



NORTH LANARKSHIRE INTEGRATION JOINT BOARD

ANNUAL ACCOUNTS

UNAUDITED

2022/2023



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MANAGEMENT COMMENTARY

Purpose

This publication contains the financial statements of North Lanarkshire Integration Joint Board (IJB) for the year ending 31 March 2023.

The 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 2022/23 and looks forward, outlining our future financial plans and the challenges and risks that we will face as we strive to meet the needs of the people of North Lanarkshire.

Faced with the unprecedented challenges of Covid-19, followed by the continued cost of living crisis, the IJB entered into a phase of recovery and remobilisation. By working with our partners, staff and communities, our services have responded effectively to this ongoing crisis by protecting lives and keeping people safe but also recognising that the future will require new and innovative solutions to support continued recovery and increased levels of demand created by the pandemic.

The IJB and Health and Social Care Partnership (HSCP) Senior Management Team would like to extend our gratitude for the magnificent work our staff continue to undertake despite the challenges they face on a daily basis, ensuring that services to those in need continue to be delivered safely and effectively.

The Role and Remit of North Lanarkshire Integration Joint Board

North Lanarkshire IJB, formally established on 1 April 2016, has responsibility for the strategic planning and commissioning of a wide range of health and social care services within North Lanarkshire. These functions delegated to the IJB, under the Public Bodies (Joint Working) (Scotland) Act 2014, are detailed in the formal partnership agreement between the two partner organisations, North Lanarkshire Council (NLC) and NHS Lanarkshire (NHSL) referred to as the Integration Scheme¹.

The IJBs primary purpose is to set the strategic direction for the delegated functions through its Strategic Commissioning Plan and includes:

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

The IJB comprises of eight voting members, made up of four Elected Members appointed by NLC and four Non-Executive Directors appointed by NHSL. Non-voting members include the Chief Officer, Chief Finance Officer, service professionals, third sector, service users, carers, and staff representatives.

Our Purpose

People of North Lanarkshire will achieve their full potential through:

- living safe, healthy, and independent lives in their communities; and
- receiving the information, support and care they need, efficiently and effectively, at the right time and in the right way.

¹ [HSCP North Lanarkshire Integration Scheme](#)

A Profile of North Lanarkshire

A full profile of North Lanarkshire IJB is set out in the Strategic Commissioning Plan 2023/2026. Some of the key population characteristics include the following:



North Lanarkshire Population is 341,400.

By mid-2043, the 0 to 15 age group is projected to see the largest decrease (-11%).



75 and over age group is projected to see the largest percentage increase (+53.5%).

North Lanarkshire has a higher rate per 1,000 population compared to Scotland for several health indicators including A&E attendances, acute emergency hospital admissions, readmissions, NHS24 calls and alcohol and drug related hospital admissions.



In 2021/22, 13.5% of Lanarkshire residents were living with three or more long term health conditions.

10% of North Lanarkshire population is identified as being in a caring role with early indication that this number is set to rise.



In North Lanarkshire, life expectancy at birth was higher for females (79.2 years) than for males (74.5 years) in 2018-2020, however both male and female remains below that of the Scottish average.

There are 24,796 working-age people in North Lanarkshire experiencing employment deprivation. This is 11% of the working-age population. Across North Lanarkshire 15% of people are income deprived. The Scottish average is 12%.



North Lanarkshire IJB Outcomes for the Year

The achievements and challenges highlighted below represent some of the common themes which emerged in our engagement activities with staff and our stakeholders.

Achievements

Resilience Within the System – staff, carers, and service users

A common thread through all our engagement activity was the recognition of the efforts and resilience of members of staff from across the health and social care sector, volunteers, carers, service users and family members in dealing with the many challenges of the pandemic.

Focus on Staff Health, Wellbeing, and Connectedness

Training, practical, and psychological supports have been developed for staff wellbeing across the Health and Social Care Partnership (HSCP) over the past two to three years. These initiatives are now aligned and incorporated within the major strategic workplans of both the partnership, NLC and NHSL which will inform and shape the way we work going forward by engaging with staff, embedding good practise in our ways of working and improving our methods of supporting staff in the longer term.

Care Academy

The Health and Social Care Academy provides curriculum opportunities linked to the health and social care sector. These are targeted at young people in the senior phase of learning from the nine secondary schools in North Lanarkshire. It is focused on assisting pupils to gain qualifications as well as work related learning experiences which will help them in gaining employment and assist in meeting the workforce requirements of the sector. The main areas are health and social care, general nursing, and allied health professions.

Community Solutions – community capacity building

Community Solutions is the community led, health and social care investment programme operating across North Lanarkshire, focused on building communities where people can have full, independent lives. The programme, which has been in place since 2013, is a partnership between HSCP, Voluntary Action North Lanarkshire (VANL), the community and the voluntary sector of North Lanarkshire. Its latest Strategy and Investment Plan 2022/2025 was agreed in March 2022, setting out investment plans within the programme to strengthen community capacity and resilience and deliver person-centred, community-based support and services to priority groups.

Enhanced Capacity and Resilience

In February 2022, the IJB approved a £20m business case utilising both recurring and non-recurring funding to transform the whole health and social care system by building capacity and resilience within it. Building on the wider approach to recovery and renewal across the sector, investment has started to be made in supports and approaches which:

- maximise capacity through new staffing, resources, and services;
- ensure staff wellbeing;
- ensure system flow by improving planned discharge from hospital and increasing access to care in a range of community settings; and
- improve outcomes through collective investment in people, systems, services and supports which deliver the right care in the right setting.

Use of Technology – within a variety of settings

The use of technology has expanded considerably over the past three years, and the experience of the Covid-19 restrictions resulted in the acceleration of our plans to use technology more in relation to online appointments and consultations, technology enabled care and also as a key element of our communication and day-to-day management.

Mental Health Renewal and Recovery

The recovery and renewal of our mental health services continues to progress and the importance of linking these efforts with our new priorities was reflected in engagement discussions and feedback.

Challenges

Demographic Growth and Demand

Health and social care services are experiencing increasing demand due to demographic growth, an ageing population, complexity of care needs, and deprivation. It remains to be seen how detrimental the lasting impacts of Covid-19 will have on our communities, but we project this will result in negative impacts on the health of our residents in the future and subsequently as a direct result, an increase in pressures on our services.

Cost of Living Crisis and Widening Inequalities

Given the current challenges in relation to the cost-of-living crisis, the wider issues of poverty and income deprivation were highly prevalent in discussions which emerged in our engagement activities. There are significant and persistent inequalities in outcomes across the North Lanarkshire population that have a significant impact on people's life opportunities and life chances. There is strong evidence to suggest the experience of the pandemic has widened inequalities with some sectors of society disproportionately affected by the disruption and restrictions. The current cost of living crisis will also disproportionately affect those with lower incomes.

The volatility of the UK inflation, impacted by the record global energy costs, will present a considerable challenge to the IJB over the short to medium term. Currently at 8.4%, inflation is at one of its highest levels in 30 years far exceeding the Bank of England 2% target. Such pressures will impact on the sustainability of our external providers who will struggle to cope with the rising cost of goods and services, our service users as they battle with the concept of 'heat' or 'eat' and the IJB directly due to rising costs from providers and increased demand on all services as we continue to help those most in need.

Staff Recruitment and Retention

The wider health and social care sector have experienced challenges related to the recruitment and retention of staff for some time, with the recent experiences of the pandemic and the withdrawal from the European Union placing further pressure on an already challenging situation. There is a need to invest in the workforce through training and development with clear career pathways, to ensure we make employment within the sector as attractive as possible. Through a values-based approach we need to offer flexible and positive working environments with an embedded culture of staff wellbeing.

National Care Service

The independent review of Adult Social Care recommended the creation of a National Care Service (NCS) and a system of care which took a human right based approach with a focus on incorporating the views of those with lived experience about what needs to change to make real and lasting improvements. The aspirations of the NCS represent a progression from the Scottish Government’s Health and Social Care Delivery Plan and supports their long-standing desire to shift the balance of care and support from hospital to a community care setting. The outcome of this review is currently subject to ongoing consultation and will be used to shape and develop the new legislation, with the intention that the NCS will be fully functioning by the end of the Parliamentary term in 2026. This will impact on the delivery of services and over the next 2 – 3 years, proposed changes will have a direct impact on colleagues working in health and social care resulting in uncertainty and increased work challenges as we prepare for the implementation of the NCS.

Our Priorities and Ambitions for 2023/2026

The long-term vision for North Lanarkshire HSCP which was set out in the original Strategic Plan 2016/2026² remains relevant and will continue as our over-arching vision. Our Strategic Commissioning Plan 2023/2026³ sets out our commitment to achieve our long-term ambitions. Only by working together, can we bring about real change to improve the overall health and wellbeing for the people of North Lanarkshire.

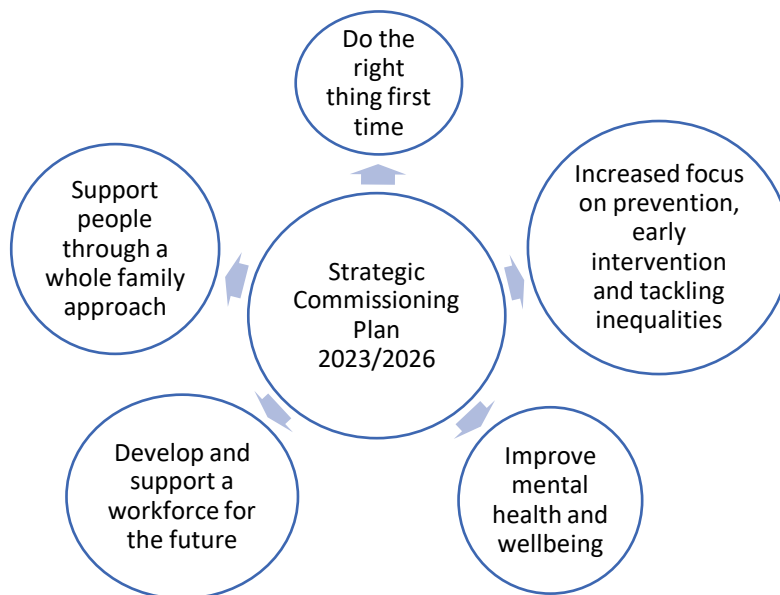
We continue to experience the long-term and lasting impact of the Covid-19 pandemic, whilst working with people to ensure they can access the support and treatment they require following a sustained period of disruption and restriction. This new plan will help to inform financial planning and how we allocate our resources to the programme of work 2023/2026. To enable us to measure how well we are doing, our achievements will be measured and reported against a range of national and local performance measures including the nine national health and wellbeing outcomes below.

NATIONAL HEALTH & WELLBEING OUTCOMES		
People are able to look after and improve their own health and wellbeing and live in good health for longer.	People, including those with disabilities or long-term conditions or who are frail, are able to live as far as reasonably practicable, independently and at home or in a homely setting in their community.	People who use health and social care services have positive experiences of those services, and have their dignity respected.
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care, and treatment they provide.	Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing.
Resources are used effectively and efficiently in the provision of health and social care services.	People using health and social care services are safe from harm.	Health and social care services contribute to reducing health inequalities.

² [Strategic Plan 2016/2026](#)

³ [Strategic Commissioning Plan 2023/2026](#)

Following our engagement with stakeholders, taking into account the experience of the past three years and the current and future challenges facing the partnership, we have revised our ambitions to the following:



Clearly, these priorities are interlinked, and we expect them to influence and shape each other as we progress our implementation. Under each priority area we will develop an agreed set of medium-term goals that we plan to address between 2023 and 2026. The Programme of Work will set out in detail the programmes that will be progressed over the next three years and will be annually updated to ensure that we stay on track, and at the same time, be able to respond to any new or emerging issues that we need to address. We will closely monitor our progress and continue to seek feedback from service users, carers, and families on the impact we are making.

Medium Term Financial Plan 2023/2026

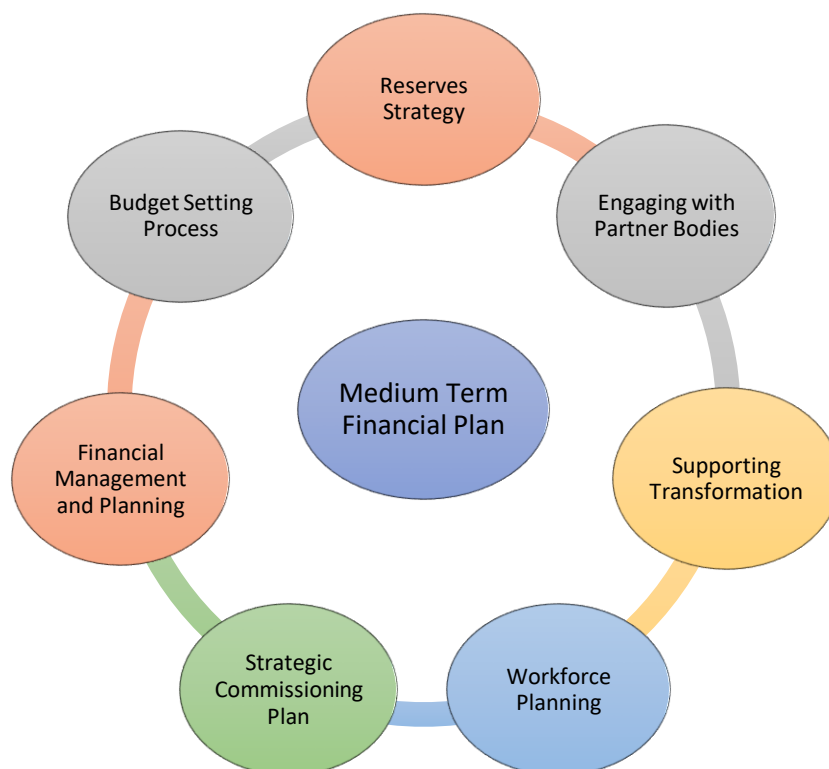
The North Lanarkshire IJB Medium to Long Term Financial Plan 2020/2030, outlined the anticipated financial challenges and opportunities that the partnership expected over the ten-year period and provided a framework which would support the partnership to remain financially sustainable.

The impact of Covid-19 on health and social care services and the economy created considerable unanticipated pressures, and therefore the partnerships governance arrangements were reviewed and adapted to support the response, and redesign of services. Whilst many of the elements in the previous financial plan remain, the pandemic and ensuing cost of living crisis has accelerated the delivery of some of our objectives, made others increasingly important and lowered the priority of some of our previously agreed actions.

Alongside the development of the new Strategic Commissioning Plan 2023/2026, it is consequently necessary to update our supporting plan to a Medium-Term Financial Plan (MTFP). The new MTFP 2023/2026⁴ reflects the impact of recovering from Covid-19 and other challenging factors facing the IJB. It has been condensed to a three-year plan rather than the original ten-year plan due to the pending formation of the National Care Service and the continuing uncertainty around future funding.

⁴ [Medium-Term Financial Plan 2023/2026](#)

By linking the MTFP to the plans and actions below, we ensure that consideration is given to all areas of our business, rather than concentrating on standalone objectives:



As was the case prior to the pandemic, the IJB's financial planning arrangements remain subject to active review, to enable us to continue to plan for a range of potential outcomes and scenarios. This helps us to manage emerging financial risks and challenges and the likely impact these could have on the financial position of the IJB. The financial position for public services continues to be challenging and it is therefore important that the IJB's ambitions are set within the content of the funding available. The aspiration to prepare a balanced budget covering a longer term will support the development of strategic savings plans and ensure the available resources are allocated effectively across competing priorities. This aspiration however is dependent on the certainty of the financial settlement from the Scottish Government.

Both partners have a proven track record of managing budgets effectively over many years. A clear strategy is required to ensure the IJB continue to remain financially sustainable over the medium term. The limited financial and workforce resources will require to be focussed on services which are sustainable and are targeted to those with the greatest need. In preparing the financial plan, a co-ordinated and strategic approach across the partnership has been adopted with both partners including the cost pressures in relation to their delegated functions.

A range of outcomes will continue to be analysed and the financial planning assumptions updated as the most likely scenarios emerge for future years. The Scottish Government aspiration to move to multi-year settlements in the future is welcome and would reduce the uncertainty which is currently impacting on strategic commissioning activity across the health and social care partnership.

Financial Performance

The financial year 2022/2023 has brought a fresh set of challenges including continued recovery from the pandemic, the current cost of living crisis, a changing demographic profile, staffing shortages and increased demand for services.

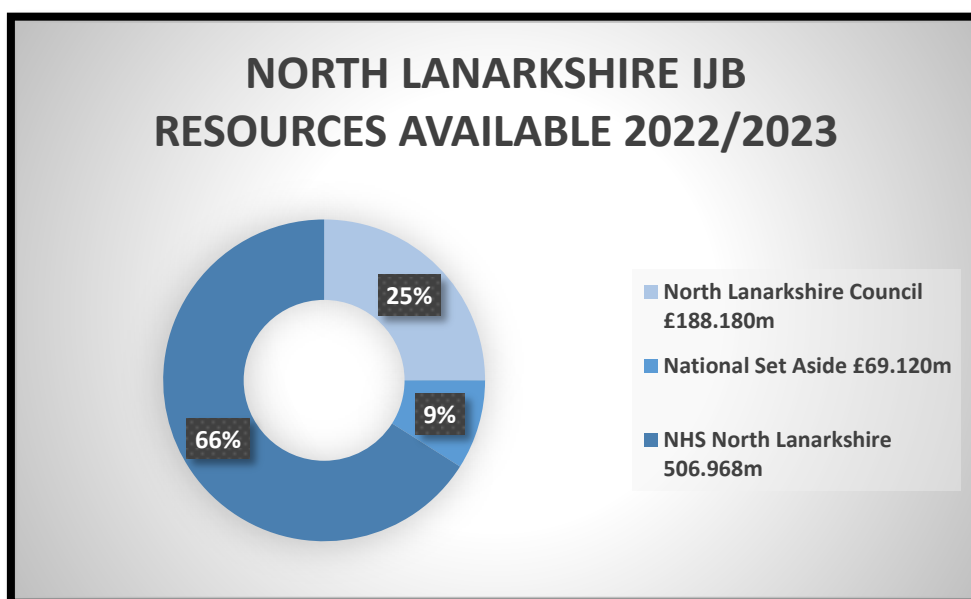
Through regular updates to the IJB from the Chief Finance Officer (CFO) and by ensuring decisions made throughout 2022/2023 were taken to support financial sustainability, the HSCP has successfully managed to deliver year on year financial balance. This has been achieved through a combination of:

- Flexible use of recurring and non-recurring resources.
- Creation and use of reserves for specific commitments.
- Delivery of approved savings through service redesign and removing duplication.
- Workforce planning and focusing on services that are sustainable in line with our Strategic Commissioning Plan.
- Implementing a co-ordinated and strategic approach across the partnership.
- Effective governance and audit controls.

Resources Available to the IJB

North Lanarkshire IJB delivers and commissions a range of health and social care services to our local population. This is funded through budgets delegated from both NHS Lanarkshire and North Lanarkshire Council. The level of funding available to the IJB is therefore heavily influenced by these organisations grant settlement from Scottish Government.

The combined recurring and non-recurring budgets available to the IJB in 2022/2023 to take forward the commissioning intention in line with the Strategic Commissioning Plan, is circa **£764m**. Included within the resources available is a 'Large Hospital Services' (Set Aside) budget totalling £69.120m. This budget is in respect of the functions delegated by the Health Board which are carried out in a hospital setting. The Set Aside budget for delegated services provided in acute hospitals is determined by apportioning the hospital expenditure to individual patient episodes, separating out episodes for services delegated to the IJB from those that are not, and assigning these to the relevant IJB based on postcode.



Summary of Financial Position 2022/2023

Throughout 2022/2023 the CFO financial monitoring report to the IJB projected an underspend, prior to the transfer of year end balances to reserves.

The year end underspend totalled £35.495m. Adjustments incurred against reserves in 2022/2023 totalled £57.001m leaving a deficit on the provision of services of £21.506m as shown in the Comprehensive Income and Expenditure Statement on page 25 and Movement in Reserves on page 26.

North Lanarkshire HSCP Final Outturn	2022/2023 £m
HSCP Underspend as at 31 March 2023	(35.495)
Adjustments to Reserves:	
Drawdown of Reserves for IJB Use	31.193
COVID-19 Funding Returned to Scottish Government	25.916
In Year Adjustment	(0.108)
Deficit on Provision of Services (Page 25)	
Movement in Reserves (Page 26)	21.506

The following provides a high-level summary of the key pressures and the main reasons why the IJB's final outturn resulted in an underspend against its budget in 2022/2023:

Employee Costs net underspend of £17.377m is in relation to ongoing challenges in terms of recruitment and retention of staff across all service areas. This underspend also includes Scottish Government funding of £8.270m allocated to help address the current staffing pressures. This funding will be carried forward into 2023/2024 within specific ring-fenced reserves to be used in 2023/2024.

Payments to Other Bodies net underspend of £1.511m is primarily due to the staff shortages and vacancies within the Care at Home sector who provide services to individuals via the self-directed support commissioning framework.

Admin Costs net underspend of £1.431m. This is ring-fenced carers funding that will be transferred to a dedicated earmarked reserve to fund carers pressures in 2023/2024.

Supplies and Services net overspend of £2.531m is due to additional purchases of PPE and staff uniform due to the increase in home support staff and costs associated with winter planning. There has also been additional expenditure in relation to aids and adaptations to meet current demand. £1.550m additional income was drawn down from earmarked reserves to offset some of this overspend and is showing in the over recovery of income.

Mental Health, Alcohol and Drug Partnership and HSCP Planning combined net underspend in non-pays totalling £13.330m. This is due to additional funding received from Scottish Government (£13.141m) which will be carried forward into 23/24 and allocated against new spending plans.

Prescribing net overspend of £1.750m is due to activity and cost per item being 3.19% higher compared to 2021/2022. Due to the uncertainty around costs and prescribing activity, the volatility experienced within prescribing is likely to continue for the foreseeable future.

Income over-recovery of £6.031m for Social Care is due to the drawdown of earmarked reserves to offset expenditure relating to winter planning, adaptations, digital and IT and staffing costs.

The cost of services incurred in 2022/2023 is compared to the previous two years in the table below:

North Lanarkshire HSCP Services	2020/2021	2021/2022	2022/2023
	£m	£m	£m
Social Care Services	189.048	202.610	236.972
Health Care Services	65.557	74.073	74.527
Family Health Services	105.773	109.652	115.625
Delegated Services	1.281	2.207	2.437
Hosted Services	141.034	149.126	159.642
IJB Operating Costs	0.212	0.214	0.247
Prescribing Costs	69.088	68.739	71.332
Covid-19 Costs	21.342	13.412	7.072
Set Aside	63.066	65.164	69.120
Income	(2.507)	(3.800)	(4.717)
COST OF SERVICES	653.894	681.397	732.256

Reserves Strategy

The IJB has the same legal status as a local authority and is therefore able to hold reserves under section 106 of the Local Government (Scotland) Act 1973. A reserve strategy was developed to provide security against unexpected cost pressures and to aid financial stability.

The IJB Reserves Strategy 2022/2023 allows for flexibility in terms of potential fluctuations. This allows for the IJB to increase contingency reserve balances significantly where resources permit providing future financial resilience for those years where the level of resources available to the IJB may be significantly constrained and will require a draw down from these reserves in order to deliver financial balance.

To protect the financial resilience of the IJB in the context of an increased financial risk profile, the IJB transferred £7.885m from the 2022/2023 in year underspend to contingency reserves. This provides a total contingency reserve of 3% of our financial envelope and aligns to the recommendation in our IJB Reserve Strategy of holding a 3% contingency reserve where possible.

The IJB also has committed actions attached to the Strategic Commissioning Plan and funding is therefore earmarked to specific projects to allow spend to be managed in a way that represents best value for the IJB to achieve its national outcomes. It is also important that in year funding available for government priorities are able to be ring-fenced and carried forward into the following financial year. As these funding allocations are to meet specific commitments, they must be carried forward to meet the conditions attached to their receipt. The table below shows the breakdown of the underspend transferred to reserves at year end:

Analysis of Transfer to IJB Reserves	£m
Ring-Fenced Reserves	21.411
Earmarked Reserves	6.199
Contingency Reserves	7.885
Total	35.495

Risk Management

The IJB Risk Management Strategy, which was updated and approved by the IJB in March 2023, complements the existing risk management processes within each partner by ensuring risk reports form a substantial item of business at all IJB meetings. There are three main risk registers across the partnership:

- IJB risk register outlining the strategic risks to the IJB;
- Health operational risk register, hosted within the NHS Lanarkshire system; and
- Social Work operational risk register, hosted within North Lanarkshire Council system.

Strong ties have been maintained with the corporate risk managers in both partner organisations and the IJB Risk Management Strategy, has been developed in conjunction with these leads, linking closely to both the North Lanarkshire Council and NHS Lanarkshire Risk Management Strategies.

At time of writing, there are currently seventeen open risks identified within our North Lanarkshire IJB Risk Register with two of these risks rated as very high and eight rated as high. The table below shows a summary of these:

Category	Description of Risk Summary	Current Risk Level
Financial	Financial Challenges: There are a range of financial challenges which will impact on the IJB's ability to deliver the Strategic Commissioning Plan with the financial envelope available.	High
Financial	Ineffective Governance Arrangements: There is a risk that the IJB is unable to prevent and detect fraud and corruptions within services due to inadequate governance arrangements and internal controls.	Low
Financial	Set-Aside Budget: There is a risk that the resources will not be transferred from Acute Services to the HSCP in line with the shift in the balance of care.	High
Financial	Hosted Services: There is a risk of dispute between the North and South Lanarkshire IJB in respect of the financial allocations underpinning the Hosted Services budget.	Medium
Financial	Prescribing: Prescribing costs may escalate due to the increases in activity and price volatility, new drugs becoming available, the response to Covid-19 and the impact of the EU withdrawal.	Very High
Financial	Third and Voluntary Sector: There is a risk our third sector organisations are vulnerable because of lack of certainty in respect of long-term funding, leading to instability and recruitment and retention challenges.	Low
Financial	Ineffective Governance Arrangements Due to Covid-19 Pandemic: There is a risk that the intensity of the required response to Covid-19 could result in a failure of governance.	Medium
Performance	Oversight of Performance Activity: There is a risk the IJB is not provided with adequate or sufficient performance information to enable it to discharge its scrutiny and oversight role.	Low
Performance	Staff Health & Wellbeing: There is a risk to the delivery of the Strategic Commissioning Plan as a result of sustained pressures on staff availability due to pressures, sickness, and redeployment.	High
Performance	Care Homes: Inability of care homes to sustain service due to staffing or Covid outbreaks resulting in closure to new placements.	Medium
Performance	Service Sustainability: There is a risk that the IJB will be unable to implement the strategic plan. Failure to achieve the desired IJB strategic aims poses a risk on operational service delivery.	High
Performance	Workforce Sustainability: It is becoming increasingly difficult to recruit to particular roles across Health and Social Care. Gaps in the workforce can result in reduction of service provision, increase in staff workload and inability to deliver the strategic plan.	High
Strategic & Performance	Children and Adolescent Mental Health Services: There is a risk that the CAMHS service cannot meet the increasing clinical demands due to a significantly high number of staff vacancies and recruitment challenges.	High
Strategic & Performance	Cost of Living: There is a risk that the Strategic Commissioning Plan will be unable to be delivered or not have the desired impact due to the cost-of-living increases being faced by residents.	High

Category	Description of Risk Summary (Continued)	Current Risk Level
Strategic & Performance	Unscheduled Care: There is a risk that we cannot sustain whole system patient flow through peak winter pressures due to increased front door demand, hospital workforce capacity, delays in onward movement of patients and HSCP workforce capacity.	Very High
Strategic & Performance	Community Alarms: There is a risk the community alarm system will be destabilised due to the national change from analogue to digital telephony by 2025.	Medium
Strategic	National Care Service: The ongoing work around the NCS could destabilise current service delivery due to significant change activity, time demands and staff uncertainty.	High

Acknowledgements

We would like to acknowledge the significant effort required to both produce the annual accounts and successfully manage the finances of the IJB and to record our thanks to the Finance teams in both North Lanarkshire Council and NHS Lanarkshire and colleagues in other services within the Partnership for their continued hard work and support.

Councillor Ayesah Khan

Chair, North Lanarkshire Integration Joint Board

Date:

Ross McGuffie

Chief Officer

Date:

Amanda Kilburn FCCA

Chief Finance Officer

Date:

STATEMENT OF RESPONSIBILITIES

Responsibilities of the North Lanarkshire Integration Joint Board

The North Lanarkshire Integration Joint Board is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the board 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 Finance 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.

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

Signed on behalf of the North Lanarkshire Integration Joint Board

**Councillor Ayeshah Khan
Chair, North Lanarkshire Integration Joint Board**

Date:

Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Integration Joint Board's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the Local Authority Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also:

- * Kept proper accounting records which were up-to date.
- * Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that these Annual Accounts present a true and fair view of the financial position of the North Lanarkshire Integration Joint Board as at 31 March 2023 and the transactions for the year then ended.

**Amanda Kilburn FCCA
Chief Finance Officer**

Date: 21 June 2023

REMUNERATION REPORT

The Local Authority Accounts (Scotland) Regulations 2014 (SSI No. 201/200) require local authorities and IJBs in Scotland to prepare a Remuneration Report as part of the annual statutory accounts.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by Audit Scotland to ensure it is consistent with the financial statements.

Voting Board Members

Voting IJB members constitute councillors nominated as board members by constituent authorities and NHS representatives nominated by the NHS Board. The voting members of North Lanarkshire IJB were appointed through nomination by North Lanarkshire Council and NHS Lanarkshire.

The regulations require disclosure of remuneration information for 'relevant' persons. A 'relevant' person in relation to the Remuneration Report includes a senior officer holding office with associated authority, whether on a permanent or temporary basis, in the financial year to which that Remuneration Report relates.

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

Taxable Expenses 2021/2022 £	Name	Post Held*	Nominated by	Taxable Expenses 2022/2023 £
-	Cllr Paul Kelly	IJB Chair (1 April 2022 to 21 June 2022)	North Lanarkshire Council	-
-	Cllr Tracy Carragher	IJB Chair (22 June 2022 to 24 August 2022)	North Lanarkshire Council	-
-	Cllr Ayeshah Khan	IJB Chair (25 August 2022 to 31 March 2023)	North Lanarkshire Council	-
-	Brian Moore	IJB Vice Chair (22 June 2022 to 31 March 2023)	NHS Lanarkshire	-

* Vice Chair vacant from 1 April 2022 to 21 June 2022.

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

There were no exit packages payable during the financial year.

Officers of the IJB

The IJB does not directly employ any staff in its own right however specific post-holding officers are non-voting members of the Board.

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

The senior officers received the following remuneration in the period:

Total Earnings 2021/2022 £	Name and Post Title*	Total Earnings * 2022/2023 £
102,352	Ross McGuffie Chief Officer 1 April 2022 to 31 March 2023	112,098
36,631	Marie Moy Chief Finance Officer 1 April 2022 to 6 May 2022	3,645 (FYE 38,004)
-	Amanda Kilburn Chief Finance Officer 22 August 2022 to 31 March 2023	45,844 (FYE 74,370)

* M Moy, Chief Finance Officer was also appointed to the South Lanarkshire IJB from 1 April 2021 to 6 May 2022. Therefore, the remuneration disclosed above for this post, is the proportion of remuneration received solely in relation to the activity of the North Lanarkshire IJB.

* FYE: Full Year Estimate includes an estimate of the full year salary from 1 April 2022 for Amanda Kilburn who started as Chief Finance Officer on 22 August 2022 and a proportion of full year salary to 31 March 2023 for Marie Moy who left as Chief Finance Officer on 6 May 2022.

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

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 pension liability reflected on the IJB balance sheet for the Chief Officer or the Chief Finance Officer.

The IJB however, has responsibility for funding the employee contributions for the current year in respect of the officer time spent fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The table also shows the total value of the accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

Name and Post Title	In Year Pension Contribution*		Accrued Pension Benefits*		
	For Year to 31/03/2022 £	For Year to 31/03/2023 £	Description	As at 31/03/2022 £000	As at 31/03/2023 £000
Ross McGuffie Chief Officer	21,291	21,635	Pension	10	12
			Lump Sum	-	-
Marie Moy Chief Finance Officer	7,058	365	Pension	16	-
			Lump Sum	22	-
Amanda Kilburn Chief Finance Officer	-	8,848	Pension	-	15
			Lump Sum	-	-

* The pension contribution and benefits for M Moy, Chief Finance Officer relate to the proportion attributable to the activity of the North Lanarkshire IJB based on a pro-rata approach.

Councillor Ayeshah Khan

Chair, North Lanarkshire Integration Joint Board

Date:

Ross McGuffie

Chief Officer

Date:

ANNUAL GOVERNANCE STATEMENT

The Annual Governance Statement reports on the effectiveness of the IJB's governance arrangements and system of internal control and explains how the IJB complies with the Code of Corporate Governance and meets the requirements of the 'Delivering Good Governance in Local Government' framework developed by CIPFA and SOLACE in 2016.

Scope of Responsibility

The IJB is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The IJB also aims to foster a culture of continuous improvement in the performance of the IJB's functions and to make arrangements to secure best value.

To meet this responsibility, the IJB has established arrangements for governance which includes a system of internal controls. The system is intended to manage risk to support the achievement of the IJB's policies, aims and objectives. Reliance is also placed on the North Lanarkshire Council and NHS Lanarkshire systems of internal control which support compliance with both organisations' policies and promotes achievement of each organisations aims and objectives, as well as those of the IJB. This system can only provide reasonable and not absolute assurance of effectiveness.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the IJB is directed and controlled. It enables the IJB to monitor the achievement of the objectives set out in the IJB's Strategic Commissioning Plan. The governance framework is continually updated to reflect best practises, new legislative requirements, and the expectations of stakeholders.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks in the achievement of the IJB's objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them effectively.

Governance Framework and Internal Control System

The IJB comprises of eight voting members, with one from each partner organisation assuming the role of Chair and Vice Chair. Four are Council Members nominated by North Lanarkshire Council and four are Non-Executive Members appointed by NHS Lanarkshire. The term of office is for a period of three years. There are also a number of non-voting professional and stakeholder members on the IJB board. Stakeholder members currently include third sector, carers, staff representatives, service users and professional members including the Chief Officer and Chief Finance Officer. The IJB, via a process of delegation from NHS Lanarkshire and North Lanarkshire Council, has responsibility for the planning, resourcing and operational delivery of all delegated health and social care within its geographical area.

The main features of the governance framework are:

Principles

- The IJB follows the principles set out in the Convention of Scottish Local Authorities (COSLA) and the Accounts Commission in 1996 Code of Guidance on Funding External Bodies and Following the Public Pound for both resources delegated to the IJB, and resources paid to its Local Authority and Health Service partners.

Formal Frameworks

- The IJB is formally constituted through the Integration Scheme agreed by North Lanarkshire Council and NHS Lanarkshire and approved by Scottish Ministers.
- The IJB operates within an established procedural framework. The roles and responsibilities of board members and officers are defined within standing orders, scheme of delegation and financial governance arrangements which are subject to regular review. The IJB Code of Corporate Governance⁵ was approved by the IJB on 18 July 2017 which is subject to ongoing updates as required. Board members adhere to an established Code of Conduct and are supported by induction and ongoing training and development. Staff 'Personal Development Plan' (PDP) schemes are also in place, the aim of which is to focus on performance and development that contributes towards achieving service objectives.
- The HSCP has robust structures which are based on service delivery, care and interventions that are person centred, timely, outcome focused, equitable, safe, efficient, and effective. Reports are presented to the IJB throughout the year which provides evidence to demonstrate the delivery of our core components within our frameworks and the Clinical and Care Governance principles specified by Scottish Government.

Strategic Planning

- The overarching strategic vision and objectives of the IJB are detailed in the IJB Strategic Commissioning Plan which sets out the key outcomes the IJB is committed to delivering with its partners.
- The Strategic Planning Group sets out the IJB's approach to engage with stakeholders. Consultation on the future vision and activities of the IJB is undertaken with its Health Services and Local Authority partners. The IJB regularly publishes information regarding its performance.
- The Medium-Term Financial Plan 2023/2026 outlines the financial challenges and opportunities the HSCP faces over the next three years and provides a framework which will support the HSCP to remain financially sustainable. It complements the IJB Strategic Commissioning Plan 2023/2026, highlighting how the financial plan will support the delivery of the IJB's strategic objectives and priorities.

Oversight

- Effective scrutiny and service improvement activities are supported by the formal submission of reports, findings and recommendations by Inspectorates and the appointed Internal Audit Service to the IJB's Senior Management Team, the main IJB board and the Performance, Finance and Audit Committee, as appropriate.
- Performance management, monitoring of service delivery and financial governance is provided by the HSCP to the IJB, who are accountable to both the Health Board and Local Authority. It reviews reports on the effectiveness of the integrated arrangements including the financial management of the integrated budget. This ensures there is a regular scrutiny at senior management, committee, and board level. Information on performance can be found in the Annual Performance Report published on our North Lanarkshire HSCP website⁶.

Risk Management

- In line with the continued and ongoing review of the IJB Risk Register, new and emerging risks or changes in risk level are agreed at each Senior Management Team, IJB and PFA meeting as appropriate. The current risks at time of writing are summarised in the Management Commentary on pages 12-13.

⁵ [IJB Code of Corporate Governance](#)

⁶ [Health & Social Care North Lanarkshire Website](#)

Financial Control

- Responsibility for maintaining and operating an effective system of internal financial control rests with the Chief Finance Officer. The system of internal financial control is based on a framework of regular management information, Financial Regulations and Standing Financial Instructions, administrative procedures, including segregation of duties, and management and supervision including delegation and accountability. Development and maintenance of these systems is undertaken by managers within the HSCP supported by North Lanarkshire Council and NHS Lanarkshire in relation to the operational delivery of health and social care services.

Transformational Change

- The Medium-Term Financial Plan and the Strategic Commissioning Plan recognises the need to transform the way in which the HSCP delivers services to ensure the sustainability of health and social care services going forward. Together with the IJB Reserves Strategy, both plans are regularly reviewed over their lifespan, and amended as necessary to reflect the current challenges and pressures the partnership face.

Review of Adequacy and Effectiveness

- Due to the nature of the IJB membership, a conflict of interest can arise between individual board and committee members and the responsibilities they have to the IJB. It is the responsibility of board and committee members to declare any potential conflicts of interest, and it is the responsibility of the Chair of the relevant board or committee to ensure such declarations are appropriately considered and acted upon.
- The IJB has responsibility for conducting, an annual review of the effectiveness of the system of internal control and the quality of data used throughout the organisation. The review is informed by the work of the Senior Management Team who have the responsibility for the development and maintenance of the internal control framework, the work of the internal and external audit teams and other independent inspectorates.
- Internal Audit undertake an annual programme following an assessment of risk completed during the strategic audit planning process. The appointed Chief Internal Auditor in conjunction with the Head of Audit and Risk, provide an annual report to the IJB PFA giving an independent opinion of the adequacy and effectiveness of the governance framework, risk management and internal controls.
- Based on the audit work undertaken directly on behalf of the IJB and being informed by internal audit, work undertaken independently by each respective internal audit function within North Lanarkshire Council and NHS Lanarkshire, the Chief Internal Auditor and Head of Audit and Risk is able to conclude that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the IJB's framework of governance, risk management and internal controls.

Roles and Responsibilities

The Chief Officer is the Accountable Officer for the IJB and has day-to-day operational responsibility to monitor delivery of integrated services, with oversight from the IJB.

The IJB complies with the CIPFA statement on 'The Role of the Chief Finance Officer in Local Government 2014'. The IJB Chief Finance Officer has responsibility for North Lanarkshire HSCP financial arrangements and is professionally qualified and suitably experienced to lead and advise the IJB finance function.

The IJB complies with the requirements of the Public Internal Audit Standards (PSIAS) and the approved Internal Audit Charter for the IJB. The appointed IJB Chief Internal Auditor has responsibility for the IJB internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service operates in accordance with the CIPFA 'Public Sector Internal Audit Standards 2017'.

Board members and officers of the IJB are committed to the concept of sound internal control and the effective delivery of health and social care services. The IJB Performance, Finance and Audit Committee operates in accordance with CIPFA Audit Committee Principles in Local Authorities in Scotland and Audit Committees 'Practical Guidance for Local Authorities'. The Committee core function is to provide the IJB with independent assurance on the adequacy of the risk management framework, the internal control environment, the integrity of the financial reporting and governance arrangements.

In March 2023, the IJB approved a revision to the IJB Performance, Finance and Audit Committee Terms of Reference, delegating the power to approve the IJB Annual Accounts effective from the financial year 2022/2023 and each year thereafter. The PFA Terms of Reference have been revised to account for this change.

An update to the North Lanarkshire IJB Governance Document was approved by the IJB on 17 May 2023 which includes IJB Programme of Reports, Equality Impact Assessment, Code of Conduct and Declaration of Interest, Directions, IJB Risk Reporting Process and Risk Reporting Template⁷.

Action Plan

To ensure continual improvement of the IJB's governance arrangements, the following action plan has been agreed. Also included are improvement areas identified by Audit Scotland within their Annual Audit Report. Regular updates on progress of the agreed actions will be presented to and monitored by the IJB Performance, Finance and Audit Committee.

2021/2022 Ref	Improvement Area	Agreed Action	Responsible Person	Date
1	Review of Set-Aside Concept	Due to the complexity of the data surrounding this area, it has been agreed with the partner that the current process will remain as described in note 2 Critical Judgments and Estimation Uncertainty, until a decision is taken at a national level.	Chief Finance Officer	Complete
2	Website Refresh	HSCP working group have completed the development of the new IJB website which reflects the current operating model. There is a dedicated team who will take ownership and responsibility for maintaining and updating it. The new website launched at the end of February 2023 with endorsement by the IJB on 22 March 2023.	IJB Chief Officer	Complete
3	Medium Term Financial Plan	The new Medium Term Financial Plan 2023/ 2026 reflects the impact of recovering from Covid-19 and other challenging factors facing the IJB. The plan was approved by the IJB on 22 March 2023 and aligns to the new Strategic Commissioning Plan 2023/ 2026 and the current IJB Reserves Strategy.	Chief Finance Officer	Complete

⁷ [North Lanarkshire IJB Governance Document Update 2023](#)

2022/2023 Ref	Improvement Area	Agreed Action	Responsible Person	Date
1	Completion of previous internal and external audit actions.	All external and internal audit actions have been completed apart from the Service Level Agreement (SLA) with Children, Families and Justice. This SLA will be revisited once further clarity has been obtained around what services will be part of the new National Care Service. Progress was reported to the PFA Committee in November 2022 and April 2023.	Chief Finance Officer	Complete (Pending National Care Service)
2	National Care Service	To develop a sound understanding of the impact for the NLHSCP of the outputs of the National Care Service legislation. Due to the uncertainty and lack of detail currently available, the revised date of completion has been moved to March 2024.	Chief Officer	Updated timescale: March 24
3	Implementation of improvement actions identified in the Best Value Self-Assessment exercise.	Both the Strategic Commissioning Plan 2023/2026 and the Medium-Term Financial Plan 2023/2026, approved at the IJB on 22 March 2023, align to strengthen outcomes against resources. By ensuring good practise and lessons learned, both plans have aligned to future funding and reserves to link with outcomes around the improvement actions in the Best Value Self-Assessment exercise.	Head of Planning, Performance and Quality Assurance	Complete
4	Review the IJBs progress in becoming a Category 1 Responder as set out within the Civil Contingencies Act	In conjunction with the Local Resilience Partnership, undertake a self-assessment review against the seven duties, reporting progress to the West of Scotland Regional Resilience Partnership. Report submitted and reviewed by the IJB on 22 March 2023.	Chief Officer	Complete
5	Accounts Inspection	The IJB should ensure it has procedures in place to ensure the accounts inspection advert is published in line with criteria set out in the Local Authority Accounts (Scotland) Regulations 2014.	Chief Finance Officer	June 2023
6	2022/23 Reserves Strategy	The IJB 2022/23 Reserves Strategy was presented and approved by the IJB Committee on 22 March 2023. The Reserves Strategy will continue to be updated in line with the new Strategic Commissioning Plan 2023/2026 and the new Medium Term Financial Plan 2023/2026.	Chief Finance Officer	Complete
7	Review of Financial Regulations	Revised Financial Regulations were approved at the Performance, Finance and Audit Committee on 15 February 2023 and include the services currently delegated by each partner to the IJB and the principal method of accounting for Hosted Services.	Chief Finance Officer	Complete

Internal Audit Opinion

Internal control remains, primarily, a management responsibility to ensure that the partnership conducts its business in a manner that has due regard to the principles of good governance. Overall, the results of the work undertaken by Internal Audit including reports produced by External Audit, help to inform an opinion on whether the internal controls the North Lanarkshire HSCP has in place are adequate. The joint internal audit opinion is that reasonable assurance can be placed upon the adequacy and effectiveness of the North Lanarkshire IJB's framework of governance, risk management and internal control.

Conclusion and Opinion on Assurance

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements. The IJB has adhered to the stated principles of good governance, acted in the public interest, and been committed to continuous improvement. The scrutiny and oversight of the IJB Performance, Finance and Audit Committee contributes effectively to these arrangements. There were no significant control weaknesses, issues, or failures in the expected standards for good governance, risk management and internal control.

We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact and are consistent with the recommendations of the CIPFA/SOLACE Framework (2016).

Councillor Ayeshah Khan

Chair, North Lanarkshire Integration Joint Board

Date:

Ross McGuffie

Chief Officer

Date:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

This statement shows the actual cost of providing services in accordance with generally accepted accounting practices. It includes, on an accrual basis, all expenses and related income.

2021/2022			North Lanarkshire Health & Social Care Partnership Integration Joint Board	Note	2022/2023		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£m	£m	£m			£m	£m	£m
202.610	(1.593)	201.017	Social Care Services		236.972	(2.280)	234.692
74.073		74.073	Health Care Services		74.527		74.527
109.652		109.652	Family Health Services		115.625		115.625
149.126		149.126	Hosted Services	11	159.642		159.642
1.668	(1.668)	0.000	Housing Services		1.886	(1.886)	0.000
0.539	(0.539)	0.000	Transport Services		0.551	(0.551)	0.000
0.214		0.214	Corporate Services	6	0.247		0.247
68.739		68.739	Prescribing		71.332		71.332
65.164		65.164	Set Aside for Hospital Acute Services		69.120		69.120
13.412		13.412	Covid-19 Costs	10	7.072		7.072
685.197	(3.800)	681.397	Total Cost of Services		736.974	(4.717)	732.256
	(702.633)	(702.633)	Taxation and Non-Specific Grant Income	5		(709.408)	(709.408)
	(45.098)	(45.098)	Covid-19 Funding	10		(1.342)	(1.342)
685.197	(751.531)	(66.334)	(Surplus) or Deficit on Provisions of Services (Movement in Reserves)		736.974	(715.467)	21.506

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

North Lanarkshire Health & Social Care Partnership Integration Joint Board	General Fund Balance	Total Reserves
	£m	£m
Movement in Reserves during 2021/2022:		
Opening Balance at 1 April 2021	(53.118)	(53.118)
Total Comprehensive Income and Expenditure (Increase) or decrease in 2021/22	(66.334)	(66.334)
Closing Balance at 31 March 2022	(119.452)	(119.452)
Movement in Reserves during 2022/2023:		
Opening Balance at 1 April 2022	(119.452)	(119.452)
Total Comprehensive Income and Expenditure (Increase) or decrease in 2022/23	21.506	21.506
Closing Balance at 31 March 2023	(97.946)	(97.946)

BALANCE SHEET AS AT 31 MARCH 2023

The balance sheet shows the value of the IJB's assets and liabilities as at 31 March 2023. The net assets of the IJB (assets less liabilities) are matched by the reserves held by the IJB.

31 March 2022	North Lanarkshire Health & Social Care Partnership Integration Joint Board	Notes	31 March 2023
£m			£m
119.452	Current Assets Short Term Debtors	7	97.946
-	Current Liabilities Short Term Creditors	7	-
119.452	Net Assets		97.946
119.452	Usable Reserves: General Fund	8	97.946
119.452	Total Reserves		97.946

The Statement of Accounts presents a true and fair view of the financial position of the North Lanarkshire Integration Joint Board as at 31 March 2023 and its income and expenditure for the year then ended.

The unaudited accounts were authorised for issue on **21 June 2023**.

Balance Sheet signed by:

Amanda Kilburn FCCA

Chief Finance Officer

Date: 21 June 2023

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

General Principles

The financial statements summarise the transactions of the IJB for the financial year 2022/2023 and its position at 31 March 2023.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973. It is a joint venture between North Lanarkshire Council and NHS Lanarkshire.

The financial statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023, supported by the International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment. Each partner complies with their accounting policies as appropriate.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. 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.

Funding

The IJB is primarily funded through funding contributions from its statutory funding partners, North Lanarkshire Council and NHS Lanarkshire. Expenditure is incurred as the IJB commissions specified health and social care services from the funding partners for the benefit of service recipients in North Lanarkshire and service recipients in South Lanarkshire, for services that are delivered under hosted arrangements.

Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. All 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 produce a cash flow statement. The funding balance due to or from each funding partner as at 31 March 2023 is represented as a debtor or creditor on the IJB's balance sheet.

Employee Benefit

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.

The IJB has a legal responsibility to appoint a Chief Officer. A Chief Finance Officer has also been appointed to the IJB. More details on these arrangements are provided in the remuneration report. The charges for the employing partners are treated as employee costs. Where material, the absence entitlement at 31 March is accrued, for example in relation to annual leave earned but not yet taken. In the case of North Lanarkshire IJB any annual leave earned by the Chief Officer and Chief Finance Officer, but not yet taken is not considered to be material.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation on 31 March due to a past event, settlement of the obligation is probable, and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's balance sheet but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's balance sheet but is disclosed in a note only if it is probable to arise and can be reliably measured.

Indemnity Insurance / Clinical and Medical Negligence

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding board member and officer responsibilities through the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS). North Lanarkshire Council and NHS Lanarkshire have responsibility for claims in respect of the services for which they are statutorily responsible for and that they provide.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material, the overall expected value of known claims taking probability of settlement into consideration, is provided for in the IJB balance sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and where material, presented as either a debtor or disclosed as a contingent asset.

Debtors and Creditors

Financial instruments are recognised in the balance sheet when an obligation is identified and released as that obligation is fulfilled. Debtors are held at fair value and represent funding due from partner bodies that was not utilised in year. There are no creditor balances.

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 2023, the usable reserve balance totals **£97.946m**. There are no unusable reserves.

Specific Service Income

Income may be received from individuals as a contribution towards the cost of their social care service. 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 2022/2023 annual accounts have been prepared.

Note 2. Critical Judgements and Estimation Uncertainty

In preparing the 2022/2023 financial statements, the IJB has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgments made in the annual accounts are:

- **Hosted Services**

Within Lanarkshire, each IJB has operational responsibility for the services which it hosts on behalf of the other IJB. In delivering these services each IJB has primary responsibility for the provision of the services and bears the risk and reward associated with this service delivery in terms of demand and the financial resources required. As such the IJB is considered to be acting as 'principle', and the full costs are reflected within the annual accounts for the services which it hosts. This is the basis on which North Lanarkshire IJB accounts have been prepared.

- **Hospital Acute Services (Set-Aside)**

The legislation sets out that Integration Authorities are responsible for the strategic planning of hospital services most commonly associated with the emergency care pathway along with primary and community health care and social care services. As the emergency care services in large hospitals, both within Lanarkshire and out of region, are used by the residents of multiple IJBs and are delivered using resources shared with other hospital services, estimating the resource used by each IJB each year involves a complex allocation methodology.

This is enabled by NHS Public Health Scotland (PHS) and involves apportioning the hospital expenditure to individual patient episodes, separating out episodes for services delegated to the IJB from those that are not, and assigning these to the relevant IJB based on postcode. The complexity of this exercise means the results are produced at a time lag of over a year.

Note 3. Events After the Balance Sheet Date

The Chief Finance Officer authorised the unaudited annual accounts for issue on 21 June 2023. Events after the balance sheet date are those events that occur between the end of the reporting period and the date when the statements are authorised for issue.

Where events take place before the date of authorisation and provide information about conditions existing as at 31 March 2023, the figures in the financial statements and notes would be adjusted in all material aspects to reflect the impact of this information. There have been no material events since the date of the balance sheet which require revision to the figures in the annual accounts.

Note 4. Expenditure and Income Analysis by Nature

The following table shows the gross expenditure and income for North Lanarkshire IJB against subjective headings:

Expenditure and Income Analysis by Nature	2021/2022	2022/2023
	£m	£m
Social Care Services	202.610	236.972
Health Care Services - Localities	58.073	58.422
Health Care Services - Area Wide	11.010	11.189
Health Care Services - Out of Area	4.990	4.917
Family Health Services	109.652	115.625
Housing Services	1.668	1.886
Transport Services	0.539	0.551
Hosted Services - Led by North IJB	114.573	125.402
Hosted Services - Led by South IJB	34.553	34.240
IJB Operating Costs	0.214	0.247
Prescribing Costs	68.739	71.332
Covid-19 Costs	13.412	7.072
Set Aside	65.164	69.120
Income	(3.800)	(4.717)
Total Cost of Services	681.397	732.256
Partners Funding Contributions and Non-Specific Grant Income	(702.633)	(709.408)
Covid-19 Funding	(45.098)	(1.342)
(Surplus)/Deficit on Provision of Services	(66.334)	21.506

Note 5. Taxation and Non-Specific Grant Income

The following table shows the funding contribution from the two partner organisations:

Taxation and Non-Specific Grant Income	2021/2022	2022/2023
	£m	£m
Funding Contribution from NHS Lanarkshire	(537.845)	(523.649)
Funding Contribution from North Lanarkshire Council	(164.788)	(185.759)
Total	(702.633)	(709.408)

The funding contribution from the NHS Board shown above includes £69.120m in respect of 'Set Aside' resources relating to acute hospital services. 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 and level of demand placed on these resources.

Excluded from the funding contribution from the partners above is any specific service income contributions from clients towards the cost of their social care services. In 2022/2023 this income totalled £2.280m and is presented as gross income in the Cost of Services within the Comprehensive Income and Expenditure Statement on page 25.

Note 6. IJB Operating Costs

North Lanarkshire Council and NHS Lanarkshire provide a range of support services for the IJB including finance, personnel, planning, audit, payroll, debtor, and creditor services. There is no charge to the IJB for these support services.

The costs associated with running the IJB are shown in the following table:

IJB Operating Costs (Corporate Services)	2021/2022	2022/2023
	£m	£m
Staff Costs	0.183	0.213
Audit Fees	0.028	0.031
Administration Costs	0.003	0.003
Total	0.214	0.247

Note 7. Short Term Debtors and Creditors

At 31 March 2023, North Lanarkshire IJB had short term debtors of £97.946m relating to the reserves held in the Balance Sheet. There were no short-term creditors. Amounts owed by funding partners are stated on a net basis and are classified as short-term debtors on the basis that these reserves could be utilised at any time.

Short Term Debtors	2021/2022	2022/2023
	£m	£m
NHS Lanarkshire	87.533	62.180
North Lanarkshire Council	31.919	35.766
Total	119.452	97.946

Short Term Creditors	2021/2022	2022/2023
	£m	£m
NHS Lanarkshire	-	-
North Lanarkshire Council	-	-
Total	-	-

Note 8. Usable Reserves: General Fund

The purposes of the General Fund are detailed in the IJB Reserves Policy⁸ and summarised below:

- Funding received for a specific purpose and not yet spent will be allocated to a ring-fences reserve.
- Funding for future expenditure needs and key financial risks will be allocated to earmarked reserves.
- A contingency reserve is required to cushion the impact of unexpected events or emergencies.

At 31 March 2023 the IJB created earmarked reserves to support the delivery of projects which span financial years and ring-fenced reserves to enable the IJB to deliver on specific Scottish Government funded programmes. In addition, the contingency reserve has been increased as part of the financial strategy of the IJB. This will be used to manage the risk of any future unanticipated events and support service provision that may materially impact on the financial position of the IJB in later years.

⁸ [IJB Reserves Policy](#)

The following table shows how reserves are allocated:

USEABLE RESERVES	2021/2022	2022/2023
Scottish Government Ring-Fenced Reserves	£m	£m
Alcohol and Drug Partnership Funding	1.187	3.348
Blood-Borne Viruses Services	-	0.171
Children and Adolescent Mental Health Services	0.900	4.101
Community Living Change Fund	1.298	1.298
Covid-19 Funding	31.686	0.771
District Nursing - Scottish Government Funded	0.128	0.376
Hospital at Home Services - Support Development	-	0.621
Mental Health and Learning Disability Services	0.730	11.290
North Planning Band 2-4 Posts & Pharmacy Training	-	1.106
Ring-Fenced Reserves - Other Services	1.748	4.495
Scottish Government Ring-Fenced Reserves Total	37.677	27.577
Earmarked Reserves	£m	£m
Adult Social Care Winter Preparedness Fund	1.941	1.941
Carers Act Support	0.580	2.643
Children and Adolescent Mental Health Services	0.717	0.346
Digital and IT Strategy	0.566	5.630
Earmarked Reserves - Other Services	46.481	5.263
Home Support Resilience	0.217	3.498
Integrated Authority Support	6.076	4.926
IJB Financial Plan 2023/2026	6.818	8.947
Minor Repair and Replacement Programme of Works	1.387	3.390
Social Care Services	4.832	5.216
Speech, Language and Therapy Services	0.807	-
Winter Funding Business Case	0.308	5.608
Earmarked Reserves Total	70.730	47.408
Contingency Reserve Total	11.045	22.961
Total North Lanarkshire IJB Reserves	119.452	97.946

Note 9. Related Party Transactions

The IJB has related party transactions with North Lanarkshire Council and NHS Lanarkshire. In particular the nature of the partnership means that the IJB may influence and be influenced by its partners.

Non-voting board members are not directly employed by NHS Lanarkshire however, a contribution of 50% of the cost of the Chief Officer is made by NHS Lanarkshire along with the full cost of the Chief Finance Officer. This payment is included in the IJB Operating Costs (Corporate Services) in the Comprehensive Income and Expenditure Statement and detailed at Note 6.

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.

The following transactions and balances included in the IJB annual accounts are presented to provide additional information on related party relationships.

Income Received	2021/2022	2022/2023
	£m	£m
NHS Lanarkshire	-	
North Lanarkshire Council	(3.800)	(4.717)
Total	(3.800)	(4.717)

Expenditure on Services Provided	2021/2022	2022/2023
	£m	£m
NHS Lanarkshire	472.132	496.010
North Lanarkshire Council	213.065	240.964
Total	685.197	736.974

Funding Contributions Received	2021/2022	2022/2023
	£m	£m
NHS Lanarkshire	(537.845)	(523.649)
North Lanarkshire Council	(164.788)	(185.759)
Covid-19 Funding	(45.098)	(1.342)
Total	(747.731)	(710.750)

Debtors	2021/2022	2022/2023
	£m	£m
NHS Lanarkshire	87.533	62.180
North Lanarkshire Council	31.919	35.766
Total	119.452	97.946

Note 10. Covid-19 Costs and Funding

The following table shows how additional funding provided by Scottish Government in response to supporting the remobilisation of services and continuing Covid-19 pressures has been utilised in 2022/2023. The remaining balance of £7k will be carried forward into 2023/2024 to provide PPE to unpaid carers:

Description	2022/2023
	£m
NHS Lanarkshire Funding	(31.686)
North Lanarkshire Council Funding	(1.342)
Uncommitted Funding Returned to Scottish Government*	25.916
Adjustment to Covid-19 Reserve	0.033
NHS Lanarkshire Costs	5.730
North Lanarkshire Council Costs	1.342
Total Covid-19 Costs 2022/2023	7.072
Balance as at 31/03/2023	(0.007)

*Uncommitted Covid-19 funding totalling £25.916m has been returned to Scottish Government via a local transfer between North Lanarkshire IJB and NHS Lanarkshire.

Note 11. Hosted Services

North Lanarkshire IJB act as the lead for a number of delegated services on behalf of South Lanarkshire IJB. It therefore commissions services on behalf of South Lanarkshire IJB and reclaims the costs involved. Since North Lanarkshire IJB is acting as 'principal' in these transactions, the total gross expenditure and the consequential reimbursement is included in the Comprehensive Income and Expenditure Statement even though 49% of the hosted budget is consumed by South Lanarkshire.

Host: North Lanarkshire				
North Lanarkshire Services 2021/2022	Consumed by South Lanarkshire 2021/2022	Service	North Lanarkshire Services 2022/2023	Consumed by South Lanarkshire 2022/2023
£m	£m		£m	£m
1.364	0.739	Blood Borne Virus Services	1.535	0.764
7.157	6.097	Children and Adolescents Mental Health Services	11.127	7.193
11.513	5.619	Childrens Services	12.220	6.035
2.216	1.099	Continence Services	2.452	1.177
3.519	1.864	Dietetics Services	3.753	1.996
2.178	1.264	Hospital at Home	2.166	1.277
3.564	1.077	Immunisation Services	2.473	0.940
-	0.278	Integrated Equipment and Adaptation Store	-	0.278
68.844	38.312	Mental Health and Learning Disability Services	74.366	41.490
4.045	2.118	Podiatry Services	4.434	2.250
1.724	0.984	Prisoner Healthcare Services	1.908	0.874
2.809	1.442	Sexual Health Services	2.974	1.541
5.640	2.962	Speech and Language Therapy Services	5.994	3.195
114.573	63.855	Total Services Hosted by North Lanarkshire IJB	125.402	69.010

Similarly, South Lanarkshire IJB acts as the lead for a number of delegated services on behalf of North Lanarkshire IJB. The value consumed by North Lanarkshire equates to 51% of South Lanarkshire IJB hosted budget. As this expenditure is incurred for the residents of North Lanarkshire, it is included in the Comprehensive Income and Expenditure Statement.

Host: South Lanarkshire				
Consumed by North Lanarkshire 2021/2022	South Lanarkshire Services 2021/2022	Service	Consumed by North Lanarkshire 2022/2023	South Lanarkshire Services 2022/2023
£m	£m		£m	£m
3.758	6.508	Community Dental Services	4.007	7.081
-	-	Brain Injury Unit	1.396	1.856
2.929	3.960	Diabetic Services	2.649	5.113
-	-	Improving Cancer Journey	0.024	0.047
5.180	9.057	Occupational Therapy Services	4.350	7.909
4.509	8.126	Out of Hours Services	4.806	9.003
3.770	7.541	Palliative Care Services	3.738	7.412
5.148	9.632	Physiotherapy Services	5.536	10.427
-	-	Telehealth	0.362	0.319
0.389	0.657	Primary Care Services	0.452	0.810
8.656	7.177	Primary Care Improvement Fund	6.920	10.973
0.214	0.420	Primary Care Transformation Fund	-	-
34.553	53.078	Total Services Hosted by South Lanarkshire IJB	34.240	60.950

The table below shows the total of hosted services included in the Comprehensive Income and Expenditure Statement:

2021/2022 £m	Hosted Services	2022/2023 £m
114.573	Total Services Hosted by North Lanarkshire IJB	125.402
34.553	Total Services Hosted by South Lanarkshire IJB	34.240
149.126	Total Included in Comprehensive Income and Expenditure Statement	159.642

Note 12. Additional Council Services Delegated to the IJB

The following table shows the costs of North Lanarkshire Council services delegated to the IJB. Under the Public Bodies (Joint Working) (Scotland) Act 2014, the IJB is accountable for these services however, they continue to be delivered by North Lanarkshire Council. HSCP monitor the delivery of these services on behalf of the IJB.

2021/2022 £m	Council Services	2022/2023 £m
1.668	Housing Services	1.886
0.539	Transport Services	0.551
2.207	Gross Expenditure	2.437
(2.207)	Income	(2.437)
-	Net Expenditure	-

Note 13. VAT

The IJB is not VAT registered and does not charge or recover VAT on its functions.

The VAT treatment of expenditure and income within the accounts depends on which of the partner is providing the service as these bodies are treated differently for VAT purposes:

- * Where North Lanarkshire Council is the provider, income and expenditure exclude any amounts related to VAT, as collected VAT is payable to HM Revenue & Customs and all VAT paid is recoverable from it. On a very limited number of items that North Lanarkshire Council are not entitled to fully recover VAT, expenditure for these specific items will include the full cost to the IJB.
- * Where NHS Lanarkshire is the provider, expenditure will include the full cost to the IJB as generally, NHS Lanarkshire cannot recover VAT.

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.

Note 14. External Audit Costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's Code of Audit Practice in 2022/23 are £31,470. Audit Scotland did not undertake any non-audit services.

Note 15. New Standard 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.