changing levels of need as a result of the pandemic.

Examples included the following:

- The establishment of community assessment centres
- Delivery of the vaccination programme.
- The creation of a hub to support the distribution of personal protective equipment to health and social care staff, the third and independent sector, personal assistants and carers.
- The requirement for mental health assessment units.
- The adoption of social distancing requirements.

1.5 The virus, and variants of the virus, remain prevalent within the community and the operational pressures facing health and social care staff continue. The North Lanarkshire IJB continues to work with partners to participate in the wider response to the pandemic at a local and national level.

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Assessment of Governance Arrangements (Cont.)

2. IJB Governance Developments
 - 2.1 The IJB has arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of IJB and PFA Members to declare any potential conflicts of interest and it is the responsibility of the Chair of the relevant IJB or PFA to ensure such declarations are appropriately considered and acted upon. The IJB arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
 - 2.2 The Scottish Government are legislating for IJBs to be included as Category 1 Responders under the Civil Contingencies Act 2004. The Scottish Government believe this status will complement the work already conducted by all of the partners. In terms of resourcing, there should be limited additional activity associated with the requirement given local partners are already working with an integrated health and social care model. Some concerns were expressed locally during the consultation with regards to the strategic role of the IJB in the context of the NLHSCP's operational role, governance, the role of the Chief Officer and that there were no additional formal resources to undertake this activity.
 - 2.3 The following IJB responsibilities are standing items on the IJB and PFA agendas:
 - Financial monitoring reports
 - Performance monitoring reports
 - Risk management update
 - Progress report on agreed actions
3. IJB Strategic Commissioning Intentions
 - 3.1 The three year Strategic Commissioning Plan 2020-2023¹⁰ was approved by the IJB on 24 March 2020. In line with the Community Empowerment (Scotland) Act 2015, an extensive engagement process was undertaken involving a wide a range of staff, service users, carers and over 1,000 responses to an online questionnaire. This plan is underpinned by a Programme of Work to achieve the key ambitions which details the aims of each work programme, anticipated performance impact, key deliverables, approval routes and financial implications. In order to strengthen the links to addiction and mental health services, an integrated approach within justice services continues to be embedded.
 - 3.2 The IJB is committed to ensuring stakeholders are fully engaged. Planning with People was issued by the Scottish Government and COSLA on 11 March 2021 and will be adopted as appropriate. This guidance, developed during the Covid-19 pandemic, recognises that forms of engagement have transformed. The progress of work has been delayed due to the pandemic. The programme was revived in April 2021 with a recognition that new strategies will have to take account of the impacts of the Covid-19 pandemic including an exacerbation of health inequalities and significant backlogs of activity. This will require different modes of delivery. Workstreams are being to defined to allow the work to be completed in 2021/2022. The financial and workforce implications of the ongoing response to the Covid-19 pandemic remain uncertain. The Medium to Long Term Financial Plan is being updated to reflect the impact of the Covid-19 pandemic and a workforce strategy is being developed.
 - 3.3 As part of the HSCP structural review, progress was also made during 2020/2021 with substantive appointments to senior leadership posts.

¹⁰ <https://mars.northlanarkshire.gov.uk/egenda/images/att93862.pdf>

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Assessment of Governance Arrangements (Cont.)

3.4 Section 42 of the Public Bodies (Joint Working) (Scotland) Act 2014 requires that Annual Performance Reports (APRs) are prepared by IJBs. The 2014 Act obliges that the APR should cover the preceding year's activity and be published four months after the end of that reporting year. The purpose of the APR is to ensure that performance is open and accountable, whilst at the same time providing an overall assessment of performance in relation to planning and carrying out integration functions. In line with paragraph 8 of Schedule 6 to the Coronavirus (Scotland) Act 2020, the publication of the final North Lanarkshire IJB Annual Performance Report 2020/2021 was rescheduled to September 2020.

3.5 A genuine integrated performance culture is embedded across the NLHSCP. The IJB and PFA continue to receive quarterly reports on performance and also six-monthly updates on the Measuring Performance Under Integration dataset. A continuous improvement programme is in place which relies on performance data to drive further improvement and support informed decision making in respect of strategic planning and commissioning. The most recent [Performance Update – Quarter 3 \(October 2020 – December 2020\)](#)¹¹ highlights 6 red key performance areas which are below target and the corrective action being progressed across these services. The performance framework supports the HSCP by providing assurance on operational outcomes. There continues to be a commitment to identify key learning points and to share good practice.

3.6 A particular measure of IJB and Scottish Government focus continues to be the number of delayed discharge bed days. This was of particular critical importance during the pandemic to improve bed capacity across Acute Services. In comparison to the same period last year, performance for the period from April to March is summarised as follows:

- A&E attendances down by 22% against 2019/20
- Emergency admissions down by 20% against 2019/20*
- Unscheduled bed days (Acute) down by 16% against 2019/20*
- Unscheduled Care Bed days Acute/Geriatric Long Stay/Mental Health down by 24% against 2019/20*
- Delayed discharge non-code nine bed days down by 29% against 2019/20

**Emergency admissions and unscheduled care bed days will increase as episodes of care are completed.*

3.7 The initial success in reducing delayed discharges and associated bed days in March 2020 may have been as a result of a reduction in admissions and, following this, referrals from Acute services for community supports to facilitate discharges. This was generally experienced across Scotland. However, the NLHSCP has sustained the improved performance.

3.8 The success in reducing delays may, in part, be due to the introduction of a planned date of discharge from May 2020. Each ward has a multi-disciplinary team meeting daily between social work and ward staff where a planned date of discharge is put in place. This has allowed for packages of care and community care assessments and family patient choices to be put in place. Staff across the NLHSCP and Acute services believe the success of the planned date of discharge approach is in developing relationships and teams, having an understanding of the roles of individuals, consistency of personnel attending daily ward multi-disciplinary team meetings and improving access to systems including Near Me.

¹¹ <https://mars.northlanarkshire.gov.uk/egenda/images/att96289.pdf>

NORTH LANARKSHIRE INTEGRATION JOINT BOARD
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Assessment of Governance Arrangements (Cont.)

3.9 The management of 'set-aside' budgets totalling £63.066m in 2020/2021 continues to be complex however NHSL continue to maintain an appropriate mechanism for its operation. The overspend across the set-aside service has been managed by the health partner since 2016 (2016/2017 - £0.2m; 2017/2018 - £1.7m; 2018/2019 - £0.6m). This approach was maintained in 2020/2021. As highlighted at note 2.2 on pages 36 and 37, the operation of the set-aside budget for unscheduled care services is a key area of uncertainty which has been further exacerbated by the Covid-19 pandemic. These challenges will continue during the post-pandemic period. Both hospital and community services must continue to operate together to maximise the efficacy of unscheduled care services and a whole system approach is being adopted by the partners. No changes have been agreed for 2021/2022 however a continuous improvement action has been identified to review the potential outcome of the set-aside concept in 2021/2022. This action will be undertaken in consultation with the NHSL partner.

4. Financial Governance

4.1 The [IJB Financial Plan 2020/2021](#)¹² was approved by the IJB on 24 March 2020 and set out the parameters to achieve a balanced budget by 31 March 2021. The North Lanarkshire IJB Medium to Long Term Financial Plan 2020/2021 to 2029/2030 was prepared in March 2020. The budget was further refined during the course of the year by both partners and also updated to reflect additional in-year funding in particular Covid-19 funding. The financial position of the IJB for 2020/2021 is set out at pages 8 to 10 of the management commentary and also at pages 31 to 33.

4.2 The financial impact of implementing the emergency response to the Covid-19 pandemic was, and continues to be, significant. The Scottish Government established a process whereby the necessary activity and the additional costs incurred across health and social care services as a result of Covid-19 are reported through Mobilisation Plans. The expenditure incurred by both partners in response to the Covid-19 pandemic was fully funded by the Scottish Government in 2020/2021. A balance of funding received for 2020/2021 is being retained by the IJB in reserves to meet additional Covid-19 expenditure in 2021/2022.

4.3 A number of payment mechanisms were also altered to provide financial sustainability during the service disruption. Service level agreements between NHS Boards continued to be paid at the same level as in the previous year with an uplift equal to the general allocation uplift. Payments to Family Health Service Contractors were altered in line with Scottish Government guidance to cover additional costs incurred or loss of income due to Covid-19. Sustainability payments were introduced for Social Care Providers.

4.4 The future circumstances as a result of the Covid-19 pandemic are evolving and the related financial implications are expected to continue to be significant. The funding in respect of 2021/2022 is still to be confirmed.

4.5 The IJB Financial Plan 2021/2022 was approved by the IJB on 23 March 2021 and set out the parameters to achieve a balanced budget by 31 March 2022. The financial strategy will require to be reviewed to reflect the impact of the Covid-19 pandemic on operational services. There continues to be a significant element of financial risk in respect of the ongoing response to the pandemic and also the response, redesign and recovery stage. Additional costs will be incurred to sustain services, set up new services and meet increased demand.

¹² <https://mars.northlanarkshire.gov.uk/egenda/images/att93864.pdf>

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Assessment of Governance Arrangements (Cont.)

4.6 The financial planning assumptions for the IJB and both partners will require to be reviewed to reflect the impact of Covid-19 on the current and future financial years. Although the Scottish Government have agreed in principle to continue to provide additional funding for IJBs in 2021/2022, it is not yet known whether the level of funding to be provided will be sufficient to meet all costs incurred. There is therefore a risk that the remobilisation plan will not be fully funded. This risk will be mitigated in part by the 2021/2022 IJB Reserves Strategy. The IJB Chief Financial Officer will also liaise with the Scottish Government officers to ensure they are kept informed.

5. Risk

5.1 A table top review of the existing IJB Risk Management Strategy and the [IJB Risk Register](#)¹³ was undertaken by the Chief Officer, IJB Section 95 officer and the Operational & Business Manager in August 2020. Following this review, a number of risks were closed with the approval of the IJB on 22 September 2020. A proactive approach to risk management is being adopted. Confirmation of new emerging risks is agreed at each meeting as appropriate. Each report gives due consideration to any risks associated with the subject matter. All risks identified relating to the functions delegated to the IJB are regularly reviewed and updated. Internal Audit also recommended that mitigating controls be separated between controls and actions. This continuous improvement action will be completed in June 2021.

5.2 10 risks are recorded on the IJB Risk Register as follows:

Current Risk Level	No.	%
Very High	1	10%
High	3	30%
Medium	4	40%
Low	2	20%
Total	10	100%

5.3 The very high risk relating to the IJB delegated functions is in respect of the financial implications of responding to and recovering from the Covid-19 pandemic.

5.4 The following very high risks are also recorded on the NHSL partner's risk register:

- The ability to maintain the existing General Medical Services across NHSL.
- Sustainability of the two-site model for the Out-of-Hours Service.
- Acute sector bed capacity linked to availability of beds in care homes affected by the Covid-19 pandemic.
- Recovery of performance 2020/2021.

5.5 The Risk Management Update was reported to the IJB on 22 June 2021. The optimum management of risks by the IJB and both partners continues to be a priority. There is a significant element of financial risk associated with Covid-19. Sustainable financial strategies require to be developed to meet increased demand and to maintain the innovative and beneficial changes to service delivery which have been implemented. The IJB Reserves Strategy also requires to be reviewed in response to current circumstances.

¹³ <https://mars.northlanarkshire.gov.uk/egenda/images/att96291.pdf>

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Assessment of Governance Arrangements (Cont.)

6. Partner Assurances

- 6.1 In recognition of the Public Health emergency, in March 2020 both partners moved from normal operating arrangements into emergency response mode in order to react quickly and effectively to the evolving Covid-19 pandemic. Each partner adopted appropriate command and control structures and resilience arrangements as the mechanism for rapid decision making in line with their respective legislative responsibilities. Key meetings were held daily at the height of the pandemic to assess the situation and to take immediate decisions. Clear lines of reporting and escalation were in place to allow rapid assessment and resolution. Action logs and a separate Covid-19 risk register were maintained. Some services had to be stood down. Risks were assessed and consideration was given to the process for ensuring services were safely stood up once Covid-19 numbers reduced.
- 6.2 The pandemic impacted on the way health and social care services were delivered over the last year with many staff redeployed to critical service areas. Staff are now returning to their substantive posts in 2021/2022. The focus of this network is to support connectivity across the full Health and Social Care workforce, including private and third sector workers, share the intelligence and experience of staff, share activity and lessons learned and afford the opportunity to inform and influence national policy in this area.
- 6.3 Within NLHSCP, a Wellbeing Group has been established to focus on supporting and developing the strategy for Staff Health and Wellbeing across the Partnership area. Of critical importance is the co-production and collaboration with multi-agency partners, representative of residential care, third sector colleagues, psychology, spiritual care and Locality Management Teams.
- 6.4 Both partners provided assurance to the IJB that satisfactory controls are in operation in respect of the delivery of the IJB delegated functions. Notwithstanding the changes necessary to respond to the Public Health emergency, both partners provided assurance that the governance arrangements remained appropriate and effective.
- 6.5 Both partners have well established stakeholder engagement mechanisms in place which were adjusted as appropriate during the pandemic.
- 6.6 During the Covid-19 pandemic elective activity was curtailed. At peak times it was suspended to allow all staffing resources to be diverted to treat the surge of Covid-19 patients but, even during periods of less demand, the need for additional physical distancing and infection control measures reduced the number of people who could be seen. Given the numbers waiting and the continued impact of working in an environment with Covid-19 present, the risk to getting back to normal waiting times performance is graded very high by the NHSL partner. To reduce harm, processes are in place for regularly reviewing the waiting lists and having a structured clinical prioritisation process to ensure the most urgent cases are seen first. This is combined with a review of very long waits over 52 weeks. Remobilisation plans are being developed.
- 6.7 A further very high Covid-19 related risk recognised by the NHSL partner was the risk of disruption to day-to-day services during the ongoing pandemic. Controls in place to mitigate this risk included early warning surveillance to enable targeted action to suppress spread and to prepare for managing surges of cases, the Covid-19 Vaccination Implementation Plan and mutual aid between NHS bodies. Services devised alternative, safe ways of working/contact with patients e.g. Near Me and there was extensive communication releases, especially highlighting available emergency services and access to alternative services to minimise disease progression e.g. pharmacy. At times of peak activity a tactical Cross-Cutting Group was in place to continuously risk assess service changes and look at workforce deployment.

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Assessment of Governance Arrangements (Cont.)

- 6.8 Similar to 2019/2020, the NHS National Services Scotland (NSS) Service Auditors provided a qualified opinion on the payments made by their Practitioner Services Division. This was primarily due to areas where there was insufficient documentary evidence on which to conclude rather than a finding that controls were absent or not operating. NSS provided assurances that each point raised within the audit reports would be addressed as part of its continuous improvement programme of work. The NHSL partner has concluded that the areas highlighted do not represent significant governance issues that would materially impact on the NHSL Annual Accounts 2020/2021. During 2020/2021, NSS undertook an improvement programme and also commissioned an internal audit on new payments which have arisen as a direct result of the pandemic. No significant issues were identified.
- 6.9 In June 2021, Audit Scotland indicated to the NHSL partner that the PPE and testing kits provided by NHS NSS without charge need to be reflected in the NHSL Annual Accounts 2020/2021. Advice is expected in respect of the accounting treatment and the amount to be included. This is an emerging issue across Scotland during unprecedented national circumstances. There is no expectation however that this matter would lead to the conclusions detailed in the Annual Governance Statement to be revised.
- 6.10 Following the transfer of the discretionary Children, Families and Justice Services budgets from the IJB to NLC, a hosting arrangement was agreed in respect of the cross-cutting and support services which could not be allocated to either the IJB delegated services or to the discretionary functions transferred to NLC. This hosting arrangement is being implemented and monitored.
- 6.11 The sustainability of GP services in its current format across NHSL since being placed on an emergency footing remains a very high risk. The South Lanarkshire IJB is the lead partner for this hosted service. Practical measures to reduce the pressure on GP practices include additional pharmacists, the transition of responsibility of vaccinations to Health Board staff, the availability of video/telephone consultations to help GP practices to continue to safely provide support to patients and the progression of a rolling programme to transfer the property responsibility to the NHS Board where GPs feel the property burden is affecting the practice's attractiveness. Learning will also be taken from the measures put in place over the pandemic about alternative ways of accessing practice services.
- 6.12 The Out of Hours Service is a hosted service led by the South Lanarkshire IJB. In June 2019, the Primary Care Out of Hours service became very fragile with the inability to cover every clinical session to sustain the two-site model leading to the frequent closure of the Airdrie site. The risk level was raised to very high and this has continued throughout 2020. The need to staff the Covid-19 assessment centres also impacted further on the ability to staff the Out of Hours centres. Active daily management has been required and business continuity plans are in place with planned redirection to A&E, improved triaging jointly with NHS 24, plans for the further recruitment of salaried GPs, increased numbers of advanced Nurse practitioners and a communication & engagement strategy.
7. External and Internal Audit Arrangements
- 7.1 At the start of 2020/2021, 9 external audit actions were being progressed. 5 (56%) were completed during the year. Revised timelines have been agreed in respect of the 4 ongoing actions. The progress in respect of all 32 agreed actions relating to external audit (9), internal audit (14) and senior management (9) actions, is closely tracked by the PFA. The delay in progressing some actions has been highlighted. This has mainly been due to the requirement to prioritise the response to the Covid-19 pandemic.

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Assessment of Governance Arrangements (Cont.)

- 7.2 The Internal Audit Plan 2020/2021 was presented to the PFA for approval on 4 November 2020. The Internal Audit Plan 2021/2022 however was presented to the PFA for approval on 25 May 2021. This will enable the internal audit work to be undertaken earlier.
- 7.3 During 2020/2021, the joint internal audit arrangements were reviewed by the IJB Chief Financial Officer in consultation with both partners. The review concluded that the current skills and expertise of each Internal Audit team are being deployed to best effect to provide the independent appraisal of the functions delegated to the IJB, assess the effective management of the strategic IJB risks, contribute positively to the strategic commissioning intentions of the IJB and provide an opinion on the overall governance arrangements of the IJB. The joint approach is efficient, cost effective, minimises the complexities of accessing data to complete audit assignments and avoids unnecessary disruption to the auditees. The IJB Chief Financial Officer’s recommendation to the IJB that the joint Internal Audit service continue up to 2022/2023 was therefore approved.
- 7.4 The financial year 2019/2020 was the only year a joint Internal Audit opinion could not be provided. The exceptional circumstances unique to 2019/2020 are not expected to repeat. Additional staff resources to progress the agreed NHSL Internal Audit assignments on time have also been allocated by the NHSL Chief Internal Auditor in 2020/2021. The joint Internal Audit opinion has been provided for the financial year 2020/2021 and prior to the approval of the Annual Governance Statement by the IJB on 22 June 2021.
- 7.5 There is an ongoing commitment to ensure the collective assurance roles of Internal Audit and External Audit are coordinated and optimised. The External Auditor for each partner undertakes an assessment of the Internal Audit function to assess if the Internal Audit Service operates in accordance with Public Sector Internal Audit Standards and has sound documentation standards and reporting procedures in place. The IJB External Auditor will review the conclusions of each partner’s External Audit review of Internal Audit.

Overview of Control and Governance Improvements during 2020/2021

Improvement areas to further strengthen the IJB’s governance arrangements during 2020/2021 were identified in the Annual Governance Statement included in the IJB Annual Accounts 2019/2020. A progress report in respect of these actions is detailed below.

Ref.	Improvement Area	Action Undertaken
1	Implementation of the outcome of the Review of the Integration Scheme. Chief Officer April 2019 to March 2021	Progressed <ul style="list-style-type: none"> ▪ Improvement actions have been agreed following the outcome of each of the seven work streams. ▪ Update reports will be presented to future meetings of the IJB to advise of progress as appropriate.
2	Further consideration of the Ministerial Strategic Group (MSG) proposals. Chief Officer Original Timeline: April 2019 to March 2021 Revised Timeline: March 2022	Ongoing <ul style="list-style-type: none"> ▪ A range of actions have been agreed across the partnership to take forward the MSG proposals. ▪ Two of the outstanding actions relate to the finance workstream. This includes a review of the support arrangements for the Chief Financial Officer and the link between strategic and operational finance. These actions will be progress in 2021/22. ▪ The MSG had previously indicated that a second self-evaluation will be undertaken in 12 months to assess progress. This has been delayed due to the Covid-19 pandemic.

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Overview of Control and Governance Improvements during 2020/2021 (Cont.)

Ref.	Improvement Area	Action Undertaken
3	<p>Review the IJB governance arrangements.</p> <p>This will include the review of the following:</p> <ul style="list-style-type: none"> ▪ IJB joint internal audit arrangements ▪ IJB Code of Corporate Governance ▪ IJB emergency response arrangements and ▪ the further development of the IJB website. <p>Chief Financial Officer Original Timeline: March 2021 Revised Timeline: March 2022</p>	<p>Ongoing</p> <ul style="list-style-type: none"> ▪ Internal Audit jointly concluded that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB’s framework of governance, risk management and internal control for the year ended 31 March 2021. ▪ The review of the joint internal audit arrangements is concluded and improvements have been implemented including additional dedicated NHSL internal audit resources and the preparation of the Internal Audit Plan earlier in the financial year to allow work to be progressed. The Internal Audit Opinion for 2020/2021 was agreed on a joint basis. ▪ 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. ▪ The further development of collaborative leadership and building relationships with key stakeholders continue to be key improvement actions.
4	<p>Continue to develop the financial framework.</p> <p>This will include the review of the following:</p> <ul style="list-style-type: none"> ▪ IJB Medium to Long Term Financial Strategy ▪ IJB Financial Plan 2020/2021 ▪ IJB Financial Regulations ▪ IJB financial monitoring reports ▪ IJB reserves strategy ▪ the alignment of resources to partner directions and locality needs and ▪ finance capacity. <p>Chief Financial Officer Original Timeline: March 2021 Revised Timeline: March 2022</p>	<p>Ongoing</p> <ul style="list-style-type: none"> ▪ The Commissioning Framework 2019 to 2021 was approved by the IJB on 26 March 2019. Budgets were set for 2019/2020 and 2020/2021 which included savings plans. ▪ The budget recovery plan was implemented and addressed cost pressures in-year. ▪ An audit trail has also been developed to aid financial management reporting and transparency. ▪ The North Lanarkshire Integration Scheme has been reviewed. ▪ The medium to long term financial strategy was developed. ▪ The action plan in respect of the MSG self-evaluation is being implemented. ▪ The IJB approved an updated process for managing directions in September 2020, setting out when directions should be issued and noting the importance of being clear on resources associated. This is in line with the updated Scottish Government guidance. ▪ The IJB Financial Plan 2020/2021 and the IJB Medium to Long Term Financial Strategy have both been reported to the IJB. ▪ A review of the resources available in 2021/2022 and in future years is being progressed in consultation with both partners in order to contribute to the development of the SCP 2022-2025.

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Overview of Control and Governance Improvements during 2020/2021 (Cont.)

Ref.	Improvement Area	Action Undertaken
5	<p>Finalise the budget transfer from the IJB to NLC, in line with the revised Integration Scheme.</p> <p>This will include the following:</p> <ul style="list-style-type: none"> ▪ the conclusion of the budget disaggregation exercise for the transfer of the remaining cost centres and their resultant budgets ▪ the finalisation of the Service Level Agreement including the arrangements for those services with a 'cross cutting function' ▪ the issue of a revised direction to reflect the 2020/2021 financial allocations. <p>Original Responsible Officer: Chief Officer Original Timeline: September 2020</p> <p>Revised Responsible Officer: Chief Financial Officer Revised Timeline: September 2021</p>	<p>Ongoing</p> <p>The budget disaggregation exercise has been concluded.</p> <p>Reports which set out the formal Service Level Agreement hosting arrangements are being prepared for the Adult Health and Social Care Committee and Education and Families Committee of NLC and the IJB for approval by 30 September 2021. These reports will also include the detail of the disaggregated budgets which have been agreed.</p>

Overview of Control and Governance Improvements for 2021/2022

Following consideration of the internal review of the adequacy and effectiveness of the IJB governance arrangements, in addition to the five ongoing continuous improvement actions from 2020/2021, further actions will be progressed in 2021/2022 to strengthen the good governance controls. These actions, including the timeline, are highlighted in the table below.

Ref.	Improvement Area	Action Agreed	Lead Officer	Timeline
1	Completion of previous internal and external audit actions.	Although some progress was made during 2020/2021, the previously agreed internal and external audit actions were not completed. The progress was reported to the PFA on 25 May 2021 and revised timelines were approved.	Chief Financial Officer	March 2022
2	Review of Recruitment and Retention Strategies	The impact of vacancies and planned retirement requires to be pro-actively addressed. Action has been taken during 2020/2021 by both partners to address risks in respect of specific service areas. The Response, Recovery and Remobilisation Plan will require to address significant waiting lists, an increase in demand and new ways of working. Pending further discussion and agreement with each partner, the IJB will have oversight of the comprehensive Human Resource reviews which each partner will undertake to ensure tailored recruitment, retention and succession planning solutions are identified, training is targeted and safe staffing levels are maintained. Maintaining employee well-being and motivation during and post-pandemic is also a key priority for the IJB and both partners.	Chief Officer	March 2022

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Overview of Control and Governance Improvements for 2021/2022 (Cont.)

Ref.	Improvement Area	Action Agreed	Lead Officer	Timeline
3	Review of Set-Aside Concept	In recognition of the ongoing challenges in respect of implementing the notional set-aside concept and the requirement to ensure there will be sufficient bed capacity across Acute Services post pandemic, an assessment of the potential outcome of the set-aside concept in 2021/2022 will be undertaken in consultation with the NHSL partner. Cognisance will also be taken of national developments in respect of the notional set-aside concept and the Independent Review of Adult Social Care Services.	Chief Financial Officer	March 2022
4	Independent Review of Adult Social Care Services	To develop a sound understanding of the impact for the SLHSCP of the 53 recommendations emanating from the review and to contribute to the national discussion to take this forward.	Chief Officer	March 2022

Internal Audit Opinion

Internal control remains, primarily, a management responsibility to ensure that the partnership conducts its business in a manner that has due regard to the principles of good governance. This responsibility has continued throughout the Covid-19 pandemic and includes any changes to business processes that have been required throughout this period. Internal Audit monitor these changes. Overall, the results of all of the work undertaken by Internal Audit in 2020/2021, including shared system audits and the reports produced by External Audit, help to inform an opinion on whether the internal controls the NLHSCP has in place are adequate. The formal annual Internal Audit opinion on the soundness of the IJB's internal control systems is presented jointly by the NLC Audit and Risk Manager and the NHSL Chief Internal Auditor.

It was recognised that the IJB and both partners continue to function within a challenging environment. The additional challenges presented in 2020/2021 by the Covid-19 pandemic further increased the scale and complexity of issues. Internal Audit have a generally positive view of the IJB's governance, internal control arrangements and progress to achieve previously agreed audit recommendations. Generally, across the IJB, there continues to be a strong recognition amongst management of the importance of appropriate governance arrangements and proportionate but effective internal controls. There are no matters that Internal Audit require to highlight in the Annual Governance Statement. Compliance with the requirements of the IJB corporate governance framework continues to be positive with no significant weaknesses, areas of concern, material frauds or irregularities resulting in financial loss to the IJB identified in 2020/2021.

The joint Internal Audit opinion is therefore that reasonable assurance can be placed upon the adequacy and effectiveness of the North Lanarkshire Health and Social Care Integration Joint Board's framework of governance, risk management and internal control for the year ended 31 March 2021.

The Internal Audit work for 2021/2022 will continue to focus on key strategic and operational areas of risk for the IJB.

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Conclusion and Opinion on Assurance

Throughout 2020/2021, in response to the Public Health emergency, the IJB and both partners revised their governance arrangements to support the most effective response to the Covid-19 pandemic. NLC and NHSL responded pro-actively to the Covid-19 pandemic and emergency arrangements were put in place to allow services to rapidly respond to each development. Normal business operations were impacted and some of the expected systems and controls have been subject to change. Risk assessments had to be updated and regularly reviewed. Against this unprecedented backdrop, the IJB has adhered to the stated principles of good governance, acted in the public interest and been committed to continuous improvement. There were no significant control weaknesses, issues or failures in the expected standards for good governance, risk management and internal control. Assurances that adequate and effective systems of internal control are in place have been exchanged between the IJB and each partner. The IJB governance arrangements are effective and consistent with the recommendations of the CIPFA/SOLACE Framework (2016). The IJB considers that review processes are in place and are effective.

Making transformational change, at the same time as managing existing services and funding pressures, particularly during the Covid-19 pandemic, continues to be challenging. Both partners will experience significant challenges in recovering from the pandemic. There will be a significant backlog of activity to be addressed. Workforce and financial resources will be stretched. Response, recovery and remobilisation plans are being refreshed to ensure available resources are prioritised and new approaches, which have proven to be effective, continue to be implemented. While recognising that continuous improvement actions will be progressed during the sixth year of operation, it is the IJB's opinion that reasonable and objective assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements and that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact. This assurance is limited, however, to the work undertaken during the year, the assurances provided by each partner and the evidence available at the time of preparing this statement. In partnership with NHSL and NLC, the IJB continues to have effective and robust structures in place to deliver the commissioning intentions. The good governance arrangements across the NLHSCP also effectively contribute to the implementation of the objectives of both partners.

Approved By

Dr. Avril Osborne

Ross McGuffie

Chair

Chief Officer

Date

Date

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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.

2019/2020				2020/2021		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£m	£m	£m		£m	£m	£m
210.107	(2.735)	207.372	Social Care Services	189.048	(1.226)	187.822
101.599	0.000	101.599	Family Health Services	105.773	0.000	105.773
70.193	0.000	70.193	Prescribing Costs	69.088	0.000	69.088
130.404	0.000	130.404	Hosted Services (Note 10)	141.034	0.000	141.034
61.229	0.000	61.229	Hospital Acute Services (Notional Set Aside Budget)	63.066	0.000	63.066
62.732	0.000	62.732	Health Care Services	65.557	0.000	65.557
1.762	(1.762)	0.000	Housing Services	1.281	(1.281)	0.000
0.205	0.000	0.205	Corporate Services (Note 6)	0.212	0.000	0.212
0.000	0.000	0.000	Covid-19 Costs (Note 13)	21.342	0.000	21.342
638.231	(4.497)	633.734	Cost of Services	656.401	(2.507)	653.894
0.000	(634.165)	(634.165)	Taxation and Non-Specific Grant Income (Note 5)	0.000	(666.991)	(666.991)
0.000	0.000	0.000	Covid-19 Funding (Note 13)	0.000	(23.607)	(23.607)
638.231	(638.662)	(0.431)	Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure (Note 11)	656.401	(693.105)	(36.704)

The IJB was established on 27 June 2015. Integrated delivery of health and social care services commenced on 1 April 2016. 2020/2021 is the fifth 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.

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MOVEMENT IN RESERVES STATEMENT

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

Movements in Reserves	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2019	15.983	15.983
Total Comprehensive Income and Expenditure	(0.431)	(0.431)
Increase or (decrease) in 2019/2020	0.431	0.431
Opening balance at 1 April 2020	16.414	16.414
Total Comprehensive Income and Expenditure	(36.704)	(36.704)
Increase or (decrease) in 2020/2021	36.704	36.704
Closing balance at 31 March 2021	53.118	53.118

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
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BALANCE SHEET AS AT 31 MARCH 2021

The balance sheet shows the value as at 31 March 2021 of the IJB's assets and liabilities at the balance sheet date. The net assets of the IJB are matched by the reserves held by the IJB.

	Notes	31 March 2021 £m	31 March 2020 £m
Current assets			
Short term debtors	7	53.118	16.414
Net assets / (liabilities)		53.118	16.414
Usable reserves	11	53.118	16.414
Total reserves		53.118	16.414

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 2021 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue on 22 June 2021.

Authorised by Marie Moy

Marie Moy

Chief Financial Officer

Date: 22 June 2021

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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 2020/2021 and its position at the year end of 31 March 2021.

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 2020/2021, 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 2021 is represented as a debtor or creditor on the IJB's balance sheet.

1.7 Employee benefits

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

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 2021 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 2021 whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's balance sheet but is disclosed in a note where it is material.

1.10 Indemnity Insurance

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

1.11 Debtors and creditors

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

There are no creditor balances.

1.12 Reserves

A reserve is the accumulation of surpluses, deficits and appropriation over a number of years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB. Reserves should be split between usable and unusable on the balance sheet. As at 31 March 2021, the usable reserve balance totals £53.118million. There are no unusable reserves.

1.13 Specific Service Income

Income may be received from individuals as a contribution towards the cost of their social care services. The amount collected is allocated to the relevant expenditure category and the net cost is reported in the Comprehensive Income and Expenditure Statement. This is the basis upon which the 2020/2021 annual accounts have been prepared.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

2. Critical judgements and estimation uncertainty

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

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

2.1 Hosted Services

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

Within Lanarkshire, each IJB has operational responsibility for the services which it hosts on behalf of the other IJB. In delivering these services the IJB has primary responsibility for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required. As such, the IJB is considered to be acting as “principal” and the full costs are now reflected within the annual accounts for the services it hosts. This is the basis upon which the 2020/2021 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 2020/2021, the notional figure for the sum set aside for 2020/2021 has been agreed with NHSL as £63.066m. This amount will be included in both the NHSL Health Board and IJB annual accounts 2020/2021. This notional figure is based on the 2020/2021 price basis and has been adjusted for planned service changes during 2020/2021 including any transfer of resources from acute services to community services and adjustments informed by the review of 2018/2019 activity levels. This figure has been reviewed and supplemented by additional planning information on resource use. It should be noted therefore that the sum set aside recorded in the annual accounts will not therefore reflect actual hospital use in 2020/2021.

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

2. Critical judgements and estimation uncertainty (Cont.)

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

The methodology to cost these set-aside services is complex. The agreement in place between NHSL and the IJB is that the services covered within the set aside arrangements will be provided for the agreed notional sum and that the risk of the cost of the directed services exceeding the agreed notional sum is borne by NHSL during the year. The activity data upon which the set-aside figure is based is in arrears. The 2018/2019 costs for the North Lanarkshire IJB were published in September 2020, approximately 18 months after the year-end.

Year	Notional Budget £m	Actual Cost £m	Underspend/(Overspend) £m
2016/2017	57.250	57.444	(0.194)
2017/2018	56.719	58.373	(1.654)
2018/2019	58.103	58.693	(0.590)

Based on the 2018/2019 activity data and in line with the agreed methodology, the cost of providing services is retrospectively estimated to be £58.693m, which is £0.590m (1%) more than the notional budget. In 2017/2018 the costs had been £1.654m (2.9%) more than notional budget. The additional cost was borne by NHSL in each year.

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

2.3 Transfer of Children, Families and Justice Services Budgets

Following the review of the Integration Scheme, budgets totalling £21m and the related expenditure which directly support the Children, Families and Justice Services were transferred to the Education and Families Service in NLC during 2019/2020. Due to the complexity of the budget disaggregation process, the exercise was planned over an 18 month period with the final phase of the budget transfer to Education and Families Services which totalled £15.6m being concluded in 2020/2021. The total budget transfer in respect of staff and other resources which are now fully aligned to children, families and justice services was therefore £36.6m. The final budget transfer in 2020/2021 also took into consideration inflation uplifts and investment funding. In 2020/2021, a revised IJB direction was issued to NLC to reflect the conclusion of the budget disaggregation exercise. A hosting arrangement required to be established in respect of cross-cutting and support services which could not be directly allocated to either the IJB or NLC. Expenditure is therefore still included in the IJB Annual Accounts 2020/2021 which now no longer forms part of the Integration Scheme. The hosting arrangement was implemented in 2020/2021 and the financial implications continue to be monitored.

3. Events after the reporting period

The Chief Financial Officer authorised the unaudited annual accounts for issue on 22 June 2021. 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 2020/2021**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

4. Expenditure and Income Analysis by Nature

2019/2020 £m		2020/2021 £m	
210.107	Social Care Services		189.048
101.599	Family Health Services		105.773
70.193	Prescribing Costs		69.088
106.167	Hosted Services - Led by the North IJB (Note 10)	110.374	141.034
24.237	Hosted Services - Led by the South IJB	30.660	
130.404	Hosted Services – Total		
61.229	Hospital Acute Services (Notional Set Aside Budget)		63.066
50.836	Health Care Services – Localities	52.430	65.557
7.651	Health Care Services - Area Wide	8.648	
4.245	Health Care Services - Out-of Area	4.480	
62.732	Health Care Services – Total		
1.186	Housing Services - Housing Revenue Account	0.741	1.281
0.576	Housing Services - General Fund	0.540	
1.762	Housing Services – Total		
0.205	Corporate Services		0.212
0.000	Covid-19 Costs		21.342
638.231	Total Gross Expenditure		656.401
(477.550)	Funding Contribution - NHS Lanarkshire		(518.560)
(156.615)	Funding Contribution - North Lanarkshire Council		(148.431)
(4.497)	Specific Service Income		(2.507)
0.000	Covid-19 Funding		(23.607)
(638.662)	Total (Income)		(693.105)
(0.431)	Deficit or (surplus) on the provision of services		(36.704)

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

5. Taxation and Non-Specific Grant Income

2019/2020 £m		2020/2021 £m
(477.550)	Funding Contribution from NHS Lanarkshire	(518.560)
(156.615)	Funding Contribution from North Lanarkshire Council	(148.431)
(634.165)	Total	(666.991)

The funding contribution from the NHS Board shown above includes £63.066m in respect of the “set aside” resources relating to acute hospital and other resources. These are provided by NHS Lanarkshire which retains responsibility for managing the costs of providing these services. The IJB however, has responsibility for the consumption of, and level of demand placed on, these resources.

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

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

2019/2020 £m		2020/2021 £m	
(1.186)	Housing Revenue Account	(0.741)	
(0.576)	Garden Assistance Scheme Income	(0.540)	
(1.762)	Housing Services		(1.281)
(1.762)	Total		(1.281)

The funding contributions from the partners shown above also exclude specific service income contributions from individuals towards the cost of their social care services. In 2020/2021, this income totalled £1.226m and is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement on page 31.

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

6. Corporate Services

31 March 2020 £m		31 March 2021 £m
0.175	Staff Costs	0.182
0.027	External Audit Fee	0.027
0.003	Administration Costs	0.003
0.205	Total	0.212

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

7. Short Term Debtors

31 March 2020 £m		31 March 2021 £m
11.665	NHS Lanarkshire	36.400
4.749	North Lanarkshire Council	16.718
16.414	Total	53.118

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

8. Contingent Liabilities

The IJB is unaware of any material contingent liability as at 31 March 2021. Contingent liabilities represent items that at 31 March 2021 are not recognised in the IJB's annual accounts because there is significant uncertainty at that date as to the necessity of the partner or IJB to make payments in respect of them. During 2020/2021, the NLC partner finalised the sleepover rate paid to external social care providers in respect of the implementation of the Scottish Living Wage. This process began in 2017/2018 and was concluded in 2020/2021. Due to the uncertainty of the potential liability on conclusion of the process with the providers, no value was attributed to these payments in the financial statements in 2019/2020. The financial risk in respect of this matter was mitigated by the approval of the earmarked reserve, Self Directed Support Services, totalling £3.214m. This reserve is no longer required to mitigate this risk and the funding was reallocated as highlighted note 11 on page 43.

9. VAT

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

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

10. Hosted Services - Principal Income and Expenditure

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

2019/2020			Delegated Services - Services hosted by the North Lanarkshire IJB On behalf of the South Lanarkshire IJB	2020/2021		
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
1.340	(1.340)	0.000	Sexual Health Services	1.360	(1.360)	0.000
1.048	(1.048)	0.000	Continence Services	1.056	(1.056)	0.000
1.113	(1.113)	0.000	Immunisation Services	0.907	(0.907)	0.000
2.783	(2.783)	0.000	Speech and Language Therapy Services	2.862	(2.862)	0.000
3.506	(3.506)	0.000	Children and Adult Mental Health Services	3.930	(3.930)	0.000
5.401	(5.401)	0.000	Children's Services	5.591	(5.591)	0.000
0.265	(0.265)	0.000	Integrated Equipment and Adaptation Service	0.253	(0.253)	0.000
1.721	(1.721)	0.000	Dietetics Services	1.854	(1.854)	0.000
1.994	(1.994)	0.000	Podiatry Services	2.081	(2.081)	0.000
0.800	(0.800)	0.000	Prisoner Healthcare Services	0.848	(0.848)	0.000
0.742	(0.742)	0.000	Blood Borne Virus Services	0.703	(0.703)	0.000
1.014	(1.014)	0.000	Hospital at Home Services	1.062	(1.062)	0.000
31.536	(31.536)	0.000	Mental Health Services	34.988	(34.988)	0.000
53.263	(53.263)	0.000	South Lanarkshire IJB Total	57.497	(57.497)	0.000
52.904	(54.473)	(1.569)	North Lanarkshire IJB Total	52.877	(59.843)	(6.966)
106.167	(107.736)	(1.569)	Total services hosted by the North Lanarkshire IJB (Note 4)	110.374	(117.340)	(6.966)

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

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

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

2019/2020			Delegated Services - Hosted Services	2020/2021		
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
2.566	(2.566)	0.000	Primary Care Improvement Fund	7.373	(7.373)	0.000
3.206	(3.206)	0.000	Community Dental Services	3.325	(3.325)	0.000
4.123	(4.123)	0.000	Out of Hours Services	4.255	(4.255)	0.000
1.825	(1.825)	0.000	Diabetic Services	2.211	(2.211)	0.000
3.960	(3.960)	0.000	Occupational Therapy Services	4.565	(4.565)	0.000
3.465	(3.465)	0.000	Palliative Care Services	3.636	(3.636)	0.000
0.348	(0.348)	0.000	Primary Care Services	0.378	(0.378)	0.000
4.744	(4.744)	0.000	Physiotherapy Services	4.917	(4.917)	0.000
(24.237)	(24.237)	0.000	Services hosted by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB (Note 4)	30.660	(30.660)	0.000

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

11. Usable Reserve: General Fund

The purposes of the General Fund are detailed in the [IJB Reserves Policy¹⁴](#). Funding received for a specific purpose and not yet spent will be allocated to a ring-fenced reserve. Funding for future expenditure needs and key financial risks will be allocated to earmarked reserves. A contingency reserve is required to cushion the impact of unexpected events or emergencies. This is a key part of the risk management strategy. The table below shows the movements on the General Fund balance, analysed between these purposes and the amount held as a general contingency.

2019/2020				Useable Reserve	2020/2021		
Balance as at 1 April 2019	Transfers Out	Transfers In	Balance as at 31 March 2020		Transfers Out	Transfers In	Balance as at 31 March 2021
£m	£m	£m	£m		£m	£m	£m
				Ring-fenced Reserves			
0.000	0.000	0.000	0.000	Integration Authority Support Fund	0.000	6.076	6.076
0.000	0.000	0.000	0.000	Remobilisation Fund	0.000	5.265	5.265
0.823	(0.668)	1.041	1.196	Mental Health Funding (Including Action 15 and Distress Brief Intervention Funding)	(0.392)	2.106	2.910
0.000	0.000	0.000	0.000	Winter Preparedness Fund	0.000	1.941	1.941
1.137	(0.779)	0.000	0.358	Alcohol and Drug Partnership Fund	0.000	0.964	1.322
0.000	0.000	0.000	0.000	Community Living Change Fund	0.000	1.298	1.298
0.000	0.000	0.000	0.000	Child and Adolescent Mental Health Services	0.000	0.900	0.900
0.000	0.000	0.560	0.560	Community IT Strategy	0.000	0.200	0.760
0.461	(0.461)	0.222	0.222	Ring-fenced Reserves – Other Services	(0.092)	2.059	2.189
2.421	(1.908)	1.823	2.336	Ring-fenced Reserves Total	(0.484)	20.809	22.661
				Earmarked Reserves			
2.025	(1.644)	0.000	0.381	IJB Financial Plan 2022/2023 (NLC)	0.000	4.000	4.381
2.881	0.000	0.905	3.786	Prescribing Fund (Risk Based Reserve)	0.000	0.568	4.354
0.000	0.000	0.000	0.000	Social Care Services (Risk Based Reserve)	0.000	4.000	4.000
0.000	0.000	0.000	0.000	IJB Savings 2022/2023 (NLC)	0.000	1.562	1.562
0.000	0.000	0.000	0.000	Minor Repairs and Refurbishment Programme (NHSL)	0.000	1.500	1.500
0.000	0.000	0.000	0.000	Area Wide Services (NHSL)	0.000	0.985	0.985
0.000	0.000	0.000	0.000	Speech, Language and Therapy Services (NHSL)	0.000	0.807	0.807
0.000	0.000	0.000	0.000	Child and Adolescent Mental Health Services (NHSL)	0.000	0.717	0.717
0.000	0.000	0.580	0.580	Carers Act (Scotland) 2016 (NLC)	0.000	0.000	0.580
3.214	0.000	0.000	3.214	Self-Directed Support Services (Risk Based Reserve)	(3.214)	0.000	0.000
5.389	(3.459)	0.503	2.433	Earmarked Reserves – Other Services	(0.492)	5.747	7.688
13.509	(5.103)	1.988	10.394	Earmarked Reserves Total	(3.706)	19.886	26.574
0.053	0.000	3.631	3.684	Contingency Reserve Total	0.000	0.199	3.883
15.983	(7.011)	7.442	16.414	General Fund Total	(4.190)	40.894	53.118
	0.884	(0.884)	0.000	Transfer Between Reserves	3.214	(3.214)	0.000
	(6.127)	6.558	0.431	Movement In Reserves (Decrease)/Increase	(0.976)	37.680	36.704

¹⁴ <https://mars.northlanarkshire.gov.uk/egenda/images/att91214.pdf>

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
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NOTES TO THE FINANCIAL STATEMENTS (Cont.)

12. Related Party Transactions

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

2019/2020 £m	Transactions with NHS Lanarkshire	2020/2021 £m
(477.550)	Funding Contributions received from NHS Lanarkshire	(518.560)
0.000	Covid-19 Funding	(23.607)
426.157	Expenditure on Services Provided by NHS Lanarkshire	444.518
0.000	Covid-19 Costs	6.145
0.030	Support Services	0.030
(51.363)	Net Transactions with NHS Lanarkshire	(91.474)

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

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

31 March 2020 £m	Balances with NHS Lanarkshire	31 March 2021 £m
11.665	Debtor balances: Amounts due from NHS Lanarkshire	36.400
11.665	Net Balance with NHS Lanarkshire	36.400

2019/2020 £m	Transactions with North Lanarkshire Council	2020/2021 £m
(156.615)	Funding Contributions received from North Lanarkshire Council	(148.431)
(4.497)	Service Income received from North Lanarkshire Council	(2.507)
0.000	Covid-19 Funding	0.000
211.869	Expenditure on Services Provided by North Lanarkshire Council	190.329
0.000	Covid-19 Costs	15.197
0.175	Key Management Personnel: Non-Voting Board Members	0.182
50.932	Net Transactions with North Lanarkshire Council	54.770

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2020/2021**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

12. Related Party Transactions (Cont.)

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

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

The total cost of the Chief Officer and the Chief Financial Officer is paid by North Lanarkshire Council. This payment is included in the Corporate Services cost in the Comprehensive Income and Expenditure Statement. A contribution of 50% of this cost is met by NHS Lanarkshire. Details of the remuneration of these post holders is included in the Remuneration Report.

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

31 March 2020 £m	Balances with North Lanarkshire Council	31 March 2021 £m
4.749	Debtor balances: Amounts due from North Lanarkshire Council	16.718
4.749	Net Balance with North Lanarkshire Council	16.718

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

13. Covid-19 Costs and Funding

Additional funding was provided by the Scottish Government to respond to the Covid-19 pandemic and to support the remobilisation of services. The Covid-19 funding and Covid-19 costs are summarised as follows:

2019/2020 £m	Covid-19 Funding and Costs Summary	2020/2021 £m
0.000	Allocated To NHSL Costs	6.145
0.000	Allocated To NLC Costs	15.197
0.000	Transferred To Remobilisation Reserve	2.265
0.000	Total	23.607

14. 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 2020/2021**

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 2021 is Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.