

**SOUTH LANARKSHIRE
INTEGRATION JOINT BOARD**

**ANNUAL ACCOUNTS
AUDITED**

2017/2018



SOUTH LANARKSHIRE INTEGRATION JOINT BOARD

ANNUAL ACCOUNTS 2017/2018

	Page
Management Commentary	3
Statement of Responsibilities	12
Remuneration Report	13
Annual Governance Statement	17
Comprehensive Income and Expenditure Statement	25
Movement in Reserves Statement	26
Balance Sheet	27
Notes to the Accounts	28
Independent Auditor's Report	40

MANAGEMENT COMMENTARY

Introduction

The South Lanarkshire Integration Joint Board (IJB) was established as a body corporate by order of Scottish Ministers in October 2015 with integrated delivery of health and social care services commencing in April 2016. 2017/2018 is the second year of operation for the IJB. The functions delegated by South Lanarkshire Council (SLC) and NHS Lanarkshire (NHSL) to the IJB are detailed in the Integration Scheme which is available at [South Lanarkshire Integration Scheme](#)¹. The South Lanarkshire Health and Social Care partnership refers to the joint working arrangements between the partners SLC 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 South 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 Scottish Government's nine national health and wellbeing outcomes. In addition to these, extensive participation and engagement activity was undertaken as part of developing the South Lanarkshire Strategic Commissioning Plan 2016-2019. From this, the public told us that there were 10 priorities which were important to them in developing integrated health and social care services as detailed in the table below:

1	Statutory and Core Work	6	Suitable and sustainable housing
2	Early intervention, prevention and health improvement	7	Intermediate care to reduce reliance on hospital and residential care
3	Carers support	8	Single points of contact
4	Seven day services	9	Mental health and wellbeing
5	Models of self-care and self-management including telehealth and telecare	10	Enablers to support better integrated working

Taken together, the nine outcomes and 10 priorities form the commitment of the IJB to progress the integration of health and social care services.

There are multi faceted factors which impact on the demand for health and social care services across South Lanarkshire, particularly for those whose needs are complex.

- The population is 317,100: 22% are under 18 years of age, 59% are aged between 18 and 64 years and 19% are over 65 years. The population projections between 2014 and 2039 indicate a net reduction of 12% in the age group under 65 but an increase of 37% in those aged 65 to 74 years and 87% in the 75+ age group.
- In comparison to the Scottish average, life expectancy in South Lanarkshire is lower. Many older people and a growing number of younger people are living with two or more long term conditions such as diabetes and respiratory disease.
- South Lanarkshire has 431 data zones, 6.1% of the total across Scotland. Data zones have no standard geographical size and can vary from a small urban area to a large rural spread. In 2016, there were 6,976 data zones in Scotland. 1,046 data zones (15%) were assessed as the most deprived areas. 62 of the 431 data zones (14.4%) in South Lanarkshire ranked within the worst 15% in Scotland. This represents the highest number recorded since 2004.
- Over the last 20 years, prevalence of people smoking in Lanarkshire has dropped from 35% to 22%. In the most deprived communities, although it has also dropped from 40% to 32% over the last three years, the number of people who smoke still remains too high.

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 2018 and provides an indication of the issues and risks which may impact upon our finances in the future.

¹(Link: http://www.southlanarkshire.gov.uk/slhscp/downloads/file/59/south_lanarkshire_health_and_social_care_integration_scheme)

MANAGEMENT COMMENTARY (Cont.)

The Role and Remit of the IJB

The IJB has responsibility for the strategic planning and commissioning of a wide range of health and social care services within the South Lanarkshire area including:

- accident and emergency (A&E) 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 or hosted services; and
- social care services (excluding children's services and justice services).

The IJB is made up of eight voting members: four elected members appointed by South Lanarkshire Council and four non-executive directors appointed by NHS Lanarkshire. 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.

Our Strategic Commissioning Plan was reviewed during 2017/2018 in order to focus our efforts on the achievement of our priorities over the remaining term of the current plan and to build upon the successes achieved to date. The next comprehensive review of the Strategic Commissioning Plan is planned for 2019. Our vision remains clear:

"Working together to improve health and wellbeing in the community – with the community."

The IJB's Business Model and Strategy

The business model for the IJB is managed by the partnership through core leadership groups, which ensure cross-care and cross-locality working. The IJB's Strategic Commissioning Plan, the SLC Plan, Connect 2017-2022 and the NHS Lanarkshire Healthcare Strategy, Achieving Excellence are aligned. The plan is available at [South Lanarkshire Strategic Commissioning Plan 2016 to 2019](#)².

Front-line service delivery continues to be carried out by SLC and NHSL across four localities in line with the directions from the IJB. The directions from the IJB to NHSL and SLC 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 IJB's Outcomes for the Year

Strong financial planning and management, the achievement of best value and the allocation of resources to support sustainable models of service delivery from a whole system perspective underpin everything that the IJB and the partners do to ensure our limited resources are targeted to achieve our outcomes to best effect.

The performance framework continues to be extended which monitors our achievement of the 9 national health and well being outcomes and the 10 priority areas we agreed to focus on as a result of the extensive participation and engagement activity previously undertaken.

In addition to these commitments, in order to ensure more integrated working across the wider health and social care pathways, the following six indicators put in place by the Ministerial Steering Group are also being monitored:

- unplanned admissions
- occupied bed days for unscheduled care
- A&E department performance
- delayed discharges
- end of life care
- the balance of spend across health and social care

² (Link: <http://www.nhslanarkshire.org.uk/About/HSCP/Documents/Strategic%20Commissioning%20Plans/SLHSCP-Commission-Plan-16-19.pdf>)

MANAGEMENT COMMENTARY (Cont.)

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

The [2017/2018 Annual Performance Report](#)³, which sets out our key highlights over the last year, has been published.

Although A&E attendances and emergency admissions are both up year on year by 4%, delayed discharge bed days are down year on year by 4%. As at March 2018, the total number of bed days associated with delayed discharges decreased by 1,795 when compared to March 2017.

Unscheduled bed days are also down by 6% year on year and this positive trajectory is continuing. The number of people spending the last six months of their life in a community setting is also increasing.

In order to further support people at the end of their life, the IJB agreed to open 12 hospice beds within South Lanarkshire providing palliative care services. This service, which commenced in August 2018, will be fully operational by October 2018.

As part of the strategy to shift the balance of care, the IJB agreed to disinvest in 30 beds within the Douglas Ward of Udston Hospital, which closed in March 2018, and reinvest funding of £0.700m to create the necessary capacity to support more people at home. This includes homecare, district nursing and other community based supports.

The partnership continues to aim to reduce reliance on residential and nursing care services through enhancing the support provided in the community. South Lanarkshire has one of the highest numbers of people in long-term residential/nursing care. There are currently over 2,358 people whose needs are being met in Care Homes at any point in time.

SLC are also currently considering an investment of £18m to modernise existing care facilities. The opportunity to redesign and enhance the existing model of care, particularly in light of population demands which have significantly changed over the last twenty years, is currently being explored in consultation with key stakeholders.

There is evidence that increasing and developing capacity within intermediate care, for example transitional and crisis intervention beds, could allow many service users to have their care managed earlier and be supported to return to their own home.

The development of Integrated Care and Support Teams, combined with integrated service triaging, has resulted in a significant reduction in the need for home care services across all localities. The integrated team includes community nursing, physiotherapy services, occupational therapy services and homecare services across the localities. This approach has re-energised the 'supporting your independence' and rehabilitative dimension of health and social care intervention.

Since October 2017, the East Kilbride Integrated Care and Support Teams and homecare teams have been providing timeous response to hospital discharge. 98% of all hospital discharges requiring home care to be sourced are effected within 3 days of referral, with 92% of all hospital discharges sourcing home care on the day of referral. This approach has now been rolled out across all the localities with similar outcomes being achieved.

In partnership with both Macmillan Cancer Support and the North Lanarkshire Health and Social Care Partnership, the national Transforming Care After Treatment project established a person-centred approach that supported people to think about what would make a positive difference to their life after treatment for cancer, enabling them to take control of their own care post treatment.

³ (Link: http://www.slhscp.org.uk/downloads/download/39/south_lanarkshire_integration_joint_board)

MANAGEMENT COMMENTARY (Cont.)

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

Community Capacity Building across all four localities has been developed. A range of projects have been set up, some examples of which include: the establishment of physical activity programme clinics to inform and support the public and colleagues by promoting life choices which will enhance their health and wellbeing; through the "Weigh to Go" programme, the provision of support to adults to help them manage their weight; and access to advice and support through the "Active Health" Programme to help people manage long term conditions.

The continence care pilot project to reduce the impact of incontinence has markedly improved the lives of people in some Lanarkshire care homes including reducing the incidences of infections and falls. The project was praised by Professor Jason Leitch, the National Clinical Director of Healthcare Quality and Strategy for The Scottish Government, who met the project team during a visit to the residential care home, David Walker Gardens, in Rutherglen.

The pharmacy plus homecare initiative across all the localities has created an opportunity to amend prescribing practices both from consultants and General Practitioners (GPs). Early indicators have shown there are cost reductions to be made.

42% of our carers feel supported to continue in their caring role. This is above the national average of 41%. Recognising that carers and their input are critical to the overall vision of supporting people to remain at home, we are committed to implementing the requirements of the Carers' (Scotland) Act 2016 and we are developing a Carers Strategy 2018/2021, the Adult Carer Support Plan and Young Carer statement.

Primary health care is at the heart of the vision for health and social care to enable everyone to live longer, healthier lives at home or in a homely setting by 2021. Stronger GP services and community health services are essential to managing future demand and ensuring the success of integrated working. The South Lanarkshire IJB is the lead partner for the hosted service, Primary Care Services. Primary care transformation is one of our most significant strategic imperatives and will continue to be so in the years ahead. The size, breadth and complexity of the transformational change programme is challenging. 7 workstreams have been established, one of which includes the implementation of the new General Medical Services Contract between the NHS Board and General Medical Practitioners. This particular area of work proposes new contractual arrangements with GPs and is right at the centre of ensuring that primary care transformation is successful. The Primary Care Improvement Plan was approved by the IJB on 26 June 2018.

During 2017/18 good progress was made with the development of a digital strategy for Health and Social Care Services, including the development of digital tools that help people to manage their own health and wellbeing at home and in the community. Telehealth and telecare technology continue to be an important strategic development for the IJB, supporting a growing number of people in Lanarkshire with a variety of conditions to feel safe, connected and in control whilst increasing independence. Some examples include home and mobile health monitoring to support a variety of health conditions.

- One of the systems, Florence Simple Telehealth text messaging, allows people with conditions including high blood pressure, to monitor and text their readings from home. This ensures safety and reduces the need to attend the Doctor's surgery for routine checks.
- The latest video conferencing technology is also being introduced to improve connections with people and clinical support. At several local authority and independent sector care homes across Lanarkshire, for example, the technological infrastructure is now in place so residents have the opportunity to link into GPs and other health staff for consultations. Some care homes are also using the system for online video conference get-togethers, ranging from sing-alongs to group exercise. Among the overall benefits are improved levels of long-term condition self-management, staff and service users reducing time travelling to clinics and meetings and residents in care homes connecting with their local communities.

MANAGEMENT COMMENTARY (Cont.)

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

There is a continued upward trajectory in people benefiting from telehealth and telecare technology, supported by this award-winning team.

In respect of the South Lanarkshire residents who participated in the health and social care experience survey, positive feedback was received as follows:

- 77% of adults receiving any care or support rated it as excellent or good
- 86% of people had a positive experience of the care provided by their GP practice
- 81% of adults supported at home agreed that their services and support had an impact on improving or maintaining their quality of life and they felt safe
- 74% of adults supported at home agreed that they had a say in how their help, care or support was provided and agreed their health and social care services seemed to be well coordinated
- 80% of adults supported at home agreed that they were supported to live as independently as possible.
- 94% of adults felt able to look after their health very well or quite well.

20 inspections were carried out in 2017/2018 by the Care Inspectorate over 18 services. 16 are evaluated in the grade range 'excellent', 'very good' and 'good' with the remaining 4 in the grade range 'adequate' or 'weak'. Improvement plans are developed and agreed to ensure that the recommendations that have been identified through these inspections are being met within timescale.

The IJB's Financial Position at 31 March 2018

The delegated funds for the IJB come from SLC and NHSL. The level of funding available to the IJB is therefore heavily influenced by these organisations' grant settlements from the Scottish Government. Consistent with the majority of public sector organisations, both SLC and NHSL have, over many years, faced challenges balancing their respective budgets due to cost pressures exceeding the provisional level of funding available. Notwithstanding these pressures, within the financial envelope available to each partner and following a process of consultation, the IJB agreed a financial plan for 2017/2018 in order to achieve a balanced budget by 31 March 2018.

The overall net increase in the funding received from the partners in 2017/2018 is summarised in the following table.

Total Partner Contributions As At 31 March 2017		£491.480m
Plus Additional Partner Contributions 2017/2018		
Social Care Fund	£6.450m	
Scottish Government in-year funding –recurring	£0.839m	
Scottish Government in-year funding - non-recurring	£9.199m	
NHSL Health Board funding - non-recurring for prescribing	£1.000m	
SLC Funding- net increase	£4.854m	
Sub Total		£22.342m
Less Adjustments to Partner Contributions		
Removal of 2016/2017 Non-recurring Funding	(£14.071m)	
Savings 2017/2018	(£0.498m)	
Set-Aside Notional Budget Adjustment – reduction	(£0.439m)	
Sub Total		(£15.008m)
Total Partner Contributions As At 31 March 2018		£498.814m

MANAGEMENT COMMENTARY (Cont.)

The IJB’s Financial Position at 31 March 2018 (Cont.)

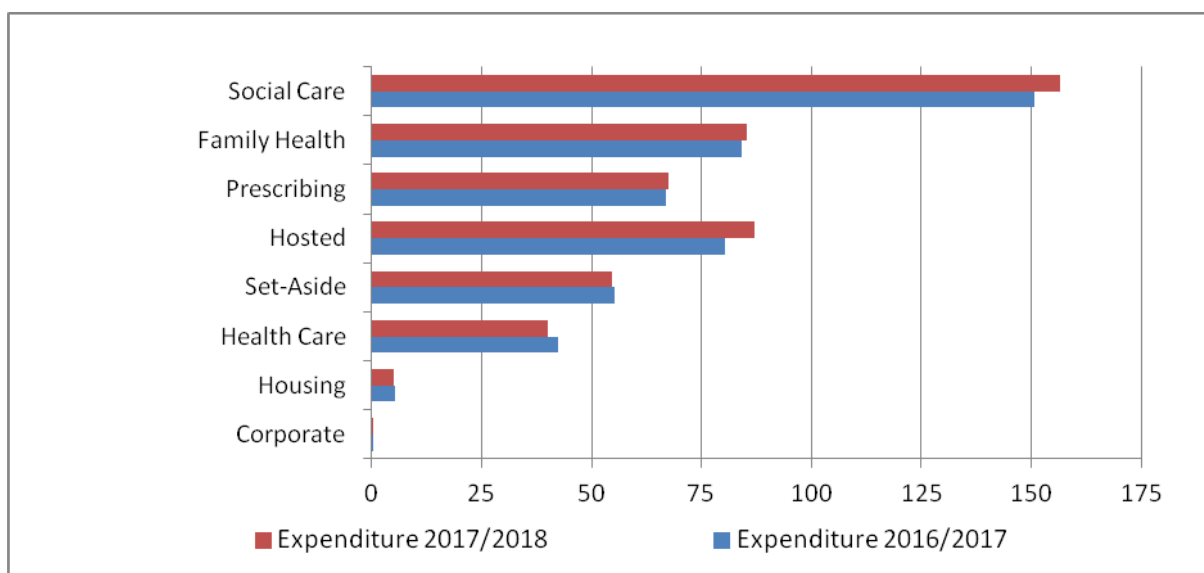
The total funding for the IJB in 2017/2018 was £498.814m (NHSL- £382.021m; SLC - £116.793m). This is included in the comprehensive income and expenditure statement at page 25.

A financial strategy to address the cost pressures in 2017/2018 was agreed with both partners. SLC provided additional recurring funding of £7.301m and NHSL provided additional funding of £6.450m. Additional funding for NHSL was also issued during the year. Approximately 87% of the in-year NHSL funding was ring fenced for areas covered by the North and South Lanarkshire IJBs. Although SLC would have been allowed by the Scottish Government to reduce the contribution to the IJB by £4.830 million, they approved a decision not to do so and instead maintained the 2016/2017 baseline funding.

The profile of expenditure which is detailed on page 25 is summarised as follows:

- 32% of the budget is allocated to front line social care services (£156.703m)
- 17% of the budget is allocated to family health services (£85.223m)
- 14% of the budget is spent on prescribing (£67.571m)
- 18% is incurred on a range of hosted services including the 49% share of those hosted services led by the South Lanarkshire IJB (£87.102m)
- 11% represents the large hospital services notional set-aside budget (£54.715m)
- 8% is incurred on a range of health care services (£40.169m)
- 1% relates to housing services (£5.020m)
- 0.03% is incurred in IJB corporate services (£0.152)

The comparison between 2016/2017 and 2017/2018 of the actual expenditure on services stated gross is graphically illustrated in the chart below. The expenditure aligned to services has remained broadly consistent between the years. The increase in expenditure in 2017/2018 is mainly attributable to inflationary cost increases and demographic growth.



Key Risks and Uncertainties

The IJB Risk Management Strategy complements the existing risk management processes within each partner. All three risk registers are reviewed regularly by the management team. The two key risks facing the IJB are the non-availability of finance and staffing shortages, both of which could impact on the ability to continue to provide sufficient services within required timescales. The availability of the workforce, and the impact of withdrawing from the European Union (EU), is a national issue.

MANAGEMENT COMMENTARY (Cont.)

Key Risks and Uncertainties (Cont.)

Spending on drugs continues to increase and is a key financial risk. Before the start of the financial year, an overspend against the prescribing budget appeared highly unlikely however the price of a range of drugs increased considerably during the year as, across the UK, shortages in supply emerged.

The intensity of the Pan-Lanarkshire Prescribing Quality and Efficiency Programme was maintained during the year and, while both the South Lanarkshire and the North Lanarkshire IJBs benefited, their activity could not in itself compensate for the short supply factors, leaving a forecast year-end overspend across Lanarkshire due to price increases. The short supply issues have not yet washed out of the market, leading to predictions that 2018/2019 will also be a difficult year. In order to mitigate against this risk, the existing prescribing reserve of £0.636m has therefore been increased by £0.100m to £0.736m, which represents 1% of the prescribing budget of £67.571m (note 10 on page 37).

The Director of Finance of NHS Lanarkshire continues to progress the exercise to update the notional set-aside budget. This notional budget represents the consumption of hospital resources by South Lanarkshire residents, is based on the 2015/2016 activity levels at the 2017/2018 prices and is estimated to be £54.715m.

Similar to the previous year, the notional budget can also be included as the estimated expenditure for the 2017/2018 annual accounts. It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB in 2017/2018 however it has been endorsed as an acceptable approach pending further updates from the Information Services Division. This critical judgement in respect of the complex accounting treatment of the hospital acute services (set-aside) therefore follows the advice issued by the Scottish Government on how the sum set-aside should be recorded in the annual accounts and is explained in more detail at note 2 on page 29.

A whole system approach is being adopted by the partners to support the use of, and where possible, the transfer of set-aside resources. The closure of the Douglas ward in Udston Hospital is an example of a shift in resources of £0.700m from the set-aside budget to the directly managed community budgets to further develop the integrated care pathways.

During the year, the Chief Financial Officer, in consultation with both partners, reviewed and further developed the financial monitoring arrangements for the IJB. Throughout the year, the financial monitoring reports set out the key financial risks including in particular variance explanations in respect of prescribing costs and also the impact of the agreed budget recovery plan on reducing the original anticipated overspend across social care services.

Further work will be undertaken in 2018/2019 to more specifically align the financial allocations to the strategic commissioning plan intentions and the directions to each partner.

Matters of Strategic Importance

Projected growth in elderly demographics and the increasing complexity of need, together with inflationary rises, continue to drive the cost pressures across home support, care home placements and adaptations.

The financial plan for 2018/2019 was approved by the IJB in March 2018. Cost pressures and current and future policy commitments are projected to total in excess of £14m. Additional funding of £13.2m was received from both partners. The balance of the cost pressures of £0.8m is being addressed by the savings strategy which was recommended to the IJB. This strategy was considered to be the best fit with the strategic commissioning intentions and the best value requirement to use resources more effectively.

MANAGEMENT COMMENTARY (Cont.)

Matters of Strategic Importance (Cont.)

In November 2017, the Scottish Government published “The 2018 GMS Contract in Scotland” following agreement with the BMA. It also published “The National Code of Practice for GP Premises” which sets out the Scottish Government’s plan to facilitate the shift to a model which does not entail GPs providing their practice premises. The new contract came into effect on 1st April 2018. Primary care services are a hosted service within the South Lanarkshire IJB. As the lead partner for this hosted service, the South Lanarkshire IJB is responsible for the implementation of the new contract across Lanarkshire. The governance arrangements for the implementation of the new GMS 2018 GP contract have been set out in reports to the IJB. The future role of GPs is critical to reshaping service delivery and managing future demand. The number of GPs retiring is however increasing and sustainability plans therefore require to be developed.

The Carers (Scotland) Act 2016 came into effect on 1 April 2018 and significant work has been undertaken in preparing for the implementation of the legislation. The IJB’s share of the 2018/2019 Scottish Government allocation of £66m is £3.931m. This includes funding of £1.140m for the implementation of the Carer’s (Scotland) Act 2016 for all age groups including children, adults and older people.

Legislative changes continue to influence the landscape, including the Carers (Scotland) Act 2016, the extension of free personal care to under 65s (e.g. Frank’s Law) and the proposed Safe Staffing Bill. The introduction of the Children & Young Persons (Scotland) (Act) 2014, in particular the requirements for a named person service and corporate parenting provisions and the new Universal Pathway in Health Visiting will add additional demands on the service. Complex and complicated governance arrangements require to be complied with across SLC, NHSL and the IJB. These include data sharing protocols, staff management and decision-making responsibilities.

There is some reliance on the recruitment of EU nationals to deliver services, including across the independent providers and the voluntary sector. There is uncertainty about what the post-Brexit rules will be with the EU and the impact on staff recruitment and retention. It is intended that work will be undertaken by each partner during 2018/2019 to assess the preparedness for the changes.

The Fairer Scotland Duty came into force in Scotland in April 2018. When making strategic decisions, the IJB and its partners have a legal responsibility to actively consider how they can reduce inequalities of outcomes caused by socio-economic disadvantages. Whilst still having due regard to best value and equality, tackling inequality needs to be at the heart of our decision-making.

Although we are taking steps to avoid future cost pressures and manage demand by redesigning services, the financial outcome of this is difficult to quantify. The financial planning assumptions for 2019/2020 are being updated. It is difficult to predict future cost pressures as there are a number of uncertainties. Future pay increases, including the living wage, the national care home contract negotiations and the prescribing cost volatility will impact on cost pressures, the extent to which is not yet known.

Annual Accounts 2017/2018

As the South Lanarkshire IJB was established under the Public Bodies (Joint Working) (Scotland) Act 2014, it falls within section 106 of the Local Government (Scotland) Act 1973 and is required to prepare annual accounts in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

A surplus of £2.159m is reported at 31 March 2018 which represents 0.5% of the total funding available of £478.404m. It is critical to note that part of this underspend will be non-recurring. This position also reflects a break-even position in respect of prescribing costs which was secured as a result of the additional one-off funding of £1m provided by the Health Board to address an in-year overspend of £1m.

MANAGEMENT COMMENTARY (Cont.)

Annual Accounts 2017/2018 (Cont.)

The balance on the IJB reserves at 1 April 2017 was £6.119m. This provided a contingency against demographic demand and service volatility in 2017/2018 and facilitated the implementation of the strategic transformational change programme. A total of £0.121m was transferred from the IJB reserves during 2017/2018. The total amount which is being transferred to reserves at 31 March 2018 is £2.280m. The net movement on reserves in 2017/2018 is therefore £2.159m as detailed in the movement in reserves statement on page 26.

The main factors contributing to the surplus across the partnership include vacancies and a decrease in the net cost of care home placements.

Hosted services are those services which are delivered on a pan-Lanarkshire basis by one IJB on behalf of the other IJB. 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 other overspends. There was an underspend of £1.204m in respect of the hosted services led by the South Lanarkshire IJB, £0.932m of which is ring fenced to take forward the future commitments associated with the Primary Care transformation Fund. Of this total, £0.457m (49%) is attributable to the South Lanarkshire IJB.

In preparing the 2017/2018 annual accounts, the treatment of hosted services has changed. The full cost of services which are hosted by the South Lanarkshire IJB are now reflected in our accounts and are no longer adjusted to reflect the activity on behalf of the North Lanarkshire IJB. The change in the treatment of this critical judgement is explained fully at note 2 on page 29 and reflects our responsibility in relation to service delivery and the risk and reward associated with it.

The services which are hosted by 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 9 on pages 35 and 36. A break-even position is reported across both of these areas.

Internal Audit completed a specific programme of audit work in 2017/2018 undertaking a high level review of strategic planning and commissioning and financial planning arrangements of the IJB. Actions recommended from 2016/2017 audit work were also followed up near the end of 2017/2018. Internal Audit work established that, at a strategic level, expected controls are in place in relation to both the commissioning and financial plans for the IJB. Nevertheless, there continues to be an inherent risk that demand for services exceeds projections, resulting in overspends of the budgets available. On this basis, Internal Audit advised that closer links to financial plans could be made in future strategic plans.

The financial position for public services continues to be challenging. The IJB have committed, within the 2017/2018 IJB Governance Statement, to continue to align financial and commissioning strategies in the future. In consultation with our partners, we will continue to review the way we currently deliver health and social care services to ensure we achieve our priorities and they offer best value.

Authorised By:

Philip Campbell

Val de Souza

Marie Moy

Chair

Chief Officer

Chief Financial Officer

Date 11 September 2018

Date 11 September 2018

Date 11 September 2018

STATEMENT OF RESPONSIBILITIES

Responsibilities of the South Lanarkshire Integration Joint Board

The South Lanarkshire Integration Joint Board (IJB) is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the IJB has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this IJB, that officer is the Chief Financial Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 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 South Lanarkshire Integration Joint Board on 11 September 2018.

Signed on behalf of the South Lanarkshire Integration Joint Board

Confirmed By:

Chair: Philip Campbell

Date: 11 September 2018

Responsibilities of the Chief Financial Officer

As Chief Financial Officer I am responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/2017 (the Accounting Code), as supported by the International Financial Reporting Standard (IFRS), is required to give a true and fair view of the financial position of the South Lanarkshire Integration Joint Board 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;
- complying with legislation; and
- complying with the Accounting 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 to ensure the propriety and regularity of the finances of the IJB.

I certify that these Annual Accounts present a true and fair view of the financial position of the South Lanarkshire Integration Joint Board as at 31st March 2018 and the transactions for the year then ended.

Certified By:

Chief Financial Officer Marie Moy

Date 11 September 2018

REMUNERATION REPORT

Introduction

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014 which requires, at least, disclosure about the remuneration and the pension benefits of any person whose remuneration is £150,000 or more.

Integration Joint Board

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

The IJB comprises eight voting members, four of whom are elected members appointed by South Lanarkshire Council and four of whom are non-executive directors appointed by the NHS Lanarkshire Health Board. The term of office of members is for a period of three years. The appointments of Chair and Depute Chair are for a period of 2 years with the current appointments being effective from 1 April 2017.

There are also non-voting representatives on the IJB drawn from health and social care professionals, employees, the third sector, service users and carers.

Remuneration: IJB Chair and Depute Chair

The board members do not currently receive remuneration or expenses directly from the IJB however voting board members will be remunerated by their relevant IJB partner organisation.

The IJB does not provide any additional remuneration to the Chair, Depute 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.

Until May 2017, Councillor Jackie Burns was the Chair of the IJB and Mr Philip Campbell was the Depute Chair. Following the local government elections, Mr Philip Campbell was appointed as the Chair of the IJB. Councillor Stephanie Callaghan was the Depute Chair between May 2017 and December 2017. Councillor John Bradley was the Depute Chair between December 2017 and March 2018. The details of the Chair and Depute Chair appointments held during 2017/2018 are outlined in the table below. No taxable expenses were paid by the IJB in 2016/2017 or 2017/2018.

Period	Post Held	Name	Nominated by
April 2017 to May 2017	Chair	Cllr. Jackie Burns	South Lanarkshire Council
May 2017 to March 2018	Chair	Mr Philip Campbell	NHS Lanarkshire
April 2017 to May 2017	Depute Chair	Mr Philip Campbell	NHS Lanarkshire
May 2017 to December 2017	Depute Chair	Cllr. Stephanie Callaghan	South Lanarkshire Council
December 2017 to March 2018	Depute Chair	Cllr. John Bradley	South Lanarkshire Council

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of the voting IJB members. The pension rights disclosures for the Chair and the Depute Chair are set out in the remuneration reports of each partner organisation as appropriate.

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2017/2018**

REMUNERATION REPORT (Cont.)

Senior officers

The Chief Officer is appointed by the IJB in consultation with NHS Lanarkshire Health Board and South Lanarkshire Council. The Chief Officer is employed by South Lanarkshire Council. Although their contract of employment is with South Lanarkshire Council, the Chief Officer is regarded as an employee of the IJB for 50% of their time.

The Chief Financial Officer is appointed by the South Lanarkshire IJB and is employed by South Lanarkshire Council. The Chief Financial Officer, whose services have been secured under the requirements of section 95 of the Local Government (Scotland) Act 1973, is seconded to the IJB in line with the local arrangements.

The IJB is responsible for the strategic planning and commissioning of health and social care services. Each partner is responsible for the operational delivery of the IJB's strategic directions. The IJB does not directly employ any Health or Social Care staff. They are employed by either NHS Lanarkshire or South Lanarkshire Council and remuneration for staff is reported in the annual accounts of the relevant employing organisation.

Remuneration: Officers of the IJB

The remuneration of the senior officers is set with reference to national arrangements as well as local decisions on management structures and their associated remuneration levels. The Scottish Joint National Committee for Local Authority Services sets out the spinal column salary points for Chief Officers which can be utilised in setting salary levels for such posts. The senior officers received the following remuneration in the year:

Name	Salary, fees, allowances	2017/2018 Total Remuneration	2016/2017 Total Remuneration
Val de Souza Chief Officer (April 2017 to March 2018)	£64,129	£64,129	£32,277 (FYE - £62,626)
Harry Stevenson Chief Officer (April 2016 to September 2016)	-	-	£29,937 (FYE - £64,377)
Marie Moy Chief Financial Officer (April 2017 to March 2018)	£32,889	£32,889	£32,563

The remuneration disclosed in the table above is the proportion of remuneration received in relation to the activity of the South Lanarkshire IJB during 2017/2018.

The Chief Officer is appointed to the South Lanarkshire IJB however South Lanarkshire Council continues to meet 50% of the costs of this post directly. This reflects the Chief Officer's responsibilities for Children and Justice Services, Performance and Support Services and Money Matters Advice Services which are not delegated functions to the IJB. The Chief Officer, as the Director of Health and Social Care, also contributes to the strategic direction of South Lanarkshire Council as part of the Corporate Management Team.

The Chief Financial Officer is also appointed to the North Lanarkshire IJB. The remuneration in respect of this post is therefore shown separately in the North Lanarkshire IJB Annual Accounts.

There were no exit packages awarded during the financial year.

There were no taxable expenses paid to the Chief Officers or the Chief Financial Officer in 2016/2017 or 2017/2018.

REMUNERATION REPORT (Cont.)

Disclosure by Pay Bands

As required by the regulations, the following table shows the number of persons whose remuneration for the year was £50,000 or above, in bands of £5,000.

Remuneration Band	Number of Employees in Band 2017/2018	Number of Employees in Band 2016/2017
£60,000 - £64,999	1	-

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.

The costs of the pension scheme contributions for the year to 31 March 2018 are shown in the table below:

Name		To 31 March 2018	To 31 March 2017
Val de Souza Chief Officer (April 2017 to March 2018)	In-year pension contributions	£24,754	£12,459
	Accrued pension benefits	£39,577	£1,331
	Movement in accrued pension benefits	£38,246	£1,331
	Lump Sum	£60,404	£0
Harry Stevenson Chief Officer (April 2016 to September 2016)	In-year pension contributions	-	£11,556
	Accrued pension benefits	-	£68,615
	Movement in accrued pension benefits	-	£131
	Lump Sum	-	£166,155
Marie Moy Chief Financial Officer (April 2017 to March 2018)	In-year pension contributions	£12,695	£12,569
	Accrued pension benefits	£23,936	£22,277
	Movement in accrued pension benefits	£1,659	£1,547
	Lump Sum	£39,676	£39,283

REMUNERATION REPORT (Cont.)

Pension Benefits (Cont.)

The pension benefits detailed in the table above relate to the total amount attributable to each post on a full-time basis. A pro-rata approach has not been adopted.

During 2017/2018, Ms De Souza transferred in pension benefits accrued with another pension fund from her previous service with another local authority.

The information contained within the Remuneration and Pension Benefits sections above is subject to audit.

Authorised By:

Philip Campbell

Chair

Date 11 September 2018

Val de Souza

Chief Officer

Date 11 September 2018

ANNUAL GOVERNANCE STATEMENT 2017/2018

Introduction

The Annual Governance Statement explains the governance arrangements and the system of internal control for the IJB and reports on their effectiveness.

Scope of Responsibility

The IJB is responsible for the commissioning of health and social care supports and services to improve the outcomes for the people of South Lanarkshire. It is responsible for ensuring its business is conducted in accordance with legislation and proper standards and that public money is safeguarded and properly accounted for.

It also has a statutory duty of best value and is required to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost, having regard to economy, efficiency and effectiveness. To meet these responsibilities, the IJB has established arrangements for governance which includes a system of internal control to ensure its functions are exercised in a timely, inclusive, open, honest and accountable manner. This includes:

- setting the strategic direction, vision, culture and values of the IJB;
- engaging with and, where appropriate, leading communities;
- monitoring whether strategic partnership objectives have been achieved;
- ensuring services are delivered cost effectively; and
- ensuring appropriate arrangements are in place for the management of risk.

The system of internal control is proportionate to the IJB's strategic responsibility and reliance is placed on the NHS Lanarkshire and South Lanarkshire Council systems of internal control. The effective operation of each partner's financial and corporate systems, processes and internal controls are key to the achievement of the IJB's outcomes. The internal control system can only provide reasonable and not absolute assurance of effectiveness.

The Purpose of the Governance Framework

The overall aim of the governance framework is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The governance framework enables the IJB to monitor the attainment of the partnership outcomes, including the identification and management of key risks. This included evaluating the likelihood of those risks being realised and the impact of those risks if they are realised.

The system also aims to help manage the risks efficiently, effectively and economically. Internal controls cannot eliminate all risks of failing to achieve policies, aims and objectives. Internal controls however are a significant part of the governance framework and are designed to manage risk at a reasonable level.

The governance framework within the IJB is set out in the [South Lanarkshire IJB Code of Corporate Governance](#)⁴ which comprises of the systems, processes, culture and values by which the IJB is directed and controlled. The Code of Corporate Governance is consistent with the seven core principles of the Delivering Good Governance in Local Government Framework (CIPFA 2016) and also the International Framework, Good Governance in the Public Sector.

⁴ (Link: http://www.southlanarkshire.gov.uk/slhscp/downloads/file/73/south_lanarkshire_ijb_code_of_corporate_governance)

ANNUAL GOVERNANCE STATEMENT 2017/2018 (Cont.)

Review of Adequacy and Effectiveness

The Local Authority Accounts (Scotland) Regulations 2014 require a review at least once in each financial year of the effectiveness of the system of internal control. The IJB is required to report publicly on compliance with its own Code of Corporate Governance on an annual basis including how it has monitored the effectiveness of its governance arrangements during the year under review and planned future changes. The review undertaken for 2017/2018 was informed by:

- an annual self-assessment against the IJB's Local Code of Corporate Governance consistent with the principles and recommendations of the new CIPFA/SOLACE Framework (2016);
- IJB internal audit reports;
- IJB external audit reports;
- relevant reports by other external scrutiny bodies and inspection agencies;
- a review of the principal risks and uncertainties and how these are being managed;
- an assessment of impact of the 2017/2018 continuous improvement actions undertaken; and
- an assessment of the IJB's ability to achieve future service priorities including consideration of ongoing service sustainability.

The review was also informed by cross-assurances from each partner, NHS Lanarkshire and South Lanarkshire Council, including consideration of their internal audit and external audit reports.

The Governance Framework and Internal Control System

In line with the seven core principles of good governance, the main features of the South Lanarkshire IJB governance framework and internal control system include the following:

Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The members and officers of the IJB work within a decision-making framework which incorporates "The Seven Principles of Public Life" identified by the Nolan Committee. Professional advice on the discharge of duties is provided to the IJB by the Chief Officer supported by the Chief Financial Officer, the Standards Officer, the Chief Internal Auditors, the Medical Advisor, the Nurse Advisor and the Chief Social Work Officer as appropriate.

The roles and responsibilities of IJB members and statutory officers are set out across a range of key documents including the Integration Scheme, Standing Orders, Financial Regulations and Codes of Conduct. The Chief Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The conduct of the IJB's business is governed by these processes which ensure that public business is conducted with fairness and integrity.

Governance structures are in place and operate effectively. These include the following:

- Senior Management Team;
- Support, Care and Clinical Governance Committee;
- Learning Improvement and Review Group;
- Learning and Workforce Development Board;
- Social Work Governance Committee;
- Quality Improvement Committee;
- Health Governance Committee;
- Mental Health and Learning Disabilities Governance Group;
- Substance Misuse Governance Group; and
- Locality Governance Groups.

Reliance is placed upon the arrangements across the partnership to ensure the right conditions are created in order for the IJB to fulfil its responsibilities in accordance with legislative and regulatory requirements and ethical values. This includes processes for handling complaints, whistleblowing policies and procedures, recruitment and staff appraisal processes, identifying, mitigating and recording conflicts of interest, hospitality and gifts and the sustainable procurement of goods which represent best value.

ANNUAL GOVERNANCE STATEMENT 2017/2018 (Cont.)

Ensuring openness and comprehensive stakeholder engagement

The IJB meet in public and decisions are documented in the public domain. The only exception to this would be if there were good reasons for not doing so on the grounds of confidentiality.

Changes to the Integration Scheme require that key stakeholder and prescribed consultees are either informed or consulted. The implementation of the Carers Act has implications for the IJB, NHS Lanarkshire and South Lanarkshire Council and the Integration Scheme was amended to reflect the Carers (Scotland) Act 2016, which came into effect on 1 April 2018. The amendment required the new duties cited within this Act to be delegated specifically to the IJB and the partners were notified of this in December 2017.

Defining outcomes in terms of sustainable economic, social, and environmental benefits

The South Lanarkshire Strategic Commissioning Plan 2016-2019 sets out the vision, strategic objectives and outcomes for the health and social care partnership.

A well developed performance framework has been established across the partnership to monitor the progress of the nine national health and well being outcomes, the agreed suite of 23 national performance measures and the 6 priority measures set by the Ministerial Steering Group.

Equalities as well as environmental and rural implications are considered during the decision making process. The combined economic, social and environmental impact of policies and plans is considered when decisions are taken about service provision, ensuring fair access. A long term view is taken with regard to decision making, with a focus on sustainability and the link between governance and public financial management.

Decisions in respect of capital investment remain the responsibility of each partner.

Determining the interventions necessary to optimise the achievement of the intended outcomes

The South Lanarkshire Strategic Commissioning Plan 2016-2019 is based on consultation. The plan will be updated before the end of its life and any update will be based upon further consultation. The Strategic Commissioning Group has a key role in influencing and supporting the overall future strategy.

Each partner has established effective relationships, collaborative working and contractual arrangements with other public, private and voluntary organisations in delivering services. Effective financial controls were in place across the partnership in 2017/2018. The Financial Plan for 2018/2019 sets out the parameters to achieve a balanced budget.

The medium to long term financial strategy, which will cover a 3 to 5 year period, is being finalised and will provide a balanced and objective analysis of service priorities, financial affordability and other resource constraints, including the workforce. The strategy will set the context for ongoing decisions on significant delivery issues and responses to the changes in the external environment. These include the impact of the end of the public sector pay cap, the national care home contract, the Carers (Scotland) Act 2016 and the EU withdrawal.

Developing the entity's capacity, including the capability of its leadership and the individuals within it

The objectives of the Health and Social Care partnership link to the NHS Lanarkshire's Healthcare Strategy, South Lanarkshire Council's Plan and the South Lanarkshire Health and Social Care Partnership's Strategic Commissioning Plan. The partnership also supports the agreed outcomes for Children's Services and Justice Services.

ANNUAL GOVERNANCE STATEMENT 2017/2018 (Cont.)

The roles of the Chief Officer and the Chief Financial Officer are defined in agreed job profiles. The Chief Officer is responsible and accountable to the Board for all aspects of management including promoting sound governance and providing quality information and support to inform decision-making and scrutiny. Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the IJB. The Chief Officer also meets regularly with the Chief Executives of the partner organisations. The Chief Financial Officer is responsible for the proper administration of all aspects of the IJB's financial affairs including ensuring appropriate advice is given to the IJB on all financial matters.

Thematic groups have been established across the partnership to progress key developments. These included:

- maximising efficiency within the care at home sector, including the introduction of mobile working and a new contractual framework with providers;
- progressing the "bed modelling" exercise and developing community facilities to support the delivery of improved outcomes;
- exploring options to use bed-based resources in a different way;
- progressing the arrangements for hosted services in consultation with the North Lanarkshire Health and Social Care Partnership and NHS Lanarkshire.
- progressing Primary Care Transformation; and
- progressing Self Directed Support.

The Locality Planning Groups have a key role in implementing the strategy and ensuring assessed needs within the locality are addressed. Staff performance is reviewed in accordance with each partner's performance development review process. A development session was arranged for IJB members in April 2018. The aim of the session included developing a shared understanding of the role and function of the IJB and how this relates to the Health Board and the Council. A programme of development for the IJB for the coming year was agreed and a report is being presented to the IJB in September 2018 outlining the proposed topics. Quarterly development sessions will begin following the appointment of two new IJB members.

Managing risks and performance through robust internal control and strong public financial management

The IJB is the decision-making body and is governed by its key constitutional documents. Effective and constructive challenge and debate on policies and objectives is encouraged at the IJB and the Performance and Audit Sub-Committee.

The Financial Plan for 2017/2018 was agreed in March 2017. In accordance with the requirements set out in the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB issued directions effective from 1 April 2017 to NHS Lanarkshire Health Board and South Lanarkshire Council in respect of the delivery of integrated functions and how resources were to be allocated for resultant services. The budget was further refined during the course of the year by both partners and also updated to reflect additional in-year funding. Each of the partners, South Lanarkshire Council and NHS Lanarkshire have a proven track record of sound financial management and robust monitoring arrangements to manage their finances in year. The IJB places reliance on these existing financial monitoring arrangements. Financial monitoring reports are presented to the IJB at each meeting. The financial reports have been developed to include an annual outturn by each partner.

A risk management strategy has been approved by the IJB which complements the existing risk management processes within each partner. A risk management strategy is in place to mitigate and monitor those risks which threaten the IJB's ability to meet its objectives to deliver services to the public. The IJB strategic risks are monitored regularly. The operational risks in respect of the delegated health and social care functions are also regularly monitored by both partners. The IJB has oversight of service delivery and the associated risks.

ANNUAL GOVERNANCE STATEMENT 2017/2018 (Cont.)

As at June 2018, there are 13 risks on the [IJB Risk Register \(Agenda Item No 18 Pages 225 to 234\)](#)⁵. After taking into consideration the adequacy of the controls, two risks are assessed as high risk, ten are medium risk and one is low. The action being taken to address the two high risks is as follows:

- Shifting the balance of care from residential and acute settings to community based alternatives
In order to continue to shift the balance of care from residential and acute settings to community based alternatives, the strategic commissioning intentions and directions will be further developed. Services will also continue to be redesigned to ensure locality pathways support maintaining people at home. This will include establishing transitional care models. The investment of £18m by South Lanarkshire Council to modernise existing care facilities will significantly enhance the existing model.
- Efficient and effective use of resources (IT / premises / governance)
In order to ensure the efficient and effective use of resources, it is intended to complete the proposed federated trust approach for IT. An earmarked reserve for £0.070m has been established as part of the overall funding package of £0.400m to take this initiative forward (Note 10 on page 37). A joint protocol for the co-location of staff will also be developed and agreed with the partners.

Further information on the medium and low risks is detailed in the IJB's risk register which can be located on the [South Lanarkshire Health and Social Care partnership website](#)⁶.

A quarterly performance report is prepared. At the September 2017 IJB meeting, the Annual Performance Report for 2016/2017 was approved. This provided an overview of performance against the strategic objectives in the first year. The [2017/2018 Annual Performance Report](#)⁷, which was considered by the IJB on 26 June 2018, has been published.

The IJB is committed to high standards of governance including information governance. An Information Sharing Protocol has been implemented. A publication scheme has been agreed and a process is also in place for responding to Freedom of Information requests and for handling complaints. The IJB relies upon each partner to manage data in accordance with relevant legislation and to minimise the risk of fraud, theft, corruption and crime. This is integral to delivering services effectively and sustainably, protecting public finances and safeguarding assets.

Implementing good practices in transparency, reporting and audit to deliver effective accountability

The internal audit service plays an essential role in the control environment by providing assurance that internal controls are being applied. The IJB approved the joint appointment of the Audit Manager for South Lanarkshire Council and the Chief Internal Auditor for NHS Lanarkshire. The IJB complies with "The Role of the Head of Internal Audit in Public Organisations" (CIPFA) and operates in accordance with "Public Sector Internal Audit Standards" (CIPFA). Both Heads of Internal Audit report directly to the Performance and Audit Sub-Committee with the right of access to the Chief Financial Officer, Chief Officer and Chair of the IJB Performance and Audit Sub-Committee on any matter. Effective working arrangements are in place between the partner's respective internal auditors on matters relevant to the IJB.

The annual programme of internal audit work is based on a strategic risk assessment. The 2017/2018 internal audit plan was agreed on 5 December 2017 and included a review of the strategic planning and commissioning arrangements and a review of the financial planning process. Internal audit also followed up the actions arising from audits undertaken in 2016/2017.

⁵(Link: http://www.southlanarkshire.gov.uk/slhscp/downloads/file/137/sl_ijn_agenda_pack_-_26_june_2018pdf)

⁶ (Link: <http://www.southlanarkshire.gov.uk/slhscp/>)

⁷ (Link: http://www.slhscp.org.uk/downloads/download/39/south_lanarkshire_integration_joint_board)

ANNUAL GOVERNANCE STATEMENT 2017/2018 (Cont.)

The findings and recommendations of internal audit, external audit and inspection bodies are reported to the IJB. The Performance and Audit Sub-Committee is integral to ensuring that recommendations are acted upon and improvements in internal control and governance are monitored. No control weaknesses or governance issues were reported by internal audit in 2017/2018.

An external audit plan has been approved for 2017/2018.

Overview of Control and Governance Improvements during 2017/2018

As a result of the improvement areas identified in the 2017/2018 Annual Governance Statement, the IJB's governance arrangements were further developed as outlined in the table below.

Area for improvement identified in 2017/2018	Action Undertaken 2017/2018
Ensure a balanced budget is achieved for 2017/2018.	A balanced budget was set for 2017/2018 and identified savings were implemented.
In respect of the medium to longer term financial outlook, ensure a financial strategy is developed to maintain a balanced budget.	A medium to long term financial strategy for the IJB is being developed. The strategy will be consistent with the financial planning principles adopted by each partner.
The role of the IJB members will continue to be developed.	The recommendations of the external audit review on the role of Board members have been considered and the role of the IJB members continues to develop.
Further develop the governance arrangements for the IJB and the partnership to ensure effective controls are in place, best value is secured and outcomes are achieved.	A group is in place to review governance arrangements and implement best practice.
Health Boards and Integration Authorities will be encouraged to prioritise establishing revised processes for the planning and performance management of delegated hospital functions (set-aside) and associated resources in 2017/18.	Extensive work has been progressed by NHS Lanarkshire to review the framework for the planning and performance management of delegated hospital functions and associated resources (the set-aside). The 'bed modelling' exercise has been progressed and options to use bed-based resources in a different way have been explored.
Ongoing effectiveness of business continuity plans.	Business continuity and resilience plans are regularly reviewed.
Further development of the Performance Management Framework.	A well established performance monitoring framework is in place and quarterly performance reports are presented to the IJB. The framework will continue to be developed.
Further develop stakeholder engagement.	A consultation and engagement framework has been established through which proposed strategic decisions are considered. On 26 June 2018, the IJB approved a wider Participation and Engagement Strategy as the recognised way forward for all IJB participation and engagement activity.
Further develop the strategic commissioning plan.	On 26 March 2018, the IJB approved the refreshed Strategic Commissioning Plan for 2018/2019 which identified a range of refreshed proposals to support the 9 National Health and Wellbeing Outcomes and the 10 priorities identified from our extensive participation and engagement activity in 2015/2016, all of which remain relevant to the direction. The 2018/2019 IJB Financial Plan and the IJB Directions for each partner were also approved on 26 March 2018.

ANNUAL GOVERNANCE STATEMENT 2017/2018 (Cont.)

Overview of Control and Governance Improvements for 2018/2019

Following consideration of the internal review of the adequacy and effectiveness of the IJB governance arrangements, continuous improvement actions will be progressed in 2018/2019 to further develop good governance controls. These actions, including the timeline, are detailed in the table below.

Ref.	Area for Improvement and Outcome To Be Achieved	Improvement Action Agreed	Lead Officer and Timeline
1	Ensure the financial and commissioning strategies of the IJB and each partner continue to be aligned in order to progress the health and social care integration agenda and respond to the national and local policy initiatives within the context of on-going significant financial challenges.	<p>Review Financial Framework</p> <ul style="list-style-type: none"> ▪ Review Financial Regulations ▪ Finalise the medium to long term financial strategy ▪ Further develop transparency and financial management reporting ▪ Specify the resources to be attached to the directions in line with strategic commissioning plan intentions. ▪ Consider the options to review the alignment of financial resources to reflect the population and locality needs 	<p>Chief Financial Officer</p> <p>April 2018 to March 2020</p>
2	Further develop the performance management framework to secure improvement activity and evidence the shift in the balance of care.	<p>Review Performance Framework</p> <ul style="list-style-type: none"> ▪ Review performance targets and outcomes ▪ Review shifting the balance of care ▪ Review the ongoing sustainability of services 	<p>Head of Commissioning and Performance</p> <p>April 2018 to March 2020</p>
3	Continue to embed governance structures across the partnership and promote a culture that fully endorses and accepts challenge among partners.	<p>Review Governance Arrangements</p> <ul style="list-style-type: none"> ▪ Embed governance framework and link to the directions pathway ▪ Review terms of reference of Performance and Audit Sub-Committee ▪ Provide ongoing support and personalised development opportunities for IJB members ▪ Progress learning and review opportunities which actively encourage meaningful and constructive feedback from key stakeholders. 	<p>Chief Officer</p> <p>April 2018 to March 2020</p>
4	Implementation of national agreements and new legislative duties	<ul style="list-style-type: none"> ▪ GMS 2018 contract ▪ Carers (Scotland) Act 2016 ▪ Contribute to consultations (e.g. Safe Staffing Bill and Free Personal Care to under 65s) 	<p>Heads of Health and Social Care</p> <p>April 2018 to March 2020</p>

ANNUAL GOVERNANCE STATEMENT 2017/2018 (Cont.)

Internal Audit Opinion

Based solely on the programme of internal audit work undertaken in 2017/2018, it is Internal Audit's opinion that reasonable assurance can be placed on the adequacy and effectiveness of the South Lanarkshire Integrated Joint Board's framework of governance, risk management and control arrangements for the year ending 31 March 2018.

Following on from the audit work undertaken in 2017/2018, the work planned for 2018/2019 will continue to focus on key strategic and operational areas of risk for the IJB.

Conclusion and Opinion on Assurance

During 2017/2018, the IJB has adhered to the stated principles of good governance, acted in the public interest and been committed to continuous improvement. The IJB continued to demonstrate that the governance arrangements and framework within which it operates are sound and effective and are consistent with the principles and recommendations of the CIPFA/SOLACE Framework (2016).

Although areas for further improvement have been identified, it is our opinion that there is sufficient evidence that the IJB's Local Code of Corporate Governance is operating effectively and that the IJB complies with that Local Code in all significant respects.

In South Lanarkshire, the Health and Social Care Partnership's vision is to work together to improve health and wellbeing in the community - with the community. The IJB recognises the need to focus on the long term and take account of the impact of current decisions and actions on future generations. Systems are in place to regularly review and improve the governance framework and this process will be supported by action plans going forward.

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.

Authorised By:

Philip Campbell

Val de Souza

Chair

Chief Officer

Date 11 September 2018

Date 11 September 2018

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2017/2018**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

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.

2016/2017 (Restated)				2017/2018		
Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net
£m	£m	£m		£m	£m	£m
150.729	0.000	150.729	Social Care Services	156.703	(0.221)	156.482
84.231	0.000	84.231	Family Health Services	85.223	0.000	85.223
67.013	0.000	67.013	Prescribing Costs	67.571	0.000	67.571
80.484	0.000	80.484	Hosted Services	87.102	0.000	87.102
55.154	0.000	55.154	Hospital Acute Services (Notional Set Aside Budget)	54.715	0.000	54.715
42.401	0.000	42.401	Health Care Services	40.169	0.000	40.169
5.202	(2.924)	2.278	Housing Services	5.020	(3.008)	2.012
0.147	0.000	0.147	Corporate Services (Note 6)	0.152	0.000	0.152
485.361	(2.924)	482.437	Cost of Services	496.655	(3.229)	493.426
0.000	(488.556)	(488.556)	Taxation and Non-Specific Grant Income (Note 5)	0.000	(495.585)	(495.585)
485.361	(491.480)	(6.119)	(Surplus) on provision of services and total comprehensive (income) and expenditure (Note 10)	496.655	(498.814)	(2.159)

The IJB was established on 6 October 2015. Integrated delivery of health social care services commenced on 1 April 2016. 2017/2018 is the second 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.

The income and expenditure statement has been restated in 2016/2017 to reflect the revised position in relation to hosted services. Further details are provided at Note 2 and Note 9.

MOVEMENT IN RESERVES STATEMENT

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

Movements in Reserves during 2017/2018	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2017	6.119	6.119
Total Comprehensive Income and Expenditure	2.159	2.159
Increase or decrease in 2017/2018	2.159	2.159
Closing balance at 31 March 2018	8.278	8.278

Movements in Reserves during 2016/2017	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2016	0.000	0.000
Total Comprehensive Income and Expenditure	6.119	6.119
Increase or decrease in 2016/2017	6.119	6.119
Closing balance at 31 March 2017	6.119	6.119

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2017/2018**

BALANCE SHEET AS AT 31 MARCH 2018

The balance sheet shows the value as at 31 March 2018 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 2018 £m	31 March 2017 £m
Current assets			
Short term debtors	7	8.278	6.119
Net assets / (liabilities)		8.278	6.119
Usable reserves	10	8.278	6.119
Total reserves		8.278	6.119

The Statement of Accounts present a true and fair view of the financial position of the South Lanarkshire Integration Joint Board as at 31 March 2018 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue on 26 June 2018 and the audited accounts were authorised for issue on 11 September 2018.

Authorised By:

Marie Moy

Chief Financial Officer

Date: 11 September 2018

NOTES TO THE ACCOUNTS

1. Accounting policies

1.1 General principles

The Annual Accounts summarise the transactions of the IJB for the financial year 2017/2018 and its position at the year end of 31 March 2018.

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 South 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 2017/2018, supported by the International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

1.2 Going concern

The 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 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, South 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 South 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 2018 is represented as a debtor or creditor on the IJB's balance sheet.

1.7 Employee benefits

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

NOTES TO THE ACCOUNTS (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 2018 is not material and has therefore not been accrued.

1.9 Indemnity Insurance

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

NHS Lanarkshire and South 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.

1.10 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.

1.11 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 2018, the useable reserve balance totals £8.278 million. There are no unusable reserves.

2. Critical judgements and estimation uncertainty

The critical judgements made in the financial statements relating to complex transactions are in relation to the accounting treatment of hosted services and the hospital acute services (set-aside).

The aforementioned areas of expenditure are therefore 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.

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 South Lanarkshire IJB for North Lanarkshire IJB.

In previous financial years, the annual accounts have been prepared on the basis that the costs associated with activity for services related to non-South Lanarkshire residents were removed and transferred to the North Lanarkshire IJB to reflect the location of the service recipients. Costs were also added to reflect activity for services delivered by other IJB's related to South Lanarkshire residents. The costs removed or added were based upon budgeted spend such that any overspend or underspend remained with the hosting IJB.

In preparing the 2017/2018 annual accounts, this adjustment will no longer be made.

NOTES TO THE ACCOUNTS (Cont.)

2. Critical judgements and estimation uncertainty (Cont.)

2.1 Hosted services (Cont.)

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 full costs are now reflected within the annual accounts for the services which the IJB hosts. This is the basis upon which the 2017/2018 annual accounts have been prepared. The 2016/2017 figures have also been restated to ensure expenditure and partner funding contributions are comparable. The effect of this restatement is outlined in the table below.

2016/2017 Annual Accounts – Restatement		2016/2017 Original £m	Adjustment £m	2016/2017 Restated £m
Comprehensive Income and Expenditure Statement and Note 4	Hosted Services – Total	62.592	17.892	80.484
Comprehensive Income and Expenditure Statement and Note 4	Cost of Services and Total Comprehensive (Gross) Expenditure	467.469	17.892	485.361
Comprehensive Income and Expenditure Statement and Note 5	Total Taxation and Non-Specific Grant Income	(470.664)	(17.892)	(488.556)
Note 4	Hosted Services - Led by the South IJB including the Primary Care Transformation Fund	15.043	17.892	32.935
Note 4	Funding Contribution - NHS Lanarkshire	(356.024)	(17.892)	(373.916)
Note 4	Total Comprehensive (Income)	(473.588)	(17.892)	(491.480)
Note 5 and Note 11	Funding Contribution from NHS Lanarkshire	(356.813)	(17.892)	(374.705)
Note 11	Expenditure on Services Provided by NHS Lanarkshire	311.391	17.892	329.283

NOTES TO THE ACCOUNTS (Cont.)

2. Critical judgements and estimation uncertainty (Cont.)

2.1 Hosted services (Cont.)

The relevant share of the pan Lanarkshire and area wide service expenditure is therefore included in the South Lanarkshire IJB on the basis of 49% of the total expenditure. 51% of the services relating to the North Lanarkshire IJB are also included as the South Lanarkshire IJB is acting as the principal for the delivery of these services.

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

2.2 Hospital Acute Services (Set Aside)

The legislation sets out that Integration Authorities are responsible for the strategic planning of hospital services most commonly associated with the emergency care pathway along with primary and community health care and social care services.

In respect of the current financial year 2017/2018, a notional figure for the sum set aside has been agreed with NHS Lanarkshire and will be included in both the Health Board and IJB 2017/2018 annual accounts. This is based on 2015/2016 activity levels uprated to reflect the 2017/2018 price basis and adjusted for the transfer of agreed activity out to the community during 2017/2018.

It should be noted therefore that the sum set aside recorded in the annual accounts will not therefore reflect actual hospital use in 2017/2018. This is a transitional arrangement for 2017/2018. Advice is expected to be issued in 2018/2019 to Health Boards and Integration Authorities to help establish arrangements that meet the legislative requirements and statutory guidance.

3. Events after the reporting period

The Chief Financial Officer authorised the audited accounts for issue on 11 September 2018. There have been no other material events since the date of the balance sheet which requires revision to the figures in the Accounts.

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2017/2018**

NOTES TO THE ACCOUNTS (Cont.)

4. Expenditure and Income Analysis by Nature

2016/2017 (Restated) £m	Expenditure and Income	2017/2018 £m	2017/2018 £m
150.729	Social Care Services		156.703
84.231	Family Health Services		85.223
67.013	Prescribing Costs		67.571
32.935	Hosted Services - Led by the South IJB (Note 9)	38.816	
47.549	Hosted Services - Led by the North IJB	48.286	
80.484	Hosted Services – Total		87.102
55.154	Hospital Acute Services (Notional Set Aside Budget)		54.715
27.476	Health Care Services - Localities	29.056	
6.055	Health Care Services - Area Wide	6.618	
8.870	Health Care Services - Out-of Area	4.495	
42.401	Health Care Services - Total		40.169
2.924	Housing Services - Housing Revenue Account	3.008	
2.278	Housing Services - General Fund	2.012	
5.202	Housing Services – Total		5.020
0.147	Corporate Services		0.152
485.361	Total Gross Expenditure		496.655
(104.587)	Funding Contribution - South Lanarkshire Council		(106.350)
(373.916)	Funding Contribution - NHS Lanarkshire		(382.021)
(0.789)	North Lanarkshire IJB Hosted Service Funding		0.000
(2.924)	Specific Service Income		(3.229)
(9.264)	Other Service Income		(7.214)
(491.480)	Total Income		(498.814)
(6.119)	Surplus on the provision of services		(2.159)

NOTES TO THE ACCOUNTS (Cont.)

5. Taxation and Non-Specific Grant Income

2016/2017 (Restated) £m		2017/2018 £m
(374.705)	Funding Contribution from NHS Lanarkshire	(382.021)
(113.851)	Funding Contribution from South Lanarkshire Council	(113.564)
(488.556)	Total	(495.585)

The funding contribution from the NHS Board shown above includes £54.715 million 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.

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

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 only ring fenced contribution is in relation to the Housing Revenue Account and totals £3.008m. Income and expenditure in relation to a local authority's own direct provision of housing must be recorded separately within a Housing Revenue Account as laid out in Section 203 of the Housing (Scotland) Act 1987.

6. Corporate Services

31 March 2017 £m		31 March 2018 £m
0.125	Staff Costs	0.125
0.017	External Audit Fee	0.024
0.005	Administration Costs	0.003
0.147	Total	0.152

7. Short Term Debtors

31 March 2017 £m		31 March 2018 £m
6.119	NHS Lanarkshire Health Board	7.577
0.000	South Lanarkshire Council	0.701
6.119	Total	8.278

NOTES TO THE ACCOUNTS (Cont.)

8. 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 accounts depends on which of the partner agencies is providing the service as these are treated differently for VAT purposes.

VAT payable therefore is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

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.

NOTES TO THE ACCOUNTS (Cont.)

9. Hosted Services - Income and Expenditure

On behalf of the North Lanarkshire IJB within the NHS Lanarkshire area, the South Lanarkshire IJB acts as the lead for a number of delegated hosted services. It therefore commissions services on behalf of the North Lanarkshire IJB and reclaims the costs involved. The payments that are made on behalf of the North Lanarkshire IJB, and the consequential reimbursement, are included in the Comprehensive Income and Expenditure Statement.

The net amount of expenditure and income relating to these hosted services arrangements is shown below:

2016/2017			Delegated Services - Hosted Services	2017/2018		
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
1.251	(1.251)	0.000	Primary Care Transformation	1.844	(1.844)	0.000
3.259	(3.259)	0.000	Community Dental Services	3.075	(3.075)	0.000
3.040	(3.040)	0.000	Out of Hours Services	2.949	(2.949)	0.000
1.389	(1.389)	0.000	Diabetic Services	1.475	(1.475)	0.000
3.500	(3.500)	0.000	Occupational Therapy Services	3.446	(3.446)	0.000
0.865	(0.865)	0.000	Palliative Care Services	3.133	(3.133)	0.000
0.318	(0.318)	0.000	Primary Care Services	0.318	(0.318)	0.000
4.270	(4.270)	0.000	Physiotherapy Services	4.170	(4.170)	0.000
17.892	(17.892)	0.000	Services hosted by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB	20.410	(20.410)	0.000
15.043			Services hosted by the South Lanarkshire IJB on behalf of the South Lanarkshire IJB	18.406		
32.935			Services hosted by the South Lanarkshire IJB Total (Note 4)	38.816		

NOTES TO THE ACCOUNTS (Cont.)

9. Hosted Services - Income and Expenditure (Cont.)

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

The net amount of expenditure and income relating to those arrangements hosted by the North Lanarkshire IJB is shown below:

2016/2017			Delegated Services - Hosted Services	2017/2018		
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
1.127	(1.127)	0.000	Sexual Health Services	1.135	(1.135)	0.000
1.091	(1.091)	0.000	Continence Services	1.059	(1.059)	0.000
1.200	(1.200)	0.000	Immunisation Services	1.082	(1.082)	0.000
2.397	(2.397)	0.000	Speech and Language Therapy Services	2.588	(2.588)	0.000
2.520	(2.520)	0.000	Child & Adolescent Mental Health Services	2.691	(2.691)	0.000
4.803	(4.803)	0.000	Children's Services	4.886	(4.886)	0.000
0.495	(0.495)	0.000	Integrated Equipment and Adaptations Services	0.265	(0.265)	0.000
1.589	(1.589)	0.000	Dietetics Services	1.589	(1.589)	0.000
1.798	(1.798)	0.000	Podiatry Services	1.800	(1.800)	0.000
0.718	(0.718)	0.000	Prisoner Healthcare Services	0.693	(0.693)	0.000
0.777	(0.777)	0.000	Blood Borne Viruses	0.777	(0.777)	0.000
29.034	(29.034)	0.000	Mental Health Services	29.721	(29.721)	0.000
47.549	(47.549)	0.000	Services hosted by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB	48.286	(48.286)	0.000

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2017/2018**

NOTES TO THE ACCOUNTS (Cont.)

10. Usable Reserve: General Fund

The IJB holds a balance on the General Fund for two main purposes:

- To earmark, or build up, funds which are to be used for specific purposes in the future, such as known or predicted future expenditure needs. This supports strategic financial management.
- To provide a contingency fund to cushion the impact of unexpected events or emergencies. This is regarded as a key part of the IJB's risk management framework.

The table below shows the movements on the General Fund balance, analysed between those elements earmarked for specific planned future expenditure, and the amount held as a general contingency.

2016/2017				Useable Reserve	2017/2018		
Balance as at 1 April 2016	Transfers Out	Transfers In	Balance as at 31 March 2017		Transfers Out	Transfers In	Balance as at 31 March 2018
£m	£m	£m	£m	Ring-Fenced Reserves	£m	£m	£m
0.000	0.000	2.749	2.749	Primary Care and Mental Health Transformation Fund	0.000	0.932	3.681
0.000	0.000	0.473	0.473	Alcohol and Drug Partnership Fund	0.000	0.000	0.473
0.000	0.000	0.000	0.000	Physio Trauma and Orthopaedics Pilot	0.000	0.093	0.093
0.000	0.000	0.000	0.000	OT Trauma and Orthopaedics Pilot	0.000	0.083	0.083
0.000	0.000	0.000	0.000	Home and Mobile Health Monitoring Pilot	0.000	0.042	0.042
0.000	0.000	0.000	0.000	Antenatal to 6 months Pathway Pilot	0.000	0.017	0.017
0.000	0.000	0.015	0.015	Family Health Services	0.000	0.000	0.015
0.000	0.000	3.237	3.237	Total Ring-Fenced	0.000	1.167	4.404
				Earmarked Reserves			
0.000	0.000	0.000	0.000	Palliative Care Services	0.000	0.808	0.808
0.000	0.000	0.636	0.636	Prescribing Fund	0.000	0.100	0.736
0.000	0.000	0.000	0.000	Social Care Contingency	0.000	0.701	0.701
0.000	0.000	0.696	0.696	Transitional Fund	0.121	0.000	0.575
0.000	0.000	0.000	0.000	Training Fund - Health Visitors	0.000	0.220	0.220
0.000	0.000	0.191	0.191	Telehealth Project	0.000	0.000	0.191
0.000	0.000	0.000	0.000	IT Federated Trust Environment	0.000	0.070	0.070
0.000	0.000	0.000	0.000	Diabetes Capacity Plan	0.000	0.022	0.022
0.000	0.000	1.523	1.523	Total Earmarked	0.121	1.921	3.323
0.000	0.000	1.359	1.359	Contingency	0.808	0.000	0.551
0.000	0.000	6.119	6.119	General Fund	0.929	3.088	8.278

NOTES TO THE ACCOUNTS (Cont.)

11. Related Party Transactions

The IJB has related party transactions with NHS Lanarkshire and South 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 accounts are presented to provide additional information on the relationships.

2016/2017 (Restated) £m	Transactions with NHS Lanarkshire	2017/2018 £m
(374.705)	Funding Contributions received from NHS Lanarkshire	(382.021)
0.000	Service Income received from NHS Lanarkshire	0.000
329.283	Expenditure on Services Provided by NHS Lanarkshire	334.780
0.063	Key Management Personnel: Non-Voting Board Members	0.000
0.021	Support Services	0.027
(45.338)	Net Transactions with NHS Lanarkshire	(47.214)

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.

31 March 2017 £m	Balances with NHS Lanarkshire	31 March 2018 £m
6.119	Debtor balances: Amounts due from NHS Lanarkshire	7.577
0.000	Creditor balances: Amounts due to NHS Lanarkshire	0.000
6.119	Net Balance with NHS Lanarkshire	7.577

2016/2017 £m	Transactions with South Lanarkshire Council	2017/2018 £m
(113.851)	Funding Contributions received from South Lanarkshire Council	(113.564)
(2.924)	Service Income received from South Lanarkshire Council	(3.229)
155.931	Expenditure on Services Provided by South Lanarkshire Council	161.723
0.063	Key Management Personnel: Non-Voting Board Members	0.125
0.000	Support Services	0.000
39.219	Net Transactions with South Lanarkshire Council	45.055

NOTES TO THE ACCOUNTS (Cont.)

11. Related Party Transactions (Cont.)

Key Management Personnel: The Chief Officer and the Chief Financial Officer are non-voting Board members and are directly employed by South Lanarkshire Council.

Only 50% of the cost of the Chief Officer is allocated by South Lanarkshire Council to the IJB. This payment is included in the Corporate Services cost in the Comprehensive Income and Expenditure Statement. The cost is shared equally between South Lanarkshire Council and NHS Lanarkshire.

Only 50% of the cost of the Chief Financial Officer is allocated by South Lanarkshire Council to the IJB. This payment is included in the Corporate Services cost in the Comprehensive Income and Expenditure Statement. The cost is shared equally between South Lanarkshire Council and NHS Lanarkshire.

Details of the remuneration of these post holders is included in the Remuneration Report.

South 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 South Lanarkshire Council to the IJB for these support services.

31 March 2017 £m	Balances with South Lanarkshire Council	31 March 2018 £m
0.000	Debtor balances: Amounts due from South Lanarkshire Council	0.701
0.000	Creditor balances: Amounts due to South Lanarkshire Council	0.000
0.000	Net Balance with South Lanarkshire Council	0.701

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.

12. 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 South Lanarkshire Integration Joint Board and the Accounts Commission

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 approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report 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 South Lanarkshire Integration Joint Board for the year ended 31 March 2018 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 accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the 2017/18 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of the South Lanarkshire Integration Joint Board as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 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)). 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 am independent of the South Lanarkshire Integration Joint Board 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. 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 nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about South Lanarkshire Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Chief Financial Officer and South Lanarkshire Integration 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 Chief Financial Officer 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 South Lanarkshire Integration Joint Board'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 deemed inappropriate.

The South Lanarkshire Integration Joint Board is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve 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 economic decisions of users taken on the basis of these financial statements.

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. This description forms part of my auditor's report.

Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. 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 matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

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

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

I have nothing to report in respect of these matters.

Confirmed By:

Fiona Mitchell-Knight FCA
Audit Director
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place,
Glasgow, G2 1BT

11 September 2018