

**NORTH LANARKSHIRE  
INTEGRATION JOINT BOARD**

**ANNUAL ACCOUNTS**  
UNAUDITED

**2019/2020**



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# NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/2020

## MANAGEMENT COMMENTARY

### Introduction

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

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

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

### The Role and Remit of the IJB

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

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

The IJB is made up of eight voting members: four Elected Members appointed by NLC and four Non-Executive Directors appointed by NHSL. Non-voting members of the Board include the Chief Officer, the Chief Social Work Officer, the Nurse Advisor, the Medical Advisor, the Chief Financial Officer, the Registered Medical Practitioner and representatives for staff, the third sector, service users and carers. In March 2019, the IJB approved the [Strategic Commissioning Framework<sup>1</sup>](#) for the period 2019 to 2022 and issued the directions 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.

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

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### The IJB's Outcomes for the Year

Effective from 1 April 2019, the Cabinet Secretary approved an updated [Integration Scheme](#)<sup>2</sup> to comply with the statutory requirement to review the Integration Scheme within the five year timescale of May 2020 and also to reflect the transfer of the discretionary delegated functions for Children, Families and Justice Services from the IJB to the newly reshaped Education and Families Service in NLC. During 2019/2020, a new Chief Officer was appointed and a structural review of the HSCP was initiated. A comprehensive review was also undertaken at the outset of 2019/2020 and the [North Lanarkshire Integration Review and Self-Assessment](#)<sup>3</sup> progress report was reported to the IJB Performance, Finance and Audit Committee (PFAC) on 19 February 2020. A range of improvement actions are still ongoing.

The performance across the HSCP is reported regularly to the IJB throughout the year. In addition to making progress with the key performance indicators which is highlighted at page 15, the HSCP also responded to the Covid-19 pandemic. The publication of the Annual Performance Report has been delayed due to the pandemic.

Extensive consultation was undertaken to develop the [Strategic Commissioning Plan 2020-2023](#)<sup>4</sup>. The significant progress made in improving the outcomes for individuals in North Lanarkshire is detailed at section 3 of the plan and is summarised as follows:

- Integrated Rehabilitation Teams have been developed across each of our six localities and proactively support the Discharge to Assess approach. Rehabilitation and reablement principles are at the heart of integrated service delivery across the whole system.
- The Lanarkshire Mental Health and Wellbeing Strategy was launched setting in progress a range of service improvements for all age groups.
- The Health and Social Care Academy has been established to promote entry routes into health and social care roles.
- The Hospital at Home model, which provides care in peoples own homes and prevents admission to hospital, continued to evaluate well. This service equated to 64 beds per day.
- The Making Life Easier online self-assessment tool provides consistent advice and personalised responses. It also facilitates early intervention and prevention by signposting individuals appropriately.
- A five year Rapid Rehousing Transition Plan has been developed to help those experiencing homelessness.
- A comprehensive independent review was undertaken of our Community Solutions i.e. the Third Sector voluntary and community organisations delivering on a range of early intervention and prevention activities.
- Access to mental health services has 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 also available to women during and immediately after pregnancy.
- The Stigma Free Lanarkshire programme aims to reduce mental health stigma and discrimination.
- A range of recovery services are delivered to support individuals affected by alcohol and drug misuse and their families in particular advocacy, peer support and family support services.
- The number of unplanned bed days (unscheduled care) was reduced by 17% (62,398 bed days) by 31 March 2019, exceeding the target set of 10%. During 2019/2020 however the number of delayed discharge bed days has been consistently higher than 2018/2019, the exception being March 2020 and the impact of the Covid-19 pandemic. This is considered further at page 16.
- A range of cost pressures across the HSCP were effectively addressed through management actions and non-recurring funding solutions. The IJB Medium to Long Term Financial Plan 2020/2021 to 2029/2030 was also presented to the PFAC in March 2020.

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<sup>2</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att91210.pdf>

<sup>3</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att93449.pdf>

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

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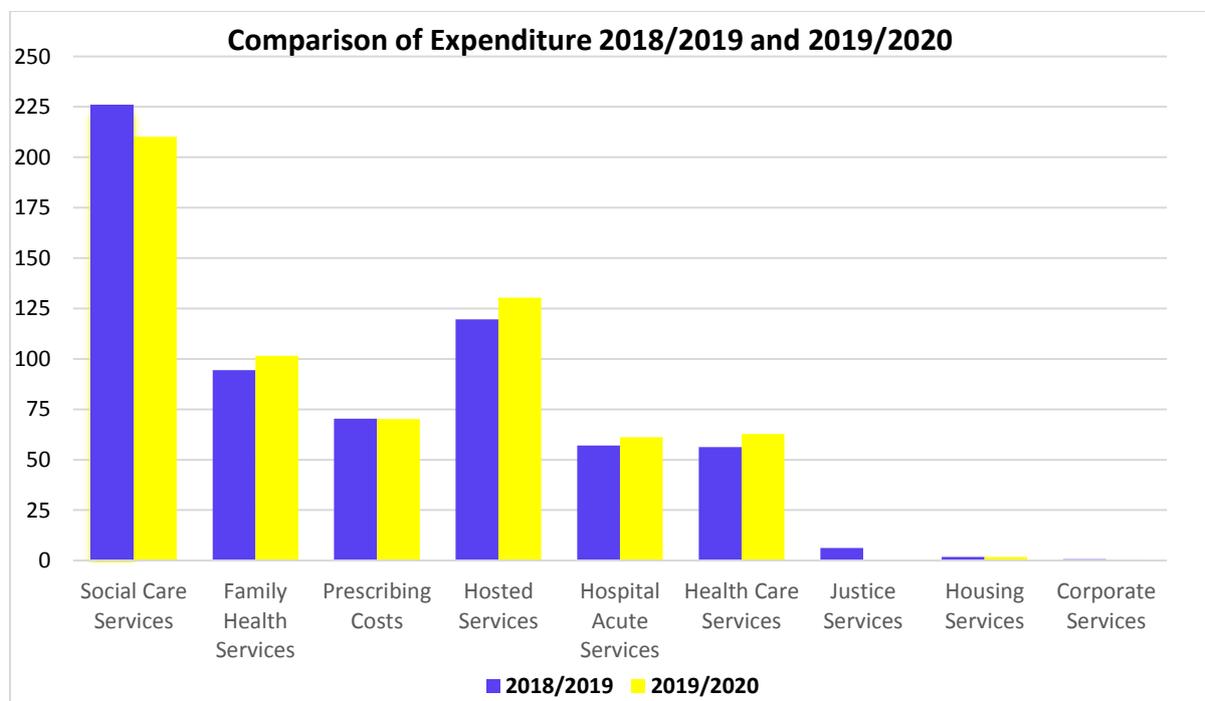
**The IJB’s Financial Position at 31 March 2020**

The delegated funds for the IJB come from NLC and NHSL. The level of funding available to the IJB is therefore heavily influenced by these organisations’ grant settlements from the Scottish Government.

The [IJB Financial Plan 2019/2020](#)<sup>5</sup> was approved on 26 March 2019.

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

The actual expenditure incurred in 2019/2020 is detailed at note 4 on page 28 and is compared to the actual expenditure incurred in 2018/2019 in the graph below.



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

<sup>5</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att90491.pdf>

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

Earlier projections during 2019/2020 indicated a significant overspend across social care services due to demographic changes. However, these cost pressures were addressed by management actions, favourable movements in-year and non-recurring funding solutions. The financial monitoring report for the year ended 31 March 2020, which confirms an underspend of £6.6m, provides information on the significant variances across health and social care services which are highlighted as follows:

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

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

**Annual Accounts 2019/2020**

The final year-end underspend at 31 March 2020 of £6.6m therefore reflected underspends of £5.7m by NHSL and £0.9m by NLC. The surplus on the provision of services and total comprehensive income and expenditure in 2019/2020 is £0.4m. This is highlighted on the Comprehensive Income and Expenditure Statement on page 21 and is also included in the Movement in Reserves Statement on page 22. The total movement on reserves at 31 March 2020 is a net increase of £0.4m. The final year-end underspend of £6.6m and the movement in reserves of £0.4m are reconciled in the table below.

<b>Financial Outturn 2019/2020</b>		<b>Movement In Reserves Reduction / (Increase)</b>	<b>Returned to Partner</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
NLC - General Underspend	0.866	(0.866)	
NLC -HRA Underspend	0.208		(0.208)
<b>NLC - Net Overspend</b>	<b>1.074</b>	<b>(0.866)</b>	<b>(0.208)</b>
NHSL Underspend	5.692	(5.692)	
<b>Total As At the 31 March 2020</b>	<b>6.766</b>	<b>(6.558)</b>	<b>(0.208)</b>
Expenditure incurred against reserves in 2019/2020		6.127	
<b>Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure</b> <small>(Page 21 and Page 33 Note 11)</small>		<b>(0.431)</b>	

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### Annual Accounts 2019/2020 (Cont.)

The services which are hosted by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB and the hosted services which are led by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB are detailed in note 10 on pages 31 to 32. In line with the Integrated Resource Advisory Group Finance Guidance, the lead partner for a hosted service is responsible for managing any overspends incurred. With the exception of ring-fenced funding, the lead partner can also retain any underspends which may be used to offset the overspends. This arrangement has been in place since 1 April 2016. The North Lanarkshire IJB and the South Lanarkshire IJB endorsed this principle in respect of 2019/2020.

During the course of the year, the IJB were advised that up to £2.9m may require to be drawn down by the NLC partner from a ring-fenced reserve (£2m) and the contingency reserve (£0.9m) in order to achieve financial balance. Due to the favourable movements in-year, only £1.6m required to be drawn down by NLC for this purpose. The total transfer from reserves was £6.127m and the transfer to reserves was £6.558m, a positive movement of £0.431m. The balance on the IJB reserves at 31 March 2020 is £16.414m. The ring-fenced (£2.336m), earmarked (£10.394m) and contingency reserves (£3.684m) are detailed at note 11 on page 33. It is good financial management to maintain a contingency reserve.

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

### Matters of Strategic Importance

The [IJB Financial Plan 2020/2021](#)<sup>6</sup> was approved on 26 March 2020. Cost pressures were projected to be £30.455m. Both NLC and NHSL confirmed that the same level of base cash resources would continue to be provided to the IJB. In addition to this, additional funding totalling £21.035m has been passed to the IJB by NHSL and NLC. The funding gap was therefore £9.420m. It was originally intended that this would be addressed as follows:

▪ Savings	£3.780m
▪ Community Alarm Income	£1.410m
▪ Use of non-recurring reserves	£0.790m
▪ Management Actions	£1.558m
▪ Reprofiting of cost pressure	£1.882m
▪ Total	£9.420m

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

The budgets associated with the transfer of the Children, Families and Justice Services from the IJB to NLC resulted in a reduction in the current 2020/2021 IJB budget of £21m. As highlighted at note 2.4 on page 27, a further £14.7m will be transferred in 2020/2021 to complete the disaggregation exercise.

The management of cost pressures in 2019/2020 across social care services relied on the implementation of a budget recovery plan and non-recurring funding solutions particularly for the NLC partner. The costs associated with the social care service at 31 March 2020 were partly addressed by the transfer of funding from IJB reserves of £1.588m.

In 2020/2021 and beyond, the main financial risk is that NHSL and/or NLC may overspend. The impact of the COVID-19 pandemic 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.

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<sup>6</sup><https://mars.northlanarkshire.gov.uk/egenda/images/att93864.pdf>

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**Matters of Strategic Importance (cont.)**

As part of the emergency plan, the IJB and both partners took forward the Lanarkshire Mobilisation Plan, the cost of which will not be fully known until part way through the current financial year 2020/2021. The Response, Redesign and Recovery stage is now progressing. The aims associated with this next stage are highlighted on page 17. The estimated costs are currently being identified. The financial strategy for 2020/2021 and beyond requires to be revised to maintain financial sustainability.

- Social care services continue to face demand pressures within home support and independent care homes.
- Some of the funding solutions in 2019/2020 were non-recurring and some cost pressures are expected to recur again in 2020/2021.
- The impact of the savings not achieved in full in 2019/2020 (£0.9m) will be taken into consideration during the review of the financial plan.
- There continues to be uncertainty about what the post-Brexit rules will be with the European Union. Although the prescribing budget was underspent this year, there is risk that the EU withdrawal will adversely impact on future prescribing costs.
- Significant Covid-19 costs have already been incurred to date and some additional funding has been received in 2020/2021 from the Scottish Government towards these costs. Although the Scottish Government will provide further additional funding, there is a very high risk the additional funding will not fully address all additional costs incurred.
- It is intended that the allocation of the contingency reserve will be considered during the review of the IJB financial plan, following which a revised IJB Reserves Strategy for 2020/2021 will be submitted to the IJB for approval.

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

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

During 2019/2020, the IJB continued to progress service redesign within the financial and resource envelope available. Continuing to deliver services in the same way is no longer sustainable and changes will need to be made to the way services are accessed and provided. The rapid implementation of new ways of working in response to the Covid-19 pandemic resulted in significant additional costs however it also accelerated some aspects of the modernisation programme in particular the use of “Near Me” technology and remote working IT solutions.

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

The governance arrangements for the IJB and both partners are being amended to ensure effective and timely decision-making is in place to support the recovery process and to ensure health and social care resources are directed to best effect. Support for all health and social care professionals, particularly those working in community settings, will be fundamental to managing service delivery while the Covid-19 virus remains a risk. Maintaining the positive developments which have been rapidly stepped up in response to the crisis will also be a priority. Financial sustainability will be key to achieving this.

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**Key Strategic Risks and Uncertainties**

The IJB Risk Management Strategy complements the existing risk management processes within each partner. All three risk registers are reviewed regularly by the management team. The one very high risk facing the IJB (IJB9: Ability to maintain existing GM Services across NHSL) is detailed within the Annual Governance Statement on page 17.

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

This critical judgement in respect of the complex accounting treatment of the hospital acute services (set-aside) therefore follows the advice issued by the Scottish Government on how the sum set-aside should be recorded in the annual accounts. This is explained in more detail at note 2.2 on pages 26 and 27. Further information on the set-aside budget is also included in the Annual Governance Statement on page 18. A whole system approach will continue to be adopted by the partners to support the use of set-aside resources. As part of the recovery plan, it is intended to adopt the learning from NHS Tayside and the three HSCPs where whole system wide change across acute and community services achieved a successful reduction in the number of delayed discharges.

**Conclusion**

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

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

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

**Approved By**

**Dr. Avril Osborne**

**Chair**

**Date** 1 July 2020

**Ross McGuffie**

**Chief Officer**

**Date** 1 July 2020

**Marie Moy**

**Chief Financial Officer**

**Date** 1 July 2020

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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 2019/2020 (the "Code of Practice"), as supported by the International Financial Reporting Standard (IFRS), is required to give a true and fair view of the financial position of the IJB at the financial year end and its income and expenditure for the year then ended.

In preparing the Annual Accounts, I am responsible for:

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

I am also required to:

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

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

**Certified by Marie Moy**

**Chief Financial Officer:** Marie Moy

**Date:** 1 July 2020

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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 and four of whom are Non-Executive Directors appointed by the NHS Lanarkshire Health Board. The term of office of members is for a period of three years. There are also non-voting representatives on the IJB drawn from health and social care professionals, employees, the third sector, service users and carers.

**3 Remuneration: IJB Chair and Vice Chair**

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

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

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

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

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**REMUNERATION REPORT (Cont.)**

**4 Senior officers**

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

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

**5 Remuneration policy**

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

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

**6 Remuneration: Officers of the IJB**

The senior officers received the following remuneration in the period:

<b>Name</b>	<b>Salary, Fees, Allowances</b>	<b>2019/2020 Total Remuneration</b>	<b>2018/2019 Total Remuneration</b>
Ross McGuffie, Chief Officer (Interim: 1 April 2019 to 25 June 2019) (Substantial: 26 June 2019 -31 March 2020)	£98,011	£98,011	£41,456 (FYE - £94,571)
Marie Moy, Chief Financial Officer (1 April 2019 to 31 March 2020)	£35,048	£35,048	£34,026
Janice Hewitt <sup>7</sup> , Chief Officer (1 April 2018 to 22 October 2018)	N/A	N/A	£265,434 <i>plus annual compensation of £13,740</i>

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

The IJB does not directly employ any Health or Social Care staff. They are employed by either 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.

<sup>7</sup> During 2018/2019, the structural changes in NLC and the transfer of social work services for Children, Families and Justice Services back to the council resulted in a voluntary redundancy. The Assistant Chief Executive, Janice Hewitt was offered and accepted voluntary severance, effective from 8 April 2019. Ms Hewitt also held the post of Chief Officer. Ms Hewitt was employed by NLC and seconded to the IJB. The remuneration of the post holder is also disclosed in the NLC 2019/2020 Remuneration Report.

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**REMUNERATION REPORT (Cont.)**

**7 Pension benefits**

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

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

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

Name	In-year pension contributions		Accrued pension benefits			
	To 31 March 2020	To 31 March 2019	As at 31 March 2019	Movement In Year	As at 31 March 2020	
			£000	£000	£000	
Ross McGuffie Chief Officer	£18,752	£17,075	Pension	3	2	5
			Lump Sum	Nil	Nil	Nil
Marie Moy Chief Financial Officer	£13,528	£13,134	Pension	26	2	28
			Lump Sum	41	1	42
Janice Hewitt Chief Officer	N/A	£350,116 <sup>8</sup>	Pension	53	N/A	N/A
			Lump Sum	92	N/A	N/A

The pension benefits detailed in the table above relate only to the post holder's IJB role and are the total amounts attributable to each post on a full-time basis. A pro-rata approach has not been adopted.

**8 Severance Costs**

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

Exit Packages Bands	2019/2020		2018/2019	
	No. of employees	Notional Projected Lifetime Costs	No. of employees	Notional Projected Lifetime Costs
£800,001-£850,000	N/A	N/A	1	£835,559 <sup>9</sup>

**Approved By**

**Dr. Avril Osborne**

**Ross McGuffie**

**Chair**

**Chief Officer**

**Date:** 1 July 2020

**Date:** 1 July 2020

<sup>8</sup> The payment of £325,179 which was made in 2018/2019 to the pension fund as part of the voluntary redundancy settlement was disclosed in the North Lanarkshire IJB Annual Accounts 2018/2019.

<sup>9</sup> The information contained in this table was disclosed in the North Lanarkshire IJB Annual Accounts 2018/2019. In line with the Accounting Code of Practice, the table details, by cost banding, an estimate of the total severance costs that may potentially be incurred by NLC up until the age at which the relevant employee(s) are assumed to cease being members of the pension scheme.

# NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2019/2020

## ANNUAL GOVERNANCE STATEMENT

### Introduction

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

### Scope of Responsibility

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

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

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

### The Governance Framework

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

The roles and responsibilities of the IJB and the PFAC are set out in the [Terms of Reference](#)<sup>10</sup>.

The [IJB Code of Corporate Governance](#)<sup>11</sup> describes the IJB's governance arrangements. The internal control system can only provide reasonable and not absolute assurance of effectiveness. The effective operation of each partner's financial and corporate systems, processes and internal controls are key to achieving the IJB's outcomes.

### Review of Adequacy and Effectiveness

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

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

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<sup>10</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att87070.pdf>

<sup>11</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att86221.pdf>

<sup>12</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att91211.pdf>

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

### Assessment of Governance Arrangements

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

- On 26 March 2019, the IJB approved the directions to each of the partners to implement the [Commissioning Framework 2019 - 2022](#)<sup>13</sup> which aims to promote good health and wellbeing for all and to address inequalities. In line with the direction set by NLC in [We Aspire](#)<sup>14</sup>, the discretionary delegated functions for Children, Families and Justice Services were removed from the IJB during 2019/2020. The arrangement for some services which support both IJB delegated services and the functions removed from the IJB remains to be finalised during 2020/2021. To strengthen the NLC oversight of the social work functions and responsibilities and also to maintain joint planning with the Health Board, third sector and partner organisations, the Adult Health and Social Care Committee was established on 14 February 2019 and met five times during 2019/2020. As part of the HSCP structural review, progress was also made during the year with substantive appointments to senior leadership posts. The recruitment to key posts is ongoing.
- The [IJB Financial Plan 2019/2020](#)<sup>15</sup> was agreed on 26 March 2019 and directions were issued effective from 1 April 2019 to both partners in respect of the delivery of integrated functions and how resources were to be allocated for resultant services. As a result of the changes to the Integration Scheme, a review of the disaggregation of the budget was undertaken by Internal Audit which offered 'adequate assurance' that, to date, appropriate due diligence has been satisfactorily undertaken and the resultant budget for the IJB appears fairly based. Management actions were agreed to finalise the exercise in 2020/2021.
- The IJB budget was updated during the year to reflect additional in-year funding. The overspend projected throughout 2019/2020 was addressed as a result of management actions and non-recurring funding solutions. The surplus on provision of services and total comprehensive (income) and expenditure at 31 March 2020 is £0.4m. This position was arrived at as a result of the underspend of £6.6m. The financial position of the IJB for 2019/2020 is highlighted at pages 5 to 6 of the management commentary and detailed at pages 21 to 23.
- In order to understand the impact of integration on the health and social care system, the IJB and PFAC receive quarterly reports on performance, as well as six-monthly updates on the Measuring Performance Under Integration dataset. A continuous improvement programme is in place which relies on performance data to drive further improvement and support informed decision making in respect of strategic planning and commissioning. Both North Lanarkshire and South Lanarkshire HSCPs are viewed nationally as leading the way in integrated performance management arrangements.
- The most recent [Performance Update - Quarter 4 \(January - March 2020\)](#)<sup>16</sup> highlights 3 amber and 4 red key performance areas which are below target and the corrective action being progressed across these services. The performance monitoring framework comprises of 95 detailed measures, of which 56 (59%) are green, 12 (13%) are amber, 16 (17%) are red and 11 (12%) are not yet available.

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<sup>13</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att90476.pdf>

<sup>14</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att88713.pdf>

<sup>15</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att90491.pdf>

<sup>16</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att94052.pdf>

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

- A particular measure of IJB and Scottish Government focus is the number of delayed discharge bed days in 2019/2020 which has been consistently higher than 2018/2019. This is mainly due to high rates of referrals from acute services and also the complexity of the assessments. During March 2020, there has been a significant reduction in the number of people whose discharge from hospital has been delayed. The NLC Home Support team continued to support individuals home throughout the Covid-19 pandemic and the overall number of hospital attendances and admissions have been lower since March 2020 as the health and care system has been redesigned to respond to the Covid-19 crisis. As part of the recovery plan, it is intended to adopt the learning from NHS Tayside and the three HSCPs where whole system wide change across acute and community services achieved a successful reduction in the number of delayed discharges.
- The agreed actions from the internal audit review of the IJB's performance management arrangements are being implemented. The follow up audit confirmed that the review of the current performance monitoring and reporting arrangements has commenced with a view to reaching agreement on a new suite of indicators and targets for 2020/2021.
- The implementation of the recommendations of internal audit, external audit and inspection bodies is being closely tracked by the PFAC.
- The internal audit opinion was confirmed by the NLC Audit and Risk Manager only due to the absence of the Chief Auditor of NHSL. The joint internal audit working arrangements will be reviewed in 2020/2021.
- The External Auditor's previously noted there was no overall mechanism for a formal review of the best value arrangements for the IJB. A best value framework was therefore developed. The outcome of the assessment, which was reported to the PFAC on 5 November 2019, concluded that the IJB and each partner were demonstrating best value and were securing economy, efficiency, effectiveness and equality in service provision.
- On 15 May 2019, the Ministerial Strategic Group (MSG) for Health and Community Care self-evaluation was submitted to the Scottish Government. Of the 22 proposals under review, 1 (5%) was assessed as exemplary, 17 (77%) were established and 4 (18%) were partly established. The MSG intended to repeat the evaluation process at the end of the 12 month period set for delivery of all of the proposals. It is expected this review will be postponed. In line with Section 44 of the Public Bodies (Joint Working) (Scotland) Act 2014, the review of the Integration Scheme was undertaken before the expiry of the five year relevant period. The outcome of this review along with the MSG self-evaluation, a structural review, themed workstreams and learning experienced to date were collated into an Improvement Action Plan, the most recent update being reported to the PFAC on 19 February 2020 ([North Lanarkshire Integration Review and Self-Assessment<sup>17</sup>](https://mars.northlanarkshire.gov.uk/egenda/images/att93449.pdf)). Of the 38 improvement actions, 14 (37%) were reported as complete and 24 (63%) were ongoing. The ongoing improvement actions will continue to be progressed at the earliest opportunity.
- The North Lanarkshire IJB Annual Performance Report 2018/2019 was published in July 2019. In line with paragraph 8 of Schedule 6 to the Coronavirus (Scotland) Act 2020, it is expected the publication of the North Lanarkshire IJB Annual Performance Report 2019/2020 will be postponed.

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<sup>17</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att93449.pdf>

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

- The three year [Strategic Commissioning Plan 2020-2023<sup>18</sup>](#) was approved by the IJB on 26 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. A Children's Services Plan, Children and Young People's Health Plan, an integrated approach within justice services to strengthen the links to addiction and mental health services and a workforce strategy are being developed. Shared priorities have also been agreed to help forge the commitment with the housing sector and key partners. There are currently a range of boundaries in place within North Lanarkshire which are not co-terminous. The locality boundaries will be reviewed over the next three years to address continuity of care and integrated locality planning issues created due to these inconsistencies. The financial and workforce implications of the withdrawal from the European Union remain uncertain.
- An updated risk management protocol had been implemented. NHS Internal Audit also recommended improvements to the risk management approach which were considered at the IJB liaison development event in March 2020. The IJB reporting template will include a Risk Management section to link recommendations to existing risks on the IJB Risk Register and to new emergent risks. The [Risk Register<sup>19</sup>](#), which is reviewed regularly, was reported to the IJB on 26 May 2020. There is only one IJB risk graded as Very High (IJB9: Ability to maintain existing GM Services across NHS). This risk is aligned with the NHS Corporate Risk Register and the South Lanarkshire IJB Risk Register where the GP Primary Care services are hosted on behalf of both HSCPs. Making transformational change, at the same time as managing existing services and funding pressures, particularly during this period, continues to be challenging. To date, the Covid-19 pandemic has not been recognised as an IJB risk however the optimum management of all risks by the IJB and both partners is recognised as essential.
- In response to the Covid-19 pandemic, both partners implemented their emergency planning arrangements which included Gold, Silver and Bronze Command Structures. The IJB governance arrangement also had to be amended during this period. The Response, Redesign and Recovery stage is now progressing. The aim of this next stage is to support the recovery and redesign to a new landscape; provide good corporate governance and oversight; seek out innovative solutions aligned to redesign for effectiveness (outcomes) and efficiencies (invest to save); provide a safe working environment for essential services; and engage openly and constructively with Trade Unions throughout the recovery planning. A review of the actions taken will also be undertaken to identify key learning points and to share good practice.
- The North Lanarkshire IJB Medium to Long Term Financial Plan 2020/2021 to 2029/2030 was prepared in March 2020. The [IJB Financial Plan 2020/2021<sup>20</sup>](#) was approved by the IJB on 26 March 2020 and set out the parameters to achieve a balanced budget by 31 March 2021. Both of these plans will require to be reviewed to reflect the impact of the Covid-19 pandemic on operational services. There is a significant element of financial risk in respect of the response to the pandemic and additional costs are associated with sustaining services and setting up new services to meet increased demand.

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<sup>18</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att93862.pdf>

<sup>19</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att94050.pdf>

<sup>20</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att93864.pdf>

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

- The Scottish Government has established a process whereby the necessary activity and the additional costs incurred across health and social care services as a result of the Covid-19 pandemic are reported through Mobilisation Plans. The North Lanarkshire HSCP contributed to the Lanarkshire Mobilisation Plan. Dialogue with the Scottish Government is ongoing in respect of the additional funding required with the first tranche being announced in May 2020.
- Moving forward, sustainable financial strategies are needed to maintain essential service delivery and to retain emerging service redesign opportunities. Reliance will continue to be placed on further additional funding from the Scottish Government, in-year management actions, a review of the IJB Reserves Strategy and the short to medium-term financial strategies of each partner. During 2019/2020, the NLC partner also undertook a detailed analysis of the cost of service provision over the period from 2020/2021 to 2022/2023. The outcome of this comprehensive exercise will also help to inform future financial projections.
- The management of ‘set-aside’ budgets totalling £61.229m continues to be complex however NHSL have been committed to establishing an appropriate mechanism for its operation. As highlighted at note 2.2 on page 26 and page 27, the operation of the set-aside budget for unscheduled care services is a key area of uncertainty. Both hospital and community services must operate together to maximise the efficacy of unscheduled care services. A whole system approach is adopted by the partners. Cost pressures across acute services, for both the set-aside and non-set-aside services, have been managed by the health partner since 2016. This approach has been maintained in 2019/2020. The overspend against the set-aside services was £0.194m in 2016/2017 and increased to £1.654m in 2017/2018. Given current service demands and financial challenges facing acute services now and in the future, it will be challenging to sustain this approach. No changes however have been agreed for 2020/2021.
- The IJB and PFAC each met four times in 2019/2020. The PFAC meeting on 19 February 2020 could not convene as it would not be quorate. The rescheduled meeting on 24 March 2020 had to be stood down due to the Covid-19 pandemic. All extant papers were circulated. The questions raised and responses provided were reported to the IJB on 26 May 2020. Meetings since March 2020 have been convened virtually.

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

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

Ref.	Improvement Area	Action Undertaken
1	<p>Ensure the financial and commissioning strategies of the IJB and each partner continue to be aligned in order to progress the health and social care integration agenda and respond to the national and local policy initiatives within the context of on-going significant financial challenges.</p> <p>Chief Financial Officer (April 2018 to March 2020)</p>	<p><b>Progressed</b></p> <ul style="list-style-type: none"> <li>▪ The <a href="#">Commissioning Framework 2019 to 2022</a><sup>21</sup> was approved by the IJB on 26 March 2019 and a budget was set for 2019/2020, including savings plans.</li> <li>▪ The budget recovery plan was implemented and addressed cost pressures in-year.</li> </ul>

<sup>21</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att90476.pdf>

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**Overview of Control and Governance Improvements during 2019/2020 (Cont.)**

Ref.	Improvement Area	Action Undertaken
2	Further develop the performance management framework to maintain improvement activity and evidence the shift in the balance of care.  Head of Planning, Performance and Quality Assurance (April 2018 to March 2020)	<b>Progressed</b> <ul style="list-style-type: none"> <li>▪ The performance management framework is being embedded across all localities.</li> <li>▪ Internal audit were satisfied that the IJB's performance framework appeared adequate and generally effective.</li> </ul>
3	Continue to embed governance structures across the partnership and review governance arrangements including the directions pathway.  Chief Officer (April 2018 to March 2020)	<b>Progressed</b> <ul style="list-style-type: none"> <li>▪ Internal audit completed an audit of the IJB's governance arrangements and concluded that substantial assurance can be placed on the IJB's arrangements.</li> <li>▪ Two areas of good practice were noted.</li> <li>▪ The governance structure moving forward proposes key interfaces around clinical and care governance.</li> </ul>
4	Implementation of national agreements and new legislative duties  Chief Officer (April 2018 to March 2020)	<b>Progressed</b> <ul style="list-style-type: none"> <li>▪ Significant progress has been made in respect of the implementation of legislative changes and national policy initiatives.</li> <li>▪ Progress reports have been regularly presented to the IJB as appropriate.</li> </ul>
5	Implementation of the outcome of the Review of the Integration Scheme.  Chief Officer (April 2019 to March 2021)	<b>Ongoing</b> <ul style="list-style-type: none"> <li>▪ Improvement actions have been agreed across seven work streams.</li> <li>▪ Update reports are being presented to the IJB as appropriate.</li> </ul>
6	Further consideration of the Ministerial Strategic Group (MSG) proposals.  Chief Officer (April 2019 to March 2021)	<b>Ongoing</b> <ul style="list-style-type: none"> <li>▪ A range of actions are being progressed to take forward the MSG proposals.</li> <li>▪ The MSG originally indicated a second self-evaluation would be undertaken in 12 months to assess progress. It is expected the follow up will be rescheduled.</li> </ul>

**Overview of Control and Governance Improvements for 2020/2021**

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

Ref.	Improvement Area	Action Agreed	Lead Officer	Timeline
1	Review the IJB governance arrangements	This will include the review of the following: <ul style="list-style-type: none"> <li>▪ IJB joint internal audit arrangements</li> <li>▪ IJB Code of Corporate Governance</li> <li>▪ IJB emergency response arrangements and</li> <li>▪ the further development of the IJB website.</li> </ul>	Chief Financial Officer	March 2021

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
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**Overview of Control and Governance Improvements for 2020/2021 (Cont.)**

Ref.	Improvement Area	Action Agreed	Lead Officer	Timeline
2	Continue to develop the financial framework.	<p>This will include the review of the following:</p> <ul style="list-style-type: none"> <li>▪ IJB Medium to Long Term Financial Strategy</li> <li>▪ IJB Financial Plan 2020/2021</li> <li>▪ IJB Financial Regulations</li> <li>▪ IJB financial monitoring reports</li> <li>▪ IJB reserves strategy</li> <li>▪ the alignment of resources to partner directions and locality needs and</li> <li>▪ finance capacity.</li> </ul>	Chief Officer	March 2021

**Internal Audit Opinion**

The formal annual Internal Audit opinion on the soundness of the IJB's internal control systems is presented by the NLC Audit and Risk Manager only due to the absence of the Chief Auditor of NHSL. The NLC Audit and Risk Manager confirmed that overall, the results of the work of Internal Audit in 2019/2020 taken with other information available did not lead him to conclude that the IJB's overall systems of internal control were significantly or materially impaired. It is therefore his opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the North Lanarkshire IJB's framework of governance, risk management and internal control for the year ended 31 March 2020. No issues have been identified during the course of the internal audit work which would require to be disclosed in the Annual Governance Statement.

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

**Conclusion and Opinion on Assurance**

During 2019/2020, the IJB has adhered to the stated principles of good governance, acted in the public interest and been committed to continuous improvement. The IJB continued to demonstrate that the governance arrangements and framework within which it operates is sound and effective and is consistent with the principles and recommendations of the CIPFA/SOLACE Framework (2016). The IJB considers that systems are in place to regularly review and improve the governance framework and the internal control environment. In respect of the fourth year of operation for the IJB, these were effective and fit for purpose during 2019/2020 and there were no significant weaknesses. A wide range of stakeholders made a valuable contribution to the outcomes achieved by the IJB and both partners. While recognising that continuous improvement actions will be progressed during the fifth year of operation, it is the IJB's opinion that reasonable and objective assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements and that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact. This assurance is limited, however, to the work undertaken during the year, the assurances provided by each partner and the evidence available at the time of preparing this statement.

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

**Approved By**

**Dr. Avril Osborne**  
Chair  
Date 1 July 2020

**Ross McGuffie**  
Chief Officer  
Date 1 July 2020

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
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**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**

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

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

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

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

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
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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.

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

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
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**BALANCE SHEET AS AT 31 MARCH 2020**

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

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

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

The unaudited accounts were authorised for issue on 1 July 2020.

**Authorised by Marie Moy**

**Marie Moy**

**Chief Financial Officer**

**Date:** 1 July 2020

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting policies**

**1.1 General principles**

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

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

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

**1.2 Going concern**

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

**1.3 Accounting convention**

The annual accounts are prepared under the historical cost convention.

**1.4 Accruals of income and expenditure**

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

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

**1.5 Funding**

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

**1.6 Cash and cash equivalents**

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

**1.7 Employee benefits**

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

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

**1. Accounting policies (Cont.)**

**1.8 Corporate services**

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

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

**1.9 Contingent Liability**

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

**1.10 Indemnity Insurance**

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

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

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

**1.11 Debtors and creditors**

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

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

There are no creditor balances.

**1.12 Reserves**

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

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

**2. Critical judgements and estimation uncertainty**

The critical judgements made in the financial statements relating to complex transactions 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.
- Specific service income has been reviewed and reclassified. This is detailed at note 2.3.
- The financial implications of the transfer of the Children, Families and Justice Services budgets back to NLC are highlighted at note 2.4.

**2.1 Hosted Services**

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

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

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

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

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

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

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

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

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

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

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

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

**2.3 Specific Service Income**

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

**2.4 Transfer of Children, Families and Justice Services Budgets**

Following the review of the Integration Scheme, budgets totalling £21m and the related expenditure which directly support the Children, Families and Justice Services were transferred to the Education and Families Service in NLC. Due to the complexity of the budget disaggregation exercise, budgets totalling £14.7m will be transferred to the Education and Families Service effective from 1 April 2020. In respect of 2019/2020, the expenditure in relation to the budgets totalling £14.7m therefore is still included in the IJB annual accounts and also the NLC annual accounts.

**3. Events after the reporting period**

The Chief Financial Officer authorised the unaudited annual accounts for issue on 1 July 2020. There have been no other material events since the date of the balance sheet which require revision to the figures in the annual accounts.

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

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

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

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

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

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

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

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

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

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

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

The funding contributions from the partners shown above also exclude specific service income contributions from individuals towards the cost of their social care services. In 2019/2020, this income totalled £2.735m and is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement on page 21.

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

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

**6. Corporate Services**

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

**7. Short Term Debtors**

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

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

**8. Contingent Liabilities**

Contingent liabilities represent items that at 31 March 2020 are not recognised in the IJB's annual accounts because there is significant uncertainty at that date as to the necessity of the Council to make payments in respect of them. The IJB is aware that the partner, NLC, continues to work with providers to finalise the payment of the sleepover rate as a result of the implementation of the Scottish Living Wage. This process has been ongoing since 2017/2018. It is anticipated the process will be concluded in 2020/2021. Due to the uncertainty of any potential liability on conclusion of the process with the providers, no value has been attributed to these payments in the financial statements. The financial risk in respect of this matter has been mitigated by the approval of the earmarked reserve, Self Directed Support Services, at note 11 on page 33. The IJB is unaware of any other material contingent liability as at 31 March 2020.

**9. VAT**

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

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

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

**10. Hosted Services - Principal Income and Expenditure**

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

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

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

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

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

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

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

**11. Usable Reserve: General Fund**

The purposes of the General Fund are detailed in the [IJB Reserves Policy<sup>22</sup>](#). Funding received for a specific purpose and not yet spent will be allocated to a ring-fenced reserve. Funding for future expenditure needs and key financial risks will be allocated to earmarked reserves. A contingency reserve is required to cushion the impact of unexpected events or emergencies. This is a key part of the risk management strategy. The table below shows the movements on the General Fund balance, analysed between these purposes and the amount held as a general contingency.

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

<sup>22</sup> <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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**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 2020 is Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.