

# South Lanarkshire Integration Joint Board

2020/21 Annual Audit Report



 AUDIT SCOTLAND

Prepared for South Lanarkshire Integration Joint Board and the Controller of Audit  
September 2021

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# Key messages

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## 2020/21 annual report and accounts

- 1 Our audit opinions on the annual accounts of the South Lanarkshire Integration Joint Board are unmodified.
- 2 The management commentary and annual governance statement should be reviewed next year. They could be more focussed, with infographics used to improve the reader's experience.

## Financial management

- 3 The Joint Board has appropriate and effective financial management arrangements in place.
- 4 Covid-19 had a significant impact on the 2020/21 year-end budget position. Covid-19 expenditure has been covered by extra funding. Unspent late funding has resulted in an underspend of £30.846 million.
- 5 Budget monitoring reports should reflect all budget variations in the year and should include clear information on whether planned savings have been achieved.

## Financial sustainability

- 6 Health and social care bodies are facing unprecedented challenges as they seek to balance the impact of Covid-19, the remobilisation of services and rising demand for services. This is against a backdrop of financial and workforce pressures, uncertainty over future financial settlements and social care reform.
- 7 The Joint Board has plans in place to secure the savings required to address the funding gap for 2021/22 although £1.035 million of savings had not been identified when the budget was set.
- 8 The Joint Board has a medium / long-term financial plan. Work is now ongoing to update this to reflect the impact of Covid-19 and the wider challenges facing IJBs. The extent of the challenges means that services will need to change if they are to be sustainable in the future. Maintaining, and ultimately increasing service delivery as health and social care services are remobilised, is a key priority for the IJB at this time. Officers have explained

that this will result in competing financial and workforce pressures which will limit the capacity for reform.

- 9** The Joint Board has reserves amounting to £37.019 million at 31 March 2021, of which £35.084 million is ring-fenced or earmarked for specific purposes.

## **Governance and transparency**

- 10** The governance arrangements introduced in response to the pandemic were appropriate and operated effectively. There is effective scrutiny, challenge and informed decision making.
- 11** The Joint Board could enhance its commitment to openness and transparency in respect of public access to IJB meetings.

## **Best value**

- 12** Appropriate arrangements are in place to secure Best Value.
- 13** The IJB prioritised its resources during the course of pandemic to ensure services were targeted at those most in need.
- 14** Performance improved across the six national performance indicators compared to 2019/20, with this largely due to the impact of Covid-19 on services.
- 15** Significant improvements have been made to the presentation and content of the Annual Performance Report.
- 16** The IJB has made good progress in reducing delayed discharges relating to non-Code 9 reasons.

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# Introduction

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1. This report summarises the findings from our 2020/21 audit of South Lanarkshire Integration Joint Board (the Joint Board).
2. The scope of our audit was set out in our [annual audit plan](#) presented to the Performance and Audit sub-committee meeting on 16 March 2021. This report comprises the findings from:
  - an audit of the South Lanarkshire Integration Joint Board's 2020/21 annual accounts
  - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#).
3. The global coronavirus pandemic has had a considerable impact on the Integration Joint Board (IJB) and its partner bodies during 2020/21. This has had significant implications for services, sickness absence levels and planned projects and initiatives. Risks related to the pandemic were included in our annual audit plan. Our work and findings in these areas is summarised at [appendix 2](#).

## Adding value through the audit

4. We add value to the Joint Board, through audit, by:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations
  - sharing intelligence and good practice through our national reports ([appendix 3](#)) and good practice guides
  - providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

## Responsibilities and reporting

5. The Joint Board has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The Joint Board is also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.
6. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the Code of Audit Practice and supplementary guidance, and International

Standards on Auditing in the UK. As public sector auditors, we give independent opinions on the annual accounts. Additionally, we conclude on the appropriateness and effectiveness of the performance management arrangements, the suitability and effectiveness of corporate governance arrangements, and the financial position and arrangements for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the Code of Audit Practice and supplementary guidance.

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

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

## Auditor Independence

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

**10.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2020/21 audit fee of £27,330, as set out in our annual audit plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**11.** This report is addressed to both the South Lanarkshire Integration Joint Board and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

**12.** We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

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# 1. Audit of 2020/21 annual accounts

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

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## Main judgements

Our audit opinions on the annual accounts of South Lanarkshire Integration Joint Board are unmodified.

The management commentary and annual governance statement should be reviewed next year. They could be more focussed, with infographics used to improve the reader's experience.

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## Our audit opinions on the annual accounts are unmodified

**13.** The annual accounts for the year ended 31 March 2021 were approved by the Performance and Audit Sub-Committee on 14 September 2021. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices.

## The annual accounts were signed off in line with original, pre-Covid-19 timescales

**14.** As a result of the continuing impact of Covid-19, the submission deadline for Joint Board's audited annual accounts has been set at 30 November 2021.

**15.** The Joint Board chose to prepare the annual accounts in line with pre-Covid-19 timetables rather than take advantage of the extension. The unaudited annual accounts were therefore received in line with our agreed audit timetable on 29 June 2021.

## Overall materiality is £5.971 million

**16.** We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of any identified misstatements on the audit. We identify a benchmark on which to base overall materiality such as gross expenditure and apply what we judge to be the most appropriate percentage level for calculating materiality values.

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

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

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### Exhibit 1

#### Materiality levels

Materiality level	Amount
Overall materiality	£5.971 million
Performance materiality	£3.418 million
Reporting threshold	£0.120 million

Source: Audit Scotland

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## Appendix 2 identifies the main risks of material misstatement and our audit work to address these

**19.** [Appendix 2](#) provides our assessment of risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit, and indicate how the efforts of the audit team are directed. [Appendix 2](#) also identifies the work we undertook to address these risks and our conclusions from this work.

## We have significant findings to report on the annual accounts


**20.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the IJB's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.



We have significant findings on the annual accounts, and these are summarised in [exhibit 2](#).

## Exhibit 2

### Significant findings from the audit of the annual accounts

Issue	Resolution
<p><b>1. Hospital acute services (set-aside)</b></p> <p>The “set-aside” budget is the Joint Board’s share of the budget for delegated acute services provided by the large hospitals, on behalf of the Joint Board. Included within the total Joint Board expenditure of £597.069 million is £59.501 million of set-aside costs.</p> <p>The budget and actual expenditure reported for the “set-aside” are equal. The figure is based on 2018/19 activity levels for hospital inpatient and day case activity, provided by NHS National Services Scotland’s Information Services Division and adjusted to reflect 2020/21 costs.</p> <p>The historic nature of activity data used to determine actual costs means that the variance from budgeted costs is not known until two years later. Delegated acute service costs based on actual activity levels were greater than budget by:</p> <ul style="list-style-type: none"> <li>• £0.752 million in 2016/17</li> <li>• £2.510 million in 2017/18</li> <li>• £1.328 million in 2018/19</li> </ul> <p>Greater volatility is expected for 2020/21 due to the impact of Covid-19 on services and activity levels.</p>	<p><b>For information only</b></p> <p>Covid-19 had a significant impact on the acute services delivered in 2020/21 and is impacting on services in 2021/22. The Joint Board is working with its partners to agree how budget variances are to be funded in the future.</p>
<p><b>2. Significant increase in reserves</b></p> <p>The balance held in reserves for future spending amounted to £37.019 million at 31 March 2021, compared to £6.173 million 31 March 2020.</p> <p>This significant increase is due to a combination of funding received from the Scottish Government late in the year which has been carried forward for use in 2021/22 and the release of funding previously withheld by the Scottish Government until reserve balances were used. This funding is included as an underspend against budget for NHS</p>	<p>A formal review of reserves is currently underway which will be included in the medium / long term financial plan.</p> <p> <b>Recommendation 11 (<a href="#">appendix 1</a>, action plan, prior year follow-up)</b></p>

Issue	Resolution
<p>Lanarkshire in the annual accounts as the funding is paid to the Joint Board through the partner bodies.</p> <p>A formal review of reserves is currently underway. This is essential for ensuring that reserves are accumulated and utilised in a planned way to support the strategic directions of the Joint Board.</p>	

Source: Audit Scotland

## There were no misstatements identified in the annual accounts

**21.** There were no misstatements identified in the annual accounts. In accordance with normal audit practice, a number of presentational and disclosure amendments were discussed and agreed with management.

## The management commentary and annual governance statement should be reviewed next year. They could be more focussed, with infographics used to improve the reader's experience

### Management commentary

**22.** The management commentary that accompanies the financial statements should clearly explain how the Joint Board has performed against budget and how this is reconciled to the financial statements. For 2020/21 the management commentary gives good coverage of the impact of Covid-19 on the year under review.

**23.** In previous years we commented that the management commentary suffered from excessive detail and that it should be made more accessible for the reader. Despite efforts to streamline the content, the management commentary included in the 2020/21 unaudited accounts contained too much information which can obscure the key messages for the reader. Changes were made during the audit to reduce superfluous information. Further improvements should be considered for 2021/22.

### Annual governance statement

**24.** The Joint Board has a Local Code of Corporate Governance, and this is reviewed and updated annually. The local code follows the principles set out in the CIPFA/SOLACE Delivering good governance in local government: framework 2016. The Joint Board's annual governance statement complies with this guidance.

**25.** Similar to the management commentary, the annual governance statement in the unaudited annual accounts suffered from excessive disclosures that in

our view could impede the reader from understanding the key governance arrangements in place, and risks facing the Joint Board.

**26.** In addition to streamlining the content of both narrative sections, there is scope to improve reader accessibility by using infographics rather than block text. This would enhance the reader experience and provide a more sophisticated overview of the key messages for the Joint Board. Work is required to ensure that the content is focussed on the key issues and that the information is presented in a more user-friendly format.



Recommendation 8 ([appendix 1](#), action plan, prior year follow-up)

### Accounting for hosted services

**27.** The Integration Scheme sets out which healthcare services are provided by South Lanarkshire Integration Joint Board on behalf of North Lanarkshire Integration Joint Board.

**28.** The Joint Boards have adopted the “principal” method of accounting for hosted services, whereby the full costs are reflected within the annual accounts for the services which the Joint Boards hosts. The Joint Board planned to review its approach to accounting for hosted services during 2020/21 however this has not yet been completed and a revised timescale has been set for September 2021.

**29.** The future funding arrangements for hosted services are being reviewed to agree principles which are compatible with each Joint Board’s strategic priorities. The discussions will consider the application of savings and also the expansion of hosted services. Formal agreements will be confirmed with both Joint Boards to reflect the hosted services arrangements.



Recommendation 4 ([appendix 1](#), action plan, prior year follow-up)

### Limited progress was made on prior year recommendations

**30.** We reviewed progress against audit recommendations made in our 2019/20 [annual audit report](#) which included actions brought forward from previous years. From the eight action points raised, two have been suitably addressed and the timescales for the remaining six have been revised. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [appendix 1](#).

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## 2. Financial management

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

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### Main judgements

The Joint Board has appropriate and effective financial management arrangements in place.

Covid-19 had a significant impact on the 2020/21 year-end budget position. Covid-19 expenditure has been covered by extra funding. Unspent late funding has resulted in an underspend of £30.846 million.

Budget monitoring reports should reflect all budget variations in the year and should include clear information on whether planned savings have been achieved.

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### The 2020/21 budget included planned savings and contributions from reserves to address the funding gap

**31.** The Joint Board approved its 2020/21 budget at a special meeting on 30 March 2020. Budgeted expenditure was set at £561.768 million with a funding gap of £4.504 million. The funding gap was reduced by planned savings of £2.158 million and the use of £0.340 million from reserves. The remaining gap was to be addressed through further savings amounting to £1.136 million and management actions of £0.870 million which had not yet been identified.

**32.** Measures to realise planned savings included:

- efficiencies from prescribing (£0.780 million)
- social care day services (£0.550 million)
- care and support services (£0.550 million)
- reduced demand for care home placements (£0.500 million)
- review of locality budgets (£0.158 million).

**33.** In recognition of the challenges faced by public bodies to realise savings targets during the pandemic, the Scottish Government made funding available for bodies to claim monies equal to any unrealised planned efficiency savings in year. The Joint Board was unable to realise £1.1 million of savings planned by South Lanarkshire Council so was able to recover this money through South Lanarkshire Council's remobilisation funding.

**34.** The budget evolved during the year as additional funding was released by the Scottish Government to meet the costs of responding to Covid-19. The final budget for the year, reported to the Joint Board in May 2021, amounted to £623.228 million, representing an increase of £61.460 million from the original budget. Substantively, this increase was made up of £31.329 million of Covid-19 funding, £7.328 million Primary Care Improvement Fund, Alcohol and Drug Partnership funding of £1.524 million, settlement changes amounting to £3.936 million and funding for the national pay award (£1.606 million) among other smaller adjustments.

**Covid-19 had a significant impact on the 2020/21 year-end budget position. Late funding, that was unspent in year, resulted in an underspend of £30.846 million**

**35.** The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses, and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

**36.** The Joint Board does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer and Chief Financial Officer. All funding and expenditure for the Joint Board is incurred by partner bodies and processed in their accounting records.

**37.** The Covid-19 pandemic had a significant impact on the Joint Board's 2020/21 budget. The Joint Board received £31.329 million of Covid-19 related funding in 2020/21, £24.384 million was spent in 2020/21, with the remaining £6.945 million carried forward to be spent in 2021/22.

**38.** The Joint Board returned an underspend of £30.846 million against a budgeted breakeven position, [exhibit 3](#).

**Exhibit 3**

## Performance against budget

2020/21 budget summary	Budget £m	Actual £m	Variance £m
<b>Gross Expenditure</b>	627.915	597.069	(30.846)
<b>Funded by:</b>			
Contribution from NHS Lanarkshire	(457.158)	(457.158)	0
Contribution from South Lanarkshire Council	(130.719)	(130.719)	0
Underspend refunded to HRA	0.013	0.013	0
Service Income	(8.722)	(8.722)	0
Covid-19 funding	(31.329)	(31.329)	0
<b>Total Income</b>	(627.915)	(627.915)	0
<b>Surplus of Income over Expenditure</b>	0	(30.846)	(30.846)

Source: Audit Scotland

### Budget monitoring arrangements are appropriate but there is scope to improve the year-end outturn information provided to members

**39.** Detailed budget monitoring reports were submitted to meetings of the Joint Board and the Performance and Audit Sub-Committee throughout the year. The outturn to date and forecast year-end outturn position were made clear within each report and the actual year-end outturn position was in line with expectations.

**40.** The content of the budget monitoring reports was updated to reflect the financial impact of Covid-19. Verbal updates were also provided to members as circumstances evolved. This ensured the Joint Board were aware of how Covid-19 impacted on the overall financial position and outturn.

**41.** Generally, the finance reports to the Joint Board and the Performance and Audit Sub-Committee include a summary of budget adjustments between the current and prior reporting periods. However, the final outturn report in June 2021 did not include a summary of the budget adjustments for the final two months of the year, with this information only being presented to the Joint Board in August 2021. Timely reporting of budget adjustments is important, particularly as the budget increased by £35.063 million between the finance report to January 2021 and the final funding outturn reported in the unaudited annual accounts.

**42.** In 2019/20 we highlighted that the year-end outturn report should include details of whether planned savings for the year had been achieved. The 2020/21 outturn report notes that there were no issues to report in respect of the achievement of savings. However, this could be enhanced to provide a positive statement of whether savings have been achieved.



Recommendations 5 and 9 ([appendix 1](#), action plan, prior year follow-up)

### **Financial systems of internal control operated effectively but key financial governance documents should be reviewed**

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

**44.** As part of our audit approach, we sought assurances from the external auditor of NHS Lanarkshire and South Lanarkshire Council and confirmed there were no weaknesses in the systems of internal controls for either the health board or the council. Both the health board auditors and the council auditors reported weaknesses in payroll and with the authorisation of journals, however, these were not considered to be a risk to the financial statements audit due to the testing undertaken within the partner body audits.

**45.** As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. While the Joint Board has comprehensive standing financial instructions and standing orders in place, these have not been reviewed since they were implemented in 2016. These documents should be reviewed periodically to confirm that they remain fit for purpose to the operations of the Joint Board.



Recommendation 1 ([appendix 1](#), action plan)

### **Discussion with partners is to continue to ensure that the structure for providing financial services meets the needs of the organisations.**

**46.** In our 2020/21 annual audit plan we reported that there was a risk of disruption to financial services and processes if the Chief Financial Officer was unable to fulfil her role, due to her workload and reliance on one individual. We were advised that discussions were underway between the Joint Board and the partner bodies to identify suitable options to support the Chief Financial Officer role.

**47.** Management have confirmed that work is still ongoing in this area. This is a complex area due to the number of stakeholders involved and the external influences such as the Ministerial Steering Group and the independent Review of Social Care Services. There was no disruption to the preparation or audit of the annual accounts. However, the risk remains, as it is not good practice to rely on any one individual to fulfil this key role.



Recommendation 6 ([appendix 1](#), action plan, prior year follow-up)

**Internal audit provided a reasonable level of assurance over the adequacy and effectiveness of the partnership’s framework of governance, risk management and control arrangements for the year ending 31 March 2021**

**48.** Internal audit provides the Joint Board with independent assurance on risk management, internal control, and corporate governance processes. For the South Lanarkshire Integration Joint Board, internal audit is delivered on a joint basis by the Chief Auditors of NHS Lanarkshire and South Lanarkshire Council.

**49.** In 2019/20 we highlighted that the Internal Audit Annual Audit Plan was not presented to the Performance and Audit Sub-Committee until September 2020, some 6 months into the financial year. We are pleased to note that the audit plan for 2021/22 was presented to the Performance and Audit Sub-Committee in March 2021.

**50.** We also reported in 2019/20 that the Joint Board planned to review the Internal Audit arrangements to consider whether the Joint Internal Audit service remained appropriate. A review was undertaken during the year which concluded that existing arrangements should remain in place for 2021/22 and 2022/23. This was approved by the Performance and Audit Sub-Committee in March 2021.



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## 3. Financial sustainability

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

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### Main judgements

Health and social care bodies are facing unprecedented challenges as they seek to balance the impact of Covid-19, the remobilisation of services and rising demand, against a backdrop of financial and workforce pressures, uncertainty over future financial settlements and social care reform.

The Joint Board has plans in place to secure the savings required to address the funding gap for 2021/22 although £1.035 million of savings had not been identified when the budget was set.

The Joint Board has a medium / long-term financial plan. Work is now ongoing to update this to reflect the impact of Covid-19 and the wider challenges facing IJBs. The extent of the challenges means that services will need to change if they are to be sustainable in the future. Maintaining, and ultimately increasing service delivery as health and social care services are remobilised, is a key priority for the IJB at this time. Officers have explained that this will result in competing financial and workforce pressures which will limit the capacity for reform.

The Joint Board has reserves amounting to £37.019 million at 31 March 2021, of which £35.084 million is ring-fenced or earmarked for specific purposes.

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### **The Joint Board has plans in place to secure the savings required to address the funding gap for 2021/22 although £1.035 million of savings had not been identified when the budget was set**

**51.** Health and social care services across Scotland are facing a period of unprecedented challenge as they continue to address the impact of Covid-19 while remobilising services. Demand for services is increasing against a backdrop of financial and workforce pressures, uncertainty over future funding settlements and planned reforms in social care. Individually, these factors present complexities for IJBs, but collectively, they mean that services need to change if they are to remain financially sustainable.

**52.** In the context of the challenges above, the Joint Board is required to make efficiency savings to maintain financial balance. The 2021/22 budget was approved by the Joint Board at its meeting in March 2021. The budget identified a funding gap of £7.291 million which was to be addressed through a combination of efficiency savings, use of reserves, savings proposals, additional funding, and management actions. Management actions amounted to £1.035 million, and these reflect savings that had yet to be identified when the budget was set. We are advised that non-recurring funding solutions were identified by the South Lanarkshire Council partner in June 2021.

**53.** The financial updates to the Performance and Audit Sub-Committee and Integration Joint Board, in June and August 2021 respectively, advised that the funding gap continues to evolve and is being monitored, with actions being taken to ensure financial balance. The latest reported position shows that savings measures amounting to £0.465 million have still to be identified.

**54.** The scope for realising savings reduces year on year as services operate within tight budget constraints. In 2020/21 and now 2021/22, realisation of savings was even more challenging as services were not running on a business-as-usual basis. There were however unexpected savings from fluctuations in demand for services and services not being available due to Covid-19.

**55.** The Joint Board generally has a track record of meeting its savings targets. However, it is essential that there are clear plans in place on how savings will be achieved and that progress against these is monitored and reported to members timeously to ensure that any emerging issues are promptly identified and addressed.

**56.** Overall, the Joint Board has a good track record of taking the necessary steps to ensure financial sustainability. However, action is required to identify the savings required to balance the budget in 2021/22. Ongoing monitoring will be required to ensure that savings targets are achievable.



Recommendation 2 ([appendix 1](#), action plan)

**The Joint Board has a medium / long-term financial plan. Work is now ongoing to update this to reflect the impact of Covid-19 and the wider challenges facing IJBs.**

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

**58.** In June 2020, the Joint Board approved the outline of its first medium / long term-financial plan, which spans the period 2020/21 – 2029/30. The plan covers most of the key areas, but at the time the plan was approved, it was acknowledged that the assumptions on which it was based would require to be revised to reflect the impact of Covid-19 and the significant emerging pressures in the medium term. The plan is currently being reviewed and will be considered by the Joint Board in October 2021.

**59.** As the country begins to emerge from the pandemic, and the implications for public services and funding become clearer, the Joint Board should seek to ensure it has a clear financial strategy underpinning its service priorities. The extent of the challenges means that services will need to change if they are to be sustainable in the future. Maintaining, and ultimately increasing service delivery as health and social care services are remobilised, is a key priority for the IJB at this time. Officers have explained that this will result in competing financial and workforce pressures which will limit the capacity for reform.

**60.** Overall, the Joint Board has shown progress in developing the medium / long-term plan. We will continue to review the Joint Board's progress in updating its financial plans to reflect the realities of the financial environment as the country seeks to move forward from Covid-19.

### **Covid-19 has significantly increased the Joint Board's reserves**

**61.** The Joint Board holds a general fund reserve, which is used to smooth financial variations over the years. At 31 March 2021, the general fund balance amounted to £37.019 million compared to £6.173 million at 31 March 2020. The substantial increase in 2020/21 is due to an underspend on health services arising from the release of funding by the Scottish Government, to be spent in future years.

**62.** [Exhibit 4](#) below sets out the reserve balances since the inception of the IJB in 2016/17 to 2020/21. The balance is significantly higher than it has been at any other point in the IJB's history, primarily due to ring-fenced monies which have to be spent in areas set out by the Scottish Government.

**Exhibit 4**

Reserves 2016/17 to 2020/21

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Total Ring-Fenced Reserves	3.237	4.404	5.266	1.825	27.139
Total Earmarked Reserves	1.523	3.323	3.949	2.428	7.945
Contingency	1.359	0.551	1.808	1.920	1.935
<b>Total Reserves</b>	<b>6.119</b>	<b>8.278</b>	<b>11.023</b>	<b>6.173</b>	<b>37.019</b>

Source: South Lanarkshire Joint Board annual accounts 2016/17 – 2020/21

**63.** Given the level of funds held in reserve, it is essential that the Joint Board has a clear plan on how and when monies will be spent. Management have advised that work is currently ongoing to prepare a reserves strategy. This will be fundamental for ensuring that reserve balances are accumulated and spent in a planned way that supports the strategic objectives of the IJB.



Recommendation 11 ([appendix 1](#), action plan, prior year follow-up)

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# 4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information. Using resources effectively and continually improving services.

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## Main judgements

The governance arrangements introduced in response to the pandemic were appropriate and operated effectively. There is effective scrutiny, challenge and informed decision making.

The Joint Board could enhance its commitment to openness and transparency in respect of public access to IJB meetings.

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### **The governance arrangements introduced in response to the pandemic were appropriate and operated effectively. There is effective scrutiny, challenge and informed decision making.**

**64.** The Joint Board made some changes to its governance arrangements in response to the pandemic. These have been set out in the annual governance statement in the annual accounts and included moving to virtual meetings initially, with only voting members in attendance. Agendas were restricted to business critical and time sensitive matters.

**65.** From the 30 March 2020 to 18 May 2021 the Joint Board granted delegated authority to the Chief Officer, in consultation with the Joint Board Chair and Deputy Joint Board Chair and senior management to take timeous decisions in response to the pandemic. The ongoing requirement for this authority was subject to review at each IJB meeting. The delegated authority required any decisions to be taken to the next meeting of the IJB. This authority was not exercised during the year, so no reports were required.

**66.** We consider that Joint Board's governance arrangements are appropriate and support effective scrutiny, challenge and decision making.

### **The Joint Board should explore ways to enhance openness and transparency to meetings while public access is restricted**

**67.** There continues to be an increasing focus on demonstrating the best use of public money. Openness and transparency in how a body operates and makes decisions and is key to supporting understanding and scrutiny. Transparency

means that the public has access to understandable, relevant, and timely information about how the body is taking decisions and using resources.

**68.** The Joint Board has its own website which includes the schedule of meetings and the agendas, reports, and minutes for each meeting of the Integration Joint Board and the Performance and Audit Sub-Committee. Agendas are posted in advance of meetings to allow members of the public access to these.

**69.** Typically, meetings of the IJB are open to the public however, this was suspended due to Covid-19. Technology is being embraced at varying levels across the public sector to ensure openness and transparency of governance arrangements, but IJB meetings are still not accessible to the public, over a year into the pandemic. Notwithstanding the relaxation of restrictions, the Joint Board should explore ways to enhance openness and transparency to meetings while public access is restricted.



Recommendation 3 ([appendix 1](#), action plan)

### **A new Chief Officer took up post in August 2021**

**70.** South Lanarkshire Integration Joint Board has had a stable leadership team since its inception in 2016. This has undoubtedly been a benefit to the Joint Board as it avoided the volatility which is inevitable with changes in senior officers. After 5 years in the post, the Chief Officer retired in May 2021 and an interim Chief Officer was appointed from within the senior management team. A permanent appointment was made in June 2021, and he took up post in August 2021. The stability through the early years means that the Joint Board is well placed to manage this change.

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# 5. Best Value

Using resources effectively and continually improving services.

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## Main judgements

Appropriate arrangements are in place to secure Best Value.

The IJB prioritised its resources during the course of pandemic to ensure services were targeted at those most in need.

Performance improved across the six national performance indicators compared to 2019/20, with this largely due to the impact of Covid-19 on services.

Significant improvements have been made to the presentation and content of the Annual Performance Report.

The IJB has made good progress in reducing delayed discharges relating to non-Code 9 reasons.

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## Arrangements are in place to secure Best Value

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

**72.** A formal review of the Joint Board's systems and processes was undertaken in 2019. The review considered the arrangements in place against the following Best Value themes:

- Vision and leadership
- Effective partnerships
- Governance and accountability
- Use of resources
- Performance management
- Sustainability
- Equality

**73.** The outcome of the assessment was reported to the Performance and Audit Sub-Committee on 27 August 2019. At the time the assessment was undertaken, the findings were generally positive however, it is important that the Joint Board continues to refine its arrangements, both for delivering best value and demonstrating that it has done so. This will be particularly important given the increasing focus on Best Value in IJBs.

### **The Joint Board is engaging with stakeholders to consider the highlighted improvements from the national review of adult social care services**

**74.** An independent review of adult social care services was published in February 2021. This was requested by the Scottish Government in September 2020 with the primary aim of the review being to recommend improvements to adult social care services in Scotland. The review made a number of recommendations including the set-up of a National Care Service for Scotland that is equal to the NHS and that self-directed support must work better for people with decisions being based on their needs, rights, and preferences.

**75.** The Joint Board considered the findings of the review in March 2021 and agreed to monitor ongoing developments in this area. The IJB is actively engaged in discussions around the implementation of the review with partners and stakeholders.

### **Performance improved across the six national performance indicators compared to 2019/20, with this largely due to the impact of Covid-19 on services**

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

**77.** Two Covid-19 updates were taken to the Joint Board during the year which set out the key activities and ongoing challenges the IJB was addressing. These provided a useful overview of the impact of the pandemic on the IJB activities and were well received by Joint Board members.

**78.** In response to the pandemic, the IJB had a clear focus on maximising the use of resources and ensuring those most in need were supported. Key measures implemented to support service users safely included:

- a community meals services which saw meals being delivered to service users in lieu of a Home Carer attending to prepare a meal.
- a public appeal to ask family members to provide support to their loved ones where possible to ensure the Home Care resource could be targeted to those most in need.
- establishing a telephone triage system and assessment centres to support those affected by Covid-19.



- securing step-down beds by re-opening closed wards and care homes to facilitate the flow of patients from the acute hospitals and create capacity in the system.
- rapidly increasing the use of “Near Me” to support patients, families, and carers.
- prioritisation of child protection through the Health Visiting Team, the Family Nursing Partnership Team, and the School Nursing Service.

**79.** The IJB addressed significant challenges throughout the year as it sought to provide essential services to those most in need while managing health and social care staff absence rates of up to 25 percent due to shielding, self-isolation, and sickness. In addition, there were early challenges around the supply and interpretation of the use of Personal Protective Equipment (PPE) for staff, which were subsequently resolved.

**Performance reporting on the six national prescribed indicators has continued throughout the pandemic but there is scope to improve the consistency of reporting on other performance outcomes**

**80.** The Board has continued to monitor key performance targets throughout the year, with performance monitoring reports taken to all meetings of the Performance and Audit sub-committee and the Integration Joint Board. These provide an update on the six prescribed Health and Social Care Delivery Plan and Ministerial Steering Group indicators, as set out in [exhibit 5](#) below.

**Exhibit 5**

## National performance indicators

Indicator	Performance in 2020/21 compared to 2019/20
Unplanned admissions	Emergency admissions reduced by 17.5%
Occupied bed days for unscheduled care	Bed days occupied by unscheduled care reduced by 12.1%
Accident and emergency attendance	Accident and emergency attendance reduced by 23.6%
Delayed discharges	Bed days lost due to non-Code 9 delayed discharges reduced by 56.4%
End of life care	The number of people spending the last six months of life in the community has increased from 84.2% in 2013/14 to 90.2% in 2020/21
The balance of spend across institutional and community services	The number of people aged 75+ living unsupported at home has remained broadly consistent over the past seven years at around 83%

Source: South Lanarkshire Health and Social Care Partnership – 2020/21 Annual Performance Report

**81.** In June 2020, the performance monitoring report was enhanced to include information on Covid-19 activity and deaths, which provided members with a clear picture of the impact of Covid-19 in South Lanarkshire. Since this initial report, there has been no other formal reporting of Covid-19 activity data during the year.

**82.** In addition to the standard performance reporting, the Joint Board received two quarterly performance reports during the year, which set out the progress against the nine national health and wellbeing outcomes. These were reported to the Joint Board in September 2020 and February 2021, however, there has been no further reporting for the year due to the impact of the third wave of Covid-19.

**83.** A comprehensive suite of indicators by locality are monitored on an ongoing basis by management. These reports provide useful information on the national health and wellbeing outcomes including child health surveillance, breast feeding, cervical screening uptake, drug and alcohol waiting times, homecare hours and staff sickness absence rates. We have been advised that

performance reporting arrangements are currently being reviewed. Consideration is being given to how this extended suite of national health and wellbeing indicators should be reported to the Joint Board going forward.

**84.** In addition to the performance reports to members, the Joint Board also receives regular reports on progress against the strategic directions. This provides members with a useful overview of progress to date on the directions, which is linked to national performance outcomes and indicators.

### **Significant improvements have been made to the presentation and content of the Annual Performance Report**

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

**86.** The draft Annual Performance Report was presented to the Joint Board in August 2021 for consideration prior to publication. In previous years we recommended that the report could be made more user-friendly through the use of infographics, to provide information visually rather than in blocks of text. There is a notable improvement in the presentation of the report for 2020/21, with good use of infographics to convey information and create a more engaging read for the user.

**87.** The report provides a comprehensive and balanced overview of the year under review, including emphasising the impact of Covid-19. It covers all the key areas set out in paragraph 85 and provides previous year's performance information where possible, to advise the reader of the direction of travel. Overall, there has been a significant improvement in the quality of the report this year.

### **The IJB has made good progress in reducing delayed discharges relating to non-Code 9 reasons which make up the majority of delayed discharges**

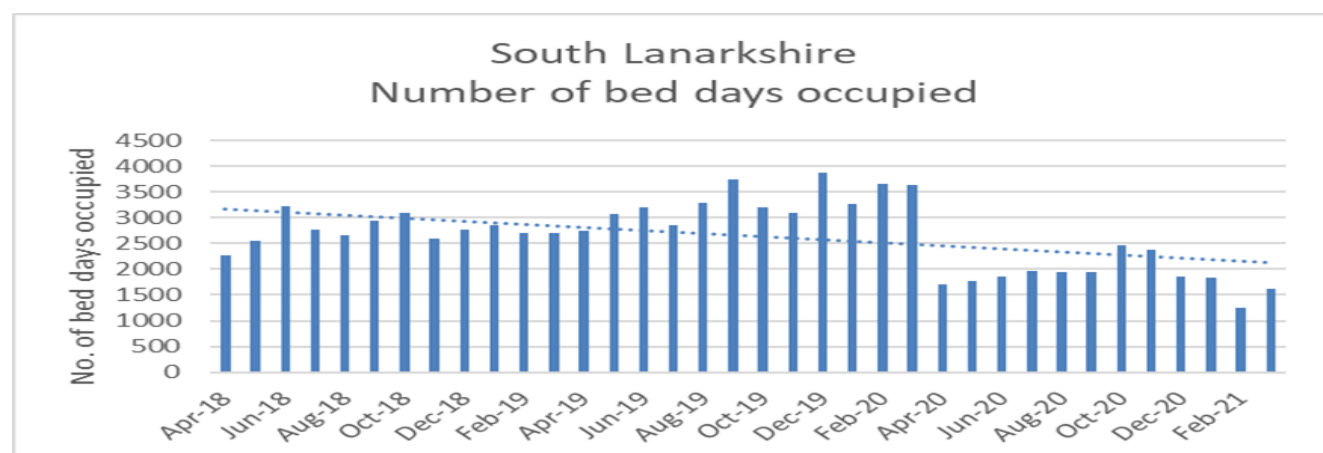
**88.** In 2016/17 the auditors of NHS Lanarkshire undertook a review of the arrangements in place for managing delayed discharges and identified a number of areas where improvements could be made. A follow-up review was completed in 2018/19 which found that there was a clear focus on trying to reduce delayed discharges across the three partners, NHS Lanarkshire and the North and South Lanarkshire Integration Joint Boards, although the impact of this was yet to be seen.

**89.** Delayed discharges are attributed to Code 9 and non-Code 9 reasons. Code 9 is applied where the patient lacks capacity and is going through a Guardianship process or where an interim move is not possible or reasonable, possibly due to the requirement for specialist care facilities. Non-code 9 cases make up the majority of delayed discharge days. Non-Code 9 delays are those arising for health and social care or patient and family reasons.

**90.** The latest Performance Report shows that the Joint Board lost 17,285 bed days to non-Code 9 delayed discharges in 2020/21, compared to 39,632 in 2019/20 and 33,128 in 2018/19, [exhibit 6](#). This represents a significant improvement against previous years. Covid-19 has undoubtedly had a positive impact on reducing delayed discharges as elective procedures were suspended thereby reducing hospital admissions. However, the board has taken steps to implement a whole-system approach to avoiding delays. A key initiative to this was the introduction of a planned date of discharge from May 2020 which effectively sees the patient's discharge being planned for on admission. This allows health and social care staff to work together to ensure home care needs are identified and addressed, along with patient and family preferences, on a timely basis.

## Exhibit 6

### Bed days occupied due to non-Code 9 reasons



Source: Audit Scotland

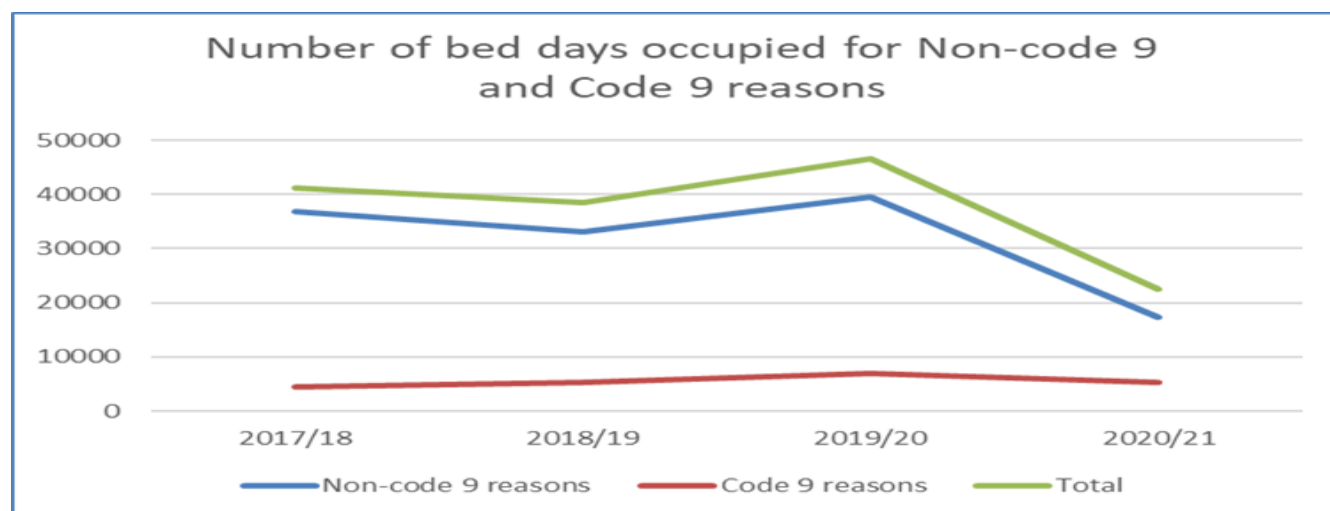
## Good practice

The Joint Board has made significant, sustained progress in reducing delayed discharges in acute settings for non-Code 9 reasons. This has been achieved through implementing a whole system approach to reducing delays by pooling the efforts and resources of health and social care.

**91.** While the significant decline in bed days occupied due to non-Code 9 delays is commended, to date the Joint Board has been unable to replicate the improvements in delays due to Code 9 reasons, [exhibit 7](#). The Joint Board attributes this to the complexity of legal requirements in this area and patient needs, carer fatigue and the impact of Covid-19 on processing backlogs for Power of Attorney and Guardianships in the court system and the Office of the Public Guardian.

## Exhibit 7

### Bed days occupied due to Code 9 reasons



Source: Audit Scotland

## National performance audit reports

**92.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21 we published some reports which may be of direct interest to the Joint Board as outlined in [appendix 3](#).

# Appendix 1

## Action plan 2020/21

### 2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Review of governance documents</b></p> <p>The Joint Board has governance documents including standing financial instructions and standing orders in place; however, these have not been reviewed since the inception of the IJB.</p> <p><b>Risk</b></p> <p>These key documents, which govern the operational practices of the IJB, are no longer fit for purpose.</p>	<p>The Joint Board should ensure that governance documents including the standing financial instructions and the standing orders are periodically reviewed to ensure they remain fit for purpose to the operation of the Joint Board.</p>	<p><b>Agreed</b></p> <p>A review of the governance documents will be undertaken to ensure they remain fit for purpose.</p> <p><b>Responsible Officer</b></p> <p>Chief Financial Officer</p> <p><b>Timing</b></p> <p>March 2022</p>
<p><b>2. Savings proposals still to be identified</b></p> <p>The financial update in August 2021 noted that £0.465 million of savings have still to be identified to bridge the 2021/22 funding gap.</p> <p><b>Risk</b></p> <p>There is a risk that the Joint Board overspends against budget if savings measures are not identified and implemented.</p>	<p>The Joint Board should identify further savings measures as a matter of priority.</p>	<p><b>Agreed</b></p> <p>The funding gap is being monitored in year. The financial monitoring reports will be further developed to include additional information on savings and management actions.</p> <p><b>Responsible Officer</b></p> <p>Chief Financial Officer</p> <p><b>Timing</b></p> <p>March 2022</p>
<p><b>3. Public access to meetings of the Integration Joint Board</b></p>	<p>The Joint Board should explore ways to enhance openness and transparency</p>	<p><b>Agreed</b></p> <p>Options will be identified and implemented to enhance openness and transparency</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>During the Covid-19 disruption, meetings of the Integration Joint Board have been held virtually. Initially access was restricted to voting members only however this has now been extended to all members.</p> <p>The IJB meetings are still not accessible to the public, over a year into the pandemic. As the Covid-19 situation emerges, public bodies are increasingly using technology to ensure the public are able to observe meetings.</p> <p><b>Risk</b></p> <p>The Joint Board is not meeting the requirements of openness and transparency.</p>	<p>to meetings while public access is restricted.</p>	<p>to meetings while public access is restricted due to the pandemic.</p> <p><b>Responsible Officer</b></p> <p>Chief Officer</p> <p><b>Timing</b></p> <p>March 2022</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>4. Accounting for hosted services</b></p> <p>South Lanarkshire Joint Board has adopted the “principal” method of accounting for hosted services, whereby the full costs are reflected within the annual accounts for the services which the Joint Board hosts. The Joint Board formally agreed its approach for managing 2019/20 underspends / overspends on hosted services at its meeting in December 2019 however there is currently no formal agreement in place for subsequent years.</p>	<p>The Joint Board should undertake a review of its arrangements for accounting for underspends / overspends on hosted services as part of the planned revision of the Integration Scheme.</p>	<p><b>In Progress</b></p> <p>A review of the accounting arrangements for underspends and overspends on hosted services will be undertaken.</p> <p><b>Responsible Officer</b></p> <p>Chief Financial Officer</p> <p><b>Timing</b></p> <p>March 2022</p>

Issue/risk	Recommendation	Agreed management action/timing
<p><b>Risk</b></p> <p>That the treatment of underspends / overspends becomes an area of dispute.</p>		
<p><b>5. Budget setting</b></p> <p>Progress in achieving planned savings is not routinely reported to the Joint Board.</p> <p><b>Risk</b></p> <p>Members are unaware of potential budget overspends.</p>	<p>Achievement of planned savings should be reported to the Joint Board as part of regular budget monitoring and also in the year end outturn report.</p>	<p><b>In Progress</b></p> <p>The achievement of planned savings will be reported to the Joint Board as part of regular budget monitoring reports and will also be included in the year end outturn report.</p> <p><b>Responsible Officer</b></p> <p>Chief Financial Officer</p> <p><b>Timing</b></p> <p>March 2022</p>
<p><b>6. Sustainability of financial management capacity</b></p> <p>Time and resource pressures on the CFO have the potential to impact on reporting arrangements and the ability to respond to emerging issues and risks.</p> <p><b>Risk</b></p> <p>There is interruption to services and processes if key officers are unable to fulfil their role.</p>	<p>The Chief Officer and Joint Board should satisfy themselves that the structure of financial support arrangements for the IJB are appropriate to meet the needs of all parties, while ensuring that absence cover is available, and that appropriate succession planning is in place.</p>	<p><b>In Progress</b></p> <p>Options will be developed for consideration by the Joint Board to ensure support is made available to the CFO. The adequacy and effectiveness of the financial support arrangements for the Health and Social Care Management Team will also be considered as part of this review.</p> <p><b>Responsible Officer</b></p> <p>Chief Officer in discussion with the Chief Executives of South Lanarkshire Council and NHS Lanarkshire</p> <p><b>Timing</b></p> <p>March 2022</p>
<p><b>7. Internal Audit</b></p> <p>The Joint Board is considering moving to a single Chief Auditor with overall responsibility for internal audit. An internal</p>	<p>The Joint Board should ensure that the review is completed as soon as practicable and that an internal audit plan for the year is prepared and approved as soon as possible.</p>	<p><b>Complete</b></p> <p>A review was undertaken during the year which concluded that existing arrangements should remain in place for 2021/22 and 2022/23. This was approved</p>



Issue/risk	Recommendation	Agreed management action/timing
<p>audit plan for 2020/21 has not yet been approved.</p> <p><b>Risk</b></p> <p>The Joint Board does not have adequate assurances over the governance arrangements in operation.</p>		<p>by the Performance and Audit Sub-Committee in March 2021.</p>
<p><b>8. Narrative reports</b></p> <p>The management commentary and annual governance statement submitted for audit suffered from an excess of detail which tended to obscure the key messages.</p> <p><b>Risk</b></p> <p>Reports are not readily accessible to users.</p>	<p>Management should, review the format and content of the narrative reports.</p>	<p><b>In Progress</b></p> <p>Further improvements will be adopted to ensure the narrative content of the Annual Accounts is focussed and is readily accessible to the lay reader. This will include the use of infographics.</p> <p><b>Responsible Officer</b></p> <p>Chief Financial Officer</p> <p><b>Timing</b></p> <p>June 2022</p>
<p><b>9. Efficiency savings</b></p> <p>Efficiency savings should be delivered in a planned way, to ensure that agreed levels of service provision are not compromised.</p> <p><b>Risk</b></p> <p>Members are unaware of the impact on service delivery.</p>	<p>Management should ensure that members and stakeholders are provided with sufficient information to allow them to assess the impact of cumulative savings on service provision.</p>	<p><b>In Progress</b></p> <p>The update to the IJB Medium to Long Term Financial Plan will provide additional information on the impact of cumulative savings on health and social care service provision.</p> <p><b>Responsible Officer</b></p> <p>Chief Financial Officer</p> <p><b>Timing</b></p> <p>March 2022</p>
<p><b>10. Annual performance report</b></p> <p>The annual performance report does not fully comply with statutory requirements. Presentation could be improved.</p> <p><b>Risk</b></p>	<p>The format and content of the annual performance report should be reviewed. The aim should be to ensure that it complies with statutory prescription and provides a broad range of understandable information from which stakeholders can</p>	<p><b>Complete</b></p> <p>There is a notable improvement in the presentation of the report for 2020/21, with good use of infographics to convey information and create a more engaging read for the</p>

Issue/risk	Recommendation	Agreed management action/timing
Stakeholders are not receiving information sufficient to assess the Joint Board's performance.	draw balanced conclusions on the Joint Board's performance.	user. Overall, there has been a significant improvement in the quality of the report this year.
<p><b>11. Reserves</b></p> <p>The Joint Board held reserves amounting to £8.278 million at 31 March 2018, £5.998 million of which was brought forward from 2016/17 for "earmarked" purposes.</p>	<p>As part of the annual budget setting process, a review of reserves, including earmarked balances, should be undertaken, and reported to the Joint Board. The Joint Board should ensure that where funds are earmarked these are used as planned to deliver the intended service benefits.</p>	<p><b>In Progress</b></p> <p>As part of the review of the IJB Financial Plan 2021/2022 to assess the impact of the response to the Covid-19 pandemic, the allocation of the Joint Board's reserves will be taken into consideration.</p> <p><b>Responsible Officer</b> Chief Financial Officer</p> <p><b>Timing</b> January 2022</p>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the Code of Audit Practice.

### Risks of material misstatement in the annual accounts\*

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Hospital acute services (set aside)</b></p> <p>The “set aside” budget is the Integration Joint Board’s share of the budget for delegated acute services provided by large hospitals on behalf of the Joint Board.</p> <p>As in previous years, the budget and actual expenditure reported for the “set aside” were equal in 2019/20: the amount set aside, was based on 2017/18 activity levels as provided by NHS National Services Scotland’s Information Services Division, uprated for 2019/20 costs.</p> <p>The historic nature of the activity data used to determine actual costs means that variances from budgeted cost are not known until two years later. Actual cost data is now available for the early years of the Joint Board. This shows that costs were greater than budget by £0.752 million in 2016/17 and £2.510 million in 2017/18.</p>	<p>The Joint Board is working with NHS Lanarkshire to agree an appropriate mechanism for determining set-aside for 2020/21 and discussions are underway to consider how under/overspends can be managed going forward.</p> <p>The Chief Financial Officer will liaise with the Scottish Government and peers to inform discussions on how set-aside variations should be managed.</p>	<p><b>Results:</b> Work is ongoing to develop a robust methodology to provide more timely data on which to base set aside costs. This is not yet complete, so the 2018/19 activity, as notified by NHS NSS ISD, has been used and has been uprated for 2020/21 costs, in line with previous years.</p> <p>Assurances obtained from the auditors of NHS Lanarkshire that set aside has been calculated in line with expectations.</p> <p><b>Conclusion:</b> Set aside costs included in the accounts have been calculated in line with expectations.</p>

Audit risk	Assurance procedure	Results and conclusions
<p><b>2. Sustainability of financial management capacity</b></p> <p>The Chief Financial Officer (CFO) is shared between South and North Lanarkshire Joint Boards on a 50/50 basis. In 2019/20 we reported that time and resource pressures on the CFO have the potential to impact on reporting arrangements and the ability to respond to emerging issues and risks. We are advised that a review of the CFO capacity did commence in 2020, however, due to the impact of Covid-19 disruption it has not yet been completed.</p> <p><b>Risk</b></p> <p>There is a risk of interruption to services and processes, including the preparation of the annual accounts, if the CFO is unable to fulfil her role.</p>	<p>A range of options are being developed in consultation with South Lanarkshire Council, NHS Lanarkshire, and North Lanarkshire Council. These options will consider recommendation 2(v) of the report by the Ministerial Strategic Group for Health and Community Care on the Review of Progress with Integration of Health and Social Care (February 2019) to ensure the model of financial support reflects emerging best practice across Health and Social Care Partnerships and provides appropriate support for the management of the integrated budgets by the Health and Social Care Management Team. This will also ensure the financial management capacity of the CFO post is sustainable.</p>	<p><b>Results:</b> There has been no change to the financial management capacity during the year. Work is ongoing to identify the most appropriate arrangements for supporting the Chief Financial Officer.</p> <p>The accounts were prepared and submitted to audit in accordance with the agreed timescales however there were some delays in obtaining responses to audit queries. These did not significantly impact the timing of our work.</p> <p><b>Conclusion:</b> The risk remains however there was no impact on the preparation and audit of the annual accounts.</p> <p><a href="#">See action plan recommendation 6</a></p>

\*In our Annual Audit Plan for 2020/21 which was presented to the Audit Committee in March 2021, we identified two risks of material misstatement in the annual accounts relating to management override of controls and fraud over expenditure. However, in advance of commencing the annual accounts audit we reconsidered both of these risks, taking account the requirements laid out in auditing standards. As a result, we have now rebutted the presumption that a material risk exists from management override of controls and fraud over expenditure. This is on the basis that all transactions are processed by the partner bodies rather than the Joint Board directly and that all expenditure is undertaken by the partner, public sector bodies. Our audit testing maintained an oversight of any unusual transactions or accounting entries despite rebutting these risks.

## Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p><b>3. Financial sustainability</b></p> <p>The Joint Board approved its long-term financial plan covering the period 2020/21 to 2029/30 in June 2020. The plan covers the expected key areas including: the national and local context; reserves strategy; financial sustainability; key risks and uncertainties as well as elements of scenario planning to predict the impact of deviations from planning assumptions.</p> <p><b>Risk</b></p> <p>Covid-19 disruption will adversely impact the financial plans of the Joint Board and the financial sustainability of health and social care services.</p>	<p>Going concern assurance received from Chief Financial Officer of the IJB.</p> <p>Scottish Government funding for 2020/21 is anticipated to fully cover the projected additional Covid-19 costs, and loss of income, to the IJB.</p> <p>A revised long-term financial plan will be prepared to reflect the impact of Covid-19.</p>	<p><b>Results:</b> The going concern basis of accounting remain appropriate for the Joint Board.</p> <p>The Covid-19 pandemic had a significant impact on the Joint Board's 2020/21 budget. The Joint Board received £31.329 million of Covid-19 related funding in 2020/21, £24.384 million was spent in 2020/21, with the remaining £6.945 million carried forward to be spent in 2021/22.</p> <p>The Joint Board returned an underspend of £30.846 million against a budgeted breakeven position</p> <p>Given the level of funds held in reserve, it is essential that the Joint Board has a clear plan on how and when monies will be spent, <a href="#">see action plan recommendation 12.</a></p> <p><b>Conclusion:</b> The Joint Board has a medium/long-term financial plan. Work is now ongoing to update this to reflect the impact of Covid-19.</p>
<p><b>4. Services pressures created by Covid-19</b></p> <p>The Covid-19 pandemic continues to place significant pressure on the provision of health and social care services delivered by the Joint Board.</p> <p><b>Risk</b></p>	<p>Review progress against strategic objectives reported within the Joint Board's 2020/21 Annual Performance Report.</p> <p>Review performance reports to assess the impact of Covid-19 on the Joint Board's performance targets.</p>	<p><b>Results:</b> Performance monitoring reports show improved performance across the 6 national performance indicators. Except for delayed discharges, this performance is likely to be distorted by the changes in service activity levels due to Covid-19. This year is like no other in terms</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Covid-19 pressures will impact on the Joint Board's ability to meet its objectives within the 2019-2022 Strategic Plan.</p>		<p>of activity so meaningful comparison is not possible.</p> <p>The Annual Performance Report provides a balanced account of service performance and the IJB is clearly sighted on where further work will be required.</p> <p>There is regular monitoring of progress against the strategic directions issued to the partner bodies.</p> <p><b>Conclusion:</b> Covid-19 has undoubtedly impacted on the IJB's ability to meet its objectives as non-essential services were stood down to allow resources to focussed on essential services and to ensure patient and service user safety. The IJB is clearly sighted on this and is aware of the challenges ahead as they seek to remobilise services.</p>

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# Appendix 3

## Summary of national performance reports 2020/21

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### April

[Affordable housing](#)

### June

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

### July

[The National Fraud Initiative in Scotland 2018/19](#)

### January

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

### February

[NHS in Scotland 2020](#)

### March

[Improving outcomes for young people through school education](#)

# South Lanarkshire Integration Joint Board

## 2020/21 Annual Audit Report

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