

**NORTH LANARKSHIRE  
INTEGRATION JOINT BOARD**

**ANNUAL ACCOUNTS**  
AUDITED

**2021/2022**



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# NORTH LANARKSHIRE INTEGRATION JOINT BOARD

## ANNUAL ACCOUNTS 2021/2022

### 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 **341,140**. The increase in the age group of people 65 years and over is projected to be **20.2%** by 2028 and **39.6%** by 2043. **110,563** residents live in the worst 20% datazones and **it is estimated that 36%** of North Lanarkshire residents have a limiting long-term illness.

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 2022 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 in March 2021 [IJB Directions](#)<sup>2</sup> for 2021/2022 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. The limited resources of the IJB and both partners are targeted to achieve our outcomes. This includes:

- strong financial planning and management
- the achievement of best value and
- supporting sustainable models of service delivery from a whole system perspective.

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

<sup>2</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att95940.pdf>

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### **The IJB's Outcomes for the Year**

The 2021/2022 financial year was dominated by the response to the pandemic, though performance across all key HSCP areas continued to be reported to the IJB throughout the year as set out in pages 8 and 9.

The final year-end underspend at 31 March 2022 is £74.670m. Expenditure incurred against reserves in 2021/2022 is £8.336m. The surplus on the provision of services and total comprehensive income and expenditure in 2021/2022 is therefore £66.334m. A further explanation of this surplus, including the main reasons for this level of underspend in 2021/2022, is detailed on pages 8 to 10.

Some of the key outcomes for individuals in North Lanarkshire are summarised below:

- Following the World Health Organisation's declaration of a Covid-19 pandemic on 12 March 2020, command structures were initiated in North Lanarkshire Council and NHS Lanarkshire, alongside those through the Lanarkshire Resilience Partnership. The IJB exercised agile governance principles and the Chief Officer participated as a full and active member of North Lanarkshire Council and NHS Lanarkshire's Gold Command structures and the Lanarkshire Resilience Partnership. The IJB is now included as a Category 1 Responder.
- The delivery of the Covid-19 vaccination programme progressed at pace throughout 2021/2022, reaching over 548,000 individuals in Lanarkshire and delivering over 1.5 million doses in total by the end of the financial year.
- As part of the pandemic response, the partnership hosted a pan-Lanarkshire Care Home Assurance Group, bringing together key HSCP partners, NHSL/NLC/South Lanarkshire Council service leads and the Care Inspectorate to provide additional support and assurance around the safe delivery of care within the Care Home sector. Similarly, a joint group was formed for Care at Home services. This led to a wide range of quality and assurance activities across both sectors, whilst enabling the sharing of best practice and implementation of consistent approaches across Lanarkshire as a whole.
- A whole system approach has been adopted to increase the resilience of community health and social care services including statutory services, independent providers and the third and voluntary sector through the redeployment of staff, increasing existing staff capacity and the reliance on volunteers. Partners and staff have embraced different ways of working and new technologies including remote service delivery and the use of telephone and Near Me (video) consultations to minimise footfall and enable face-to-face consultations for patients and service users who need it the most.
- In the latter months of the 2021/2022 year, restrictions have continued to ease, creating opportunities to increase footfall on sites and subsequently face to face consultation, though the focus has been on ensuring that the positive gains made during the pandemic around hybrid working are maintained. This will ensure we maintain flexible and adaptable models of service delivery for staff and our service users alike.
- Significant work has been undertaken to continue to align the Remobilisation Plan with the Strategic Commissioning Plan 2020-2023 ambitions and the Programme of Work. 53 service reviews have been undertaken to refresh the key priorities for 2021/2022 and to build on the recovery plans. Many aspects of the Programme of Work had moved forward more quickly due to the emergency response to the Covid-19 pandemic. Engagement continued with stakeholders to develop the detail of the plan. Response, Redesign and Recovery groups have been established to remobilise services.

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- Remobilisation plans continued to be developed and updated throughout 2021/2022, with some services significantly impacted by the ongoing pandemic response. Through clinical prioritisation, some community services were paused to free staff to support service delivery within the acute sector due to the overwhelming pressures being experienced. Waiting times have continued to prove challenging across a range of services and while we have seen strong recovery in services such as Psychological Therapies and Podiatry, others like Child and Adolescent Mental Health Services (CAMHS) and Children and Young People's Speech and Language Therapy continue to be areas of high risk. Remobilisation plans have been updated accordingly.
- In February 2022, the IJB approved the winter plan and enhanced support business case, which focused on prevention and early intervention, empowering individuals and communities and improving efficiency by working as a whole system. Key developments contained within included:
  - Creation of new Home Assessment teams in each Locality to support both earlier discharge and rapid community response to prevent admission
  - Expanded Integrated Rehabilitation Team and Reablement capacity to enable a greater local focus on maximising independence
  - Expanded capacity within the Equipment and Adaptation service to support rapid deployment of equipment to enable the safe roll out of the model described above
  - Expanded Home Support capacity to meet growing demand
  - Creation of new roles within Community Nursing teams to focus additional supports on the Care Managed Caseload (those at highest risk of hospital admission within the community)
  - Roll out of digital community alarms and the creation of a Technology Enabled Care team to support Localities to maximise the innovative use of technology enabled care
  - Extended hours and service model to include both admission prevention and discharge support within Hospital at Home
  - Support for the Independent Sector Self Directed Support suppliers, including support at home.
- In line with North Lanarkshire Council's Delivering for Communities report, the HSCP finalised its structural changes, ensuring strong and proactive systems and processes to maximise the use of the Community Boards as a key vehicle for participation and engagement.
- A wider review of participation and engagement was commissioned in 2021/2022, led independently via Voluntary Action North Lanarkshire, with the outputs and recommendations due to be reported to the IJB for implementation in 2022/2023.
- The mixed market of provision supports genuine choice and control for people. This has seen a significant investment in the relationship with the 19 independent sector providers on the Self-Directed Support Framework. This relationship offers greater flexibility to achieving outcomes, promotes inclusion and connection and incorporates digital responses. This requires trust, co-operation and a partnership approach between all stakeholders. The operating model supporting individual budgets has also developed to ensure financial stability for providers whilst ensuring best value for people considering the use of their indicative budget. Choice and control are further promoted through the option of people receiving their individual budget as a direct payment.
- The Carers (Scotland) Act 2016 came into force on 1st April 2018. North Lanarkshire Carers Together is the overarching carer information service in North Lanarkshire, overseeing a range of information and advice services relevant to carers' needs. They work in partnership with health and social care, community and voluntary sector colleagues to identify and to support hard to reach carers. North Lanarkshire Young Carers Project also supports young carers aged 8-18 (or age 18 and still at school). They raise awareness, identify and provide direct support to children and young people who look after or help to look after someone in their family who is unwell or disabled, including children caring for parents who have mental health or substance misuse problems.

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- Mental Health and Learning Disability Services are a hosted service which is managed and strategically led within North Lanarkshire on behalf of both HSCPs. The Lanarkshire Mental Health and Wellbeing Strategy set in progress a range of service improvements for all age groups. Access to mental health services expanded in Accident and Emergency Departments, police custody suites and prisons as a result of the availability of Action 15 funding.
- Through the Mental Health Recovery and Renewal Funding, a range of service developments are underway, including:
  - Psychological Therapies: roll out of Assessment Plus (a guided self-help intervention delivered by a range of Psychologists); roll out of ACCEPT programme (delivered by Applied Psychologists to support those living with long term conditions in the community); Psychological supports for Adults living with Learning Disabilities; expanded digital interventions; expanded Neuropsychology offering; expanded Eating Disorders provision; and expanded Psychological Therapies provision.
  - CAMHS: roll out of the Choices and Partnership Approach (rapid triage and collaborative consulting model); full implementation of the national service specification including expanded age range; creation of a new CAHMS facility in Udston Hospital, co-designed with those with lived experience; creation of the Neurodevelopmental Service.
  - Perinatal and Infant Mental Health: development of perinatal and infant mental health teams including recruitment of Multi-Disciplinary Teams (MDT), training etc, with services now open to referrals; development of Maternity and Neonatal Service embedded within Maternity services with MDT recruited and open for referrals.
- A wide range of stakeholder engagement was undertaken to support the Alcohol and Drug Partnership (ADP) to develop its Strategic Plan and associated Investment Plan in line with national evidence, regional scoping work and learning from commissioned services. Following an in-depth review of the governance structures, the IJB approved in September 2021 the new arrangements, including five subgroups that will support delivery on the Partnership Delivery Framework; National Mission - Rights Respect and Recovery; National Alcohol Framework; and the Ministerial priorities.
- The development of urgent care pathways continued in 2021/2022, with a new single point of access through NHS24 and the Flow Navigation Centre. Mental Health hubs were developed, greatly reducing the waiting times spent within Emergency Departments. Through opening up direct access to Mental Health services via police triage, the percentage of individuals maintained in the community has increased substantially from 28% in 2019 to 62.5% in 2021.
- The IJB participated fully in the consultations on the National Care Service, working collaboratively with North Lanarkshire Council and NHS Lanarkshire as part of the process. As part of the process, the HSCP undertook a self-assessment against all aspects of the report to support identification of any potential strengths and gaps for the future. This led to some more detailed areas of work, such as a review of ethical commissioning in North Lanarkshire, which was presented to the IJB in March 2022.
- The IJB undertook a Best Value Audit in conjunction with the Improvement Service. This was undertaken in order to prepare for the formal IJB audits on Best Value originally scheduled for between 2022/2023 and 2026/2027. The IJB Best Value Review Audit Programme however has been put on hold pending the outcome of the National Review of Care Services. Notwithstanding this, an improvement plan has been developed following the self-assessment exercise already undertaken in order to ensure Best Value opportunities continue to be identified and implemented across health and social care services delivered in North Lanarkshire.

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- New whistleblowing standards were approved by the IJB, which bring a consistent approach to how the IJB alongside its NHSL and NLC partners will manage whistleblowing cases in future. The whole system approach undertaken included joint presentation to the IJB by the NHSL and NLC leads to ensure a once for North Lanarkshire approach.
- In June 2021, the IJB approved the roll out of the McMillan Cancer Support Improving Cancer Journey programme, bringing £2m of non-recurring funding into the two Lanarkshire partnerships to develop support over a five-year period for those affected by and recovering from a cancer diagnosis.
- Through the Community Solutions programme, a strategic funding programme for the community and voluntary sector managed by Voluntary Action North Lanarkshire, the third sector interface in North Lanarkshire, the partnership has invested in a number of condition specific, locality-based services which offer information, activities and support to carers. The Community Solutions Programme has made a significant contribution to supporting vulnerable groups and communities during the Covid-19 pandemic. The Community Solutions Programme utilises eleven project hosts to guide best practice (e.g. in physical activity; healthy eating; anticipatory planning; transport etc) and six locality host organisations to ensure a truly community led approach. Crucially, the IJB has confirmed recurring funding of £1.141m to the Community Solutions Programme to ensure stability and continued development with Voluntary Action North Lanarkshire as a key strategic partner.
- In collaboration with North Lanarkshire Council and NHS Lanarkshire, a new community campus in Chryston is now under construction, that will see primary education, community and health and social care facilities created in Chryston. This will support the repatriation of a number of community health services for the Northern Corridor area that are currently provided via a service level agreement by NHS Greater Glasgow and Clyde, creating equitable service provision across the North Lanarkshire area.

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**The IJB’s Financial Position at 31 March 2022**

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.

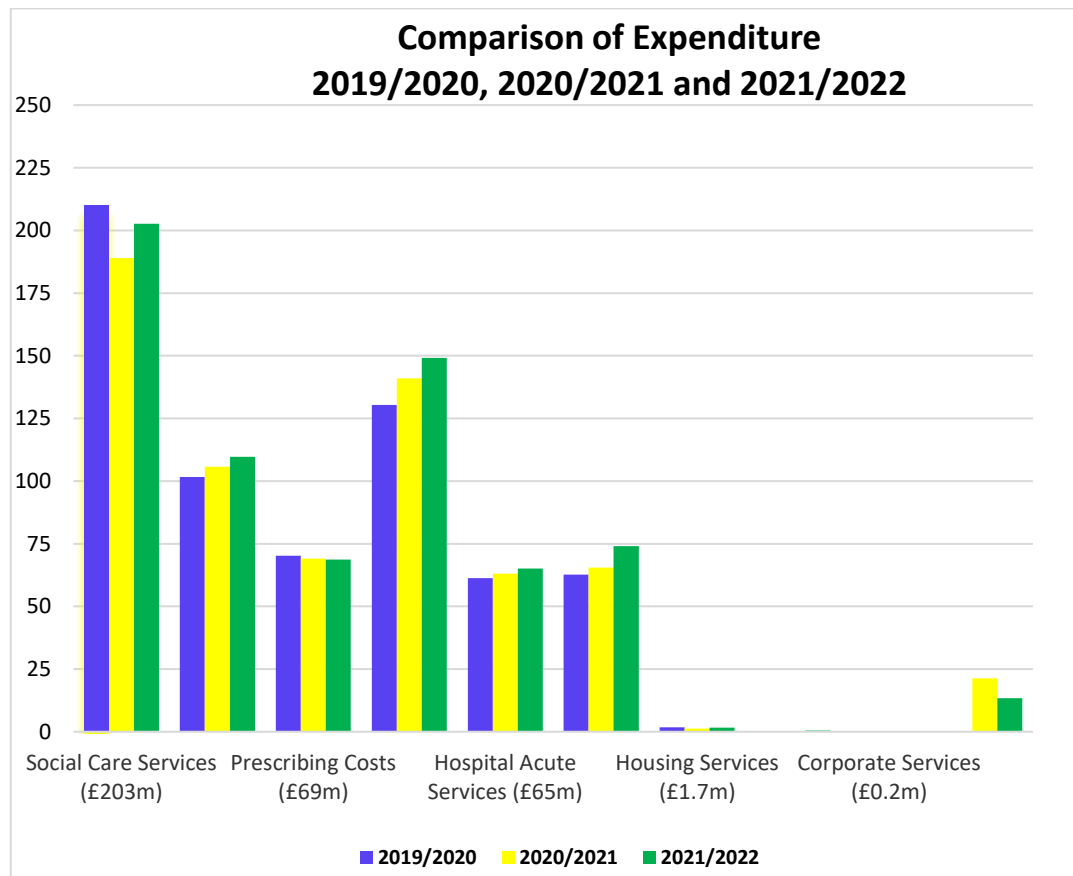
The [IJB Financial Plan 2021/2022](#) was approved by the IJB on 23 March 2021.

- Demographic growth, inflationary cost pressures and national priorities were originally projected to increase costs by £55.060m in 2021/2022.
- Additional funding invested in the HSCP totalled £52.575m.
- The funding gap was therefore £2.485m. In order to address this, savings totalling £1.453m within NLC were approved and the remaining £1.032m was proposed to be addressed by part of the achievement of the Prescribing Quality and Efficiency Programme target in 2021/2022 (£0.251m) and reliance on IJB reserves (£0.781m).

Taking into account budget movements, including the removal of non-recurring funding from 2020/2021, the movement in each partner’s funding contribution is summarised as follows:

<b>Partner Funding Contributions</b>	<b>NLC £m</b>	<b>NHSL £m</b>	<b>Total £m</b>
Original Partner Funding Contributions at 1 April 2021	148.431	518.560	666.991
Partner Funding Contribution Changes - Net Increases	16.357	19.285	35.642
Final Partner Funding Contributions at 31 March 2022	164.788	537.845	702.633

The actual expenditure incurred in 2021/2022 is detailed at note 4 on page 36 and is compared to the actual expenditure incurred in 2020/2021 and 2019/2020 in the graph below.





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As highlighted on page 4, the final year-end underspend at 31 March 2022 is £74.670m (NHSL - £58.697m; NLC - £15.973m). Expenditure incurred against reserves in 2021/2022 is £8.336m (NHSL - £7.564m; NLC - £0.772m). The surplus on the provision of services and total comprehensive income and expenditure in 2021/2022 is therefore £66.334m (NHSL - £51.133m; NLC - £15.201m).

Information on the significant variances across health and social care services are highlighted as follows:

<b>% of Total Underspend of £74.670m</b>	<b>Main Factors</b>
42%	Funding received from the Scottish Government during 2021/2022 to address the cost of the response to the Covid-19 pandemic totalled £45.098m. The actual costs incurred in respect of the Covid-19 pandemic totalled £13.412m. The uncommitted funding of £31.686m was therefore transferred to a ring-fenced IJB Covid-19 reserve at 31 March 2022. The use of this reserve in 2022/2023 to address the significant changes to the Public Health policies in relation to Covid-19 pandemic is being discussed and agreed with the Scottish Government. It is expected that part of this IJB Covid-19 reserve may be returned to the Scottish Government to be redistributed across the health and social care sector to meet current Covid priorities.
20%	The underspend across the Hosted Services led by the North Lanarkshire IJB totalled £15.276m. This includes an underspend across Mental Health and Learning Disability Services of £8.885m and an underspend of £5.285m across Children and Adolescents Mental Health Services.
20%	There is an underspend totalling £7.987m across the Care At Home Service. This is predominantly due to staff shortages. A balance of the funding received in 2021/2022 to support winter planning remained uncommitted at 31 March 2022 and totalled £6.400m. Funding totalling £0.843m to support Carers also remained uncommitted at the year-end. These underspends total £15.230m.
8%	The underspend across Locality and Other services totalled £5.869m. This includes an underspend of £2.528m across the six localities, all of which is due to vacancies. It also includes an underspend of £1.443m across the Distress Brief Intervention funding.
10%	The balance of the underspend totalling £6.609m relates to Addiction Services (£2.336m), Area-wide Services (£1.676m), Prescribing (£1.500m) and the Medical and Nursing Directorate (£0.758m).

The total underspend of £74.670m represents approximately 10% of the total financial envelope available. As highlighted at note 11 on page 41, the underspend of £74.670m has been transferred to the IJB reserves. The IJB Reserves Strategy 2022/2023 is being further developed in consultation with both partners.

The total savings target was £2.485m. The value of the savings target achieved was £2.399m (97%). The underachievement of savings totalling £0.086m (3%) was addressed by Scottish Government funding for proposals delayed as a consequence of the Covid-19 pandemic.

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The financial outturn for the year ended 31 March 2022 is therefore a surplus of £66.334m. This is highlighted on the Comprehensive Income and Expenditure Statement on page 29 and is also included in the Movement in Reserves Statement on page 30. The total movement on reserves at 31 March 2022 is a net increase of £66.334m. The final year-end underspend of £74.670m and the movement in reserves of £66.334m are reconciled in the table below.

<b>Financial Outturn 2021/2022</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	15.973	(15.973)	
NLC -Housing Revenue Account Underspend	0.302		(0.302)
<b>NLC - Net Underspend</b>	<b>16.275</b>	<b>(15.973)</b>	<b>(0.302)</b>
<b>NHSL Underspend</b>	<b>58.697</b>	<b>(58.697)</b>	
<b>Total As At the 31 March 2022</b>	<b>74.972</b>	<b>(74.670)</b>	<b>(0.302)</b>
Expenditure incurred against reserves in 2021/2022		8.336	
<b>Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure</b> (Page 29 and Page 41 Note 11)		<b>(66.334)</b>	

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 39 to 40. 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 2021/2022.

During the year, £8.336m was drawn from the IJB reserves. Of the total underspend of £74.670m reported at 31 March 2022, £31.686m (42%) was transferred to ring-fenced reserves, with the remainder of £42.984m (58%) being added to the earmarked reserve. The net transfer to reserves was therefore an increase of £66.334m and is summarised as follows:

<b>Financial Outturn 2021/2022</b>	<b>£m</b>
Underspend As At 31 March 2022	66.334
Analysis Of Net Transfer To IJB Reserves	
Ring-fenced Reserves	25.016
Earmarked Reserves	41.318
Contingency Reserve	0.000
<b>Total</b>	<b>66.334</b>

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The balance on the IJB reserves at 31 March 2022 is therefore £119.452m. The ring-fenced (£45.718m), earmarked (£70.050m) and contingency reserves (£3.684m) are detailed at note 11 on page 41. It is good financial management to maintain a contingency reserve. The contingency reserve represents 0.5% of the total IJB financial envelope.

Due to the Covid-19 pandemic and the uncertainty in respect of the projected outturn for 2021/2022, a planned underspend was not agreed at the start of the financial year 2021/2022. The cost of responding to the Covid-19 pandemic was unknown particularly due to the emergence of Covid variants and the vaccination programme. There continues to be a significant element of financial risk associated with the ongoing response to and consequences of the Covid-19 pandemic. The Chief Finance Officer and both partners will continue to confirm the Covid-19 pandemic costs which will require to be set against the remobilisation and recovery plan. In order to ensure financial sustainability during the pandemic and post-pandemic, the IJB Medium to Long Term Financial Plan will be updated.

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

#### **Matters of Strategic Importance**

The [IJB Financial Plan 2022/2023](#) was approved on 23 March 2022. Including the cost of the previously approved North Lanarkshire Winter Planning and Enhanced Supports Business Case, costs are projected to increase by a total of £56.901m and funding is projected to increase by £51.396m. The funding gap of £5.505m will be addressed by budget realignments (£3.264m), a projected recurring prescribing budget underspend (£1.493m), prescribing efficiency savings (£0.387m) and reliance on reserves (£0.361m).

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

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

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

The IJB considers the innovative approaches and service alterations put in place out of necessity may present opportunities as we seek to re-start services within the new context in which health and social care services now need to be delivered. In doing so the IJB will continue to follow appropriate governance structures and consider equalities and human rights requirements to ensure that from the current crisis emerges a more efficient and effective health and social care system that delivers on the priorities set out in the strategic commissioning plan.

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The NLHSCP will actively seek to understand the impact of the measures implemented during the emergency response to the Covid-19 pandemic and also the remobilisation and recovery activity in order to agree which changes can be retained or adapted to improve services whilst still continuing to be person-centred and meet individual outcomes. A review will also be undertaken to identify key learning points and to share good practice.

### **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.

It is important to note that some of the funding solutions in 2021/2022 were non-recurring and some cost pressures are expected to recur again in 2022/2023. The impact of the savings not achieved in full in 2021/2022 (£0.134m) will be taken into consideration during the review of the 2022/2023 Financial Plan.

The notional set-aside budget aims to provide a mechanism for tracking the consumption of an element of hospital resources by North Lanarkshire residents. The budget for 2021/2022 was agreed at £65.164m (2020/21 - £63.066m). The agreement currently in place with the NHSL partner is that where a service change is agreed that alters the balance between hospital and community provision the impact of the specific change will be re-costed and the set aside budget adjusted accordingly. There were no such changes in 2021/2022. In the absence of changes, the agreement 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. On that basis the expenditure recorded in the 2021/2022 annual accounts equals the notional budget of £65.164m. This amount will be included in both the NHSL Health Board and IJB annual accounts.

It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB in 2021/2022 however it has been endorsed as an acceptable approach pending further updates from Public Health Scotland's information services division. It is consistent with advice issued by the Scottish Government on how the sum set-aside should be recorded in the annual accounts. The complexities of this mechanism and actual information so far is explained in more detail at note 2.2 on pages 34 and 35. A whole system approach will continue to be adopted by the partners to support the use of set-aside resources.

### **Conclusion**

Covid-19 has affected each and every member of our society and a robust response was implemented. Staff, partners and communities continue to work in partnership to ensure we respond effectively to this ongoing public health crisis, protect lives and keep people safe. In the face of this unprecedented challenge, partnership working continues to be critical to respond effectively to this national health and social care crisis. Available resources have, to date, been refocussed on the critical areas affected by the Covid-19 pandemic.

However, our focus is increasingly moving towards recovery and remobilisation, but with the realisation that a 'more of the same' approach will not be sufficient. Services will require to create new and innovative solutions to support recovery, based on the new levels of demand created by the pandemic.

A financial surplus totalling £66.334m was reported at 31 March 2022. This is mainly due to the additional funding received from the Scottish Government to address Covid-19 expenditure and to take forward national and local priorities and also the essential and necessary changes across HSCP service delivery which released core funding. It is important to note that we do not expect to receive any further Covid-19 expenditure, so the resource carried forward will require to support any future Covid-19 spend in 2022/2023 and beyond.

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

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

**Approved By**

*Ayeshah Khan*

**Cllr Ayeshah Khan**

**Chair**

**Date:** 30 November 2022

*Ross McGuffie*

**Ross McGuffie**

**Chief Officer**

**Date:** 30 November 2022

*Amanda Kilburn*

**Amanda Kilburn**

**Chief Financial Officer**

**Date:** 30 November 2022

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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; Coronavirus (Scotland) Act 2020). 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.

**I confirm that these Annual Accounts were approved for signature at a meeting of the North Lanarkshire Integration Joint Board on 30 November 2022.**

**Signed on behalf of the North Lanarkshire Integration Joint Board**

**Confirmed By**

*Ayeshah Khan*

**Chair: Cllr Ayeshah Khan**

**Date:** 30 November 2022

**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 2021/2022 (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 Local Authority Code (in so far as it is compatible with legislation).

I am also required to:

- Keep proper accounting records which are up to date; and
- Take reasonable steps for the prevention and detection of fraud and other irregularities.

**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 2022 and the transactions for the year then ended.**

**Certified By**

*Amanda Kilburn*

**Chief Financial Officer: Amanda Kilburn**

**Date:** 30 November 2022

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
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**REMUNERATION REPORT**

**1 Introduction**

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

All information disclosed in the tables at sections 6 and 7 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, set out the detail regarding IJB membership, voting, calling of meetings and the quorum for meetings.

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

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

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

During 2021/2022, 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 2021/2022 are shown below. No taxable expenses were paid by the IJB in 2021/2022.

<b>Name</b>	<b>Post Held</b>	<b>Nominated by</b>
Dr. A.Osborne	Chair (1 April 2021 to 31 March 2022)	NHS Lanarkshire
Cllr Paul Kelly	Vice Chair (1 April 2021 to 31 March 2022)	North Lanarkshire Council

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

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
ANNUAL ACCOUNTS 2021/2022**

**REMUNERATION REPORT (Cont.)**

**4 Senior officers**

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

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

**5 Remuneration policy**

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

The Scottish Joint Negotiating Committee for Local Authority Services sets out the spinal column salary points for Chief Officers which can be utilised in setting salary levels for such posts.

**6 Remuneration: Officers of the IJB**

The senior officers received the following remuneration in the period:

<b>Name</b>	<b>Salary, Fees, Allowances</b>	<b>2021/2022 Total Remuneration</b>	<b>2020/2021 Total Remuneration</b>
Ross McGuffie, Chief Officer (1 April 2021 to 31 March 2022)	£102,352	£102,352	£101,601
Marie Moy, Chief Financial Officer (1 April 2021 to 31 March 2022)	£36,631	£36,631	£36,224

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 2021/2022. The remuneration in respect of South Lanarkshire IJB is therefore shown separately in the South Lanarkshire IJB Annual Accounts 2021/2022

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

**7 Pension benefits**

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

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



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

**7 Pension benefits (Cont.)**

Costs of the pension scheme contributions for the year to 31 March 2022 are shown in the table below:

Name	In-year pension contributions			Accrued pension benefits		
	To	To		As at	Movement	As at
	31 March 2021	31 March 2022		31 March 2021	In Year	31 March 2022
			£000	£000	£000	
Ross McGuffie Chief Officer	£19,519	£21,291	Pension	8	2	10
			Lump Sum	Nil	Nil	Nil
Marie Moy Chief Financial Officer	£6,966	£7,058	Pension	15	1	16
			Lump Sum	22	0	22

The pension benefits detailed in the table above relate to the proportion attributable to the activity of the North Lanarkshire IJB. In respect of the Chief Financial Officer, a pro-rata approach has been adopted for 2021/2022.

**Approved By**

*Ayeshah Khan*

**Cllr Ayeshah Khan**

**Chair**

**Date:** 30 November 2022

*Ross McGuffie*

**Ross McGuffie**

**Chief Officer**

**Date:** 30 November 2022

## **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 North Lanarkshire Council (NLC). The system of internal control is proportionate to the IJB's strategic responsibility and reliance is placed on the NHS Lanarkshire (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 Performance, Finance and Audit Committee (PFAC) were originally set out in the [Terms of Reference](#)<sup>3</sup>.

The [IJB Code of Corporate Governance](#)<sup>4</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 IJB outcomes.

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

The ongoing effectiveness of the IJB's governance arrangements in 2021/2022 was reviewed in line with the Local Authority Accounts (Scotland) Regulations 2014. The review took into consideration the changes necessary to address the Covid-19 pandemic. Improvement actions continue to be implemented to further develop controls and to achieve integration outcomes. The review is also informed by cross-assurances from each of the partners, NHSL and NLC, including consideration of their relevant internal audit and external audit reports and the governance arrangements implemented in response to the Covid-19 pandemic. Ongoing service sustainability is a key priority for the IJB and both partners.

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<sup>3</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att87070.pdf>

<sup>4</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att86221.pdf>

## **NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2021/2022**

### **Assessment of Governance Arrangements**

The assessment of the IJB governance framework and internal control system confirmed that no significant control weaknesses or significant failures have arisen in the expected standards for good governance, risk management and internal control. Some areas for improvement have been identified and are detailed in the continuous improvement actions on page 25 and 26. The key conclusions which contributed to this overall assessment are detailed below.

#### **1. Response to the Covid Pandemic**

1.1 The IJB and both partners moved quickly and decisively in 2020/2021 to manage the pressures on health and social care services across North Lanarkshire. The IJB, the Chief Officer and the Senior Leadership Team have been key active participants and stakeholders across the range of governance structures adopted to manage the impact of the pandemic.

1.2 During 2020/2021, the NLHSCP implemented new service areas and service delivery models in response to the changing levels of need as a result of the pandemic. Examples included:

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

This effective response continued to be implemented during 2021/2022. Care Home Assurance Group and Care at Home Assurance Group arrangements were also implemented in 2021/2022.

1.3 In response to the pandemic, IJB governance arrangements were amended, allowing special meetings to be convened if required, with regular meetings between the Chair, Vice Chair and Chief Officer maintained throughout. During 2021/2022, all meetings proceeded as planned, with special meetings called in September 2021 and February 2022.

1.4 The governance context within which the IJB operates will continue to be impacted by the need to implement business continuity processes to respond to the national and international public health challenge which the Covid-19 pandemic, and its variants, continues to present. The adapted IJB governance arrangements continue to effectively support the planning and delivery of health and social care services with a particular focus going forward on the remobilisation and recovery of services.

#### **2. IJB Governance Developments**

2.1 The IJB has arrangements in place to deal with any conflicts of interest that may arise. It is the responsibility of IJB and PFAC Members to declare any potential conflicts of interest and it is the responsibility of the Chair of the relevant IJB or PFAC to ensure such declarations are appropriately considered and acted upon. The IJB arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

2.2 The Scottish Government are legislating for IJBs to be included as Category 1 Responders under the Civil Contingencies Act 2004. The Scottish Government believe this status will complement the work already conducted by all of the partners. In terms of resourcing, there should be limited additional activity associated with the requirement given local partners are already working with an integrated health and social care model. Some concerns were expressed locally during the consultation with regards to the strategic role of the IJB in the context of the NLHSCP's operational role, governance, the role of the Chief Officer and that there were no additional formal resources to undertake this activity.

## NORTH LANARKSHIRE INTEGRATION JOINT BOARD ANNUAL ACCOUNTS 2021/2022

- 2.3 The following IJB responsibilities are standing items on the IJB and PFAC agendas:
- Financial monitoring reports
  - Performance monitoring reports
  - Risk management update
  - Progress report on agreed actions
3. IJB Strategic Commissioning Intentions
- 3.1 The three year [Strategic Commissioning Plan 2020-2023<sup>5</sup>](#) was approved by the IJB on 24 March 2020. In line with the Community Empowerment (Scotland) Act 2015, an extensive engagement process was undertaken involving a wide a range of staff, service users, carers and over 1,000 responses to an online questionnaire. This plan is underpinned by a Programme of Work to achieve the key ambitions which details the aims of each work programme, anticipated performance impact, key deliverables, approval routes and financial implications. In order to strengthen the links to addiction and mental health services, an integrated approach within justice services continues to be embedded.
- 3.2 The IJB is committed to ensuring stakeholders are fully engaged. A review of participation and engagement was commissioned during 2021/2022 and the outputs and recommendations will be presented to the IJB in 2022/2023. In addition, the IJB approved the developments around the Delivering for Communities strategy, which will see the use of Community Boards as a key pillar of engagement activity moving forwards.
- 3.3 As part of the HSCP structural review, the support arrangements around the Chief Finance Officer were reviewed in conjunction with colleagues in the South Lanarkshire HSCP, with approval granted to move to both IJBs having a 1WTE Chief Finance Officer from 2022/2023 onwards. Recruitment to the additional post is already underway. Section 42 of the Public Bodies (Joint Working) (Scotland) Act 2014 requires that Annual Performance Reports (APRs) are prepared by IJBs. The 2014 Act obliges that the APR should cover the preceding year's activity and be published four months after the end of that reporting year. The purpose of the APR is to ensure that performance is open and accountable, whilst at the same time providing an overall assessment of performance in relation to planning and carrying out integration functions. In line with paragraph 8 of Schedule 6 to the Coronavirus (Scotland) Act 2020, the publication of the final North Lanarkshire IJB Annual Performance Report 2020/2021, which can be accessed at <https://www.hscnorthlan.scot/wp-content/uploads/2022/04/HSCNL-APR-20-21-1-1.pdf>, was rescheduled to September 2021.
- 3.4 A genuine integrated performance culture is embedded across the NLHSCP. The IJB and PFAC continue to receive reports on service performance, despite some of the operational performance systems being delayed due to the pandemic response. 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.
- 3.5 A particular measure of IJB and Scottish Government focus continues to be the number of delayed discharge bed days. This was of particular critical importance during the pandemic to improve bed capacity across Acute Services. In comparison to the same period last year, performance for the period from April to March is summarised as follows:
- A&E attendances down by 5.5% against 2019/20 (pre-pandemic)
  - Emergency admissions down by 9% against 2019/20 (pre-pandemic)
  - Unscheduled bed days (Acute) down by 4% against 2019/20 (pre-pandemic)
  - Delayed discharge (standard delay) bed days down by 22% against 2019/20 (pre-pandemic)

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<sup>5</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att93862.pdf>

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- 3.6 The Discharge Without Delay programme commenced in 2021/2022, with the aim of taking a whole system approach to reducing delayed discharge. This has included the introduction of Planned Date of Discharge across all acute sites, developing relationships and teams, having an understanding of the roles of individuals, consistency of personnel attending daily ward multi-disciplinary team meetings and improving access to systems including Near Me.
- 3.7 The management of 'set-aside' budgets totalling £65.164m in 2021/2022 continues to be complex however NHSL continue to maintain an appropriate mechanism for its operation. The overspend across the set-aside service has been managed by the health partner since 2016 and this approach was maintained in 2021/2022. As highlighted at note 2.2 on pages 34 and 35, the operation of the set-aside budget for unscheduled care services is a key area of uncertainty which has been further exacerbated by the Covid-19 pandemic. These challenges will continue during the post-pandemic period. Both hospital and community services must continue to operate together to maximise the efficacy of unscheduled care services and a whole system approach is being adopted by the partners.
4. Financial Governance
- 4.1 The [IJB Financial Plan 2021/2022](#) was approved by the IJB on 23 March 2021 and set out the parameters to achieve a balanced budget by 31 March 2022. The financial position of the IJB for 2021/2022 is set out at pages 8 to 10 of the management commentary and also at pages 29 to 31.
- 4.2 The financial impact of implementing the emergency response to the Covid-19 pandemic was, and continues to be, significant. The Scottish Government established a process whereby the necessary activity and the additional costs incurred across health and social care services as a result of Covid-19 are reported through Mobilisation Plans. The expenditure incurred by both partners in response to the Covid-19 pandemic was fully funded by the Scottish Government in 2021/2022. A balance of funding received for 2021/2022 is being retained by the IJB in reserves to meet additional Covid-19 expenditure in 2022/2023.
- 4.3 The [IJB Financial Plan 2022/2023](#) was approved by the IJB on 23 March 2022 and set out the parameters to achieve a balanced budget by 31 March 2023. The financial strategy will require to be reviewed to reflect the ongoing impact of the Covid-19 pandemic on operational services.
5. Risk
- 5.1 There has been continued focus and development around the IJB Risk Register over the financial year, undertaken by the Chief Officer, IJB Section 95 officer and the Operational & Business Manager. In line with the findings of the table top review undertaken in 2020, new and emerging risks or changes in risk level are agreed at each meeting as appropriate. Each report gives due consideration to any risks associated with the subject matter. All risks identified relating to the functions delegated to the IJB are regularly reviewed and updated.
- 5.2 A table top review of the existing IJB Risk Management Strategy and the [IJB Risk Register](#)<sup>6</sup> was undertaken by the Chief Officer, IJB Section 95 officer and the Operational & Business Manager in August 2020. Following this review, a number of risks were closed with the approval of the IJB on 22 September 2020. A proactive approach to risk management is being adopted. Confirmation of new emerging risks is agreed at each meeting as appropriate. Each report gives due consideration to any risks associated with the subject matter. All risks identified relating to the functions delegated to the IJB are regularly reviewed and updated. Internal Audit also recommended that mitigating controls be separated between controls and actions. This continuous improvement action will be completed in June 2021.

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<sup>6</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att96291.pdf>

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5.3 10 risks are recorded on the IJB Risk Register as follows:

<b>Current Risk Level</b>	<b>No.</b>	<b>%</b>
Very High	2	15%
High	4	31%
Medium	4	31%
Low	3	23%
<b>Total</b>	<b>13</b>	<b>100%</b>

5.4 The two very high risks relate to the following:

- The financial implications of responding to and recovering from the Covid-19 pandemic  
 The cost of responding to the Covid-19 pandemic continues to be monitored and reported to the Scottish Government. An IJB Covid-19 reserve totalling £31.6m was established at 31 March 2022 and is available to meet specific Covid-19 costs incurred in 2022/2023 as agreed with the Scottish Government. The total cost of continuing to respond to further waves of the Covid-19 pandemic is still uncertain. The cost of remobilising services following the Covid-19 pandemic is still being quantified. Part of the IJB Covid reserve which remains uncommitted in 2022/2023 is likely to be reclaimed by the Scottish Government to be redistributed across the sector to meet current Covid priorities. There are however expected to be recurring and non-recurring legacy costs as a result of the Covid-19 pandemic which the IJB and both partners will require to manage in 2022/2023 and beyond.
- The impact on the Strategic Plan due to the Covid-19 pandemic  
 In addition to the financial implications, there are operational and strategic implications of the Covid-19 pandemic which will adversely impact on the implementation of the Strategic Plan. These include social distancing requirements, increased infection control measures, staff absence, workforce availability - including whole system capacity constraints across internal and external health and care services and Acute Services. Scottish Government guidance is being implemented. If clinically appropriate to do so, priority continues to be focussed on avoiding hospital admissions and ensuring people are discharged from hospital without delay. Prioritising the ongoing response to the Covid-19 pandemic and the requirement to continue to deliver statutory health and social care services may impact on the progress of the implementation of the transformation service redesign opportunities and the achievement of agreed efficiency savings.

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

- The ability to maintain the existing General Medical Services across NHSL.
- Sustainability of the two-site model for the Out-of-Hours Service.
- Acute sector bed capacity linked to availability of beds in care homes affected by the Covid-19 pandemic.
- CAMHS performance and recovery
- Staff fatigue, resilience, wellbeing and safety following sustained pandemic response
- Impact of analogue to digital phone line transition on the Community Alarm Service
- Recovery of performance 2020/2021.

5.6 The Risk Management Update was reported to the IJB on 23 March 2022. The optimum management of risks by the IJB and both partners continues to be a priority. There is a significant element of financial risk associated with Covid-19 and service recovery. Sustainable financial strategies require to be developed to meet increased demand and to maintain the innovative and beneficial changes to service delivery which have been implemented. The IJB Reserves Strategy also requires to be reviewed in response to current circumstances.

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6. Partner Assurances

- 6.1 In recognition of the Public Health emergency, in March 2020 both partners moved from normal operating arrangements into emergency response mode in order to react quickly and effectively to the evolving Covid-19 pandemic. Each partner adopted appropriate command and control structures and resilience arrangements as the mechanism for rapid decision making in line with their respective legislative responsibilities. Key meetings were held daily at the height of the pandemic to assess the situation and to take immediate decisions. Clear lines of reporting and escalation were in place to allow rapid assessment and resolution. Action logs and a separate Covid-19 risk register were maintained. Some services had to be stood down. Risks were assessed and consideration was given to the process for ensuring services were safely stood up once Covid-19 numbers reduced.
- 6.2 The pandemic impacted on the way health and social care services were delivered over the last year with many staff redeployed to critical service areas. In recent months, staff have returned to their substantive posts, though the recovery and remobilisation efforts will continue for the foreseeable future.
- 6.3 Within NLHSCP, a Wellbeing Group has been established to focus on supporting and developing the strategy for Staff Health and Wellbeing across the Partnership area. Of critical importance is the co-production and collaboration with multi-agency partners, representative of residential care, third sector colleagues, psychology, spiritual care and Locality Management Teams.
- 6.4 Both partners provided assurance to the IJB that satisfactory controls are in operation in respect of the delivery of the IJB delegated functions. Notwithstanding the changes necessary to respond to the Public Health emergency, both partners provided assurance that the governance arrangements remained appropriate and effective.
- 6.5 Both partners have well established stakeholder engagement mechanisms in place which were adjusted as appropriate during the pandemic.
- 6.6 During the Covid-19 pandemic elective activity was curtailed. At peak times it was suspended to allow all staffing resources to be diverted to treat the surge of Covid-19 patients but, even during periods of less demand, the need for additional physical distancing and infection control measures reduced the number of people who could be seen. Given the numbers waiting and the continued impact of working in an environment with Covid-19 present, the risk to getting back to normal waiting times performance is graded very high by the NHSL partner. To reduce harm, processes are in place for regularly reviewing the waiting lists and having a structured clinical prioritisation process to ensure the most urgent cases are seen first. This is combined with a review of very long waits over 52 weeks. Remobilisation plans continue to be developed and actioned.
- 6.7 Following the transfer of the discretionary Children, Families and Justice Services budgets from the IJB to NLC, a hosting arrangement was agreed in respect of the cross-cutting and support services which could not be allocated to either the IJB delegated services or to the discretionary functions transferred to NLC. This hosting arrangement is being implemented and monitored.

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- 6.8 The sustainability of GP services in its current format across NHS Lanarkshire since being placed on an emergency footing remains a very high risk. The South Lanarkshire IJB is the lead partner for this hosted service. Practical measures to reduce the pressure on GP practices include additional pharmacists, the transition of responsibility of vaccinations to Health Board staff, the availability of video/telephone consultations to help GP practices to continue to safely provide support to patients and the progression of a rolling programme to transfer the property responsibility to the NHS Board where GPs feel the property burden is affecting the practice's attractiveness. Learning will also be taken from the measures put in place over the pandemic about alternative ways of accessing practice services.
- 6.9 The Out of Hours Service is a hosted service led by the South Lanarkshire IJB. In June 2019, the Primary Care Out of Hours service became very fragile with the inability to cover every clinical session to sustain the two-site model leading to the frequent closure of the Airdrie site. The risk level was raised to very high and this has continued at this level ever since. Active daily management has been required and business continuity plans are in place with planned redirection to A&E, improved triaging jointly with NHS 24, plans for the further recruitment of salaried GPs, increased numbers of advanced Nurse practitioners and a communication & engagement strategy.
- 6.10 NLC has identified that the transfer of phone lines from analogue to digital is a very high risk to the Community Alarm service. The current analogue alarms will not be able to work via a digital telephone line however the user will not be aware that this is the case. A provider advised NLC of their plans to migrate over 1,700 properties over onto a digital line. Contingency plans were therefore escalated which included the purchase of new alarms that can work on both analogue and digital infrastructures. Providers were also asked to delay implementation.
7. External and Internal Audit Arrangements
- 7.1 There are currently 9 external audit actions, with 2 complete, 4 ongoing and 3 delayed and overdue due to the pandemic response. However, work to progress to completion has re-started and aims to bring all outstanding to a quick conclusion.
- 7.2 The Internal Audit Plan 2021/2022 was presented to the PFAC for approval on 25<sup>th</sup> May 2021, at an earlier stage than in previous years, providing greater opportunity for implementation in year.
- 7.3 During 2020/2021, the joint internal audit arrangements were reviewed by the IJB Chief Financial Officer in consultation with both partners. The outcome of the review concluded that the current skills and expertise of each Internal Audit team are being deployed to best effect to achieve the following outcomes:
- provide the independent appraisal of the functions delegated to the IJB.
  - assess the effective management of the strategic IJB risks
  - contribute positively to the strategic commissioning intentions of the IJB and
  - provide an opinion on the overall governance arrangements of the IJB.

The joint approach is efficient, cost effective, minimises the complexities of accessing data to complete audit assignments and avoids unnecessary disruption to the auditees. The IJB Chief Financial Officer's recommendation to the IJB that the joint Internal Audit service continue up to 2022/2023 was therefore approved and remains extant.



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**Overview of Control and Governance Improvements during 2021/2022**

Improvement areas to further strengthen the IJB's governance arrangements during 2021/2022 were identified in the Annual Governance Statement included in the IJB Annual Accounts 2020/2021. A progress report in respect of these actions is detailed below.

<b>Ref.</b>	<b>Improvement Area</b>	<b>Action Undertaken</b>
<b>1</b>	Completion of previous internal and external audit actions.	<b>Ongoing</b> Some progress was made during 2021/2022, notably through completion of major actions within the Integration Review including a review of financial support arrangements and formal consultation on the updated Integration Scheme.
<b>2</b>	Review of Recruitment and Retention Strategies	<b>Progressed</b> Wide range of work undertaken to support improved recruitment and retention in 2021/2022, including: <ul style="list-style-type: none"> <li>• Expansion of staff health and wellbeing activities including creation of local budgets for teams to access</li> <li>• Refresh of the Care Academy approach</li> <li>• Changes to post requirements such as removal of SVQ2 requirement in Home Support, with the service then supporting individuals to achieve the qualification at work</li> <li>• Recruitment of additional HR supports to facilitate greater recruitment capacity with partner orgs</li> <li>• Use of skill mix to support recruitment (e.g. new Nursing workforce within CAMHS)</li> </ul>
<b>3</b>	Review of Set-Aside Concept	<b>Ongoing</b> There have been no developments nationally on this.
<b>4</b>	Independent Review of Adult Social Care Services	<b>Progressed</b> While the final form of the National Care Service remains unknown, the HSCP undertook a self-assessment exercise against the 53 recommendations of the Independent Review of Adult Social Care Services, which informed the IJB's consultation responses.

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**Overview of Control and Governance Improvements for 2022/2023**

Following consideration of the internal review of the adequacy and effectiveness of the IJB governance arrangements, in addition to the ongoing continuous improvement actions from 2021/2022, further actions will be progressed in 2022/2023 to strengthen the good governance controls. These actions, including the timeline, are highlighted in the table below.

<b>Ref.</b>	<b>Improvement Area</b>	<b>Action Agreed</b>	<b>Lead Officer</b>	<b>Timeline</b>
<b>1</b>	Completion of previous internal and external audit actions	Although some progress was made during 2021/2022, all previously agreed internal and external audit actions were not completed. Progress was reported to each meeting of the PFAC throughout 21/22, with revised timescales agreed.	Chief Financial Officer	March 2023
<b>2</b>	National Care Service	To develop a sound understanding of the impact for the NLHSCP of the outputs of the National Care Service legislation.	Chief Officer	March 2023
<b>3</b>	Implementation of improvement actions identified in the Best Value Self-Assessment exercise	Following a self-assessment review assisted by the Improvement Service in February 2022, an action plan is being finalised to support the IJB in demonstrating Best Value, with actions to be completed throughout 2022/2023.	Chief Officer	March 2023
<b>4</b>	Review the IJBs progress in becoming a Category 1 Responder as set out within the Civil Contingencies Act	In conjunction with the Local Resilience Partnership, undertake a self-assessment review against the seven duties, reporting progress to the West of Scotland Regional Resilience Partnership.	Chief Officer	March 2023

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**Internal Audit Opinion**

Internal control remains, primarily, a management responsibility to ensure that the partnership conducts its business in a manner that has due regard to the principles of good governance. This responsibility has continued throughout the Covid-19 pandemic and includes any changes to business processes that have been required throughout this period. Internal Audit monitor these changes. Overall, the results of all of the work undertaken by Internal Audit in 2021/2022, including shared system audits and the reports produced by External Audit, help to inform an opinion on whether the internal controls the NLHSCP has in place are adequate. The formal annual Internal Audit opinion on the soundness of the IJB's internal control systems is presented jointly by the NLC Audit and Risk Manager and the NHSL Chief Internal Auditor.

It was recognised that the IJB and both partners continue to function within a challenging environment. The additional challenges presented in 2021/2022 by the Covid-19 pandemic further increased the scale and complexity of issues. Internal Audit have a generally positive view of the IJB's governance, internal control arrangements and progress to achieve previously agreed audit recommendations. Generally, across the IJB, there continues to be a strong recognition amongst management of the importance of appropriate governance arrangements and proportionate but effective internal controls. There are no matters that Internal Audit require to highlight in the Annual Governance Statement. Compliance with the requirements of the IJB corporate governance framework continues to be positive with no significant weaknesses, areas of concern, material frauds or irregularities resulting in financial loss to the IJB identified in 2021/2022.

The joint Internal Audit opinion is therefore that reasonable assurance can be placed upon the adequacy and effectiveness of the North Lanarkshire Health and Social Care Integration Joint Board's framework of governance, risk management and internal control for the year ended 31 March 2022.

The Internal Audit work for 2022/2023 will continue to focus on key strategic and operational areas of risk for the IJB.

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**Conclusion and Opinion on Assurance**

In response to the Public Health emergency, the governance arrangements which were adapted by the IJB and both partners in 2020/2021 to support the most effective response to the Covid-19 pandemic continued to be adopted throughout 2021/2022. This included changes to normal business operations, systems and controls. NLC and NHSL continued to respond pro-actively to the Covid-19 pandemic and emergency arrangements continued to be implemented when necessary to allow services to maintain an effective response, particularly to new Covid-19 variants and updated best practice and guidance. Risk assessments were also regularly reviewed and updated. Against this unprecedented backdrop, the IJB has adhered to the stated principles of good governance, acted in the public interest and been committed to continuous improvement. The IJB continues to comply with the CIPFA statements on the role of the Chief Financial Officer and the practical guidance for audit committees. In respect of the role of the Head of Internal Audit and the management of fraud and corruption, the IJB continues to place reliance on the arrangements in place with each partner. The scrutiny and oversight of the North Lanarkshire IJB PFAC contributes effectively to these arrangements. There were no significant control weaknesses, issues or failures in the expected standards for good governance, risk management and internal control. Assurances that adequate and effective systems of internal control are in place have been exchanged between the IJB and each partner. The IJB governance arrangements are effective and consistent with the recommendations of the CIPFA/SOLACE Framework (2016). The IJB considers that review processes are in place and are effective.

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

**Approved By**

*Ayeshah Khan*

**Cllr Ayeshah Khan**

**Chair**

**Date:** 30 November 2022

*Ross McGuffie*

**Ross McGuffie**

**Chief Officer**

**Date:** 30 November 2022

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**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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.

2020/2021				2021/2022		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£m	£m	£m		£m	£m	£m
189.048	(1.226)	187.822	Social Care Services	202.610	(1.593)	201.017
105.773	0.000	105.773	Family Health Services	109.652	0.000	109.652
69.088	0.000	69.088	Prescribing Costs	68.739	0.000	68.739
141.034	0.000	141.034	Hosted Services (Note 10)	149.126	0.000	149.126
63.066	0.000	63.066	Hospital Acute Services (Notional Set Aside Budget)	65.164	0.000	65.164
65.557	0.000	65.557	Health Care Services	74.073	0.000	74.073
1.281	(1.281)	0.000	Housing Services	1.668	(1.668)	0.000
0.000	0.000	0.000	Transport Services	0.539	(0.539)	0.000
0.212	0.000	0.212	Corporate Services (Note 6)	0.214	0.000	0.214
21.342	0.000	21.342	Covid-19 Costs (Note 13)	13.412	0.000	13.412
<b>656.401</b>	<b>(2.507)</b>	<b>653.894</b>	<b>Cost of Services</b>	<b>685.197</b>	<b>(3.800)</b>	<b>681.397</b>
0.000	(666.991)	(666.991)	Taxation and Non-Specific Grant Income (Note 5)	0.000	(702.633)	(702.633)
0.000	(23.607)	(23.607)	Covid-19 Funding (Note 13)	0.000	(45.098)	(45.098)
<b>656.401</b>	<b>(693.105)</b>	<b>(36.704)</b>	<b>Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure</b> (Note 4)	<b>685.197</b>	<b>(751.531)</b>	<b>(66.334)</b>

The IJB was established on 27 June 2015. Integrated delivery of health and social care services commenced on 1 April 2016. 2021/2022 is the sixth year of operation for the IJB.

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

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

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**MOVEMENT IN RESERVES STATEMENT**

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

<b>Movements in Reserves</b>	<b>General Fund Balance £m</b>	<b>Total Reserves £m</b>
<b>Opening balance at 1 April 2020</b>	<b>16.414</b>	<b>16.414</b>
Total Comprehensive Income and Expenditure	(36.704)	(36.704)
Increase or (decrease) in 2020/2021	36.704	36.704
<b>Opening balance at 1 April 2021</b>	<b>53.118</b>	<b>53.118</b>
Total Comprehensive Income and Expenditure	<b>(66.334)</b>	<b>(66.334)</b>
Increase or (decrease) in 2021/2022	<b>66.334</b>	<b>66.334</b>
<b>Closing balance at 31 March 2022</b>	<b>119.452</b>	<b>119.452</b>

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**BALANCE SHEET AS AT 31 MARCH 2022**

The balance sheet shows the value as at 31 March 2022 of the IJB's assets and liabilities at the balance sheet date. The net assets of the IJB are matched by the reserves held by the IJB.

	Notes	31 March 2022 £m	31 March 2021 £m
<b>Current assets</b>			
Short term debtors	7	119.452	53.118
<b>Net assets / (liabilities)</b>		<b>119.452</b>	<b>53.118</b>
Usable reserves	11	119.452	53.118
<b>Total reserves</b>		<b>119.452</b>	<b>53.118</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 2022 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue **on 24 June 2022**. These audited accounts certified by the Chief Financial Officer on 30 November 2022 replace the unaudited accounts.

**Authorised by**

*Amanda Kilburn*

**Amanda Kilburn**

**Chief Financial Officer**

**Date:** 30 November 2022

**NORTH LANARKSHIRE INTEGRATION JOINT BOARD  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Accounting policies**

**1.1 General principles**

The financial statements summarise the transactions of the IJB for the financial year 2021/2022 and its position at the year end of 31 March 2022.

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 2021/2022, supported by the International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment. Each partner complies with their accounting policies as appropriate.

**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 2022 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.



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**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 2022 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 2022 whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's balance sheet but is disclosed in a note where it is material.

**1.10 Indemnity Insurance**

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

**1.11 Debtors and creditors**

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

There are no creditor balances.

**1.12 Reserves**

A reserve is the accumulation of surpluses, deficits and appropriation over a number of years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the IJB. Reserves should be split between usable and unusable on the balance sheet. As at 31 March 2022, the usable reserve balance totals £119.452million. There are no unusable reserves.

**1.13 Specific Service Income**

Income may be received from individuals as a contribution towards the cost of their social care services. The amount collected is allocated to the relevant expenditure category and the net cost is reported in the Comprehensive Income and Expenditure Statement. This is the basis upon which the 2021/2022 annual accounts have been prepared.

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

**2. Critical judgements and estimation uncertainty**

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

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

**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 2021/2022 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. As the emergency care services in large hospitals, both within Lanarkshire and out of region, are used by the residents of multiple IJBs and are delivered using resources shared with other hospital services, estimating the resource used each year by each IJB involves a complex allocation methodology.

This is enabled by a national NHS Information Services Division (ISD), now under NHS Public Health Scotland (PHS), and involves apportioning the hospital expenditure to individual patient episodes, separating out episodes for services delegated to the IJB from those that are not, and assigning these to the relevant IJBs based on postcode.

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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 complexity of this exercise means the results are produced at a time lag of over a year. The 2019/20 data was expected to be available during 2021/2022 however difficulties were experienced by NHS PHS in completing the 2019/20 exercise so this resource review has still to take place. The latest available data therefore remains 2018/19.

In respect of the data which is currently available for each of the 3 years between 2016/17 and 2018/19, as detailed in the table below, the estimated costs of providing the services exceeded the budget. The notional budget has been increased by funding uplifts and adjusted to reflect the impact of agreed service changes. The actual cost reflects the costed patient activity produced by NHS ISD. The additional cost was borne by NHSL in each year rather than recharged to the IJB.

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

There have been no developments nationally during the year which offer a more timeous complete solution. Research reported by the NHS Finance Director has revealed that some Boards use preset apportionments of their ledger costs and discussions will continue as to whether a more timely but less precise methodology like that would have merit in future.

**3. Events after the reporting period**

The Chief Financial Officer authorised the audited annual accounts for issue on 30 November 2022. There have been no other material events since the date of the balance sheet which require revision to the figures in the annual accounts.

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

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

<b>2020/2021 £m</b>		<b>2021/2022 £m</b>
189.048	Social Care Services	202.610
105.773	Family Health Services	109.652
69.088	Prescribing Costs	68.739
110.374	Hosted Services - Led by the North IJB (Note 10)	114.573
30.660	Hosted Services - Led by the South IJB	34.553
141.034	Hosted Services – Total	149.126
63.066	Hospital Acute Services (Notional Set Aside Budget)	65.164
52.430	Health Care Services – Localities	58.073
8.648	Health Care Services - Area Wide	11.010
4.480	Health Care Services - Out-of Area	4.990
65.558	Health Care Services – Total	74.073
0.741	Housing Services - Housing Revenue Account	1.183
0.540	Housing Services - General Fund	0.485
1.281	Housing Services – Total	1.668
0.000	Transport Services	0.539
0.212	Corporate Services	0.214
21.342	Covid-19 Costs	13.412
<b>656.401</b>	<b>Total Gross Expenditure</b>	<b>685.197</b>
(518.560)	Funding Contribution - NHS Lanarkshire	(537.845)
(148.431)	Funding Contribution - North Lanarkshire Council	(164.788)
(2.507)	Specific Service Income	(3.800)
(23.607)	Covid-19 Funding	(45.098)
<b>(693.105)</b>	<b>Total (Income)</b>	<b>(751.531)</b>
<b>(36.704)</b>	<b>Deficit or (surplus) on the provision of services</b>	<b>(66.334)</b>

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

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

<b>2020/2021 £m</b>		<b>2021/2022 £m</b>
(518.560)	Funding Contribution from NHS Lanarkshire	(537.845)
(148.431)	Funding Contribution from North Lanarkshire Council	(164.788)
<b>(666.991)</b>	<b>Total</b>	<b>(702.633)</b>

The funding contribution from the NHS Board shown above includes £65.164m 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>2020/2021 £m</b>		<b>2021/2022 £m</b>
(0.741)	Housing Revenue Account	(1.183)
(0.540)	Garden Assistance Scheme Income	(0.485)
<b>(1.281)</b>	<b>Housing Services Total</b>	<b>(1.668)</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 2021/2022 this income totalled £1.592m and is presented as income in the Cost of Services in the Comprehensive Income and Expenditure Statement on page 29.

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

**6. Corporate Services**

<b>31 March 2021 £m</b>		<b>31 March 2022 £m</b>
0.182	Staff Costs	0.183
0.027	External Audit Fee	0.028
0.003	Administration Costs	0.003
<b>0.212</b>	<b>Total</b>	<b>0.214</b>

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

**7. Short Term Debtors**

<b>31 March 2021 £m</b>		<b>31 March 2022 £m</b>
36.400	NHS Lanarkshire	87.533
16.718	North Lanarkshire Council	31.919
<b>53.118</b>	<b>Total</b>	<b>119.452</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**

The IJB is unaware of any material contingent liability as at 31 March 2022. Contingent liabilities represent items that at 31 March 2022 are not recognised in the IJB's annual accounts because there is significant uncertainty at that date as to the necessity of the partner or IJB to make payments in respect of them.

**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.

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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:

2020/2021			Delegated Services - Services hosted by the North Lanarkshire IJB On behalf of the South Lanarkshire IJB	2021/2022		
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
1.360	(1.360)	0.000	Sexual Health Services	1.442	(1.442)	0.000
1.057	(1.057)	0.000	Continence Services	1.099	(1.099)	0.000
0.908	(0.908)	0.000	Immunisation Services	1.077	(1.077)	0.000
2.862	(2.862)	0.000	Speech and Language Therapy Services	2.962	(2.962)	0.000
3.930	(3.930)	0.000	Children and Adult Mental Health Services	6.097	(6.097)	0.000
5.591	(5.591)	0.000	Children's Services	5.619	(5.619)	0.000
0.253	(0.253)	0.000	Integrated Equipment and Adaptation Service	0.278	(0.278)	0.000
1.854	(1.854)	0.000	Dietetics Services	1.864	(1.864)	0.000
2.081	(2.081)	0.000	Podiatry Services	2.118	(2.118)	0.000
0.848	(0.848)	0.000	Prisoner Healthcare Services	0.984	(0.984)	0.000
0.703	(0.703)	0.000	Blood Borne Virus Services	0.739	(0.739)	0.000
1.062	(1.062)	0.000	Hospital at Home Services	1.264	(1.264)	0.000
34.988	(34.988)	0.000	Mental Health Services	38.312	(38.312)	0.000
<b>57.497</b>	<b>(57.497)</b>	<b>0.000</b>	<b>South Lanarkshire IJB Total</b>	<b>63.855</b>	<b>(63.855)</b>	<b>0.000</b>
<b>52.877</b>	<b>(59.843)</b>	<b>(6.966)</b>	<b>North Lanarkshire IJB Total</b>	<b>50.718</b>	<b>(65.994)</b>	<b>(15.276)</b>
<b>110.374</b>	<b>(117.340)</b>	<b>(6.966)</b>	<b>Total services hosted by the North Lanarkshire IJB (Note 4)</b>	<b>114.573</b>	<b>(129.849)</b>	<b>(15.276)</b>

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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:

2020/2021			Delegated Services - Hosted Services	2021/2022		
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
7.373	(7.373)	0.000	Primary Care Improvement Fund	8.870	(8.870)	0.000
3.325	(3.325)	0.000	Community Dental Services	3.758	(3.758)	0.000
4.255	(4.255)	0.000	Out of Hours Services	4.509	(4.509)	0.000
2.211	(2.211)	0.000	Diabetic Services	2.929	(2.929)	0.000
4.565	(4.565)	0.000	Occupational Therapy Services	5.180	(5.180)	0.000
3.636	(3.636)	0.000	Palliative Care Services	3.770	(3.770)	0.000
0.378	(0.378)	0.000	Primary Care Services	0.389	(0.389)	0.000
4.917	(4.917)	0.000	Physiotherapy Services	5.148	(5.148)	0.000
<b>30.660</b>	<b>(30.660)</b>	<b>0.000</b>	<b>Services hosted by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB (Note 4)</b>	<b>34.553</b>	<b>(34.553)</b>	<b>0.000</b>



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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>7</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.

2020/2021				Useable Reserve	2021/2022		
Balance As At 1 April 2020	Transfers Out	Transfers In	Balance As At 31 March 2021		Transfers Out	Transfers In	Balance As At 31 March 2022
£m	£m	£m	£m		£m	£m	£m
0.000	0.000	6.076	6.076	<b>Ring-Fenced Reserves</b>			
				Integrated Authority Support	0.000	0.000	<b>6.076</b>
0.086	(0.086)	2.358	2.358	Mental Health and Learning Disability Services - Action 15 Funding	(2.355)	0.000	<b>0.003</b>
0.000	0.000	2.265	2.265	Covid-19 Funding	(2.265)	31.686	<b>31.686</b>
0.000	0.000	1.941	1.941	Winter Adult Social Care Preparedness Fund	0.000	0.000	<b>1.941</b>
0.000	0.000	1.298	1.298	Community Living Change Fund	0.000	0.000	<b>1.298</b>
0.313	0.000	0.964	1.277	Alcohol and Drug Partnership Funding	(0.135)	0.000	<b>1.142</b>
0.000	0.000	0.900	0.900	Children and Adolescent Mental Health Services Funding	0.000	0.000	<b>0.900</b>
0.647	(0.127)	0.300	0.820	Mental Health and Learning Disability Services - Distress Brief Intervention	(0.712)	0.000	<b>0.108</b>
1.290	(0.271)	2.748	3.767	Ring-fenced Reserves - Other Services	(1.203)	0.000	<b>2.564</b>
<b>2.336</b>	<b>(0.484)</b>	<b>18.850</b>	<b>20.702</b>	<b>Ring-Fenced Reserves Total</b>	<b>(6.670)</b>	<b>31.686</b>	<b>45.718</b>
				<b>Earmarked Reserves</b>			
0.000	0.000	3.988	<b>3.988</b>	Social Care Services (Risk Based Reserve)	0.000	0.000	<b>3.988</b>
3.214	(3.214)	0.000	<b>0.000</b>	Self Directed Support Strategy (Risk Based Reserve)	0.000	0.000	<b>0.000</b>
3.786	0.000	0.575	<b>4.361</b>	Prescribing Fund (Risk Based Reserve)	0.000	0.000	<b>4.361</b>
0.384	0.000	6.188	<b>6.572</b>	IJB Financial Plan 2022/2023 (NLC)	0.000	0.000	<b>6.572</b>
0.000	0.000	3.000	<b>3.000</b>	Long Covid Contingency (Risk Based Reserve)	0.000	0.000	<b>3.000</b>
0.000	0.000	1.500	<b>1.500</b>	Minor Capital Works	(0.113)	0.000	<b>1.387</b>
0.000	0.000	0.807	<b>0.807</b>	Speech, Language and Therapy Services	0.000	0.000	<b>0.807</b>
0.000	0.000	0.717	<b>0.717</b>	Children and Adolescent Mental Health Services Funding	0.000	0.000	<b>0.717</b>
0.000	0.000	0.600	<b>0.600</b>	Digital and IT Strategy Technology Improvements Funding	(0.034)	0.000	<b>0.566</b>
0.580	0.000	0.000	<b>0.580</b>	Carers Act 2018	0.000	0.000	<b>0.580</b>
0.000	0.000	0.000	<b>0.000</b>	Earmarked Reserves 2021/2022	0.000	42.984	<b>42.984</b>
2.430	(0.492)	4.669	<b>6.607</b>	Earmarked Reserves - Other Services	(1.519)	0.000	<b>5.088</b>
<b>10.394</b>	<b>(3.706)</b>	<b>22.044</b>	<b>28.732</b>	<b>Earmarked Reserves Total</b>	<b>(1.666)</b>	<b>42.984</b>	<b>70.050</b>
3.684	0.000	0.000	<b>3.684</b>	<b>Contingency Reserve Total</b>	0.000	0.000	<b>3.684</b>
<b>16.414</b>	<b>(4.190)</b>	<b>40.894</b>	<b>53.118</b>	<b>General Fund Total</b>	<b>(8.336)</b>	<b>74.670</b>	<b>119.452</b>
0.000	3.214	(3.214)	<b>0.000</b>	<b>Transfer Between Reserves</b>	0.000	0.000	<b>0.000</b>
<b>16.414</b>	<b>(0.976)</b>	<b>37.680</b>	<b>53.118</b>	<b>Movement In Reserves (Decrease)/Increase</b>	<b>(8.336)</b>	<b>74.670</b>	<b>119.452</b>

<sup>7</sup> <https://mars.northlanarkshire.gov.uk/egenda/images/att91214.pdf>

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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>2020/2021 £m</b>	<b>Transactions with NHS Lanarkshire</b>	<b>2021/2022 £m</b>
(518.560)	Funding Contributions received from NHS Lanarkshire	(537.845)
(23.607)	Covid-19 Funding	(45.098)
444.518	Expenditure on Services Provided by NHS Lanarkshire	466.753
6.145	Covid-19 Costs	5.347
0.030	Support Services	0.031
<b>(91.474)</b>	<b>Net Transactions with NHS Lanarkshire</b>	<b>(110.812)</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. 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 2021 £m</b>	<b>Balances with NHS Lanarkshire</b>	<b>31 March 2022 £m</b>
36.400	Debtor balances: Amounts due from NHS Lanarkshire	87.533
<b>36.400</b>	<b>Net Balance with NHS Lanarkshire</b>	<b>87.533</b>

<b>2020/2021 £m</b>	<b>Transactions with North Lanarkshire Council</b>	<b>2021/2022 £m</b>
(148.431)	Funding Contributions received from North Lanarkshire Council	(164.787)
(2.507)	Service Income received from North Lanarkshire Council	(3.800)
0.000	Covid-19 Funding	0.000
190.329	Expenditure on Services Provided by North Lanarkshire Council	204.817
15.197	Covid-19 Costs	8.065
0.182	Key Management Personnel: Non-Voting Board Members	0.183
<b>54.770</b>	<b>Net Transactions with North Lanarkshire Council</b>	<b>44.478</b>

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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. 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 2021 £m</b>	<b>Balances with North Lanarkshire Council</b>	<b>31 March 2022 £m</b>
16.718	Debtor balances: Amounts due from North Lanarkshire Council	31.919
<b>16.718</b>	<b>Net Balance with North Lanarkshire Council</b>	<b>31.919</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. Covid-19 Costs and Funding**

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

<b>2020/2021 £m</b>	<b>Description</b>	<b>2021/2022 £m</b>
<b>(23.607)</b>	<b>Covid-19 Funding Total</b>	<b>(45.098)</b>
6.145	Allocated To NHSL Costs	5.347
15.197	Allocated To NLC Costs	8.065
<b>21.342</b>	<b>Covid-19 Costs Total</b>	<b>13.412</b>
<b>(2.265)</b>	<b>Remobilisation Funding Transferred To Reserves</b>	<b>(31.686)</b>

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

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

**Independent auditor's report to the members of North Lanarkshire Integration Joint Board and the Accounts Commission**

**Reporting on the audit of the financial statements**

**Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of North Lanarkshire Integration Joint Board for the year ended 31 March 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the body as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

**Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is 6 years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

### **Risks of material misstatement**

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

### **Responsibilities of the Chief Financial Officer and the Integrated Joint Board for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Integrated Joint Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

The Integrated Joint Board is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator,

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the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

**Reporting on other requirements**

**Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report**

I have audited the part of the Remuneration Report described as audited. In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

**Other information**

The Chief Financial Officer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

**Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement**

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

**Matters on which I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or

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- I have not received all the information and explanations I require for my audit;
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

**Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

**Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Brian Howarth ACMA CGMA

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30 November 2022