

# North Lanarkshire Integration Joint Board

2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared for North Lanarkshire Integration Joint Board and the Controller of Audit  
November 2022

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# Key messages

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## 2021/22 annual accounts

- 1 Our audit opinions on the annual accounts of the North Lanarkshire Integration Joint Board are unmodified and there were no significant issues.

## Financial management and sustainability

- 2 The IJB returned an underspend of £66 million in 2021/22. There were significant underspends in health and social care services due to staff vacancies.
- 3 £32 million of Covid-19 funding in 2021/22 remains unspent and total reserves are £119 million.
- 4 The medium to long term financial plan has not been updated to reflect the expected impact of Covid-19.

## Governance, Transparency and Best Value

- 5 Finance capacity is being increased with the appointment of a new Chief Financial Officer for the IJB.
- 6 Performance has been affected by Covid-19, but the IJB has identified the steps required to address this.

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# Introduction

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1. This report summarises the findings arising from the 2021/22 audit of North Lanarkshire Integration Joint Board (the IJB).
2. The scope of the audit was set out in our 2021/22 Annual Audit Plan which was presented to the Board on 22 June 2022.
3. This report comprises the findings from the audit of the North Lanarkshire IJB's annual accounts; consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#); and a review of the arrangements put in place by the IJB to secure Best Value.
4. The global coronavirus pandemic has had a continued impact on the IJB during 2021/22. We did not identify any significant audit risks for 2021/22.

## Adding value through the audit

5. We add value to the IJB, through the audit by:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations
  - sharing intelligence and good practice through our national reports ([Appendix 2](#)) and good practice guides
  - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

## Responsibilities and reporting

6. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is also responsible for compliance with legislation and for putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.
7. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.
8. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:
  - the effectiveness of the IJB's performance management arrangements,

- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability, and
- Best Value arrangements.

**9.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#). and supplementary guidance.

**10.** This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

**11.** Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and progress against these.

## Auditor Independence

**12.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

**13.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £27,960 as set out in our 2021/22 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**14.** This report is addressed to both the IJB and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

## Audit appointment from 2022/23

**15.** The Accounts Commission is responsible for the appointment of external auditors to local government bodies. External auditors are usually appointed for a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year. The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23, Audit Scotland will continue to be the appointed auditor for North Lanarkshire Integration Joint Board, although the team undertaking the audit will change.

**16.** We would like to thank members and staff, particularly those in finance for their co-operation and assistance over the last six years.

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# 1. Audit of 2021/22 annual accounts

The principal means of accounting for the stewardship of resources and performance

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## Main judgements

Our audit opinions on the annual accounts of the North Lanarkshire Integration Joint Board are unmodified and there were no significant issues.

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### Our audit opinions on the annual accounts are unmodified

**17.** The IJB's annual accounts for the year ended 31 March 2022 were approved by the Performance, Finance and Audit Committee on 30 November 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the Remuneration Report, Management Commentary and the Annual Governance Statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

### The annual accounts were submitted for audit by the statutory date

**18.** The unaudited annual accounts were received in line with our agreed audit timetable on 30 June 2022.

**19.** The working papers provided with the unaudited accounts were of a good standard and finance staff provided support to the audit team during the audit.

### There were no objections raised to the annual accounts

**20.** The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. There were no objections to the 2021/22 annual accounts.

**21.** The notice of inspection did not state the objection end date (which is one working day after the inspection period). The notice was posted on the North Lanarkshire Council's website and not the IJB website.

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## Recommendation 1

The notice of inspection should state the objection end date and the advert should be posted on the IJB website as well as the North Lanarkshire Council website.

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## Overall materiality is £6.5 million

**22.** We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values. We also determine a lower performance materiality threshold.

**23.** The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

**24.** Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. This was reviewed on receipt of the unaudited annual accounts and remains unchanged. This is summarised in [Exhibit 1](#).

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### Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£6.5 million
Performance materiality	£4.8 million
Reporting threshold	£200 thousand

Source: Audit Scotland

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## We have no significant findings to report on the audited annual accounts

**25.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have no issues to report from the audit.

## We have obtained assurance over the significant risks identified in our Annual Audit Plan

**26.** [Exhibit 2](#) sets out the significant risks of material misstatement to the financial statements we identified in our 2021/22 Annual Audit Plan. It summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

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### Exhibit 2

#### Significant risks of material misstatement in the financial statements

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of management override of controls</b></p> <p>International Auditing Standards require that audits are planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p>	<ul style="list-style-type: none"> <li>• Agreement of balances and transactions to North Lanarkshire Council and NHS Lanarkshire financial reports / ledger / correspondence.</li> <li>• Assurances will be obtained from the auditors of NHS Lanarkshire and North Lanarkshire Council over the completeness, accuracy and allocation of income and expenditure.</li> <li>• Review of significant adjustments at year-end.</li> <li>• Review of financial monitoring reports during the year.</li> </ul>	<p><b>Results &amp; Significant Judgements:</b> We obtained relevant assurances from the auditors of North Lanarkshire Council and NHS Lanarkshire.</p> <p>We identified the process for preparing the accounts based on financial reports from the partner organisations</p> <p>We undertook detailed testing of year-end adjustments.</p> <p>We reviewed financial reports prepared during 2021/22</p> <p><b>Conclusion:</b> We did not identify any incidents of management override of controls.</p>

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## There were no identified misstatements in the audited annual accounts

**27.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. However, the final decision on making the correction lies with those charged with governance considering



advice from senior officers and materiality. There were no misstatements identified that exceeded our reporting threshold.

### **Limited progress was made on prior year recommendations**

**28.** The IJB has made limited progress in implementing our prior year audit recommendations. Only two of the four prior year recommendations have been complete. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

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## 2. Financial management and sustainability

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Financial sustainability looks forward to the medium and long term to consider whether the council is planning effectively to continue to deliver its services or the way in which they should be delivered.

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### Main judgements

The IJB returned an underspend of £66 million in 2021/22. There were significant underspends in health and social care services due to staff vacancies.

£32 million of Covid-19 funding in 2021/22 remains unspent and total reserves are £119 million.

The medium to long term financial plan has not been updated to reflect the expected impact of Covid-19.

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### The 2021/22 budgeted gap of £2.5 million was to be met by planned savings and from reserves

**29.** The IJB approved its 2021/22 budget on 23 March 2021. The budget had a funding gap of £2.5 million. Plans to address the gap included savings of £1.7 million and a transfer of £0.8 million from reserves.

**30.** All funding and expenditure for the IJB is incurred by partner bodies (North Lanarkshire Council and NHS Lanarkshire) and processed in their accounting records. North Lanarkshire Council progressed the previously agreed savings plans for year 2 of the 3-year Efficiency Programme, approved in March 2020, which aimed to meet £1.5 million out of the total £1.7 million planned savings. In NHS Lanarkshire, part of the funding gap was due to the net increase in prescribing costs of £0.3 million. This was addressed by a Prescribing Quality and Efficiency Programme target totalling £1.6 million.

### The IJB underspent by £66 million in 2021/22

**31.** The Covid-19 pandemic had a significant impact on the IJB's 2021/22 budget. Costs remained uncertain throughout the year, and it was not clear

whether Covid-19 costs and undelivered savings would be fully funded going forward.

**32.** The IJB returned a total underspend of £74 million which reflects an underspend on services of £66 million and an £8 million draw down on the IJB reserves ([Exhibit 3](#)). The outturn was a result of significant year-end additional allocations from the Scottish Government, including Covid-19 funding and because of underspends, caused by ongoing vacancies across many services.

### Exhibit 3 Performance against budget

IJB budget summary	Budget £m	Actual £m	Variance £m
Gross Core Expenditure	751.7	685.2	66.5
Total Income	(751.7)	(759.9)	8.2
In-year expenditure met from Reserves	0	8.3	8.3
Surplus of Income over Expenditure	0.0	(66.4)	66.4

Source: North Lanarkshire IJB Annual Accounts 2021/22

### There were significant underspends in health services due to vacancies

**33.** The most significant variances within the NHS Lanarkshire underspend are within Hosted Services of £16.6 million which includes underspends of £10.3 million in Mental Health & Learning Disability Services and £5.3 million in Children and Adolescents Mental Health Services. Both underspends were mainly due to vacancies in nursing, psychology and administration posts.

**34.** There was also an underspend in Locality and Other services of £4.5 million. This is mainly due to vacancies across Nursing Services and Administration and Clerical staff within the localities totalling 66.06 WTE. There were incremental pay increases and unfunded enhancements across many services however these cost pressures were offset in-year by the vacancies.

**35.** There were also underspends in Addiction Services of £2.3 million, Prescribing of £1.5 million and Primary Care and Mental Health Transformation Fund and the Primary Care Improvement Fund of £9.8 million.

### There were significant underspends in social care services due to additional funding and vacancies

**36.** From the North Lanarkshire Council underspend, £6.4 million is in relation to the Scottish Government Funding for winter planning and £0.8 million from

carers budgets. These will both be carried forward to ring-fenced reserves to be incurred in 2022/23. There was also an £8 million underspend within the care at home sector predominantly relating to staff shortages.

### **£32 million of Covid-19 funding in 2021/22 remains unspent**

**37.** Covid-19 funding totalling £45 million was received from the Scottish Government in 2021/22 of which £13.4 million was incurred in 2021/2022 and £31.7 million will be transferred to a ring-fenced reserve to meet ongoing Covid-19 costs in 2022/2023.

**38.** The Scottish Government provided the following additional allocations which were unspent at the year-end and have been added to IJB reserves for use in future years:

- Adult & Drug Partnership (ADP): £1.931 million
- Child and Adolescent Mental Health Services (CAMHS): £9.109 million
- Multi-Disciplinary teams: £1.160 million
- Additional healthcare support workers: £0.634 million
- Mental Health Action 15: £3.016 million
- Distress brief Interventions: £1.444 million
- Mental Health Recovery – Facilities: £1.840 million

### **The budget monitoring arrangements are appropriate and clear information was provided to IJB Board members**

**39.** Detailed budget monitoring reports were submitted to the IJB Board and the Performance, Finance and Audit Committee. The outturn to date and projected year-end outturn position were clearly stated in these reports while the actual year-end outturn position was in line with expectations.

**40.** The content of the budget monitoring reports was updated to reflect the financial impact of Covid-19 and an additional section was included that highlighted additional income received and expenditure incurred because of Covid-19. This ensured the IJB were aware of how Covid-19 impacted on the overall financial position and outturn.

**41.** We observed that senior management and members receive accurate financial information on the IJB's financial position. However, the first quarterly financial monitoring report was not presented to the Performance, Finance & Audit Committee until 5 months into the 2021/22 financial year on 24 August 2021. A prior-year audit recommendation regarding the timeliness of budgetary information being presented to members is included in [Appendix 1](#).

## The medium to long term financial plan has not been updated to reflect the expected impact of Covid-19

42. Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

43. The IJB has a medium to long term financial plan in place spanning the period 2020/21 to 2029/30 which is aligned to the Strategic Commissioning Plan. However, the financial plan has not been updated since it was initially presented to the Board on 24 March 2020, and specifically has not been updated to reflect the impact of Covid-19. Financial planning has focussed primarily on the annual budget setting exercise.

44. Reports are presented to the Board as national funding allocations are announced. The medium to long term financial plan is to be updated to reflect these financial assumptions.

45. This was a recommendation that was included in our 2020/21 Annual Audit Report and has been carried-forward in [Appendix 1](#).

## Total reserves are £119 million, with the majority of this either earmarked or ring-fenced for specific purposes

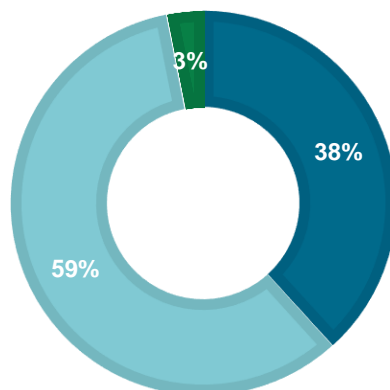
46. With the £66 million surplus achieved in 2021/22, the balance on the General Fund was £119 million at 31 March 2022. The IJB's reserves position for 2021/22 is summarised at [Exhibit 4](#).

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### Exhibit 4

#### Composition of IJB reserves as at 31 March 2022

- Ring Fenced Reserves (£45.718m)
- Earmarked Reserves (£70.050m)
- Contingency Reserves (£3.684m)



Source: 2021/22 North Lanarkshire IJB Annual Accounts

**47.** Ring-fenced reserves are those where funding has been provided by the Scottish Government for specific purposes, such as funding to address Covid-19 costs. Earmarked reserves are those where the IJB has approved the use of reserve balances for specific purposes.

**48.** The substantial increase in 2021/22 is primarily due to an underspend with Covid-19 funding received at the year-end by the Scottish Government, to be spent in future years. The non-recurring nature of these funds, and the reserves, presents a significant challenge to IJBs. [Exhibit 5](#) below sets out the reserve balances of the IJB between 2016/17 to 2021/22.

### Exhibit 5 Reserves 2016/17 to 2021/22

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Ring-Fenced Reserves	0.000	0.000	2.4	2.3	20.7	45.7
Earmarked Reserves	3.2	13.8	13.5	10.4	28.7	70
Contingency Reserves	4.3	4.4	0.1	3.7	3.7	3.7
<b>Total Reserves</b>	<b>7.5</b>	<b>18.2</b>	<b>16</b>	<b>16.4</b>	<b>53.1</b>	<b>119.4</b>

Source: North Lanarkshire Integration Joint Board 2016/17 to 2021/22 Annual Accounts

**49.** The IJB Reserves Strategy for 2022/23 is still to be finalised and presented to Committee.

## Recommendation 2

The IJB should develop a reserves strategy for 2022/23 which sets out how and when reserves will be spent.

### 95 per cent of planned savings were achieved, however savings targets in 2022/23 have increased

**50.** The IJB is required to make efficiency savings to maintain financial balance. The total savings target in 2021/22 was £2.7 million. The IJB achieved £2.6 million (95%) of planned savings. It is important to note that some of the funding

solutions in 2021/22 were non-recurring and therefore some cost pressures are expected to recur in 2022/23.

**51.** The 2022/23 Financial Plan was approved on 23 March 2022. Including the cost of the approved North Lanarkshire Winter Planning and Enhanced Supports Business Case, costs are projected to increase by a total of £56.9 million in 2022/23 and funding is projected to increase by £51.4 million. The 2022/23 funding gap of £5.5 million is to be addressed by budget realignments (£3.3 million), a projected recurring prescribing budget underspend (£1.5 million), prescribing efficiency savings (£0.4 million) and reliance on reserves (£0.4 million).

### **There remain significant workforce pressures within both partner organisations**

**52.** There are significant workforce pressures in the NHS and social care systems. In its February 2022 [NHS in Scotland 2021](#) report, Audit Scotland noted the risk of workforce issues in the NHS. This included concerns about staff wellbeing, sustainability because of retirements, recruitment challenges, and the need to ensure the appropriate skills mix. In social care, Audit Scotland's 2022 [Social Care](#) briefing highlighted that the social care workforce has high vacancy rates, with many services facing recruitment problems. Together with the increasing demand for social care, this presents a risk to the capacity and quality of social care services. The national workforce issues are replicated within both partner organisations of the North Lanarkshire IJB. These issues have the potential to impact on the IJB's performance.

**53.** The IJB's management team are already planning to undertake a review of workforce planning, as this has been a recurring theme in the risk register, particularly the availability of the workforce in certain areas.

### **Challenges faced by the IJB need to be addressed regardless of medium-term proposals for a new National Care Service**

**54.** Following the publication of the [Independent Review of Adult Social Care](#) in February 2021, work is currently under way nationally to develop and implement a new National Care Service (NCS). The Scottish Government expects the new NCS to be operational by 2026.

**55.** In its January 2022 [Social Care](#) briefing, Audit Scotland noted stakeholders concerns about the extent of the proposals for reform and the time it will take to implement them. Many of the current issues experienced by the social care sector, for example the workforce pressures, cannot wait for the Scottish Government to implement a new NCS. In its formal response to the national consultation on the new NCS proposals, the IJB highlighted similar points to those identified in the Audit Scotland national report. Whilst supportive of the opportunity to discuss improvements to users experience of social care services, the IJB emphasised the importance of ongoing discussions on the short, medium, and long-term challenges relating to funding, staffing, and service redesign.

## Financial systems of internal control operated effectively

**56.** The IJB does not have its own financial systems and instead relies on partner bodies' financial systems. All financial transactions are therefore processed under the partner bodies' internal controls.

**57.** As part of our audit approach, we sought assurances from the external auditor of NHS Lanarkshire and North Lanarkshire Council and confirmed there were no significant weaknesses in the systems of internal controls for either the health board or the council.

**58.** As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. While the Joint Board has comprehensive financial regulations in place, these have not been reviewed since approval on 8 March 2016. They require to be updated to reflect the budget disaggregation of Children, Families and Justice Services and to also note the arrangements for the management of financial resources for hosted services. The IJB should ensure all governance documents are reviewed periodically to ensure they remain up-to-date and fit for purpose.

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### Recommendation 3

The financial regulations were approved on 8 March 2016. These should be updated to reflect the budget disaggregation of Children, Families and Justice Services and to note the arrangements for the management of financial resources for hosted services.

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## Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

**59.** The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. We reviewed the arrangements in place at North Lanarkshire Council and NHS Lanarkshire and found them to be adequate. The IJB has a Code of Conduct in place and members are required to complete a Register of Interest on an annual basis. We are not aware of any specific issues we require to bring to your attention.



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## 3. Governance, transparency and Best Value

The effectiveness of scrutiny and oversight and transparent reporting of information

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### Main Judgements

Finance capacity is being increased with the appointment of a new Chief Financial Officer for the IJB.

Performance has been affected by Covid-19, but the IJB has identified the steps required to address this.

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### Governance arrangements are appropriate and operate effectively

**60.** Our observations at committee meetings throughout the year has found that these are conducted in a professional manner and there is a good degree of scrutiny and challenge by members. We consider that governance arrangements are appropriate and support effective scrutiny, challenge and decision making.

**61.** Our audit work in 2020/21 identified areas of the IJB website which are out of date and have not been revisited following changes to the partnership's structure and operations. Children, families and justice social work services were transferred to the council in 2020/21 but are still identified as a devolved service to the IJB on the website. The website was not updated and therefore this remains as a recommendation brought forward from last year in [Appendix 1](#).

### Finance capacity is being increased with the appointment of a new Chief Financial Officer for the IJB

**62.** At its meeting in December 2021, the IJB approved a new management structure to accommodate additional capacity in the finance function. The previous Chief Financial Officer (CFO) had responsibility for North and South Lanarkshire IJBs.

**63.** Following an options appraisal exercise, it was decided to create a full-time CFO position for each of the North and South Lanarkshire IJBs. A full-time CFO has been appointed to the North Lanarkshire IJB and the new structure is now established.

## Appropriate arrangements are in place to secure Best Value

**64.** Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. To achieve this, IJBs should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account.

**65.** The IJB undertook a self-evaluation exercise in 2021, with the results reported to the Board on 31 August 2022. This self-evaluation exercise took the form of a checklist developed by the Improvement Service to allow IJBs to assess their own performance at board level against the expectations of the Public Bodies (Joint Working) (Scotland) Act 2014. It focuses primarily upon the effectiveness of current arrangements and how well the Board meets its intended outcomes.

**66.** Three areas were considered good practice, as 100% of the assessment team strongly agreed or agreed with each of the statements. This included:

- The IJB can evidence examples of how it worked well together in response to Covid-19
- The IJB can demonstrate effective partnership working through local NHS mobilisation plans and local authority recovery and renewal planning
- The IJB should look to permanently retain new ways of working developed during the response to Covid-19.

**67.** The IJB identified three areas for improvement which are set out below:

- Evidencing how health and social care spending contributes to prevention and early intervention
- Embedding learning and new ways of working in the IJB from the response to the pandemic to ensure plans and governance are fit for purpose
- Review how performance information is used by the IJB to ensure it is timely, relevant, and provides a good measure of progress.

**68.** An improvement plan was developed for each of these three areas for improvement. There will be ongoing monitoring of progress against this improvement plan, and consideration of the need for a future follow up self-evaluation exercise.

## Performance has been affected by Covid-19, but the IJB has identified the steps required to address this

**69.** The pandemic is expected to have had a substantial impact on performance measures, particularly for services which have been temporarily suspended, are operating at a reduced level or have had to adapt to new ways of working.

**70.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, and the inspection of services.

**71.** The Board has continued to monitor key performance targets throughout the year. The IJB has a corporate performance dashboard which is monitored and reported on a quarterly basis. However, the 2021/22 Annual Performance Report has not yet been finalised. It is due to be presented to the IJB Board meeting on 7 December 2022.

**72.** The 2020/21 annual performance report was presented to the IJB in December 2021. The report acknowledges that there is a data gap nationally for a number of performance indicators and calendar year data for 2020 has been used in some instances. Performance levels are measured against a suite of 23 key performance indicators covering areas such as emergency admissions rates and patient satisfaction with GP services.

**73.** Delayed discharges, A&E attendances and unscheduled bed days remain key focusses for the IJB.

**74.** The annual performance report sets out the next steps for the IJB in improving performance across the statutory indicators. This is supported by the Strategic Commissioning Plan 2020-2023 and Programme of Work 2021-2022 which outline the approach to transformational change required to meet the IJB's commissioning objectives.

### **National performance audit reports**

**75.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2021/22 we published some reports which may be of direct interest to the IJB as outlined in [Appendix 2](#).

**76.** We noted that reference to relevant national reports were made by IJB Board members throughout the year.

# Appendix 1. Action plan 2021/22

## 2021/22 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Accounts inspection advert</b></p> <p>The notice of inspection should state the objection end date and the advert should be posted on the IJB website in addition to the North Lanarkshire Council website.</p>	<p>The IJB should ensure it has procedures in place to ensure the accounts inspection advert is published in line with criteria set out in the Local Authority Accounts (Scotland) Regulations 2014.</p> <p><a href="#">Paragraph 21.</a></p>	<p>The IJB will ensure future adverts are posted on the IJB website in addition to the North Lanarkshire Council website.</p> <p><b>Responsible officer:</b> IJB Chief Financial Officer</p> <p><b>Agreed date:</b> June 2023</p>
<p><b>2. 2022/23 Reserves Strategy</b></p> <p>There are significant reserves held at 31 March 2022. A reserves strategy for 2022/23 which sets out how and when monies will be spent, has not yet been developed.</p>	<p>The IJB should develop a reserves strategy for 2022/23 which sets out how and when monies will be spent.</p> <p><a href="#">Paragraph 47.</a></p>	<p>The IJB 2022/23 Reserves Strategy will be presented to the PFA Committee on 16th November and to the IJB on 30th November 2022. The reserves strategy will continue to be updated in line with the new Strategic Commissioning Plan 2023-2026 and the new Medium Term Financial Plan 2023-2026.</p> <p><b>Responsible officer:</b> IJB Chief Financial Officer</p> <p><b>Agreed date:</b> November 2022</p>
<p><b>3. Review of Financial Regulations</b></p> <p>The financial regulations were approved on 8 March 2016. They require to be updated to reflect the budget disaggregation of Children,</p>	<p>The financial regulations should be reviewed to ensure they remain up-to-date and fit for purpose.</p> <p><a href="#">Paragraph 58.</a></p>	<p>Agreed. The services currently delegated by each partner to the IJB will be specified in the IJB Financial Regulations. The principal method of accounting for</p>

Issue/risk	Recommendation	Agreed management action/timing
Families and Justice Services and to also note the arrangements for the management of financial resources for hosted services.		<p>Hosted Services will also be included.</p> <p><b>Responsible officer:</b> IJB Chief Financial Officer</p> <p><b>Agreed date:</b> 31 March 2023</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<b>b/f 4. Website refresh</b>	<p>It should be clear who has ownership of the IJB website and responsibility for maintaining it.</p> <p>The website should be refreshed to reflect the IJB's current operating model.</p>	<p><b>Ongoing</b></p> <p>HSCP working group is currently completing the development of the website.</p> <p><b>Responsible officer:</b> IJB Chief Officer</p> <p><b>Revised date:</b> 31 March 2023</p>
<b>b/f 5. Financial Management</b>	<p>The CFO should continue to work with partners to improve the timing of financial reports being presented to Committee. The first quarterly financial monitoring report was not presented until 5 months into the financial year on 24 August 2021.</p>	<p><b>Complete</b></p> <p>The current reporting arrangements are in line with the North Lanarkshire IJB Financial Regulations which state that a quarterly financial management report will be presented to the IJB by 31 August, or the nearest meeting of the Board or nearest complete accounting period. This is to enable the implementation of the financial strategy to be monitored. The IJB requires to wait until the first financial reports for the financial year from each partner are available. Presenting the first financial report is also dependent on when the first meeting of the IJB or PFA is scheduled for.</p>

Issue/risk	Recommendation	Agreed management action/timing
		<p>Opportunities will continue to be identified to develop financial monitoring arrangements.</p>
<p><b>b/f 6. Hosted Services</b></p>	<p>The IJB should set out the arrangements that exist in practice for the management of financial risk for hosted services on a permanent basis.</p>	<p><b>Complete</b></p> <p>The 2022/23 Financial Plan for North Lanarkshire IJB has been prepared on the basis of the “principal” method of accounting for hosted services and on the understanding that the lead partner for the hosted services will continue to retain underspends and will manage overspends.</p>
<p><b>b/f 7. Medium to long term financial plan</b></p>	<p>The IJB’s medium to long term financial plan should be reviewed due to the impact of Covid-19 and EU withdrawal.</p>	<p><b>Ongoing</b></p> <p>The new Medium Term Financial Plan 2023-2026 reflects the impact of recovering from Covid-19 and other challenging factors facing the IJB. It has been condensed to a three-year plan rather than the original ten-year plan due to the pending formation of the National Care Service (NCS) and the continuing uncertainty around future funding. The MTFP will align to the Strategic Commissioning Plan 2023-2026 and the current IJB Reserves Strategy</p> <p><b>Responsible officer:</b> IJB Chief Financial Officer</p> <p><b>Revised date:</b> 31 March 2023</p>

# Appendix 2. National performance reports and briefings

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## May

[Local government in Scotland Overview 2021](#)

## June

[Covid 19: Personal protective equipment](#)

## July

[Community justice: Sustainable alternatives to custody](#)

## September

[Covid 19: Vaccination programme](#)

## January

[Planning for skills](#)

[Social care briefing](#)

## February

[NHS in Scotland 2021](#)

## March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

# North Lanarkshire Integration Joint Board

## 2021/22 Annual Audit Report

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