

SOUTH LANARKSHIRE INTEGRATION JOINT BOARD

ANNUAL ACCOUNTS AUDITED

2018/2019



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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. 2018/2019 is the third year of operation for the IJB. The IJB is made up of eight voting members: four elected members appointed by SLC and four non-executive directors appointed by NHSL. Non-voting members of the IJB include the Chief Officer, Chief Social Work Officer, Nurse Advisor, Medical Advisor, Chief Financial Officer, Registered Medical Practitioner and representatives for staff, the third sector, service users and carers.

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 (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 in respect of the South Lanarkshire Strategic Commissioning Plan (SCP). The year under review was the third and final year of the first SCP. The priorities which were originally identified still remain relevant today and, together with the nine health and well-being outcomes, continue to form the basis of the commitment of the IJB to progress the integration of health and social care services.

There are multi-faceted factors² which impact on the demand for health and social care services across South Lanarkshire, particularly for those whose needs are complex.

- In 2018, the population was 319,020. This is an increase of 0.3% from 318,170 in 2017. Over the same period, the population of Scotland increased by 0.2%.
- The age profile of residents is as follows: 17% are 15 years of age or younger, 64% are between 16 and 64 years, 11% are between 65 and 74 years and 8% are over 75 years.
- When compared to other Scottish local authority areas, in the period up to 2026, the 16 to 24 years age group is projected to see the largest percentage decrease at 9%. The 75 years and over age group however is projected to see the largest percentage increase at 26.5%.
- In comparison to the Scottish average, life expectancy continues to be lower for males and females across all age groups. In particular, 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.

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 2019 and provides an indication of the issues and risks which may impact upon our finances in the future.

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

² <https://www.nrscotland.gov.uk/files//statistics/council-area-data-sheets/south-lanarkshire-council-profile.html>

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. The health and social care partnership services include:

- 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).

Effective from 1 April 2019 for a period of three years, Councillor John Bradley was appointed as the Chair of the IJB and the Depute Chair of the IJB (Performance and Audit) Sub-Committee. Mr Philip Campbell, Non Executive Director of NHSL, was appointed as the Depute Chair of the IJB and the Chair of the IJB (Performance and Audit) Sub-Committee.

During the year, the IJB approved the extension of the terms of reference of the IJB (Performance and Audit) Sub-Committee to include financial governance with the overall aim being to strengthen the link between performance and financial data as part of the implementation and further development of the strategic commissioning intentions.

The purpose of the review of our SCP at the start of 2018/2019 was 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 comprehensive review of the SCP undertaken in 2019 confirmed that our vision remains consistent and 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 SCP 2019-2022³](#), the [SLC Connect Plan 2017-2022⁴](#) and the [NHS Lanarkshire Healthcare Strategy, Achieving Excellence⁵](#) are aligned.

Front-line service delivery continues to be carried out by NHSL and SLC across four localities in line with the directions from the IJB to each partner. These directions outline what the IJB requires both partners 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 continue to 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 embedded across the localities to monitor our achievement of the 9 national health and well-being outcomes and the 13 priority areas we agreed to focus on as a result of the extensive participation and engagement activity recently undertaken. In addition to these commitments, in order to ensure more integrated working across the wider health and social care pathways, the six Ministerial Steering Group indicators also continue to be monitored. The key highlights are outlined on page 5.

³https://www.southlanarkshire.gov.uk/slhscp/downloads/file/176/south_lanarkshire_integrated_joint_board_meeting_monday_25_march_2019_agenda_pack_and_notice

⁴https://www.southlanarkshire.gov.uk/downloads/file/11921/connect_council_plan_2017-2022

⁵<https://www.nhs.uk/lanarkshire-scot.nhs.uk/download/achieving-excellence/?wpdmdl=4137&ind=1544710644558>

MANAGEMENT COMMENTARY (Cont.)

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

- Similar to the national trend experienced across Scotland, A&E attendances continue to show an upwards trend of 3.29% when compared to the previous year. There were a total of 99,492 attendances between April 2018 and February 2019.
- Despite this increase, unplanned admissions remain at similar levels to last year with a decrease of 2 admissions representing less than 0.01%. The average length of stay for emergency admissions has also reduced in 2018/2019, which is a positive movement.
- The trend in respect of occupied bed days for unscheduled care remains positive year on year with a 6.15% decrease observed between 2017/2018 (208,967 bed days) and 2018/2019 (196,116 bed days from April 2018 to February 2019), a reduction of 12,851 bed days. This reduction allows hospitals to focus more on planned care. An extended range of community services are being provided which means that individuals who would previously have been cared for in Lockhart Hospital and the Douglas Ward in Udston Hospital are now able to be cared for in their own home environment. The funding previously associated with these beds has been reinvested to expand the community care services.
- The impact and inconvenience to people who have been in hospital but are ready to return home has been minimised. Delayed discharge bed days have reduced by 3,652 bed days in 2018/2019 when compared to the previous year, a reduction of 10%. This reflects the significant work undertaken over the last 18 months to re-focus efforts in line with an Audit Scotland report on this matter and the partnership's own Delayed Discharge Action Plan.
- The proportion of people spending the last six months of life in the community as opposed to a hospital setting has shown a positive movement from 84.2% in 2013/2014 to 87% in 2018/2019. From new activity data collated, fewer people are dying in hospital (2017/2018 – 51%; 2013/2014 - 57%).
- The balance of spend across health and social care has remained broadly consistent over the last six years. Approximately 83% of people aged 75+ remain at home unsupported. A further 8.9% of people aged 75+ are being supported at home who have complex care needs.

The 2018/2019 Annual Performance Report, which sets out our key highlights will be published in July 2019. During the year, a range of transformational changes have been progressed by the IJB.

➤ Modernising Care Facilities

There has been, and continues to be, widespread engagement with stakeholders and communities and the public have told us that they would prefer to be cared for in their own homes.

As many of our community-based supports are strengthened, increasingly, people who might previously have moved into a care home on a long term basis because of ill health and/or increasing dependency can now be supported in their own home.

The SCP 2016 – 2019 therefore included a direction to the council to 'reduce reliance on nursing and residential care through the development of proposals to remodel a proportion of residential care beds to focus on transitional support and the "home for life" principle'. SLC also approved the investment of £17.6m to replace the existing care homes with new care facilities. Plans are therefore being progressed to modernise the South Lanarkshire care facilities which will enable more people to be supported in their own homes following periods of extended rehabilitation in a purpose built facility.

MANAGEMENT COMMENTARY (Cont.)

➤ Modernising Care Facilities (Cont.)

The ongoing programme of modernising our care homes seeks to build on this desire for 'home first' care and support. The model of care being developed will enhance our ability to meet changing care needs, particularly in light of the significant population changes experienced to date and the future population changes projected. Crucially, the programme will also be built on the strong partnership foundations that are making the increase in independent living possible. The ambition is to improve people's lives and offer real choice.

An investment in Hamilton/Blantyre marks out the first phase. It will focus on a state-of-the-art, new-build facility at the site of the former St Joseph's school in Blantyre. The new Care Hub which will serve South Lanarkshire, has four distinct elements:

- 20 transitional care beds for adults and older people. Transitional care offers short term support with the objective of allowing people to return home following a period of ill health or crisis. Transitional care can also be preventative, preventing hospital admission.
- A centre of excellence – specialising in the training and development of health and social care staff. Although unique to the proposed Hamilton/Blantyre facility, this will support all localities.
- A community-facing hub featuring: A café; Demonstration site (showcasing our telehealth technology and how it can improve lives); Guidance and support for unpaid carers; Linkage and signposting into a raft of community-based voluntary and third sector support.
- 20 technology enabled homes for adults and older people.

At its meeting on Wednesday 8 May 2019, SLC's Social Work Committee voted in favour of a site at Flush Park, beside Lanark Lifestyles, Lanark as the preferred option for a second Care Hub that will serve Clydesdale.

The Lanark Hub will include long term residential care beds and similarly will also offer transitional care. The Hub will replace Lanark's existing council run care home McClymont House which will continue to offer residential care until the new facility is built.

The Council's Social Work Committee also gave its backing to the continued development of proposals to site a third Care Hub in the Larkhall/Stonehouse area. Plans for this third Hub are at an early stage but like the above, they include proposals for short, long stay and transitional care – all supported by the robust infrastructure of the partnership. This includes a strong, community-facing ethos.

This is a key capital project which is being progressed by SLC to meet our commissioning intention. This strategic development increases the opportunity for people to access different care approaches and is in line with the Scottish Government's 2020 vision to shift the balance of care so that more people are looked after in their own home or in a homely setting. The focus is very much on the aforementioned desire for people to remain at home when possible and appropriate. It is also anticipated that this strategy will support the increasing number of unpaid carers in our communities.

➤ Locality Developments

The development of the locality model underpins the IJB's strategic direction to support people to remain at home and in their communities and also to shift the balance of care from hospital and residential provision to community based alternatives. The locality model focuses on developing single points of access, seven day services, rapid and appropriate levels of response, enablement, rehabilitation, intermediate care, technology enabled care, discharge to assess, effective care management and end of life care.

MANAGEMENT COMMENTARY (Cont.)

➤ Locality Developments (Cont.)

The disinvestment in beds within Udston Hospital allowed the reinvestment of £0.701m and further expand the positive outcomes evidenced during a pilot programme to enhance community support. This investment has been directed to increase the capacity of the rapid response short-term care at home teams and the integrated care and support teams. The assessment and care management systems have been remodelled and additional pharmacy support has been secured. Following a homecare mobile/agile working review, new digital technology was rolled out to social work to enable homecare staff to access and input real-time information on clients. This is intended to improve the accuracy of information available to social work staff and increase productivity by reducing paperwork and duplication of work when recording case details. In addition to the use of mobile technology by home care services, a new scheduling system is currently being procured by SLC to further improve this functionality.

The Integrated Community Support Team provides multi-disciplinary support from nurses, physios and home care staff on a 24/7 basis. This provides people with a single point of contact. A number of services are now moving towards 7 day working. This was highlighted in the SCP consultation as an area for further development.

The Clydesdale Integrated Community Support Team-Acute Care Team comprises of nurses, allied health professionals and overnight home carers who provide home-based care and rehabilitation. The success of the joint working and enhanced relationships in this team has led to acute care being delivered by the team.

This highly innovative approach has allowed people experiencing acute infections or sudden deterioration in their health to be supported to remain at home - negating the need for an otherwise inevitable hospital admission. This truly integrated model has promoted a person-centred approach and enhances the experience for the service user and their family. Improved communication, reduced duplication and blurring of roles across services have contributed to improving the outcomes – and the lives – of people who have used this service. This approach will inform future service delivery and improvements across the partnership.

Within the East Kilbride locality, an intravenous therapies initiative supports patients to receive treatment at home where they would historically have been admitted to hospital. This specialist service development primarily sits within the community and is delivered by a single profession. Although specialist skills are required, the care delivered does not require the coordination of multiple professions.

➤ Support for Carers

The Carers (Scotland) Act 2016 aims to support carers' health and wellbeing and help make caring more sustainable.

- In 2018/2019, the number of registered carers increased by 514 (17.4%) from 2,949 to 3,463.
- A Planning and Development Officer was appointed in January 2019 and the partnership's Carers Strategy was updated for 2019 - 2022.
- Recognising that a short breaks service statement is one of the IJB's new statutory duties, South Lanarkshire was part of the national group which developed the guidance for all local authorities.
- In 2019/2020, providers will be invited to tender for the delivery of carer support services, information and advice, short breaks, consultation and engagement, training, practical support and assistance for adult and young carers.

MANAGEMENT COMMENTARY (Cont.)

➤ Support for Carers (Cont.)

Similar to the national trend, slightly fewer carers felt supported to continue in their caring role across South Lanarkshire (2017/2018 – 32%; 2015/2016 - 39%). However from recent local data, 71% of respondents felt the range of services currently offered met their needs as carers. Customer Service Excellence reports show a continuous improvement over a three year period.

➤ South Lanarkshire Health and Social Care Forum

The South Lanarkshire Health and Social Care Forum, which has representation on a variety of boards, committees, groups and service reviews, played a central role in supporting the development of the SCP 2019 - 2022 and also the locality plans which will underpin the SCP. Through active participation in stakeholder events and locality planning group meetings, the Forum ensure their members influence future services and represent the views of people in their local communities. A recent mapping exercise highlighted that the Forum access approximately 100,000 people, which is almost a third of the population of South Lanarkshire. The Forum also actively participated on a range of national groups including working with NHS24 to set up a standard website for GP's and participated in the consultation for the national GP contract. Members also influenced key strategic groups including the Carers Act Implementation Group and the Remote and Rural Working Group, both led by the Scottish Government.

➤ Palliative Care Services

Palliative Care services are now established at the Kilbryde Hospice in East Kilbride which provides 12 inpatient beds for individuals at difficult times in their lives. This facility also complements the community supports and services which are already in place and reflects the preferences of people – expressed during the review of palliative care services – to receive end of life care in their own home.

The St Andrew's, Kilbryde and Strathcarron Hospices were successful in a bid to secure an award from the National Lottery Community Fund to establish a partnership project, Compassionate Lanarkshire, for a period of three years. The aim of the project is to support vulnerable and isolated individuals and families in Lanarkshire who are affected by a life-limiting illness such as cancer, chronic obstructive pulmonary disease, heart disease and progressive neurological conditions. The lottery award will be match funded by the IJB and, including the contributions from each hospice, over £1m will be available over the three years to ensure individuals living with life limiting conditions and their families have increased access to specialist palliative care support both in their own homes and their communities.

➤ Re-designation of Lockhart Hospital

Local GPs were no longer able to provide medical input at Lockhart Hospital in Clydesdale. As a result, inpatient services were withdrawn and the hospital was formally re-designated as a community health and social care services base from which alternative services are provided. Extensive stakeholder engagement is ongoing with local community groups to shape the future health and social care delivery in Lanark and the surrounding areas, in line with the IJB's Consultation and Engagement Framework which takes account of and applies the seven national standards for community engagement.

As well as being able to support more people at home, there has been reduced numbers of delayed discharges, performance in relation to hospital flow in Wishaw Hospital has improved and there has continued to be reduced numbers of unscheduled care bed days.

MANAGEMENT COMMENTARY (Cont.)

➤ VASLan

The IJB continued to allocate £0.650m to the third sector to promote early intervention and prevention activities. In partnership with VASLan, the third sector and South Lanarkshire Leisure and Culture, a range of innovative initiatives were taken forward which included physical activity prescribing programmes to support people to take responsibility for their own health and wellbeing, particularly young people. These activities have had a positive impact on people's mental health and wellbeing.

➤ Housing Services

Sustainable housing is recognised as vital in enabling people who are frail, vulnerable or disabled, to be supported to live within the community, this helps to reduce and prevent unplanned hospital admissions and enable timely returns when people are fit to go home. The Affordable Housing Supply Programme has significantly increased the supply of suitable, affordable and sustainable housing across South Lanarkshire, delivering on average 270 new affordable homes per year (2016 - 2019). This has included new homes built to Housing for Varying Needs standards, as well as specially adapted homes to meet the particular housing needs of disabled people and families. Approximately, 1,600 homeless households were supported through homelessness, including people with multiple complex needs and 1,100 homeless households were provided with a permanent home. On average, 1,603 adaptations were completed across private (533) and council (1,070) homes each year. These adaptations enable people and households with particular needs, including older people and people with mobility needs and disabilities, to continue to live independently within their own homes in the community.

➤ IJB Developments and National Profile

In 2016/2017, Audit Scotland recommended that, due to the size and complexity of the integration agenda, a programme of development should be established to support the Members of the IJB with the implementation of the SCP. The IJB has been committed to taking forward the integration of health and social care services and members have participated in a range of events, awareness sessions and development meetings throughout the year, from both a strategic and locality planning perspective. External stakeholders have also attended the sessions to offer advice and guidance and share learning from other partnership areas.

The South Lanarkshire Health and Social Care Partnership was selected as one of 4 areas used by Audit Scotland to assess progress with integration. In turn, a number of areas of good practice and future challenges were identified.

The partnership was subject to a Care Inspectorate thematic review of the Self-directed Support processes in South Lanarkshire. The findings of the review were consistent with the self-assessment previously undertaken.

The IJB as part of its statutory duties progressed a number of other key issues including agreeing and submitting our second Climate Change Statement outlining how the IJB will work to support climate change duties. The South Lanarkshire innovative initiative to address speech and language inequalities won the prestigious national Quality Improvement Award 2018. The Think Activity Project, pioneered in Kello hospital in Biggar to combat the impact of sedentary behaviour within a hospital setting, also won the Scottish Health Award. The learning from this pioneering project is being shared with other teams across acute and community hospitals within Lanarkshire. The partnership is committed to communicating with the residents of South Lanarkshire and the staff who deliver the health and social care services. Meaningful engagement is a priority for the Chief Officer who regularly reaches 15,000 people through her 'Val's blog'. The IJB website receives 3,000 visits per month and workshops led by our Communication Manager have provided the opportunity for constructive discussion and been described as 'inspiring' 'timely' and 'insightful'.

MANAGEMENT COMMENTARY (Cont.)

The IJB's Financial Position at 31 March 2019

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 2018/2019 in order to achieve a balanced budget by 31 March 2019.

Both partners maintained the 2017/2018 baseline funding for the IJB in 2018/2019. Additional funding for NHSL was received and passed on to the IJB during the year. SLC also provided additional recurring funding of £0.547m at the year-end to meet the cost of demographic growth (£0.201m) and additional Housing Revenue Account adaptations (£0.346m). Work has been progressed to further develop the reconciliation of in-year budget adjustments. The funding available to the IJB in 2018/2019 therefore increased during the year as follows:

Opening Budget 2018/2019 (Restated as at mid-year)	£481.365m
Family Health Services (General Practice, community pharmacies, dentists and ophthalmic services)	£5.882m
Investment (Demographic Growth, Inflationary and Other Cost Pressures)	£4.100m
Pay Award and Apprenticeship Levy	£3.896m
Living Wage	£2.400m
Primary Care Improvement	£2.128m
Out Of Hours Services	£1.814m
Prescribing	£1.020m
Alcohol and Drug Partnership	£1.007m
Carers Act	£1.000m
Family Nurse Partnership Expansion	£0.903m
Area Wide Services	£0.721m
Transfer from Acute Services - Bed Remodelling	£0.701m
Insulin Pumps	£0.598m
Health Visitors	£0.583m
Other Health and Social Care Services	£10.438m
Total Additional Funding In Year (Recurring and Non-Recurring)	£37.191m
Total Partner Contributions As At 31 March 2019	£518.556m

The total funding for the IJB in 2018/2019 was £518.556m (NHSL- £392.013m; SLC - £126.543m). This is included in the comprehensive income and expenditure statement at page 33. A financial strategy to address the cost pressures in 2018/2019 was agreed with both partners. The profile of expenditure totalling £505.616m, which is also detailed on page 33 and at note 4 on page 40, is summarised as follows:

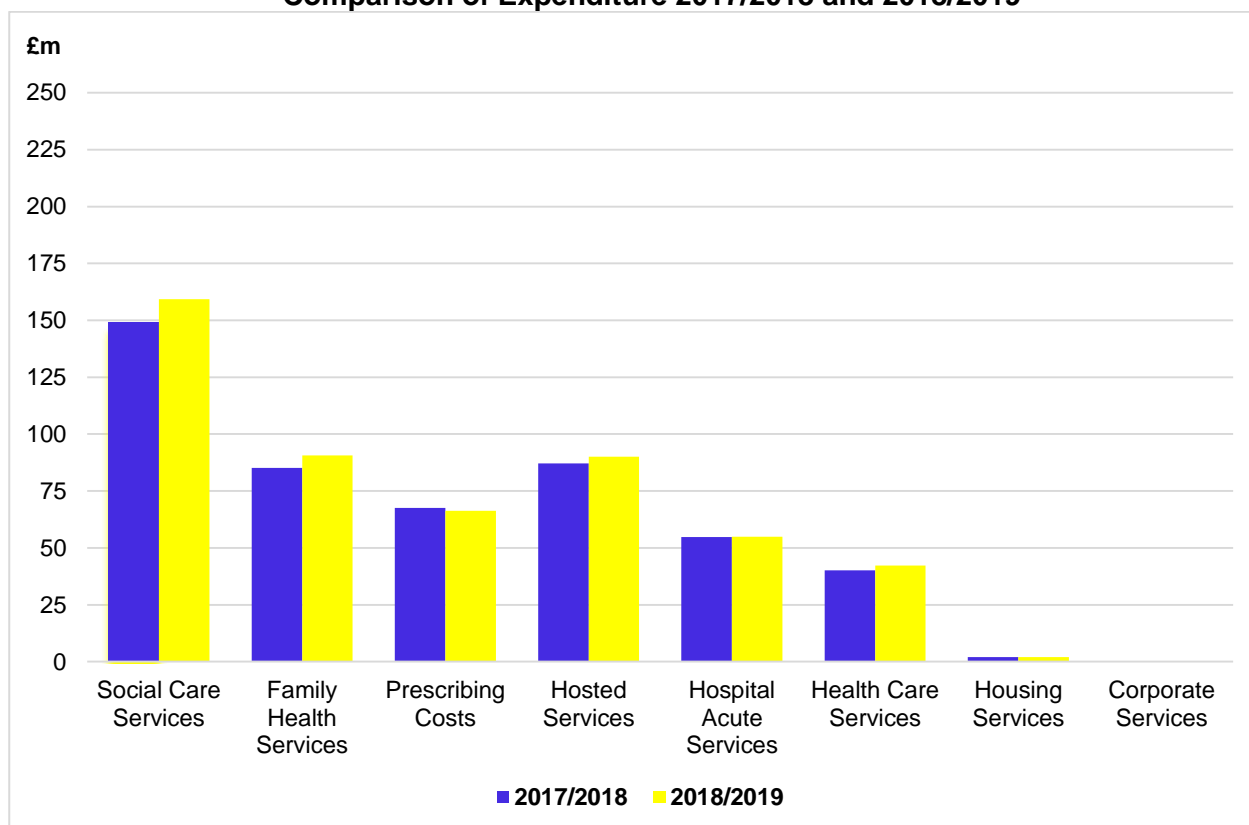
- £159.247m (31%) is allocated to front line social care services
- £90.661m (18%) is allocated to family health services
- £66.308m (13%) is spent on prescribing
- £90.041m (18%) is incurred on a range of hosted services including the 49% share of those hosted services led by the South Lanarkshire IJB
- £54.919m (11%) represents the large hospital services notional set-aside budget
- £42.317m (8%) is incurred on a range of health care services
- £1.960m (0.4%) relates to housing services
- £0.163m (0.03%) is incurred in IJB corporate services

MANAGEMENT COMMENTARY (Cont.)

The IJB’s Financial Position at 31 March 2019 (Cont.)

The comparison between 2017/2018 and 2018/2019 of the actual expenditure on services stated gross is illustrated in the graph below. The expenditure aligned to services has increased between the years by a total of £19.404m (2017/2018 - £486.212m; 2018/2019 - £505.616m). Similar to last year, the increase in expenditure in 2018/2019 is mainly attributable to inflationary cost increases and demographic growth.

Comparison of Expenditure 2017/2018 and 2018/2019



Key Risks, Estimates and Uncertainties

The risk management framework is further discussed in the Annual Governance Statement on pages 28 and 29. 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 high risks facing the IJB are the efficient and effective use of resources and shifting the balance of care to community based alternatives. The availability and sustainability of GP services, prescribing cost increases and the impact of withdrawing from the European Union are operational risks which both partners require to manage.

The Director of Finance of NHS Lanarkshire continued to make progress with the exercise to update the notional set-aside budget. Based on the 2016/2017 activity levels at the 2018/2019 prices, this notional budget, which represents the consumption of hospital resources by South Lanarkshire residents, is estimated to be £54.919m.

Similar to the previous year, the notional budget can also be included as the estimated expenditure for the 2018/2019 annual accounts. It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB in 2018/2019 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 38.

MANAGEMENT COMMENTARY (Cont.)

Key Risks, Estimates and Uncertainties (Cont.)

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 £1.414m in respect of the hosted services led by the South Lanarkshire IJB, £0.412m of which is ring fenced to take forward the future commitments associated with the Primary Care Improvement Fund. Of this total, £0.202m (49%) is attributable to the South Lanarkshire IJB.

The full cost of services which are hosted by the South Lanarkshire IJB are reflected in our accounts. There is no adjustment to reflect the activity on behalf of the North Lanarkshire IJB. The treatment of this critical judgement is explained fully at note 2 on pages 37 and 38 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 43 and 44. A break-even position is reported across both of these areas.

The hosted services arrangements were reviewed in 2019 in consultation with the North Lanarkshire IJB. The objective of the review was to create the conditions to agree a shared response to mutual issues of strategic importance. The membership of the hosted services group was reduced to a core group of 10 officers and the terms of reference were revised to focus on significant variance in performance from target, significant variance from budget, service development requests and savings proposals.

Matters of Strategic Importance

The health and social care landscape is changing. The 20/20 Vision, the Primary Care Improvement Plan, the Mental Welfare Commission patients' rights pathway and changes to the legislation are just some of the key drivers which are influencing the evolving models of care.

➤ Primary Care Services

The modernisation of Primary Care Services and the General Medical Services Contract are two of the most significant planning and policy developments aimed at changing how services are developed and transformed to meet different demands in the future. The development of the primary care service is therefore a priority for Lanarkshire. South Lanarkshire IJB is the lead for this hosted service. The Primary Care Improvement Plan is an ambitious transformational programme for Lanarkshire comprising of a range of workstreams covering the digital plan, vaccination transformation programme, pharmacotherapy implementation plan, community treatment and care services, urgent care in-hours services and premises. In support of this agenda, the use of 'Attend Anywhere' has also been expanded between GPs and Acute Services to allow the more efficient use of resources. The full 2018/2019 Primary Care Investment Funding was £5.649m. The 2019/2020 allocation will increase to £7.767m.

➤ Social Care Services

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. In line with the national joint Scottish Government and COSLA guidance on eligibility, which ensures that resources are targeted at those most in need, and taking into consideration the introduction of the Self-Directed Support Act, the Carers Act and free personal care for individuals under the age of 65 years, the IJB approved the implementation of a prioritisation/eligibility framework which stratifies four levels of needs and risks.

MANAGEMENT COMMENTARY (Cont.)

Matters of Strategic Importance (Cont.)

➤ Social Care Services (Cont.)

The implications of the prioritisation framework will depend on individual service users' needs going forward. Cost avoidance assumptions have been reported by the partner to the IJB and these will be monitored throughout the year as part of the development of the future financial strategy.

A commissioning intention within the SCP 2019 – 2022 is the implementation of a model of day opportunities which supports people's personal outcomes and preferences. There are 19 centres across South Lanarkshire, 13 focused on providing support for older people and 6 for adults. The property estate is in very good condition. Although the variation in use ranges from 56% to 69% across localities, dependency levels are increasing due mainly to the prevalence of dementia. A Neighbourhood Networks pilot has also been established.

Over the coming year, a review will be undertaken which will involve key stakeholders in the development of a model which will be more responsive to supporting the individual's personal outcomes and also be agile in meeting future demand for the next 10 years and beyond, in line with the strategic direction.

➤ Mental Health and Learning Disability Services

The 10 year national strategy for mental health and learning disability services focuses on increasing access to seamless care pathways and efficient, effective utilisation of resources. Mental health and wellbeing is prioritised in the SCP.

Mental health and learning disability services are a hosted service which is led by North Lanarkshire IJB. The national aspiration is that mental health and physical health will be seen as equal. A Lanarkshire Mental Health and Wellbeing Strategy is being jointly developed for Lanarkshire. The aim of the strategy includes the following:

- improve access to mental health supports, including accessing services closer to home;
- align physical health needs with mental health needs;
- tackle stigma and discrimination;
- further develop early intervention and prevention initiatives for all age groups; and
- promote good mental health for all.

The strategy will give due consideration to the workforce requirements. Transformation of mental health in primary care is also a priority in the Primary Care Improvement Plan.

The partnership currently has an integrated model of mental health care which offers appropriate supports to individuals at the right time. The Primary Care and Mental Health Transformation programme has seen increased contributions from a wide range of healthcare professionals, increased access to the right help at the right time, GPs feeling more supported with this agenda, fewer unnecessary hospital admissions and an increased ability to self-manage.

Distress Brief Intervention/crisis services have also been introduced to support staff in the Police and Accident and Emergency Departments in recognising and supporting people with mental health issues.

In 2018/2019, the mental health funding was £1.358m. This will increase to £2.099m in 2019/2020.

MANAGEMENT COMMENTARY (Cont.)

Matters of Strategic Importance (Cont.)

➤ Alcohol and Drug Partnership Strategy

Additional funding of £1.007m is being received in each of the three years 2018/2019 to 2020/2021 to reduce the morbidity and mortality caused by problem alcohol and drug use in South Lanarkshire. The new funding will be invested to meet the needs of individuals in a more joined up person centred way and will build on the current tiered model of intervention adopted by all four localities to date.

Due to the lead-in time to establishing the new service, the first year's investment has been transferred to a ring-fenced reserve and will be available to take forward the establishment of a first responders team within a road to recovery task force. This will involve Police Scotland, Strathclyde Fire and Rescue Services, addiction psychologists and outreach harm reduction workers based within community hubs and working with peer led experience. Advocacy and assertive outreach workers will also be a strong focus on the delivery of care and will involve people with lived experience.

System change to deliver new models of care will be implemented in years two, three and beyond and this will include new approaches to delivering drug and/or alcohol treatment and support. The anticipated benefits of this programme include reducing the stigma around poor mental health and problematic substance use, strengthening collaboration across key partners with a focus on prevention and a whole family approach to support those affected by problem drug/alcohol use.

➤ Urgent Care Out of Hours Services

A national independent review of Urgent Care Out of Hours (OOH) was commissioned by the Scottish Government in 2015. This was due to the challenges emerging nationally in the ability to deliver services out of hours mainly as a result of the reduction in the number of GPs prepared to work in the OOH period. This review was led by Sir Lewis Ritchie.

The review resulted in a new model of delivery for Lanarkshire which was an Urgent Care Resource Hub in Hamilton supported by an Urgent Care Centre in Airdrie Health Centre, Airdrie. The OOH Service is a hosted service led by the South Lanarkshire IJB.

Within the OOH Service, a significant number of mitigating actions are in place to address the workforce issues in an ever changing and challenging environment. This includes the commitment to expand the nursing service in order to address GP sustainability problems alongside a range of other initiatives which continue to be progressed.

Despite pro-active action being taken by the partner to maintain service availability, due to the lack of GP cover, the OOH Service has had to consolidate on one site (Hamilton site) 12 times in 2018 and four times so far this year. Patient and staff safety is the overarching priority.

The GP sustainability issues for the OOH Service are also mirrored in the In Hours Service with a number of GP practices experiencing challenges in terms of sustainability. In addition to this, OOH Service challenges are also attributed to a range of other issues for example, changes in pension arrangements, fewer doctors prepared to work unsocial hours and fatigued from working daytime hours.

A support group has been formed to ensure staff and clinical governance is maintained while there are workforce challenges within the Service.

MANAGEMENT COMMENTARY (Cont.)

Matters of Strategic Importance (Cont.)

➤ Technology Advancements

The partnership is committed to implementing digital technology to help people to manage their own health and well-being at home and in the community and to support staff to work efficiently. The South Lanarkshire IJB is the lead for technology enabled care, the extension of which has been very successful in supporting an increasing number of the population to self-care and self-manage through simple smart technology and applications from their mobile phones. This includes home health monitoring, and 'Attend Anywhere' where care can be supported remotely. The partnership and the hospices have also explored the use of the ECHO technology to support illness and end of life care.

There are Telehealth champions in each locality and the partnership has also been successful in attracting Scottish Government funding to expand the technology enabled solutions across Lanarkshire. In total, £1.712m will have been made available over the four years from 2016 to 2020 (2016/2017 - £0.431m; 2017/2018 - £0.300m; 2018/2019 - £0.290m; 2019/2020 - £0.691m). The roll out of the new technology to allow people to monitor blood pressure at home, thereby reducing the need for GP consultations and securing more accurate readings, is an exemplar outcome which was shared with the Cabinet Secretary for Health and Sport during a recent visit to the Hunter Health Centre in East Kilbride.

In July 2018, a Federated Trust was formed between the South and North partnerships and NHSL to take forward the technical work which will allow staff across Lanarkshire to communicate effectively across digital platforms. Replacing the community health system (MIDAS) and improving Wi-Fi access are also key priorities for NHSL and both partnerships.

A key strategic priority is the development of the SMART/technology enabled care demonstration site which is being funded by the Scottish Government. This development, which is aimed at supporting older, frail adults and their families on the use of technology, will inform the modernising care facilities strategy.

Scotland's Digital Health and Care Strategy outlines the need for a national digital platform and a once for Scotland approach. The partnership's digital vision also aspires to this ambition.

➤ Early Intervention and Prevention

Over recent years there have been significant legislative and policy developments which focus on the principles of empowerment and self-determination and recognise the need to build strong and resilient communities. In early June 2017, a conversation was facilitated across key stakeholders within South Lanarkshire to recognise the strengths and assets within communities and to explore how the partnership can best serve the communities' needs. This led to the Building and Celebrating Communities (BCC) programme. A research project conducted by the University of the West of Scotland concluded that there is strong support, particularly at the senior level, for the partnership's approach to supporting community health and resilience whilst mitigating resource constraints. The BCC approach is considered to be particularly appropriate in South Lanarkshire as a mechanism for addressing the challenges of poverty, economic stress and service provision across diverse communities. Population ageing was identified as a major challenge, alongside isolation and loneliness for both older and young people. Our partners in communities play an important role and a recent film documents the success of ReConnect, a project run by Healthy Valleys which has tackled loneliness and isolation amongst our older adults across rural Clydesdale. A high degree of alignment was perceived between the BCC approach and the statutory priorities in relation to the health and well-being outcomes, clinical excellence and the integration of health and social care. Our BCC campaign was a finalist at the 2018 NHS Scotland Communications Awards. The priority moving forward will be to secure the resources to put BCC into action.

MANAGEMENT COMMENTARY (Cont.)

Matters of Strategic Importance (Cont.)

➤ Monklands Replacement / Refurbishment Project

The Monklands Replacement / Refurbishment Project is an exciting and positive vision for the University Hospital Monklands and the local and wider community it serves. This is a major investment in the Lanarkshire hospital estate. The Monklands of the future would support the required clinical model of how clinicians will treat patients in the future. It would also meet the objectives set out in the NHSL Healthcare Strategy Achieving Excellence, which sets out the following ambitions:

- to shift care away from inpatient treatment to day case, day treatment, outpatient and community care;
- to develop pan-Lanarkshire hospital centres of excellence; and
- to support the healthcare needs of the wider West of Scotland.

The indicative timescales include approval of the outline business case mid-2019 and full business case approval in 2020.

➤ Financial Sustainability

The IJB financial strategy must ensure sustainability for the current and future years whilst recognising the significant challenges for both partners currently. Efficient, effective and affordable services fit for the future will need to be developed as part of the integration and transformational change activities. If these activities do not generate the required level of savings or if funding released from a whole system approach to IJB cost reduction activity is not passed to the IJB, then there is a risk future budgets will not be balanced. A range of cost pressures are prevalent including the ongoing impact of demographic growth across social care services and the volatility of prescribing activity and price increases, particularly in the context of the uncertainty associated with the European Union withdrawal.

The Scottish Government announced on 31st January 2019 that they are to bring forward a three year funding settlement from 2020/21. This will allow both partners and the IJB to set a budget for more than one year, to facilitate more integrated planning and budgeting and a more strategic approach to financial decision making. Following the recently published Scottish Government Health and Social Care Medium Term Financial Framework, guidance is also awaited on the financial assumptions to be relied upon within the local medium term financial framework for South Lanarkshire over the three years 2020/2021 to 2022/2023.

The newly approved SCP 2019 - 2022 outlines the direction of travel for the next three years for the partnership. The SCP gives a commitment to 13 strategic priorities and 44 commissioning intentions. These are supported by 33 'Directions' issued by the IJB to the SLC and NHSL as part of implementing the commissioning intentions.

Four locality plans have been developed and agreed which localise the ambitions detailed in the SCP. There are therefore a range of activities which localities will lead on in 2019/2020 including:

- Developing systems and processes which secure wider community participation and engagement
- Strengthening collaboration and communication across agencies working directly with people who require our support
- Engaging and working directly with communities, particularly with regards to the BCC work

The 2019/2020 Financial Plan was approved by the IJB on 25 March 2019 and set out the parameters to achieve a balanced budget by 31 March 2020. Cost pressures and current and future policy commitments are projected to total £18.129m. Additional funding of £15.738m was received from both partners. The balance of the cost pressures of £2.391m is being partly addressed by the savings strategy of £1.838m (Recurring £1.606m; Non-recurring £0.232m). The financial plan also highlights that reliance is being placed on reserves of £0.553m.

MANAGEMENT COMMENTARY (Cont.)

Annual Accounts 2018/2019

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.

The final year-end outturn for the IJB is a net underspend of £3.745m, which represents 0.7% of the total funding available of £518.556m. It is critical to note that part of this underspend will be non-recurring.

- An underspend of £3.745m was reported by NHSL which was mainly due to the lead in time to spend new funding and also vacancies across a range of services. This position also reflects a break-even position in respect of prescribing costs. Slippage in the 2018/2019 savings totalling £0.110m was also highlighted as a non-recurring cost pressure.
- A break-even position was reported by SLC following an additional non-recurring partner contribution of £0.547m to fund the demand for social care services during the year as a result of demographic growth (£0.201m) and adaptations within the Housing Revenue Account (£0.346m). The net cost of named care home placements reduced during the year.

The transfer from the IJB reserves during 2018/2019 was £1m. The surplus reported in the comprehensive income and expenditure statement for the year ended 31 March 2019 at page 33 is therefore £2.745m.

The total amount which is being transferred to reserves at 31 March 2019 is £3.745m. The net movement on reserves in 2018/2019 is also an increase of £2.745m as detailed in the movement in reserves statement on page 34.

Earmarked reserves have been approved by the IJB. The establishment of a minimum level of contingency reserves is recommended good practice. The contingency reserve has therefore been increased by £1.257m from £0.551m to £1.808m pending a review of the reserves balances and the finalisation of the medium to long-term financial plan for the IJB. The balance on reserves as at 31 March 2019 is £11.023m.

Internal Audit undertook a specific programme of audit work in 2018/2019. Actions recommended from 2017/2018 audit work were also followed up near the end of 2018/2019.

The IJB have committed, within the 2018/2019 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. The financial position for public services continues to be challenging.

Conclusion

In November 2018, the Auditor General and Accounts Commission issued the Health and Social Care Integration: Update on Progress Report. This report highlights that, while some improvements have been made to the delivery of health and social care services, IJBs, councils and NHS boards need to show a stronger commitment to collaborative working to achieve the real long-term benefits of an integrated system. The report concluded that progress with integration has been slow overall across Scotland and identified a number of areas for action under the broad headings of collaborative leadership, integrated finances, strategic planning, governance and accountability, information sharing and meaningful engagement.

MANAGEMENT COMMENTARY (Cont.)

Conclusion (Cont.)

On 4 February 2019, the Ministerial Strategic Group (MSG) for Health and Community Care also undertook a review of progress which further developed the improvement actions highlighted by Audit Scotland. Twenty five proposals were made by the MSG. A national self-evaluation tool was created which brought together the actions of both reports.

In respect of the twenty five proposals, the self-assessment indicated the South Lanarkshire HSCP response to one proposal was exemplary. This is in relation to the establishment of meaningful, sustained and effective community engagement and participation with a wide range of stakeholders. There is also a dedicated Health and Social Care Forum which involves public representation. 17 proposals were assessed as already established and 4 proposals were partly established. No proposals were not yet established. 3 proposals would be assessed by the Scottish Government. A detailed action plan is being developed to further progress the integration of services across South Lanarkshire.

Making transformational change at the same time as managing existing services and funding pressures continues to be challenging, particularly within the current financial climate. The workforce plan continues to be developed to address the future implications of the safe staffing legislation and the requirement to maintain staffing levels.

The partnership will continue to explore alternative pathways to divert people into more appropriate forms of support. Much of this will require a coordinated and consistent communications message to the public, together with concerted action planning with colleagues in acute services.

Approved By

John Bradley

Val de Souza

Marie Moy

Chair

Chief Officer

Chief Financial Officer

Date 10 September 2019

Date 10 September 2019

Date 10 September 2019

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 10 September 2019.

Signed on behalf of the South Lanarkshire Integration Joint Board

Confirmed By

Chair: John Bradley

Date: 10 September 2019

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 31 March 2019 and the transactions for the year then ended.

Certified By

Chief Financial Officer Marie Moy

Date 10 September 2019

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 3 years with the current appointments being effective from 1 April 2019.

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.

The details of the Chair and Depute Chair appointments held during 2018/2019 are outlined in the table below. No taxable expenses were paid by the IJB in 2017/2018 or 2018/2019.

Period	Post Held	Name	Nominated by
April 2018 to March 2019	Chair	Mr Philip Campbell	NHS Lanarkshire
April 2018 to March 2019	Depute Chair	Cllr. John Bradley	South Lanarkshire Council

Effective from April 2019, Councillor John Bradley is the Chair of the IJB and Mr Philip Campbell is the Depute Chair.

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.

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.

REMUNERATION REPORT (Cont.)

Senior officers (Cont.)

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	2018/2019 Total Remuneration	2017/2018 Total Remuneration
Val de Souza Chief Officer (April 2018 to March 2019)	£65,818	£65,818	£64,129
Marie Moy ⁶ Chief Financial Officer (April 2018 to March 2019)	£34,026	£34,026	£32,889

The remuneration disclosed in the table above is the proportion of remuneration received in relation to the activity of the South Lanarkshire IJB during 2018/2019.

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.

Pay band information is not separately provided as all staff pay information has been disclosed in the information above.

There were no exit packages awarded during the financial year.

There were no taxable expenses paid to the Chief Officer or the Chief Financial Officer in 2017/2018 or 2018/2019.

⁶ The remuneration of the post holder is also disclosed in the North Lanarkshire IJB Annual Accounts 2018/2019 Remuneration Report

REMUNERATION REPORT (Cont.)

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 2019 are shown in the table below. A pro-rata approach has been adopted in 2018/2019 and the pension benefits relate only to the proportion attributable to the activity of the South Lanarkshire IJB. The pension benefits disclosed in respect of 2017/2018 are therefore restated.

Name		To 31 March 2019	To 31 March 2018 (Restated)
Val de Souza Chief Officer (April 2018 to March 2019)	In-year pension contributions	£12,703	£12,377
	Accrued pension benefits	£21,678	£19,789
	Movement in accrued pension benefits	£1,889	£19,123
	Lump Sum	£30,998	£30,202
Marie Moy Chief Financial Officer (April 2018 to March 2019)	In-year pension contributions	£6,567	£6,348
	Accrued pension benefits	£13,071	£11,968
	Movement in accrued pension benefits	£1,103	£830
	Lump Sum	£20,524	£19,838

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

Approved By

John Bradley

Chair

Date 10 September 2019

Val de Souza

Chief Officer

Date 10 September 2019

ANNUAL GOVERNANCE STATEMENT 2018/2019

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 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.

The system also aims to identify and manage key risks. This includes evaluating the likelihood of those risks materialising and their potential impact, if realised. Internal controls cannot eliminate all risks of failing to achieve policies, aims and objectives however they 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](#)⁷ 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.

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 2018/2019 was informed by:

⁷ http://www.southlanarkshire.gov.uk/slhscp/downloads/file/73/south_lanarkshire_ijb_code_of_corporate_governance

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Review of Adequacy and Effectiveness (Cont.)

- 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 2018/2019 continuous improvement actions undertaken;
- an assessment of the IJB's ability to achieve future service priorities including consideration of ongoing service sustainability; and
- the outcome of the self-assessment of the proposals outlined in the Ministerial Strategic Group for Health and Community Care's report on the Review of Progress with Integration of Health and Social Care.

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.

Assessment of Governance Arrangements

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

➤ Strategic Commissioning Framework

Following the period of extensive participation and engagement activity across the four localities, the first SCP 2016 - 2019 was approved in March 2016. The first SCP detailed 10 key priorities which had emerged from the consultation activities.

In line with the IJB Participation and Engagement Strategy and also the National Standards for Community Engagement, the Health and Social Care Partnership is committed to continue to engage with all key stakeholders including but not limited to IJB Voting Members, Senior Officers, VASLan, Health and Social Care Forum and Seniors Together.

In 2018, on behalf of the IJB, a refresh of the SCP was led by the Strategic Commissioning Group, a statutory group as outlined in the Regulations and Orders to support the Public Bodies (Joint Working) (Scotland) Act 2014. The refresh of the SCP in 2018 formed the basis of the SCP 2019 - 2022 which was subsequently approved on 25 March 2019. Comprehensive locality engagement events were held to support the development of the new SCP 2019 - 2022 where over 1,000 delegates participated and shared their views across eight sessions.

The key messages emanating from the public and stakeholder consultation activities evidenced that there was consensus that the vision of working together to improve health and wellbeing in the community – with the community and the original 10 strategic themes remain as relevant today as when first agreed in 2016.

The SCP 2019/2020 sets out 13 strategic priorities and 43 commissioning intentions.

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Assessment of Governance Arrangements (Cont.)

➤ **Strategic Commissioning Framework (Cont.)**

In prioritising the strategic themes, the public deemed the most important three to be early intervention, prevention and health improvement followed by mental health and then delivering core duties. A number of new and emergent areas were identified which included the transitional arrangements from Children's Services to Adult Services and homelessness. It was also highlighted that more work was required to develop the enablers to integration, an observation which was included in the Audit Scotland Report on Health and Social Care Integration Update on Progress (November 2018). Promoting models of self-care and self-management, developing different models of intermediate care to support people to remain at home and strengthening locality planning were also highlighted as key priorities.

Assurance has been provided in the Annual Performance Reports to the IJB that the strategic intentions outlined within the SCP were being implemented.

The strength, contribution and influence of locality planning continues to develop.

Locality planning groups, which consist of representatives from the third sector, community-based organisations and service user representatives, have played a key role in informing and influencing the development of their respective locality plans. The members of these groups have local knowledge of the area and are best placed to identify the priorities, objectives and measurable actions against which we can measure performance and progress.

The locality plans take account of each locality's unique strengths and assets as well as the respective challenges within each locality. They also demonstrate the strategic fit with the SCP 2019 - 2022.

In partnership with NHSL and SLC, the IJB continues to have effective and robust structures in place to deliver the commissioning intentions. There is also strong collaboration between the two Local Authorities, the Health Board and both IJBs in Lanarkshire and a commitment to develop a whole-system approach to the delivery of integrated health and social care services to improve the outcomes of the local population.

The good governance arrangements across the partnership also effectively contribute to the implementation of [NHS Lanarkshire Healthcare Strategy Achieving Excellence⁸](https://www.nhslanarkshire.scot.nhs.uk/download/achieving-excellence/?wpdmdl=4137&ind=1544710644558), the [Health and Social Care Delivery Plan⁹](https://www.gov.scot/publications/health-social-care-delivery-plan/), the [Annual Operating Plan¹⁰](https://www.nhslanarkshire.scot.nhs.uk/download/2018-august-29-board-papers/?wpdmdl=3137&ind=1535455710598) and the [Council Plan Connect 2017-2022¹¹](https://www.southlanarkshire.gov.uk/downloads/file/11921/connect_council_plan_2017-2022). The partnership also supports the agreed outcomes for Children's Services and Justice Services.

A Lanarkshire Unscheduled Care Improvement Board is in place, jointly chaired by the IJB Chief Officers and the Director of Acute Services, with representation from all key stakeholders. Key strategic projects include "front door" assessment, discharge to assess, re-ablement and re-direction. Performance and improvement actions are progressed to further improve the unscheduled care targets. Notwithstanding this work, there are challenges in trying to move further funding from the acute sector into the community sector.

SLC and NHSL will be required to carry out a review of the Integration Scheme before 6 October 2020, five years from the day on which the scheme was originally approved.

The strategic commissioning framework arrangements are effective and continue to be improved.

⁸ <https://www.nhslanarkshire.scot.nhs.uk/download/achieving-excellence/?wpdmdl=4137&ind=1544710644558>

⁹ <https://www.gov.scot/publications/health-social-care-delivery-plan/>

¹⁰ <https://www.nhslanarkshire.scot.nhs.uk/download/2018-august-29-board-papers/?wpdmdl=3137&ind=1535455710598>

¹¹ https://www.southlanarkshire.gov.uk/downloads/file/11921/connect_council_plan_2017-2022

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Assessment of Governance Arrangements (Cont.)

➤ **Performance Monitoring Framework**

Progress against the commissioning intentions has been monitored throughout the year. The performance management framework has evolved significantly, embedding a genuine performance culture across each of the localities.

There are a suite of 31 measures. The IJB and the IJB (Performance and Audit) Sub-Committee receive quarterly reports on performance, as well as six-monthly updates on the Measuring Performance Under Integration dataset. This is the framework which was introduced in 2017 by the Scottish Government as a means of providing a consistent approach to understanding the impact of integration on the health and social care system across a small number of indicators.

The South Lanarkshire IJB Annual Performance Report 2018/2019 provides further information on our progress during the year.

The Annual Performance Report for 2017/2018 was considered by the IJB at the meeting on 26 June 2018. This provided an overview of performance against the strategic objectives in the second year. The statutory deadline of 31 July 2018 was met. The Annual Performance Report for 2018/2019 is currently being compiled. The structure, content and presentation of the Annual Performance Report is being further developed to better inform stakeholders and provide a more informative and user friendly publication.

The operational committees in SLC and NHSL also receive quarterly updates on performance, as well as more detailed reporting on any service areas that are causing concern. There is a commitment across the partnership to continue to use performance data to drive further improvement and support informed decision making in respect of strategic planning and commissioning.

The performance monitoring arrangements are effective and continue to be improved.

➤ **Financial Monitoring Framework**

The Financial Plan for 2018/2019 was agreed on 26 March 2018. In accordance with the requirements set out in the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB issued directions effective from 1 April 2018 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.

The Health and Social Care Medium Term Financial Framework was published by the Scottish Government on 4 October 2018. This framework supports the Health and Social Care Delivery Plan and sets out in more detail the potential approach and type of initiatives required to ensure continued delivery of a financially balanced and sustainable Health and Social Care system. The financial assumptions upon which this national framework has been based are still to be tested locally.

The Financial Plan for 2019/2020 sets out the parameters to achieve a balanced budget. The medium to long term financial strategy is being developed 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.

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Assessment of Governance Arrangements (Cont.)

➤ **Financial Monitoring Framework (Cont.)**

These include the impact of the free personal care for people under 65, the Mental Health Strategy, the Primary Care Improvement Plan, the Alcohol and Drug Partnership Strategy, the national care home contract, the Carers (Scotland) Act 2016, the Health and Care (Staffing) (Scotland) Bill and the EU withdrawal. This plan is currently under review. In the interim, reliance is being placed on the medium term financial strategies of each partner.

During the year, the Chief Financial Officer, in consultation with both partners, reviewed and further developed the financial monitoring arrangements for the IJB with particular focus on the effectiveness and transparency of the financial framework. During the year, the financial reporting by NHSL was extended to include an audit trail of the in-year funding allocations highlighting recurring and non-recurring funding. This work will be further developed in 2019/2020.

A total of six financial monitoring reports were presented to the IJB and the IJB (Performance and Audit) Sub-Committee during the year. The timing of the meetings at the start of the financial year however still require to be addressed to reduce the gaps in the availability of the reports.

Each of the partners, SLC and NHSL have a proven track record of sound financial management and robust monitoring arrangements to manage their finances in year. Effective financial controls were in place across the partnership in 2018/2019. The IJB places reliance on these existing financial monitoring arrangements. Throughout the year, the financial monitoring reports set out the variance explanations and the key financial risks. It had been intended that further work would be undertaken in 2018/2019 to more specifically align the financial allocations to the SCP intentions and the directions to each partner. This will be progressed in 2019/2020.

The Scottish Government has committed to providing longer term financial settlements in 2019/2020 for the financial years 2020/2021 and beyond. This will be a significant development. Up-front investment however is required to ensure sufficient health and social care community services can be established and sustained. The delay in receiving confirmation of in-year funding allocations from the Scottish Government for the health partner causes uncertainty.

The financial monitoring arrangements are effective and continue to be improved.

➤ **Risk Management Framework**

A Risk Management Strategy and risk register are in place. Risks have been effectively monitored throughout the year with action being taken to mitigate those risks which are higher than the tolerance level set. Quarterly updates are taken on the risk register to the IJB (Performance and Audit) Sub Committee. As part of developing a common understanding of risk and how this relates to the IJB, a number of workshops have also been facilitated with key stakeholders.

There are currently 13 risks which are assessed as follows: 2 – High; 10 – Medium and 1 – Low. All of these risks are strategic in nature to reflect the role of the IJB as the body that commissions services in line with the direction of travel set out in the SCP. The 2 high risks relate to the following:

- ◆ **Efficient and effective use of resources (IT/premises/governance)**
There is a risk of failure to progress to appropriate co-location including shared IT. The partnership may fail to maximise the potential of integrated working and to reduce duplication of effort which would impact negatively on integration. Actions to mitigate this risk include completing the proposed federated trust approach for IT and finalising the joint protocol for co-location.

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Assessment of Governance Arrangements (Cont.)

➤ **Risk Management Framework (Cont.)**

- ◆ **Shifting the balance of care to community based alternatives**
There is a risk of failure to reduce reliance on residential and acute models of delivery. The partnership may fail to avoid/reduce unnecessary admissions to residential care and avoid/reduce hospital admissions. Actions to mitigate this risk include further developing locality pathways to maintain people at home and the implementation of the modernising care facilities strategy.

There are a number of operational risks which continue to be effectively managed by both partners, SLC and NHSL. These include:

- ◆ **The availability and sustainability of GP services.**
The implementation of the new national contract agreed in 2017 continues, alongside a longer term Primary Care Improvement Plan which is a hosted service led by the South Lanarkshire IJB. Practical measures to reduce the pressure on GP practices include additional pharmacists, plans to move the responsibility for vaccinations to Health Board staff and a rolling programme to transfer the property responsibility to the NHS Board where GPs feel it is the property burden which is affecting the practice's attractiveness.
- ◆ **Prescribing Costs Increases**
A break-even position was reported on the prescribing budget at 31 March 2019. Notwithstanding the ongoing effective control through the Prescribing Quality and Efficiency Plan, price increases and volatility continue to impact on prescribing costs. Reliance continues to be placed on the prescribing reserve which totals £0.736m. This reserve represents 1.1% of the prescribing budget of £66.308m.
- ◆ **EU Withdrawal**
EU withdrawal is an external factor. Mitigating actions cannot fully diminish this risk and there continues to be significant uncertainty. An operational group which has been set up to support winter planning activity will also be an integral part of the response to the preparations for Brexit. This group comprises of individuals with expertise in areas potentially impacted by EU withdrawal. The resilience structure will facilitate the rapid assessment of issues as they emerge and designated channels will support decision-making.

An Information Sharing Agreement between the partners for the South Lanarkshire IJB has been developed to ensure that every person's data is protected and accessible when needed. Cyber security also remains a priority. A 'learn pro-module' is available for staff and all teams have been encouraged to complete this.

A collaborative exercise has commenced with the North Lanarkshire Health and Social Partnership and NHSL to further strengthen the risk management framework with a particular focus on shared risks and assurance arrangements.

A review of the risk register was undertaken as part of developing the new SCP. A risk management workshop was also undertaken on 21 May 2019 to assess the risk environment, taking into consideration the SCP 2019 - 2022. A revised and updated risk register will be presented to the IJB for consideration and approval and thereafter will be scrutinised on a quarterly basis by the IJB (Performance and Audit) Sub-Committee.

The risk management arrangements are effective and continue to be improved.

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Assessment of Governance Arrangements (Cont.)

➤ **Estimates and uncertainties**

As highlighted at note 2 on page 38, the operation of the set-aside budget for unscheduled care services is a key area of uncertainty. Both hospital and community services must operate together to maximise the efficacy of unscheduled care services. A whole system approach is adopted by the partners. The management of 'set-aside' budgets is complex however NHSL have been committed to establishing an appropriate mechanism for its operation. Due to the complexity of allocating costs, there is a substantial time lag with ISD data to agree the notional set-aside budget which means the strategic review of changes in resource use is 18 months in arrears. This does not prevent service changes as these are modelled on a case by case basis based on local data. Local development work with ISD is underway to assess if more basic but more timely information linked to the financial ledgers could be more useful for monitoring purposes. Cost pressures across acute services, for both the set-aside and non-set-aside services, have been managed by the health partner since 2016. Given the extent of these pressures, now and in the future, it will be challenging to sustain this approach if the current financial constraints continue.

➤ **Self-evaluation Framework and Independent Assessments**

The annual programme of internal audit work is based on a strategic risk assessment. The 2018/2019 Internal Audit Plan was approved by the IJB on 11 September 2018 and included a review of risk management, performance management and assurance mapping. Internal audit also followed up the actions arising from audits undertaken in 2017/2018. The assurance mapping assignment also reviewed progress of audit actions falling due during 2018/2019 and progress with action plans developed by the Chief Financial Officer in response to audit findings and general governance issues.

The findings and recommendations of internal audit, external audit and inspection bodies are reported to the IJB. The IJB (Performance and Audit) Sub Committee is integral to ensuring that recommendations are acted upon and improvements in internal control and governance are monitored. The report on the South Lanarkshire Council's Best Value Audit undertaken by Audit Scotland was published in March 2019. The IJB and the two partners, SLC and NHSL, have made good initial progress in health and social care integration and there are examples of changes to models of service delivery designed to improve outcomes for residents. These include the extension of palliative care services through an additional 12 inpatient beds being opened in the Kilbryde Hospice, East Kilbride. In addition, funds have been redirected into community services such as homecare, district nursing and other community-based support services. It was also highlighted that, similar to many partnerships across Scotland, the IJB continues to face challenges including increasing levels of emergency admissions and unplanned hospital attendances.

Despite this adverse trend, there is evidence of performance improvements in the following areas:

- unscheduled bed days are decreasing year-on-year
- there has been a reduction in bed days lost as a result of delayed discharge
- the proportion of people spending the last six months of their lives in the community is increasing.

The observations set out in the Health and Social Care Integration: Update on Progress Report and the proposals contained within the report from the Ministerial Strategic Group for Health and Community Care are being progressed by the partnership. The outcome of the self-assessment was highlighted in the Management Commentary on page 18.

An external audit plan has been approved for 2018/2019. The IJB members have been provided with the opportunity to attend development and awareness sessions during 2018/2019 covering a broad range of subject matters.

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Overview of Control and Governance Improvements during 2018/2019

Improvement areas to further strengthen the IJB's governance arrangements were identified in the 2017/2018 Annual Governance Statement. The timeline for achieving these improvements was a two year period to 31 March 2020. A progress report in respect of these ongoing actions is detailed below.

Area for improvement identified in 2018/2019	Action Undertaken 2018/2019
<p>Ensure the financial and commissioning strategies of the IJB and each partner continue to be aligned in order to progress the health and social care integration agenda and respond to the national and local policy initiatives within the context of on-going significant financial challenges.</p> <p>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 April 2018 to March 2020</p>	<p>A balanced budget was set for 2018/2019 and identified savings were implemented.</p> <p>Work has progressed on the medium to long term financial strategy and an update was presented to the IJB (Performance and Audit) Sub-Committee on 21 May 2019.</p> <p>Careful consideration is being given to two key reports issued during the year as follows:</p> <ul style="list-style-type: none"> ▪ The Audit Scotland report on Health and Social Care Integration Update on Progress which was published in November 2018; and ▪ The Ministerial Strategic Group for Health and Community Care's report on the Review of Progress with Integration of Health and Social Care which was published in February 2019 and outlined a range of proposals. <p>A self-evaluation was subsequently undertaken and an action plan is being developed to further strengthen the existing arrangements in consultation with the partners.</p> <p>Notwithstanding the further improvements which will be progressed, the current financial governance framework has been complied with.</p>
<p>Further develop the performance management framework to secure improvement activity and evidence the shift in the balance of care.</p> <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 April 2018 to March 2020</p>	<p>The performance management framework has continued to be developed and embedded across the partnership.</p> <p>Comparative information and trend analysis is emerging. Further areas of development across the six main Ministerial Strategic Group targets are being led by the partnership working alongside acute colleagues.</p> <p>Performance monitoring reports include improvement actions to sustain performance improvements as appropriate.</p>

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Overview of Control and Governance Improvements during 2018/2019 (Cont.)

Area for improvement identified in 2018/2019	Action Undertaken 2018/2019
<p>Continue to embed governance structures across the partnership and promote a culture that fully endorses and accepts challenge among partners.</p> <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 April 2018 to March 2020</p>	<p>The governance arrangements have continued to be strengthened in particular, the Support, Care and Clinical Governance Committee is becoming embedded across the partnership and the Population Health & Primary and Community Services Governance Committee has been established.</p> <p>The terms of reference of the IJB (Performance and Audit) Sub-Committee have been extended and include financial governance.</p> <p>Development sessions with the IJB are now being undertaken on the morning of the day the IJB meets. Awareness sessions have also been held to ensure IJB Members, Health Board Members and Elected Members are kept informed of transformational change and ongoing developments. The understanding of the governance requirements underpinning health and social care integration is developing including an increased awareness of decision-making responsibilities and processes.</p> <p>Learning and review opportunities have been actively promoted. An example includes the awareness seminar held by Audit Scotland on the outcome of the Health and Social Care Integration Update on Progress report.</p> <p>All key stakeholders were invited to contribute to the self-evaluation of the proposals outlined in the Ministerial Strategic Group for Health and Community Care's report on the Review of Progress with Integration of Health and Social Care. An action plan is being developed.</p>
<p>Implementation of national agreements and new legislative duties</p> <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 April 2018 to March 2020</p>	<p>Significant progress has been made in respect of the implementation of legislative changes and national policy initiatives. Progress reports have been presented to the IJB on key priorities throughout the year including primary care services, mental health and learning disability services, the alcohol and drug partnership programme and the Carers (Scotland) Act 2016.</p> <p>Work on key priorities is ongoing including contributing to Scottish Government consultations.</p>

ANNUAL GOVERNANCE STATEMENT 2018/2019 (Cont.)

Overview of Control and Governance Improvements for 2019/2020

Following consideration of the internal review of the adequacy and effectiveness of the IJB governance arrangements, in addition to the four ongoing continuous improvement actions identified for the period from April 2018 to March 2020, one further action will be progressed to strengthen the good governance controls as summarised in the table below.

Ref.	Area for Improvement and Outcome To Be Achieved	Improvement Action Agreed	Lead Officer and Timeline
1	Further consideration of the Ministerial Strategic Group (MSG) proposals.	A range of actions have been agreed across the partnership to take forward the MSG proposals. The MSG have indicated that a second self-evaluation will be undertaken in 12 months to assess progress. Update reports will be presented to the IJB to advise of progress during 2019/2020 as appropriate.	Chief Officer April 2019 to March 2020

Internal Audit Opinion

Internal control remains primarily a management responsibility to ensure that the IJB conducts its business in a manner that has due regard to the principles of good governance. The audit opinion is based upon audit work undertaken during the year and knowledge of the IJB's wider governance, risk management and control arrangements. In 2018/2019, the Internal Audit opinion is that, overall, reasonable assurance can be placed on the adequacy and effectiveness of the IJB's framework of governance, risk management and control arrangements for the year ending 31 March 2019.

Conclusion and Opinion on Assurance

During 2018/2019, the third year of operation, 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). While recognising that continuous improvement actions will be progressed during the fourth year of operation, it is the IJB's opinion that there is sufficient evidence that the IJB's Local Code of Corporate Governance is operating effectively and is complied with in all significant respects. Any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to regularly review and improve the governance framework.

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. 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.

Approved By

John Bradley

Val de Souza

Chair

Chief Officer

Date 10 September 2019

Date 10 September 2019

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2018/2019**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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.

2017/2018				2018/2019		
Gross Expenditure	Gross Income Restated	Net Restated		Gross Expenditure	Gross Income	Net
£m	£m	£m		£m	£m	£m
156.703	(7.435)	149.268	Social Care Services	166.237	(6.990)	159.247
85.223	0.000	85.223	Family Health Services	90.661	0.000	90.661
67.571	0.000	67.571	Prescribing Costs	66.308	0.000	66.308
87.102	0.000	87.102	Hosted Services (Note 9)	90.041	0.000	90.041
54.715	0.000	54.715	Hospital Acute Services (Notional Set Aside Budget)	54.919	0.000	54.919
40.169	0.000	40.169	Health Care Services	42.317	0.000	42.317
5.020	(3.008)	2.012	Housing Services	5.165	(3.205)	1.960
0.152	0.000	0.152	Corporate Services (Note 6)	0.163	0.000	0.163
496.655	(10.443)	486.212	Cost of Services	515.811	(10.195)	505.616
0.000	(488.371)	(488.371)	Taxation and Non-Specific Grant Income (Note 5)	0.000	(508.361)	(508.361)
496.655	(498.814)	(2.159)	(Surplus) on provision of services and total comprehensive (income) and expenditure (Note 10)	515.811	(518.556)	(2.745)

The IJB was established on 6 October 2015. Integrated delivery of health social care services commenced on 1 April 2016. 2018/2019 is the third 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.

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 2018/2019	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2018	8.278	8.278
Total Comprehensive Income and Expenditure	2.745	2.745
Increase or decrease in 2018/2019	2.745	2.745
Closing balance at 31 March 2019	11.023	11.023

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

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2018/2019**

BALANCE SHEET AS AT 31 MARCH 2019

The balance sheet shows the value as at 31 March 2019 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 2019 £m	31 March 2018 £m
Current assets Short term debtors	7	11.023	8.278
Net assets / (liabilities)		11.023	8.278
Usable reserves	10	11.023	8.278
Total reserves		11.023	8.278

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 2019 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue on 25 June 2019 and the audited accounts were authorised for issue on 10 September 2019.

Authorised By

Marie Moy

Chief Financial Officer

Date: 10 September 2019

NOTES TO THE ACCOUNTS

1. Accounting policies

1.1 General principles

The Annual Accounts summarise the transactions of the IJB for the financial year 2018/2019 and its position at the year end of 31 March 2019.

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 2018/2019, 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 2019 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 2019 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 2019, the useable reserve balance totals £11.023 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, the hospital acute services (set-aside) and specific service income.

Expenditure in respect of hosted services and hospital acute services are included in the financial statements on the basis of estimated figures. Estimates are made taking into account the best available information, however, actual results could be materially different from the assumptions and estimates used. This is further explained at note 2.1 and 2.2. Specific service income has been reviewed and reclassified. This is detailed at note 2.3.

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.

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 reflected within the annual accounts for the services which the IJB hosts. This is the basis upon which the 2018/2019 annual accounts have been prepared. The 2017/2018 figures have been prepared on the same basis.

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 2018/2019, the notional figure for the sum set aside for 2018/2019 has been agreed with NHSL as £54.919m. This amount will be included in both the NHSL Health Board and IJB annual accounts 2018/2019. This notional figure is based on 2016/2017 activity levels updated to reflect the 2018/2019 price basis and adjusted for planned service changes which have resulted in the transfer of resources from acute services to community services during 2018/2019. This figure has been reviewed and supplemented by additional planning information on resource use. It should be noted therefore that the sum set aside recorded in the annual accounts will not therefore reflect actual hospital use in 2018/2019.

The agreement in place between NHSL and the IJB is that the services covered within the set aside arrangements will be provided for the agreed notional sum and that the risk of the cost of the directed services exceeding the agreed notional sum is borne by NHSL during the year.

The methodology to cost these set-aside services is complex. The activity data upon which the set-aside figure is based is currently 18 months in arrears. The notional figure for the sum set-aside which was originally reported in the annual accounts in 2016/2017 was £55.154m. This was based on 2014/2015 activity levels updated to reflect the 2016/2017 price basis.

Based on the 2016/2017 activity data which is now available, the 2016/2017 restated budget was £54.645m and the actual cost was estimated to be £55.397m, in line with the agreed costing methodology. In comparison to the budget, the additional cost borne by NHSL in 2016/2017 in respect of the set-aside services was therefore estimated to be £0.752m. In comparison to the amount included in the 2016/2017 annual accounts, the variance is £0.243m, which represents 0.05% of the net cost of services in 2016/2017 which totalled £482.437m.

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

NOTES TO THE ACCOUNTS (Cont.)

2. Critical judgements and estimation uncertainty (Cont.)

2.3 Specific Service Income

Income may be received from individuals as a contribution towards the cost of their social care services. Following a review of the accounting treatment of this income, the amount collected is allocated to the relevant expenditure category and the net cost is reported in the Comprehensive Income and Expenditure Statement. This is the basis upon which the 2018/2019 annual accounts have been prepared. The 2017/2018 figures have also been restated to ensure expenditure and partner funding contributions are comparable. The effect of the restatement on the 2017/2018 annual accounts is outlined in the table below.

Restatement of 2017/2018 Annual Accounts		2017/2018 Original £m	Adjustment £m	2017/2018 Restated £m
Comprehensive Income and Expenditure Statement – Gross Income <i>(Page 33)</i>	Social Care Services	(0.221)	(7.214)	(7.435)
	Cost of Services	(3.229)	(7.214)	(10.443)
	Taxation and Non-Specific Grant Income (Note 5)	(495.585)	7.214	(488.371)
Comprehensive Income and Expenditure Statement – Net Expenditure <i>(Page 33)</i>	Social Care Services	156.482	(7.214)	149.268
	Cost of Services	493.426	(7.214)	486.212
	Taxation and Non-Specific Grant Income (Note 5)	(495.585)	7.214	(488.371)
Note 4 <i>(Page 40)</i>	Specific Service Income	(3.229)	(7.214)	(10.443)
	Other Service Income	(7.214)	7.214	0.000
Note 5 <i>(Page 41)</i>	Funding Contribution from South Lanarkshire Council	(113.564)	7.214	(106.350)
	Total	(495.585)	7.214	(488.371)
Note 11 <i>(Page 46)</i>	Funding Contributions received from South Lanarkshire Council	(113.564)	7.214	(106.350)
	Service Income received from South Lanarkshire Council	(3.229)	(7.214)	(10.443)

3. Events after the reporting period

The Chief Financial Officer will seek the authorisation of the IJB for the audited accounts to be issued on 10 September 2019. There have been no other material events to date since the date of the balance sheet which requires revision to the figures in the Accounts.

NOTES TO THE ACCOUNTS (Cont.)

4. Expenditure and Income Analysis by Nature

2017/2018 Restated £m	Expenditure and Income	2018/2019 £m	2018/2019 £m
156.703	Social Care Services		166.237
85.223	Family Health Services		90.661
67.571	Prescribing Costs		66.308
38.816	Hosted Services - Led by the South IJB (Note 8)	41.409	
48.286	Hosted Services - Led by the North IJB	48.632	
87.102	Hosted Services – Total		90.041
54.715	Hospital Acute Services (Notional Set Aside Budget)		54.919
29.056	Health Care Services – Localities	31.214	
6.618	Health Care Services - Area Wide	6.492	
4.495	Health Care Services - Out-of-Area	4.611	
40.169	Health Care Services – Total		42.317
3.008	Housing Services - Housing Revenue Account	3.205	
2.012	Housing Services - General Fund	1.960	
5.020	Housing Services – Total		5.165
0.152	Corporate Services		0.163
496.655	Total Gross Expenditure		515.811
(106.350)	Funding Contribution - South Lanarkshire Council		(116.348)
(382.021)	Funding Contribution - NHS Lanarkshire		(392.013)
0.000	North Lanarkshire IJB Hosted Service Funding		0.000
(10.443)	Specific Service Income		(10.195)
(498.814)	Total Income		(518.556)
(2.159)	Surplus on the provision of services		(2.745)

NOTES TO THE ACCOUNTS (Cont.)

5. Taxation and Non-Specific Grant Income

2017/2018 Restated £m		2018/2019 £m
(382.021)	Funding Contribution from NHS Lanarkshire	(392.013)
(106.350)	Funding Contribution from South Lanarkshire Council	(116.348)
(488.371)	Total	(508.361)

The funding contribution from the NHS Board shown above includes £54.919million in respect of the “set aside” resources relating to acute hospital and other resources. These are provided by NHS Lanarkshire which retains responsibility for managing the costs of providing these services. The IJB however, has responsibility for the consumption of, and level of demand placed on, these resources.

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

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. The amount of the ring fenced contribution in relation to the Housing Revenue Account totals £3.205m.

Specific service income contributions from individuals towards the cost of their social care services total £6.990m.

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

6. Corporate Services

31 March 2018 £m		31 March 2019 £m
0.125	Staff Costs	0.135
0.024	External Audit Fee	0.025
0.003	Administration Costs	0.003
0.152	Total	0.163

7. Short Term Debtors

31 March 2018 £m		31 March 2019 £m
7.577	NHS Lanarkshire Health Board	10.322
0.701	South Lanarkshire Council	0.701
8.278	Total	11.023

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:

2017/2018			Delegated Services - Hosted Services	2018/2019		
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
1.844	(1.844)	0.000	Primary Care Transformation	1.085	(1.085)	0.000
3.075	(3.075)	0.000	Community Dental Services	3.071	(3.071)	0.000
2.949	(2.949)	0.000	Out of Hours Services	3.979	(3.979)	0.000
1.475	(1.475)	0.000	Diabetic Services	1.696	(1.696)	0.000
3.446	(3.446)	0.000	Occupational Therapy Services	3.722	(3.722)	0.000
3.133	(3.133)	0.000	Palliative Care Services	3.485	(3.485)	0.000
0.318	(0.318)	0.000	Primary Care Services	0.327	(0.327)	0.000
4.170	(4.170)	0.000	Physiotherapy Services	4.475	(4.475)	0.000
20.410	(20.410)	0.000	Services hosted by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB	21.840	(21.840)	0.000
18.406			Services hosted by the South Lanarkshire IJB on behalf of the South Lanarkshire IJB	19.569		
38.816			Services hosted by the South Lanarkshire IJB Total (Note 4)	41.409		

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:

2017/2018			Delegated Services - Hosted Services	2018/2019		
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
1.135	(1.135)	0.000	Sexual Health Services	1.186	(1.186)	0.000
1.059	(1.059)	0.000	Continence Services	1.033	(1.033)	0.000
1.082	(1.082)	0.000	Immunisation Services	1.053	(1.053)	0.000
2.588	(2.588)	0.000	Speech and Language Therapy Services	2.573	(2.573)	0.000
2.691	(2.691)	0.000	Child & Adolescent Mental Health Services	2.881	(2.881)	0.000
4.886	(4.886)	0.000	Children's Services	5.043	(5.043)	0.000
0.265	(0.265)	0.000	Integrated Equipment and Adaptations Services	0.265	(0.265)	0.000
1.589	(1.589)	0.000	Dietetics Services	1.671	(1.671)	0.000
1.800	(1.800)	0.000	Podiatry Services	1.842	(1.842)	0.000
0.693	(0.693)	0.000	Prisoner Healthcare Services	0.736	(0.736)	0.000
0.777	(0.777)	0.000	Blood Borne Viruses	0.757	(0.757)	0.000
0.000	0.000	0.000	Hospital at Home Services	0.935	(0.935)	0.000
29.721	(29.721)	0.000	Mental Health Services	28.657	(28.657)	0.000
48.286	(48.286)	0.000	Services hosted by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB	48.632	(48.632)	0.000

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
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NOTES TO THE ACCOUNTS (Cont.)

10. Usable Reserve: General Fund

The IJB holds a balance on the General Fund for two main purposes. One purpose is 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. A second purpose is 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.

2017/2018				Useable Reserve	2018/2019		
Balance as at 1 April 2017	Transfers Out	Transfers In	Balance as at 31 March 2018		Transfers Out	Transfers In	Balance as at 31 March 2019
£m	£m	£m	£m		£m	£m	£m
				Ring-Fenced Reserves			
2.749	0.000	0.932	3.681	Primary Care and Mental Health Transformation Fund	0.000	0.000	3.681
0.473	0.000	0.000	0.473	Alcohol and Drug Partnership Fund	(0.473)	1.062	1.062
0.000	0.000	0.000	0.000	Primary Care Improvement Fund	0.000	0.412	0.412
0.000	0.000	0.000	0.000	Telehealth Projects	0.000	0.096	0.096
0.015	0.000	0.000	0.015	Family Health Services	0.000	0.000	0.015
0.000	0.000	0.235	0.235	Ring-fenced Reserves - Other	(0.235)	0.000	0.000
3.237	0.000	1.167	4.404	Total Ring-Fenced Reserves	(0.708)	1.570	5.266
				Earmarked Reserves			
0.000	0.000	0.808	0.808	Palliative Care Services	0.000	0.000	0.808
0.636	0.000	0.100	0.736	Prescribing Fund	0.000	0.000	0.736
0.000	0.000	0.701	0.701	Social Care Contingency	0.000	0.000	0.701
0.696	(0.121)	0.000	0.575	Transitional Fund	(0.200)	0.000	0.375
0.000	0.000	0.000	0.000	Financial Plan 2019/2020	0.000	0.553	0.553
0.000	0.000	0.220	0.220	Training Fund - Health Visitors	0.000	0.000	0.220
0.191	0.000	0.000	0.191	Telehealth Project	0.000	0.000	0.191
0.000	0.000	0.000	0.000	Pharmacy Services	0.000	0.214	0.214
0.000	0.000	0.000	0.000	Health Promotion Activity Programme	0.000	0.119	0.119
0.000	0.000	0.092	0.092	Earmarked Reserves - Other	(0.092)	0.032	0.032
1.523	(0.121)	1.921	3.323	Total Earmarked Reserves	(0.292)	0.918	3.949
1.359	(0.808)	0.000	0.551	Contingency Reserves	0.000	1.257	1.808
6.119	(0.929)	3.088	8.278	General Fund	(1.000)	3.745	11.023
				Movement In Reserves			2.745

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.

2017/2018 £m	Transactions with NHS Lanarkshire	2018/2019 £m
(382.021)	Funding Contributions received from NHS Lanarkshire	(392.013)
334.780	Expenditure on Services Provided by NHS Lanarkshire	344.246
0.027	Support Services	0.025
(47.214)	Net Transactions with NHS Lanarkshire	(47.742)

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 2018 £m	Balances with NHS Lanarkshire	31 March 2019 £m
7.577	Debtor balances: Amounts due from NHS Lanarkshire	10.322
7.577	Net Balance with NHS Lanarkshire	10.322

2017/2018 Restated £m	Transactions with South Lanarkshire Council	2018/2019 £m
(106.350)	Funding Contributions received from South Lanarkshire Council	(116.348)
(10.443)	Service Income received from South Lanarkshire Council	(10.195)
161.723	Expenditure on Services Provided by South Lanarkshire Council	171.402
0.125	Key Management Personnel: Non-Voting Board Members	0.000
0.000	Support Services	0.138
45.055	Net Transactions with South Lanarkshire Council	44.997

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 2018 £m	Balances with South Lanarkshire Council	31 March 2019 £m
0.701	Debtor balances: Amounts due from South Lanarkshire Council	0.701
0.701	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

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 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including 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 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of South Lanarkshire Integration Joint Board as at 31 March 2019 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 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Accounts Commission on 10th April 2017. The period of total uninterrupted appointment is three years. 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. Non-audit services prohibited by the Ethical Standard were not provided to the South Lanarkshire Integration Joint Board. 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.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Certified By

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

10 September 2019