

SOUTH LANARKSHIRE INTEGRATION JOINT BOARD

ANNUAL ACCOUNTS AUDITED

2019/2020



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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. 2019/2020 is the fourth year of operation for the IJB. The functions under the Public Bodies (Joint Working) (Scotland) Act 2014 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 Scheme¹](#).

The South Lanarkshire Health and Social Care Partnership (SLHSCP) 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 SLHSCP is responsible for the operational delivery of the IJB's strategic directions. The purpose of the IJB is to improve the wellbeing of people who use health and social care services and their carers and to deliver on the nine national health and wellbeing outcomes. There are multi-faceted factors² which impact on the demand for health and social care services across South Lanarkshire which is the fifth largest populated area in Scotland with a population of 320,530. By 2028, the population is projected to increase by 2%. The increase in the age group 75 years and over is projected to be 25% by 2028. Life expectancy at birth for both men and women in South Lanarkshire continues to be lower than the Scottish average.

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 2020 and provides an indication of the issues and risks which may impact upon our finances in the future.

The Role and Remit of the IJB

The IJB has responsibility for the strategic planning and commissioning of the following services:

- accident and emergency services provided in a hospital;
- inpatient services related to general medicine, geriatric medicine, rehabilitation medicine, respiratory medicine and palliative care services in a hospital;
- community health services including Lanarkshire-wide (hosted) services; and
- social care services.

The IJB is made up of eight voting members: four Elected Members appointed by SLC and four Non-Executive Directors appointed by NHSL. Non-voting members of the IJB include the Chief Officer, the Chief Social Work Officer, the Nurse Advisor, the Medical Advisor, the Chief Financial Officer, the Registered Medical Practitioner and representatives for staff, the third sector, service users and carers. On 25 March 2019, the IJB approved the [IJB's Strategic Commissioning Plan 2019-2022³](#) (SCP) and issued the directions to each of the partners to achieve safer, healthier, independent lives for the residents of South Lanarkshire.

The IJB's Business Model and Strategy

The business model for the IJB is managed through key leadership groups which are aligned to both partners' objectives. Front-line service delivery continues to be carried out by NHSL and SLC across four localities in line with the directions from the IJB. These directions from the IJB to NHSL and SLC 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.

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.

¹http://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>

³[https://www.southlanarkshire.gov.uk/slhscp/downloads/file/176/south_lanarkshire_integrated_joint_board_meeting_monday_25_march_2019_agenda_pack_and_notice_\(Agenda_Item_2\)](https://www.southlanarkshire.gov.uk/slhscp/downloads/file/176/south_lanarkshire_integrated_joint_board_meeting_monday_25_march_2019_agenda_pack_and_notice_(Agenda_Item_2))

MANAGEMENT COMMENTARY

The IJB's Outcomes for the Year

The progress made by the SLHSCP on the key strategic commissioning intentions and the key performance indicators are reported regularly to the IJB. The outcomes for South Lanarkshire are detailed in the Annual Performance Report 2019/2020. The key highlights are summarised as follows:

- The IJB leads on the significant and extensive work required to implement the General Medical Services contract and the Primary Care Improvement Plan (PCIP) across Lanarkshire. The required developments in respect of the vaccination transfer programme, pharmacotherapy services and treatment room services are on track for delivery by 2021. The further delivery of urgent care in-hours services and additional professional services will depend on workforce availability and additional funding. This will only be partially delivered by March 2021. NHSL has appointed over 40 community nurses to support the PCIP.
- Public consultation and engagement events were held to discuss the new care facility proposals within Blantyre, Larkhall / Stonehouse and Clydesdale. Planning permission was granted on 17 December 2019 for the Blantyre development which will include 20 transitional care beds, a centre of excellence specialising in training, 20 technology enabled homes and a community facing centre to rehabilitate people leaving hospital and to avoid hospital admissions. The plan is for the development to be operational by Spring 2021.
- Consultation and engagement processes with key stakeholders were undertaken to comply with the statutory requirement to review the Integration Scheme within the five-year timescale of June 2020. Due to the impact of Covid-19, the deadline for the review was extended to September 2020. Scottish Government guidance was received that the review was to be a 'light touch' at this stage. The review has now been concluded pending final approval by both partners.
- The Lanarkshire Mental Health and Wellbeing Strategy 2019-2024 was formally launched by the North Lanarkshire IJB who lead on the Mental Health Hosted Service for Lanarkshire, setting in progress a range of service improvements for all age groups. Access to mental health services has expanded in Accident and Emergency (A&E) Departments, police custody suites and prisons with the availability of Action 15 funding. An integrated model of mental health care is developing. The Suicide Prevention Action Plan was approved in February 2020.
- SLC implemented temporary moratoriums for the Care at Home services in the Hamilton and Rutherglen/Cambuslang localities following the improvement notices received from the Care Inspectorate. An Improvement Steering Group is overseeing the implementation of the Improvement Action Plans which include a review of the Care at Home structure, the use of technology and the closer alignment of the assessment and care management functions with fieldwork services.
- In line with national guidance, the Eligibility Criteria was implemented on 1 April 2019 to allow the most vulnerable to be prioritised through an equitable allocation of resources which stratifies levels of needs and risks. A review of the Care and Support Service which provides support for people with a learning disability commenced in October 2019. Due to the large number of vacancies, a review of Adult and Older People Day Services also commenced in November 2019.
- The Telecare Technology team was expanded. Several Lanarkshire practices are among the first in Scotland to use the Near Me technology. The assistive technology pathway for the community alarm service was streamlined. A successful project to reduce the number of COPD patients attending A&E and being admitted to hospital was established. 787 assistive technology items were installed and tablets were issued in response to Covid-19 to facilitate communication for patients and residents.

MANAGEMENT COMMENTARY

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

- The Hospital at Home model, which provides care in peoples own homes and prevents admission to hospital, continued to evaluate well, equating to 64 beds per day. The number of people spending the last six months of life at home or in a community setting increased by 5%.
- The number of unplanned bed days (unscheduled care) reduced by 6.7% by 31 March 2020. During 2019/2020 however the number of delayed discharge bed days had been consistently higher than 2018/2019, the exception being March 2020 and the impact of Covid-19. This is considered further at page 18.
- There are 38,000 carers within South Lanarkshire and their contribution is crucial. The Carers Strategy 2019 to 2022 was developed in partnership with community organisations, local carer's and partners including the Carers Partnership Group. The Lanarkshire Carers Centre held events to raise awareness of caring and to provide support including healthy eating workshops and stress management.
- Liber8 were commissioned to host and manage The Beacons in Blantyre, a community-driven approach to alcohol and drugs recovery. Two further hubs, in Lanark and Cambuslang, are scheduled to open in the near future.
- During the year, the Urgent Care Out of Hours Service experienced insufficient staffing to support a two-site model at weekends. The Urgent Care Out of Hours Workforce Planning Group have been working on a plan to achieve a fully staffed two centre service. The plan includes active recruitment across a range of multi-disciplinary health care professionals.
- The Community Engagement Team within SLC is working with VASLAN to support self-isolating and vulnerable people in the community. This has included setting up a helpline to ensure access to food and other essential supplies. Our Care at Home service continues to ensure the most vulnerable individuals living within their own homes are still receiving the full care they require. Care Homes continue to care for the vulnerable residents and have implemented measures to ensure continued safety. The Social Prescribing Framework supports new ways to deliver preventative care and early intervention to optimise wellbeing and reduce health inequalities. A progress report was provided to the IJB on 6 November 2019.
- A range of community health and wellbeing partnership programmes have encouraged 9,680 new participants to enrol in 2019/2020 including Get Walking Lanarkshire and Lanarkshire Green Health Partnership. The Good Food Strategy 2020/2025 was approved on 4 December 2019 with a planned launch date of March 2020. The physical activity prescription referral pathway enables GPs, practices nurses, physiotherapists, and wider allied health professionals to refer patients who would benefit both physically and psychologically from being more physically active. In 2019/2020, 3,500 referrals were made to South Lanarkshire Leisure and Cultural Services. There were 35,000 usages across the service from patients referred. Mental health has been the number one reason for referral for 2019/2020, with residents from SIMD 1&2 equating to 53% of those referred.
- The Rapid Rehousing Transition Plan 2019 – 2024, which aims to reduce homelessness, was launched in 2019. A Homelessness Strategy Group has been established to improve outcomes for those affected by homelessness. A personal planning approach for vulnerable people with complex multiple support needs is being developed. An additional 301 affordable homes were provided in 2019/2020. 825 adaptations were completed in council homes and 1,062 in privately owned or managed properties, allowing people to remain in their own homes. There were 30 new build council homes suitable for the needs of older people with 31 properties upgraded to meet the Scottish Government Amenity specification. 57 new affordable homes of this specification were also delivered in partnership with Registered Social Landlords.

MANAGEMENT COMMENTARY

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

- The Integrated Community Support Team (ICST) provide a 24/7 multi-disciplinary nursing, physio and care at home service with a single point of contact. Wherever assistance is required, someone with knowledge of the persons needs will respond. Further pilots are being introduced to include all disciplines within health and social care. Within Carluke and Lanark, the ICST developed an Acute Care Team (ACT) with care at home colleagues which has supported patients to remain at home during crisis periods, thereby avoiding admission to acute hospital care. The ICST-ACT received the Local Matters COSLA award. Older People's Day Care Services, Adult Mental Health Services and Older People' Services Residential Care also achieved the Customer Service Excellence Award.
- The partners opened a Covid-19 Assessment Centre in Hamilton, three wards within Udston Hospital and two residential care units to create extra capacity. A Personal Protective Equipment Hub has been established to ensure that the workforce, unpaid carers and personal assistants have the necessary equipment to support them to undertake their roles safely. St Andrew's Hospice and Kilbryde Hospice opened additional beds to assist with the need for additional acute beds.
- A range of cost pressures across the SLHSCP were effectively addressed through management actions and non-recurring funding solutions. The IJB Medium to Long Term Financial Plan 2020/2021 to 2029/2030 will continue to be developed to ensure financial sustainability.

The IJB's Financial Position at 31 March 2020

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.

The [IJB Financial Plan 2019/2020⁴](#) was approved on 25 March 2019.

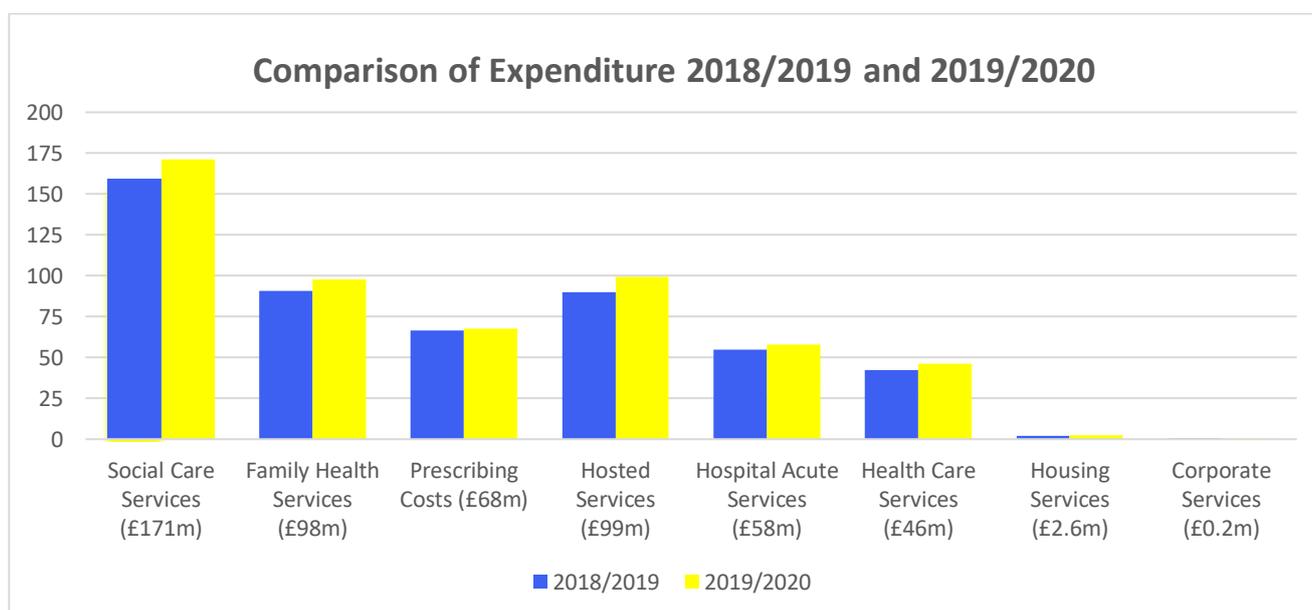
- Demographic growth, inflationary cost pressures and national priorities were originally projected to increase costs by £18.1m in 2019/2020.
- Both SLC and NHSL maintained the same original partner contribution to the IJB.
- Additional funding invested in the SLHSCP totalled £15.7m. This included £4.7m for the inflation uplift of 2.5% on the health care services delegated to the IJB and the additional funding of £11m to implement the agreed national priorities.
- The funding gap at the start of the financial year 2019/2020 was therefore £2.4m. In order to address this, savings totalling £1.8m (NHSL - £1.2m; SLC - £0.6m) were approved.
- The savings proposals recommended to the IJB were the best fit with the strategic commissioning intentions and the best value requirement to use resources more effectively. The budgets released from the NHSL savings of £1.2m were retained by the IJB and re-allocated to address inflationary cost increases and demographic growth. The SLC budget delegated to the IJB was reduced by the SLC savings of £0.6m on the basis that expenditure would also reduce on implementation of the savings.
- The balance of cost pressures remaining was £0.6m. Until further savings could be identified, reliance had to be placed on management actions and the non-recurring use of the IJB contingency reserves. The contingency reserve was established through the accumulation of unplanned surpluses over previous years.
- Additional funding for NHSL was also issued during the year, the detail of which is included in the financial monitoring reports presented to the IJB and the South Lanarkshire IJB (Performance and Audit) Sub-Committee (PASC).

The actual expenditure incurred in 2019/2020 is detailed at note 4 on page 29 and is compared to the actual expenditure incurred in 2018/2019 in the graph overleaf on page 7.

⁴[https://www.southlanarkshire.gov.uk/slhscp/downloads/file/176/south_lanarkshire_integrated_joint_board_meeting_monday_25_march_2019_agenda_pack_and_notice_\(Agenda_Item_3\)](https://www.southlanarkshire.gov.uk/slhscp/downloads/file/176/south_lanarkshire_integrated_joint_board_meeting_monday_25_march_2019_agenda_pack_and_notice_(Agenda_Item_3))

MANAGEMENT COMMENTARY

The IJB's Financial Position at 31 March 2020 (Cont.)



The financial monitoring report for the year ended 31 March 2020 confirms an underspend of £1.7m (NHSL - £1.7m; SLC – breakeven). In arriving at this position, £0.4m was drawn down from the IJB contingency reserve, £0.7m was drawn down from the prescribing earmarked reserve, additional Scottish Government non-recurring funding was received of £0.3m to offset the costs of Covid-19 incurred in March 2020 and an additional non-recurring partner contribution was received from SLC of £0.5m. Additional income of £1.5m was recovered from service users this year which relates to a contribution to care costs incurred in a previous year. A bridging finance allocation of £0.4m to meet prescribing costs was also received from the Scottish Government which was repaid in 2020/2021.

The financial monitoring report provides information on the significant variances across health and social care services. The key highlights are as follows:

- A net underspend was reported due to employee vacancies totalling £1.1m (NHSL - £2.2m underspend; SLC - £1.1m overspend). The overspend by the SLC partner was due to the acceleration of Care at Home recruitment for future vacancies to maintain staffing levels and overtime costs to meet current demand.
- Additional expenditure of £1.3m across Social Care Services was incurred. The number of service users choosing a direct payment under the Self-Directed Support legislation is increasing. Licence costs are being incurred to implement the new care at home scheduling system. The cost of hired vehicles and passenger services provided by Fleet Services has increased and temporary security costs were incurred to protect two care homes during the period they were non-operational.
- There was an overspend of £1.5m on prescribing costs due to demand, the non-achievement of planned savings in 2019/2020 and the impact of Covid-19.
- Additional costs of £0.3m were incurred in March 2020 across Social Care Services as a result of Covid-19.
- A net underspend of £1.6m was reported across the hosted services led by the IJB.
- A net overspend of £0.398m on Housing Services reflects the demand for adaptations. There is also a net underspend of £0.04m due to lower than anticipated demand for housing adaptations within Council houses. This was retained within the Housing Revenue Account.

MANAGEMENT COMMENTARY

The IJB's Financial Position at 31 March 2020 (Cont.)

There was slippage with the implementation of the PCIP and the Alcohol and Drug Partnership (ADP) Strategy. The use of IJB reserves was to be prioritised in advance of any further request for funding from the Scottish Government however officers were assured that the overall commitment to fund these specific policy initiatives would not be reduced. Funding of £6.3m (PCIP - £5.3m; ADP - £1m) has therefore been retained by the Scottish Government and will be available when the expenditure is incurred. The total savings target of £1.8m was achieved in 2019/2020 however potentially up to £0.5m of the NHSL target of £1.2m has only been achieved on a non-recurring basis. This is being considered as part of the review of the IJB Financial Plan 2020/2021.

Annual Accounts 2019/2020

The final year-end underspend at 31 March 2020 of £1.7m therefore reflected underspends of £1.7m by NHSL and a break-even position by SLC. The deficit on the provision of services and total comprehensive income and expenditure in 2019/2020 is £4.8m. This is highlighted on the Comprehensive Income and Expenditure Statement on page 23 and is also included in the Movement in Reserves Statement on page 24. The total movement on reserves at 31 March 2020 is a net decrease of £4.8m. The final year-end underspend of £1.7m and the movement in reserves of £4.8m are reconciled in the table below.

Financial Outturn 2019/2020		Movement In Reserves Reduction / (Increase)	Returned to Partner
	£m	£m	£m
SLC – Breakeven	0.000	(0.000)	
SLC -HRA Underspend	0.040		(0.040)
SLC - Net Underspend	0.040	(0.000)	(0.040)
NHSL Underspend	1.759	(1.759)	
Total As At the 31 March 2020	1.799	(1.759)	(0.040)
Expenditure incurred against reserves in 2019/2020		6.609	
Deficit or (surplus) on provision of services and total comprehensive (income) and expenditure (Note 10)		(4.850)	

A total of £0.453m was drawn down from the IJB contingency reserve in order to achieve financial balance. The total transfer from reserves was £6.609m and the transfer to reserves was £1.759m, a reduction of £4.850m. The balance on the IJB reserves at 31 March 2020 is £6.173m. The ring-fenced (£1.825m), earmarked (£2.428m) and contingency (£1.920m) reserves are detailed at note 10 on page 34. It is good financial management to maintain a contingency reserve.

The services which are hosted by South Lanarkshire IJB on behalf of the North Lanarkshire IJB and the hosted services which are led by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB are detailed in note 9 on pages 32 to 33. In line with the Integrated Resource Advisory Group Finance Guidance, the lead partner for a hosted service is responsible for managing any overspends incurred. With the exception of ring-fenced funding, the lead partner can also retain any underspends which may be used to offset the overspends. This arrangement has been in place since 1 April 2016. The South Lanarkshire IJB and the North Lanarkshire IJB endorsed this principle in respect of 2019/2020.

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

MANAGEMENT COMMENTARY

Matters of Strategic Importance

The [IJB Financial Plan 2020/2021](#)⁵ was approved on 30 March 2020. Cost pressures were projected to be £20.5m. Both SLC and NHSL confirmed that the original funding contributions would continue to be provided to the IJB. In addition to this, additional funding totalling £16m has been passed to the IJB by NHSL and SLC. It was originally intended that the funding gap of £4.5m would be addressed through planned savings (£2.2m), potential savings to be further developed (£1.1m), use of non-recurring reserves (£0.3m) and management actions (£0.9m). In respect of the savings proposals recommended to the IJB, these were the best fit with the strategic commissioning intentions and the best value requirement to use resources more effectively. The budgets released have been retained by the IJB and re-allocated to address the funding gap.

Social care services continue to face demand pressures within Care at Home and independent care homes. The management of cost pressures in 2019/2020 across social care services relied on non-recurring funding solutions. The costs associated with the social care service at 31 March 2020 were partly addressed by the transfer of £0.350m from the IJB contingency reserve. There continues to be uncertainty about what the post-Brexit rules will be with the European Union. There is a risk that prescribing will continue to overspend in 2020/2021 as a result of both the EU withdrawal and Covid-19. Prescribing costs, including the planned savings targets not yet achieved for 2019/2020 and 2020/2021 will be closely monitored. It is intended that the allocation of the IJB contingency reserve will be considered during the review of the IJB Financial Plan 2020/2021, following which a revised IJB Reserves Strategy for 2020/2021 will be submitted to the IJB for approval.

As highlighted on page 8, the IJB agreed to draw down existing reserves before requesting further funding allocations from the Scottish Government on the understanding that the funding allocated to the IJB remained available and could be called down when the expenditure was incurred. This assurance was received from the Scottish Government. The reserves for the PCIP and ADP were affected by this change in approach.

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

The Response to Covid-19

The emergence of a new coronavirus, Covid-19, the declaration of a pandemic and the resulting subsequent restrictions has had a significant impact on health and social care services. The response to find new ways of delivering services within a rapidly-changing landscape has been swift and decisive. Business continuity processes were enacted and staff were mobilised to focus on priority service areas. Many staff have been required to work in different ways or in different roles to ensure that critical services are sustained. Health and social care staff are our greatest asset and what has been achieved, and continues to be achieved, in response to Covid-19 is impressive.

During 2019/2020, the IJB continued to progress service redesign within the financial and resource envelope available. Continuing to deliver services in the same way is no longer sustainable and changes will need to be made to the way services are accessed and provided. The rapid implementation of new ways of working in response to Covid-19 resulted in significant additional costs however it also accelerated some aspects of the modernisation programme in particular the use of "Near Me" technology and remote working IT solutions. The progress of a range of partnership priorities will be impacted by the current situation as the response to Covid-19 takes precedence. Examples include the Primary Care and Mental Health Transformation programme, the modernisation of Primary Care Services and the General Medical Services Contract, the ADP programme and the Distress Brief Intervention approach.

⁵ [https://www.southlanarkshire.gov.uk/slhscp/downloads/file/221/south_lanarkshire_ijb_special_meeting_papers_30_march_2020_\(Agenda_Item_2\)](https://www.southlanarkshire.gov.uk/slhscp/downloads/file/221/south_lanarkshire_ijb_special_meeting_papers_30_march_2020_(Agenda_Item_2))

MANAGEMENT COMMENTARY

The Response to Covid-19 (Cont.)

In 2020/2021 and beyond, the main financial risk is that NHSL and/or SLC may overspend. The impact of Covid-19 on health and social care services and the economy as a whole is unprecedented in recent times and has increased the risk of an overspend.

As part of the emergency plan, the IJB and both partners took forward the Lanarkshire Mobilisation Plan, the cost of which will not be fully known until part way through the current financial year 2020/2021. The Lanarkshire Mobilisation Plan, which was designed to create capacity across the whole system in response to Covid-19, was approved by the Scottish Government. Key outcomes of the plan included reducing delays, freeing up acute beds, developing community capacity and managing with a predicted depletion in the workforce.

The significant disruption to health and social care services experienced by service users, patients and carers is likely to continue in the medium term. The SLHSCP has also had to implement new service areas in response to Covid-19. The Response, Redesign and Recovery stage is now progressing. The aims associated with this next stage are highlighted on page 19.

Ongoing strategic planning activity to inform future service provision is taking into consideration the learning from the first phase of responding to Covid-19. The SLHSCP are actively seeking to understand the impact of the measures implemented. The innovative approaches and service alterations put in place out of necessity may also present opportunities as services are re-started within the new context in which health and social care services now need to be delivered. In doing so the IJB will continue to follow appropriate governance structures and consider equalities and human rights requirements to ensure that a more efficient and effective health and social care system that delivers on the priorities set out in the Strategic Commissioning Plan emerges from the current crisis.

The financial impact of Covid-19 is significant. At this stage the exact magnitude of additional costs and the total amount of additional Scottish Government funding available remains uncertain. The Scottish Government have agreed in principle to provide additional funding for IJBs to meet these costs but it is not yet known whether the level of funding to be provided will be sufficient to meet all costs incurred. To date, £5.464m has been confirmed to fund social care costs. Further funding is expected to address additional health care costs incurred between April 2020 and June 2020 on completion of the Scottish Government review of the quarter 1 financial position. There is a risk however that mobilisation plans will not be fully funded.

Governance arrangements are in place for the approval and monitoring of costs and regular updates are provided to the Scottish Government. The SLHSCP is also actively engaging with the third and independent sector in relation to their associated costs. The achievement of planned savings in 2020/2021 will be adversely affected and this has been reflected in the financial updates to the Scottish Government. Discussions in relation to funding are ongoing. Moving forward into 2020/2021, it is assumed the Scottish Government will meet the additional Covid-19 costs experienced by the IJB.

It is recognised that returning to a balanced financial position will require major redesign of services, radical changes in approach and integrated working with all partners and stakeholders. The Medical Director, the Nurse Director and the Chief Social Work Officer will oversee the remobilisation of health and social care services. Resilience will be required within our health and social care system for the foreseeable future in response to Covid-19.

In the absence of sufficient funding from the Scottish Government and/or the partners, reliance will require to be placed on the Integration Scheme and the IJB Financial Regulations which set out the options for addressing overspends. The financial strategy for 2020/2021 and beyond will require to be revised in order to maintain financial sustainability.

MANAGEMENT COMMENTARY

Key Strategic Risks and Uncertainties

The IJB Risk Management Strategy complements the existing risk management processes within each partner. This is detailed further within the Annual Governance Statement on page 19.

It is important to note that some of the funding solutions in 2019/2020 were non-recurring and some cost pressures are expected to recur again in 2020/2021. The impact of the savings not achieved in full in 2019/2020 (£0.5m) will be taken into consideration during the review of the 2020/2021 Financial Plan.

The Director of Finance of NHS Lanarkshire continued to make progress with the exercise to update the notional set-aside budget. This notional budget, which represents the consumption of hospital resources by South Lanarkshire residents, is estimated to be £57.8m. Similar to the previous year, the notional budget can also be included as the estimated expenditure for the 2019/2020 annual accounts. It is recognised that this will not necessarily reflect the actual usage of these hospital services by the IJB in 2019/2020 however it has been endorsed as an acceptable approach pending further updates from the Information Services Division within NHS National Services Scotland. 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 2.2 on page 28. Further information on the set-aside budget is also included in the Annual Governance Statement on page 20. A whole system approach will continue to be adopted by the partners to support the use of set-aside resources

Conclusion

Covid-19 has affected each and every member of our society and a robust response was implemented. Staff, partners and communities are working in partnership to ensure we respond effectively to this public health crisis, protect lives and keep people safe. In the face of this unprecedented challenge, partnership working is critical to respond effectively to this national health and social care crisis and available resources have been refocussed on the critical areas affected by Covid-19. These priorities are also continuing into 2020/2021. Whilst every effort will be made to progress the planned work for 2020/2021 within the original timescales, there will be areas which will require to be delayed.

As a result of effective financial management, financial balance was achieved in 2019/2020. Although the current financial challenges will inevitably drive the pace of change, improving outcomes for individuals will continue to underpin the IJB's strategic commissioning intentions and the ongoing re-design and integration of health and social care services. We will do this by ensuring that we adhere to sound governance arrangements and by exploring alternative pathways to divert people into more appropriate forms of support. Much of this will require a coordinated and consistent communications message to the public, together with concerted action planning with colleagues in acute services and also the third sector, independent providers and carers across the partnership.

Approved By

John Bradley
Chair

Date 29 September 2020

Val de Souza
Chief Officer

Date 29 September 2020

Marie Moy
Chief Financial Officer

Date 29 September 2020

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 29 September 2020.

Signed on behalf of the South Lanarkshire Integration Joint Board

Confirmed By

Chair: John Bradley

Date: 29 September 2020

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 2019/2020 (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 2020 and the transactions for the year then ended.

Certified By

Chief Financial Officer

Marie Moy

Date 29 September 2020

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. 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. Any remuneration or reimbursement of expenses for voting board members is governed by the relevant IJB partner organisation.

The IJB does not provide any additional remuneration to the Chair, 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 2019/2020 are outlined in the table below. No taxable expenses were paid by the IJB in 2018/2019 or 2019/2020.

Period	Post Held	Name	Nominated by
April 2019 to March 2020	Chair	Cllr. John Bradley	South Lanarkshire Council
April 2019 to March 2020	Depute Chair	Mr Philip Campbell	NHS Lanarkshire

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

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	2019/2020 Total Remuneration	2018/2019 Total Remuneration
Val de Souza Chief Officer (April 2019 to March 2020)	£68,353	£68,353	£65,818
Marie Moy ⁶ Chief Financial Officer (April 2019 to March 2020)	£35,341	£35,341	£34,026

The remuneration disclosed in the table above is the proportion of remuneration received in relation to the activity of the South Lanarkshire IJB during 2019/2020.

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 2018/2019 or 2019/2020.

⁶ The remuneration of the post holder is also disclosed in the North Lanarkshire IJB Annual Accounts 2019/2020 Remuneration Report

REMUNERATION REPORT

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 2020 are shown in the table below. A pro-rata approach has been adopted in both 2018/2019 and 2019/2020. The pension benefits relate only to the proportion attributable to the activity of the South Lanarkshire IJB.

Name		To 31 March 2020	To 31 March 2019
Val de Souza Chief Officer (April 2019 to March 2020)	In-year pension contributions	£13,192	£12,703
	Accrued pension benefits	£23,630	£21,678
	Movement in accrued pension benefits	£1,952	£1,889
	Lump Sum	£32,032	£30,998
Marie Moy Chief Financial Officer (April 2019 to March 2020)	In-year pension contributions	£6,821	£6,567
	Accrued pension benefits	£14,132	£13,071
	Movement in accrued pension benefits	£1,061	£1,103
	Lump Sum	£21,212	£20,524

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

Approved By

John Bradley

Chair

Date 29 September 2020

Val de Souza

Chief Officer

Date 29 September 2020

ANNUAL GOVERNANCE STATEMENT 2019/2020

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.

The system of internal control is proportionate to the IJB's strategic responsibility and reliance is placed on the NHS Lanarkshire (NHSL) and South Lanarkshire Council (SLC) 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 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

A review of the effectiveness of the system of internal control was undertaken in 2019/2020 in line with the Local Authority Accounts (Scotland) Regulations 2014. This annual review was informed by the [Ministerial Strategic Group Self Evaluation](#)⁸ on the review of progress with the integration of Health and Social Care which was reported to the IJB on 25 June 2019.

Improvement actions are being implemented to further develop controls and to achieve integration outcomes. The review is also informed by cross-assurances from each partner, NHSL and SLC, including consideration of their relevant internal audit and external audit reports and the governance arrangements implemented in response to Covid-19. Ongoing service sustainability is a key priority for the IJB and both partners.

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

⁸ [https://www.southlanarkshire.gov.uk/slhscp/downloads/file/188/south_lanarkshire_integrated_joint_board_meeting_tuesday_25_june_2019_agenda_pack_and_notice_\(Agenda_Item_10\)](https://www.southlanarkshire.gov.uk/slhscp/downloads/file/188/south_lanarkshire_integrated_joint_board_meeting_tuesday_25_june_2019_agenda_pack_and_notice_(Agenda_Item_10))

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.

- Following the period of extensive participation and engagement activity across the four localities, the second [Strategic Commissioning Plan 2019 - 2022](#)⁹ was approved on 25 March 2019. In line with the IJB Participation and Engagement Strategy and the National Standards for Community Engagement, the SLHSCP continues to be committed to engagement with all key stakeholders including but not limited to IJB Voting Members, Senior Officers, VASLan, the Health and Social Care Forum, Seniors Together, external health and social care providers, Trade Unions and Staff Representatives. 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 strategic themes remain as relevant today as when first agreed in 2016. Supporting the Strategic Commissioning Group are four Locality Planning Groups. Each Group has developed a locality plan which takes account of their unique strengths and assets, as well as their respective challenges.
- The [IJB Financial Plan 2019/2020](#)¹⁰ was agreed on 25 March 2019. In accordance with the requirements set out in the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB issued directions effective from 1 April 2019 to NHSL and SLC 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.
- NHSL reported an underspend across health services of £1.7m. Contained within this underspend was an overspend on prescribing costs which continues to be a key risk for the SLHSCP. The SLC partner made an additional partner contribution to the IJB of £0.5m and the IJB allocated £0.350m to SLC from the IJB contingency reserve in order to achieve a break-even position at 31 March 2020. The deficit on the provision of services and total comprehensive (income) and expenditure at 31 March 2020 is £4.8m. This position was arrived at as a result of the draw down from reserves of £6.6m offset by the underspend of £1.7m. The financial position of the IJB for 2019/2020 is set out at pages 6 to 8 of the management commentary and also at pages 23 to 25.
- Progress against the commissioning intentions is monitored throughout the year. The performance management framework has evolved significantly, embedding a genuine performance culture across each of the localities. The IJB and PASC 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. SLHSCP has an established integrated performance management reporting system and provides assurance to the PASC on operational outcomes. Notwithstanding this, further improvement actions have been identified by the key stakeholders involved in this work stream and an action plan has been agreed. The [South Lanarkshire IJB Annual Performance Report 2018/2019](#)¹¹ was published in July 2019. The [Performance Monitoring Report](#)¹² was reported to the IJB on 30 June 2020. In line with paragraph 8 of Schedule 6 to the Coronavirus (Scotland) Act 2020, the publication of the final South Lanarkshire IJB Annual Performance Report 2019/2020 was rescheduled to September 2020.

⁹https://www.southlanarkshire.gov.uk/slhscp/downloads/file/176/south_lanarkshire_integrated_joint_board_meeting_monday_25_march_2019_agenda_pack_and_notice (Agenda Item 2)

¹⁰https://www.southlanarkshire.gov.uk/slhscp/downloads/file/176/south_lanarkshire_integrated_joint_board_meeting_monday_25_march_2019_agenda_pack_and_notice (Agenda Item 3)

¹¹https://www.southlanarkshire.gov.uk/slhscp/downloads/file/197/south_lanarkshire_integration_joint_board_annual_performance_report_2018-2019

¹²https://www.southlanarkshire.gov.uk/slhscp/downloads/file/228/sl_ib_meeting_papers_30_june_2020 (Agenda Item 5)

Assessment of Governance Arrangements (Cont.)

- A particular measure of IJB and Scottish Government focus is the number of delayed discharge bed days in 2019/2020. When compared to the previous year 2018/2019, A&E attendances are 0.4% lower, emergency admissions reduced by 5.3% and unscheduled bed days within Acute Services are down by 6.7%. An exception has been noted in the NHSL Annual Governance Statement however as during the year A&E attendances and delayed discharges had risen leading to a decline in the percentage of patients seen within 4 hours of arriving in the A&E departments. By December 2019, knowing the worst of the winter lay ahead, the pressure on the A&E departments was of such concern that a five party critical incident protocol was agreed. Performance improved in January and February 2020 through collaborative efforts and the situation changed in March 2020 when patient attendances fell dramatically due to Covid-19. Numbers are now rising again though not yet at previous levels. The increased requirement for physical distancing gives further impetus to the need to find a long-term solution. A whole system unscheduled care plan is focussing on key themes across acute and community services. Learning is also being adopted from the NHS Tayside and the three HSCPs where whole system wide change across acute and community services achieved a successful reduction in the number of delayed discharges. The performance monitoring framework was extended to include key statistical data on the impact of Covid-19. Over 10,000 people have been triaged through the Covid-19 Community Hub and almost 3,500 patients have been assessed and where necessary treated at the two Covid-19 Assessment Centres. The SLHSCP has the third highest number of deaths from Covid-19.
- The agreed internal audit, external audit and continuous improvement actions are being implemented. Progress reports were regularly reported to the PASC during 2019/2020. The PASC is integral to ensuring that recommendations are acted upon and improvements in internal control and governance are monitored.
- The internal audit opinion was confirmed by the SLC Audit and Compliance Manager only due to the absence of the Chief Auditor of NHSL. The joint internal audit working arrangements will be reviewed in 2020/2021.
- The External Auditor previously noted there was no formal review of the best value arrangements for the IJB. The best value framework implemented by NHSL was therefore adopted by the IJB to assess the partnership's systems and processes. The outcome of this assessment, which was undertaken between February and May 2019 and reported to the PASC on 27 August 2019, demonstrated that the IJB and both partners are delivering best value and are securing economy, efficiency, effectiveness and equality in service provision.
- Following the outcome of inspections, the Care Inspectorate highlighted concerns about the Hamilton and Rutherglen/Cambuslang Care at Home Services. Voluntary moratoriums were agreed. Improvement activity was confirmed by the SLC partner and work is ongoing to deliver improvements to the service. Additional costs are expected from this improvement work.
- On 15 May 2019, the [Ministerial Strategic Group \(MSG\) for Health and Community Care self-evaluation](#)¹³ was submitted to the Scottish Government. Of the 22 proposals, 1 proposal (5%) was assessed as 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 (77%) were assessed as already established and 4 proposals (18%) were partly established. No proposals were not yet established. The [Ministerial Strategic Group Report – Action Plan](#)¹⁴ was reported to the IJB on 10 September 2019. The MSG intended to repeat the evaluation process at the end of the 12 month period set for delivery of all of the proposals. It is expected this review will be postponed.

¹³https://www.southlanarkshire.gov.uk/slhscp/downloads/file/182/sl_ijb_performance_and_audit_sub_committee_agenda_pack_21_may_2019 (Agenda Item 6)

¹⁴https://www.southlanarkshire.gov.uk/slhscp/downloads/file/201/south_lanarkshire_integrated_joint_board_meeting_papers_10_september_2019 (Agenda Item 12)

Assessment of Governance Arrangements (Cont.)

- In line with Section 44 of the Public Bodies (Joint Working) (Scotland) Act 2014, the Integration Scheme requires to be reviewed before the expiry of the five year relevant period. In recognition of the legislative changes to address Covid-19 and the priority to step up health and care services, the Scottish Government have advised a 'light touch' review will be acceptable. The revised Integration Scheme was considered by the Strategic Commissioning Group on 17 June 2020 and, pending partner approval, will be submitted to the Scottish Government for Ministerial consideration and approval on 30 September 2020.
- We have developed risk registers for the SLHSCP and the Public Protection Chief Officers Group. There is a significant element of financial risk in respect of the response to Covid-19 and additional costs are associated with sustaining services and setting up new services to meet increased demand. The Chief Officer and the Chief Financial Officer have worked with colleagues in the North Lanarkshire HSCP and the Acute Sector to contribute to a pan-Lanarkshire Mobilisation Plan for the Scottish Government. Dialogue with the Scottish Government is ongoing in respect of the additional funding required during this period.
- The Response, Redesign and Recovery stage is now progressing. The aim of this next stage is to support the recovery and redesign to a new landscape; provide good corporate governance and oversight; seek out innovative solutions aligned to redesign for effectiveness (outcomes) and efficiencies (invest to save); provide a safe working environment for essential services; and engage openly and constructively with Trade Unions throughout the recovery planning. A review of the actions taken will also be undertaken to identify key learning points and to share good practice.
- The [IJB Financial Plan 2020/2021](#)¹⁵ was approved by the IJB on 30 March 2020 and set out the parameters to achieve a balanced budget by 31 March 2021. The South Lanarkshire IJB Medium to Long Term Financial Plan was presented to the IJB on 30 June 2020. Reliance is also placed on the medium-term financial strategies of each partner. The Scottish Government has established a process whereby the necessary activity and the additional costs incurred across health and social care services as a result of Covid-19 are reported through Mobilisation Plans. The SLHSCP contributed to the Lanarkshire Mobilisation Plan. The financial planning assumptions for the IJB and both partners will require to be reviewed to reflect the impact of Covid-19 on the current and future financial years. There is a significant element of financial risk associated with Covid-19. Sustainable financial strategies require to be developed to meet increased demand and to maintain the innovative and beneficial changes to service delivery which have been implemented. In consultation with both partners, the IJB Reserves Strategy will also require to be reviewed in response to the current circumstances.
- The [Risk Management Strategy](#)¹⁶ was revised and presented to the PASC on 27 August 2019. A risk register is 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 PASC. As part of developing a common understanding of risk and how this relates to the IJB, a Risk Workshop has also been facilitated with key stakeholders during the year. A revised Risk Management Strategy will be presented to the PASC and the IJB for approval by December 2020. A Risk Maturity Assessment Audit was undertaken during 2019/2020 and the recommendations reported to the PASC are being implemented. A rescheduled Risk Management Development Event will be held in Autumn 2020. The most up-to-date [Risk Management Update Report](#)¹⁷ was reported to the IJB on 5 May 2020 and details 14 strategic IJB risks. Taking into consideration the mitigating actions, 2 risks are assessed as high, 11 are medium and 1 is low. Ten SLC and NHS operational risks relevant to health and social care services have also been identified and reported to the IJB, one of which relates to the impact of Covid-19. The optimum management of risks by the IJB and both partners continues to be essential.

¹⁵ [https://www.southlanarkshire.gov.uk/slhscp/downloads/file/221/south_lanarkshire_ijnb_special_meeting_papers_30_march_2020_\(Agenda_Item_2\)](https://www.southlanarkshire.gov.uk/slhscp/downloads/file/221/south_lanarkshire_ijnb_special_meeting_papers_30_march_2020_(Agenda_Item_2))

¹⁶ [https://www.southlanarkshire.gov.uk/slhscp/downloads/file/200/sl_ijnb_performance_and_audit_sub_committee_meeting_papers_27_august_2019_\(Agenda_Item_6\)](https://www.southlanarkshire.gov.uk/slhscp/downloads/file/200/sl_ijnb_performance_and_audit_sub_committee_meeting_papers_27_august_2019_(Agenda_Item_6))

¹⁷ [https://www.southlanarkshire.gov.uk/slhscp/downloads/file/226/south_lanarkshire_ijnb_meeting_papers_5_may_2020_\(Agenda_Item_7\)](https://www.southlanarkshire.gov.uk/slhscp/downloads/file/226/south_lanarkshire_ijnb_meeting_papers_5_may_2020_(Agenda_Item_7))

Assessment of Governance Arrangements (Cont.)

- The management of ‘set-aside’ budgets totalling £57.8m continues to be complex however NHSL have been committed to establishing an appropriate mechanism for its operation. As highlighted at note 2.2 on page 28, 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. Cost pressures across acute services, for both the set-aside and non-set-aside services, have been managed by the health partner since 2016. This approach has been maintained in 2019/2020. The overspend against the set-aside services was £0.7m in 2016/2017 and increased to £2.5m in 2017/2018. Given the extent of the pressures which are facing acute services now, and in the future, it will be challenging to sustain this approach if the current service demands and financial challenges continue. No changes however have been agreed for 2020/2021.
- Our greatest challenge has been and continues to be Covid-19 which has affected each and every member of our society. The SLHSCP is driving a robust response to Covid-19 as we face unprecedented challenges. Staff, partners and communities are working as a single entity to ensure that we respond to meet this public health crisis and everything we are doing is underpinned by a single, clear objective - protecting lives and keeping people safe. We will do this by ensuring that we adhere to sound governance arrangements.
- In response to Covid-19, both partners implemented their emergency planning arrangements which included Gold, Silver and Bronze Command Structures. The IJB governance arrangement also had to be amended during this period. IJB and PASC meetings were held as originally planned however they have been convened virtually since March 2020 with only voting members in attendance. All reports are however circulated to all IJB and PASC members. The questions received are responded to, with responses being circulated to all members in advance of the virtual meeting. Reports are available to the public however, in line with the Public Health advice, members of the public cannot attend the meetings. Authority was delegated to the Chief Officer to make decisions on behalf of the IJB during the response to Covid-19 however it has not been necessary to exercise this delegated authority. The meeting arrangements will continue to be reviewed to ensure effective and timely decision-making.

Overview of Control and Governance Improvements during 2019/2020

Improvement areas to further strengthen the IJB’s governance arrangements during 2019/2020 were identified in the Annual Governance Statement included in the IJB Annual Accounts 2018/2019. The timeline for achieving these improvements was a two year period to 31 March 2020. A progress report in respect of these actions is detailed below.

Ref.	Improvement Area Identified	Action Undertaken
1	<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>Chief Financial Officer (April 2018 to March 2020)</p>	<p>Completed - Reported to IJB 30 June 2020 The Medium to Long Term Financial Strategy was presented to the IJB on 30 June 2020.</p> <p>The Ministerial Strategic Group for Health and Community Care’s self-evaluation action plan has continued to be implemented in consultation with the partners, to further strengthen the existing arrangements. A progress report will be presented to the PASC on 15 December 2020.</p> <p>The financial framework is continuing to be developed. This action will continue to be a priority in 2020/2021.</p>

Overview of Control and Governance Improvements during 2019/2020 (Cont.)

Ref.	Improvement Area Identified	Action Undertaken
2	<p>Further develop the performance management framework to maintain improvement activity and evidence the shift in the balance of care.</p> <p>Head of Planning, Performance and Quality Assurance (April 2018 to March 2020)</p>	<p>Completed - Reported to PASC 2 June 2020 A range of good practice developments have been agreed with the External Auditors which will further enhance and embed the performance management framework across the partnership.</p> <p>Comparative information and trend analysis continues to emerge. 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 continue to include improvement actions to sustain performance improvements as appropriate. The development of relevant performance management information will continue to be a key priority across the SLHSCP and will evolve as appropriate.</p>
3	<p>Continue to embed governance structures across the partnership and review governance arrangements including the directions pathway.</p> <p>Chief Officer (April 2018 to March 2020)</p>	<p>Completed - Reported to PASC 2 June 2020 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 PASC have been extended and include financial governance.</p> <p>Development sessions with the IJB continue to be undertaken on the morning of the day when the IJB meets. Awareness sessions continue to be held to ensure IJB Members, Health Board Members and Elected Members are kept informed of transformational change and ongoing developments.</p> <p>A development session on the governance requirements underpinning health and social care integration was held in October 2019 to increase awareness of decision-making responsibilities and processes within the IJB and across the partnership.</p> <p>It is recommended that the ongoing development of governance structures continues to be a continuous improvement action in 2020/2021.</p>
4	<p>Implementation of national agreements and new legislative duties</p> <p>Chief Officer (April 2018 to March 2020)</p>	<p>Completed - Reported to PASC 2 June 2020 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 will continue including contributing to future Scottish Government consultations.</p>
5	<p>Further consideration of the Ministerial Strategic Group (MSG) proposals.</p> <p>Chief Officer (April 2019 to March 2021)</p>	<p>Ongoing The MSG Action Plan has continued to be implemented. A progress report will be presented to the PASC on 15 December 2020.</p>

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

Overview of Control and Governance Improvements for 2020/2021

Following consideration of the internal review of the adequacy and effectiveness of the IJB governance arrangements, the following actions will be progressed in 2020/2021.

Ref.	Improvement Area Identified	Improvement Action Agreed	Lead Officer	Timeline
1	Review the IJB governance arrangements	This will include the review of the following: <ul style="list-style-type: none"> ▪ IJB joint internal audit arrangements ▪ IJB Code of Corporate Governance ▪ IJB emergency response arrangements and ▪ the further development of the IJB website. 	Chief Financial Officer	March 2021
2	Continue to develop the financial framework.	This will include the review of the following: <ul style="list-style-type: none"> ▪ IJB Medium to Long Term Financial Strategy ▪ IJB Financial Plan 2020/2021 ▪ IJB Financial Regulations ▪ IJB financial monitoring reports ▪ IJB reserves strategy ▪ the alignment of resources to partner directions and locality needs and ▪ finance capacity. 	Chief Financial Officer	March 2021

Internal Audit Opinion

The formal annual Internal Audit opinion on the soundness of the IJB’s internal control systems is presented by the SLC Audit and Compliance Manager only due to the absence of the Chief Auditor of NHSL. Overall, the results of the work of Internal Audit in 2019/2020, taken with other information available, did not lead to a conclusion that the IJB’s overall systems of internal control were significantly or materially impaired. The Internal Audit opinion is that, overall, reasonable assurance can be placed on the adequacy and effectiveness of the partnership’s framework of governance, risk management and control arrangements for the year ending 31 March 2020. No issues have been identified during the course of the internal audit work which would require to be disclosed in the Annual Governance Statement. It is intended that planned Internal Audit work for 2020/2021 will continue to focus on key strategic and operational areas of risk for the IJB.

Conclusion and Opinion on Assurance

During 2019/2020, the IJB has adhered to the stated principles of good governance, acted in the public interest and been committed to continuous improvement. The IJB governance arrangements are effective and consistent with the recommendations of the CIPFA/SOLACE Framework (2016). The IJB considers that review processes are in place and are effective. There were no significant weaknesses. While recognising that continuous improvement actions will be progressed during the fifth year of operation, it is the IJB’s opinion that reasonable and objective assurance can be placed upon the adequacy and effectiveness of the IJB’s governance arrangements and that any significant risks impacting on the IJB’s principal objectives will be identified and actions taken to avoid or mitigate their impact. This assurance is limited, however, to the work undertaken during the year, the assurances provided by each partner and the evidence available at the time of preparing this statement. Making transformational change, at the same time as managing existing services and funding pressures, particularly during this period, continues to be challenging. In partnership with NHSL and SLC, the IJB continues to have effective and robust structures in place to deliver the commissioning intentions. The good governance arrangements across the SLHSCP also effectively contribute to the implementation of the objectives of both partners.

Approved By

John Bradley
Chair
Date 29 September 2020

Val de Souza
Chief Officer
Date 29 September 2020

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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.

2018/2019				2019/2020		
Gross Expenditure	Gross Income	Net		Gross Expenditure	Gross Income	Net
£m	£m	£m		£m	£m	£m
166.237	(6.990)	159.247	Social Care Services	178.194	(7.051)	171.143
90.661	0.000	90.661	Family Health Services	97.615	0.000	97.615
66.308	0.000	66.308	Prescribing Costs	67.742	0.000	67.742
90.041	0.000	90.041	Hosted Services (Note 9)	99.138	0.000	99.138
54.919	0.000	54.919	Hospital Acute Services (Notional Set Aside Budget)	57.768	0.000	57.768
42.317	0.000	42.317	Health Care Services	46.234	0.000	46.234
5.165	(3.205)	1.960	Housing Services	5.455	(2.842)	2.613
0.163	0.000	0.163	Corporate Services (Note 6)	0.165	0.000	0.165
515.811	(10.195)	505.616	Cost of Services	552.311	(9.893)	542.418
0.000	(508.361)	(508.361)	Taxation and Non-Specific Grant Income (Note 5)	0.000	(537.568)	(537.568)
515.811	(518.556)	(2.745)	(Surplus) / Deficit on provision of services and total comprehensive (income) and expenditure (Note 10)	552.311	(547.461)	4.850

The IJB was established on 6 October 2015. Integrated delivery of health social care services commenced on 1 April 2016. 2019/2020 is the fourth 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 2019/2020	General Fund Balance £m	Total Reserves £m
Opening balance at 1 April 2019	11.023	11.023
Total Comprehensive Income and Expenditure	4.850	4.850
Increase or (decrease) in 2019/2020	(4.850)	(4.850)
Closing balance at 31 March 2020	6.173	6.173

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

**SOUTH LANARKSHIRE INTEGRATION JOINT BOARD
ANNUAL ACCOUNTS 2019/2020**

BALANCE SHEET AS AT 31 MARCH 2020

The balance sheet shows the value as at 31 March 2020 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 2020 £m	31 March 2019 £m
Current assets			
Short term debtors	7	6.173	11.023
Net assets / (liabilities)		6.173	11.023
Usable reserves	10	6.173	11.023
Total reserves		6.173	11.023

The Statement of Accounts present a true and fair view of the financial position of the South Lanarkshire Integration Joint Board as at March 2020 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue on 23 June 2020 and the audited accounts were authorised for issue on 29 September 2020.

Authorised By

Marie Moy

Chief Financial Officer

Date: 29 September 2020

NOTES TO THE ACCOUNTS

1. Accounting policies

1.1 General principles

The Annual Accounts summarise the transactions of the IJB for the financial year 2019/2020 and its position at the year end of 31 March 2020.

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 2019/2020, 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 2020 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

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 2020 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 2020, the useable reserve balance totals £6.173 million. There are no unusable reserves.

1.12 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 2019/2020 annual accounts have been prepared.

2. Critical judgements and estimation uncertainty

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

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.

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 2019/2020 annual accounts have been prepared.

NOTES TO THE ACCOUNTS

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 2019/2020, the notional figure for the sum set aside for 2019/2020 has been agreed with NHSL as £57.768m. This amount will be included in both the NHSL Health Board and IJB annual accounts 2019/2020. This notional figure is based on the 2019/2020 price basis and has been adjusted for planned service changes during 2019/2020 including any transfer of resources from acute services to community services and adjustments informed by the review of 2017/2018 activity levels. 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 2019/2020.

The methodology to cost these set-aside services is complex. 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 activity data upon which the set-aside figure is based is in arrears. The 2017/2018 costs for the South Lanarkshire IJB were published in July 2019, approximately 16 months after the year-end.

Year	Notional Budget £m	Actual Cost £m	Underspend/(Overspend) £m
2016/2017	54.645	55.397	(0.752)
2017/2018	54.214	56.723	(2.510)

Based on the 2017/2018 activity data and in line with the agreed methodology, the 2017/2018 budget was restated from £54.715m to £54.214m. The cost of providing services in 2017/2018 is retrospectively estimated to be £56.723m, which is £2.510m (5%) more than the restated notional budget. In 2016/2017 the costs had been £0.752m (1%) more than notional budget. The additional cost was borne by NHSL in each year. 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.

3. Events after the reporting period

The Chief Financial Officer authorised the unaudited IJB Annual Accounts 2019/2020 for issue on 23 June 2020. There have been no other material events to date since the date of the balance sheet which requires revision to the figures in the Annual Accounts.

NOTES TO THE ACCOUNTS

4. Expenditure and Income Analysis by Nature

2018/2019 £m	Expenditure and Income	2019/2020 £m	2019/2020 £m
166.237	Social Care Services		178.194
90.661	Family Health Services		97.615
66.308	Prescribing Costs		67.742
41.409	Hosted Services - Led by the South IJB (Note 9)	45.875	
48.632	Hosted Services - Led by the North IJB	53.263	
90.041	Hosted Services – Total		99.138
54.919	Hospital Acute Services (Notional Set Aside Budget)		57.768
31.214	Health Care Services – Localities	33.993	
6.492	Health Care Services - Area Wide	7.519	
4.611	Health Care Services - Out-of-Area	4.722	
42.317	Health Care Services – Total		46.234
3.205	Housing Services - Housing Revenue Account	2.842	
1.960	Housing Services - General Fund	2.613	
5.165	Housing Services – Total		5.455
0.163	Corporate Services		0.165
515.811	Total Gross Expenditure		552.311
(392.013)	Funding Contribution - NHS Lanarkshire		(410.845)
(116.348)	Funding Contribution - South Lanarkshire Council		(126.723)
(10.195)	Specific Service Income		(9.893)
(518.556)	Total Income		(547.461)
(2.745)	(Surplus) / Deficit on the provision of services		4.850

NOTES TO THE ACCOUNTS

5. Taxation and Non-Specific Grant Income

2018/2019 £m		2019/2020 £m
(392.013)	Funding Contribution from NHS Lanarkshire	(410.845)
(116.348)	Funding Contribution from South Lanarkshire Council	(126.723)
(508.361)	Total	(537.568)

The funding contribution from the NHS Board shown above includes £57.768m 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 £2.842m.

Specific service income contributions from individuals towards the cost of their social care services total £7.032m.

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

6. Corporate Services

31 March 2019 £m		31 March 2020 £m
0.135	Staff Costs	0.135
0.025	External Audit Fee	0.027
0.003	Administration Costs	0.003
0.163	Total	0.165

7. Short Term Debtors

31 March 2019 £m		31 March 2020 £m
10.322	NHS Lanarkshire Health Board	5.561
0.701	South Lanarkshire Council	0.612
11.023	Total	6.173

NOTES TO THE ACCOUNTS

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

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:

2018/2019			Delegated Services - Hosted Services	2019/2020		
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
1.085	(1.085)	0.000	Primary Care Transformation	2.566	(2.566)	0.000
3.071	(3.071)	0.000	Community Dental Services	3.206	(3.206)	0.000
3.979	(3.979)	0.000	Out of Hours Services	4.123	(4.123)	0.000
1.696	(1.696)	0.000	Diabetic Services	1.825	(1.825)	0.000
3.722	(3.722)	0.000	Occupational Therapy Services	3.960	(3.960)	0.000
3.485	(3.485)	0.000	Palliative Care Services	3.465	(3.465)	0.000
0.327	(0.327)	0.000	Primary Care Services	0.348	(0.348)	0.000
4.475	(4.475)	0.000	Physiotherapy Services	4.744	(4.744)	0.000
21.840	(21.840)	0.000	Services hosted by the South Lanarkshire IJB on behalf of the North Lanarkshire IJB	24.237	(24.237)	0.000
19.569	(20.983)	(1.414)	Services hosted by the South Lanarkshire IJB on behalf of the South Lanarkshire IJB	21.638	(23.287)	(1.649)
41.409	(42.823)	(1.414)	Services hosted by the South Lanarkshire IJB Total (Note 4)	45.875	(47.524)	(1.649)

NOTES TO THE ACCOUNTS

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:

2018/2019			Delegated Services - Hosted Services	2019/2020		
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
1.186	(1.186)	0.000	Sexual Health Services	1.340	(1.340)	0.000
1.033	(1.033)	0.000	Continence Services	1.048	(1.048)	0.000
1.053	(1.053)	0.000	Immunisation Services	1.113	(1.113)	0.000
2.573	(2.573)	0.000	Speech and Language Therapy Services	2.783	(2.783)	0.000
2.881	(2.881)	0.000	Child & Adolescent Mental Health Services	3.505	(3.505)	0.000
5.043	(5.043)	0.000	Children's Services	5.401	(5.401)	0.000
0.265	(0.265)	0.000	Integrated Equipment and Adaptations Services	0.265	(0.265)	0.000
1.671	(1.671)	0.000	Dietetics Services	1.721	(1.721)	0.000
1.842	(1.842)	0.000	Podiatry Services	1.994	(1.994)	0.000
0.736	(0.736)	0.000	Prisoner Healthcare Services	0.800	(0.800)	0.000
0.757	(0.757)	0.000	Blood Borne Viruses	0.742	(0.742)	0.000
0.935	(0.935)	0.000	Hospital at Home Services	1.014	(1.014)	0.000
28.657	(28.657)	0.000	Mental Health Services	31.536	(31.536)	0.000
48.632	(48.632)	0.000	Services hosted by the North Lanarkshire IJB on behalf of the South Lanarkshire IJB (Note 4)	53.263	(53.263)	0.000

NOTES TO THE ACCOUNTS

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.

2018/2019				Useable Reserve	2019/2020		
Balance as at 1 April 2018	Transfers Out	Transfers In	Balance as at 31 March 2019		Transfers Out	Transfers In	Balance as at 31 March 2020
£m	£m	£m	£m		£m	£m	£m
				Ring-Fenced Reserves			
3.681	0.000	0.000	3.681	Primary Care and Mental Health Transformation Fund	(3.681)	0.000	0.000
0.473	(0.473)	1.062	1.062	Alcohol and Drug Partnership Fund	(0.545)	0.000	0.517
0.000	0.000	0.412	0.412	Primary Care Improvement Fund	(0.412)	0.007	0.007
0.000	0.000	0.000	0.000	GP Information Technology Fund	0.000	0.750	0.750
0.000	0.000	0.000	0.000	Community WIFI Fund	0.000	0.536	0.536
0.250	(0.235)	0.096	0.111	Ring-fenced Reserves – Other	(0.096)	0.000	0.015
4.404	(0.708)	1.570	5.266	Total Ring-Fenced Reserves	(4.734)	1.293	1.825
				Earmarked Reserves			
0.808	0.000	0.000	0.808	Palliative Care Services	(0.245)	0.000	0.563
0.736	0.000	0.000	0.736	Prescribing Fund	(0.736)	0.000	0.000
0.701	0.000	0.000	0.701	Social Care Contingency	(0.089)	0.000	0.612
0.575	(0.200)	0.000	0.375	Transitional Fund	(0.138)	0.000	0.237
0.000	0.000	0.553	0.553	Financial Plan 2019/2020	(0.553)	0.000	0.000
0.220	0.000	0.000	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	0.214	0.214	Pharmacy Services	(0.214)	0.000	0.000
0.000	0.000	0.000	0.000	Technology Funds	0.000	0.246	0.246
0.092	(0.092)	0.151	0.151	Earmarked Reserves – Other	0.000	0.208	0.359
3.323	(0.292)	0.918	3.949	Total Earmarked Reserves	(1.975)	0.454	2.428
0.551	0.000	1.257	1.808	Contingency Reserves	(0.453)	0.565	1.920
8.278	(1.000)	3.745	11.023	General Fund	(7.162)	2.312	6.173
	0.000	0.000	0.000	Transfer Between Reserves	0.553	(0.553)	0.000
	(1.000)	3.745	2.745	Movement In Reserves (Decrease)/Increase	(6.609)	1.759	(4.850)

NOTES TO THE ACCOUNTS

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.

2018/2019 £m	Transactions with NHS Lanarkshire	2019/2020 £m
(392.013)	Funding Contributions received from NHS Lanarkshire	(410.845)
344.246	Expenditure on Services Provided by NHS Lanarkshire	368.497
0.025	Support Services	0.027
(47.742)	Net Transactions with NHS Lanarkshire	(42.321)

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 2019 £m	Balances with NHS Lanarkshire	31 March 2020 £m
10.322	Debtor balances: Amounts due from NHS Lanarkshire	5.561
10.322	Net Balance with NHS Lanarkshire	5.561

2018/2019 £m	Transactions with South Lanarkshire Council	2019/2020 £m
(116.348)	Funding Contributions received from South Lanarkshire Council	(126.723)
(10.195)	Service Income received from South Lanarkshire Council	(9.893)
171.402	Expenditure on Services Provided by South Lanarkshire Council	183.649
0.000	Key Management Personnel: Non-Voting Board Members	0.000
0.138	Support Services	0.138
44.997	Net Transactions with South Lanarkshire Council	47.171

NOTES TO THE ACCOUNTS

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 2019 £m	Balances with South Lanarkshire Council	31 March 2020 £m
0.701	Debtor balances: Amounts due from South Lanarkshire Council	0.612
0.701	Net Balance with South Lanarkshire Council	0.612

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 2020 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 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of South Lanarkshire Integration Joint Board as at 31 March 2020 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 2019/20 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 under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is four 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 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 report in a separate Annual Audit Report, 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 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.

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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

29 September 2020