



## **SOUTH LANARKSHIRE INTEGRATION JOINT BOARD (PERFORMANCE AND AUDIT) SUB-COMMITTEE**

Minutes of the meeting held by Microsoft Teams on 16 March 2021

### **Chair:**

Philip Campbell, Non Executive Director, NHS Lanarkshire Board

### **Present:**

#### **South Lanarkshire Council**

Councillors John Bradley and Jim McGuigan

#### **NHS Lanarkshire Board**

Lesley Thomson, Non Executive Director

### **Attending:**

#### **Health and Social Care Partnership**

V de Souza, Director, Health and Social Care and Chief Officer; M Moy, Chief Financial Officer

#### **NHS Lanarkshire**

C Cunningham, Head of Commissioning and Performance; T Gaskin, Chief Internal Auditor; C McGhee, Corporate Risk Manager

#### **South Lanarkshire Council**

I Beattie, Head of Health and Social Care (Hamilton and Clydesdale); C Brown, Planning and Performance Manager; Y Douglas, Audit and Compliance Manager; M Kane, Service Development Manager; L Purdie, Chief Social Work Officer; T Slater, Administration Adviser

### **Also Attending:**

#### **Audit Scotland**

S Lawton, Senior Auditor; P Lindsay, Senior Audit Manager; D Richardson, Senior Audit Manager

### **Apologies:**

#### **NHS Lanarkshire**

L Findlay, Medical Director; L Thomson, Nurse Director

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### **Chair's Opening Remarks**

The Chair advised the Sub-Committee that Dave Richardson, Senior Audit Manager, Audit Scotland was retiring and that this would be his last meeting of the South Lanarkshire Integration Joint Board (Performance and Audit) Sub-Committee.

The Chair, on behalf of the Sub-Committee, thanked Mr Richardson for the significant contribution he had made to establishing an effective governance framework for the South Lanarkshire Integration Joint Board and wished him a long and happy retirement.

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## **1 Declaration of Interests**

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No interests were declared.

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## **2 Minutes of Previous Meeting**

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The minutes of the meeting of the South Lanarkshire Integration Joint Board (Performance and Audit) Sub-Committee held on 15 December 2021 were submitted for approval as a correct record.

**The Sub-Committee decided:** that the minutes be approved as a correct record.

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## **3 Financial Monitoring Report 2020/2021**

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A report dated 7 March 2021 by the Director, Health and Social Care was submitted providing a summary of the financial position of the Health and Social Care Partnership (HSCP) for the period 1 April 2020 to 31 January 2021 in relation to Health Care Services and for the period 1 April 2020 to 29 January 2021 in relation to Social Work and Housing Services.

A summary of the financial position as at January 2021 was as follows:-

- ◆ an underspend of £1.484 million on core budgets within Health Care Services
- ◆ a funding allocation of £13.710 million was currently being aligned to planned cost commitments in 2020/2021 and 2021/2022 in respect of the Covid-19 pandemic, Primary Care Improvement Plan and the Alcohol and Drug Partnership (ADP) programme in consultation with both partners
- ◆ an overspend of £0.039 million on Social Care and Housing Services
- ◆ an underspend of £0.009 million on the Housing Revenue Account (HRA)

The reasons for major budget variances across the Health and Social Care Services' budget, together with supporting information, was provided in Appendices 1 to 5 to the report.

A summary of the budget adjustments for the period 1 April 2020 to 31 January 2021 in relation to Health Care Services and for the period 1 April 2020 to 29 January 2021 in relation to Social Work and Housing Services was provided in Appendix 6 to the report.

With effect from 30 March 2020, authority had been delegated by the Integration Joint Board (IJB) to the Chief Officer, in consultation with the IJB Chair, IJB Depute Chair, or their nominated deposes as necessary, NHS Lanarkshire Chief Accountable Officer and Director of Finance and the South Lanarkshire Council Chief Executive and Executive Director (Finance and Corporate Resources), to allow timely decisions to be taken to maintain service continuity as far as practicable during this critical period, subject to all decisions taken being reported to the next meeting of the IJB for homologation. The continuation of the delegated authority was to be subject to further review at future meetings of the IJB. At its meeting on 2 March 2021, the South Lanarkshire Integration Joint Board (IJB) had approved that authority be delegated to the Chief Officer, in consultation with both Partners, to agree the expenditure plans in respect of the additional funding confirmed by the Scottish Government. Those plans would be included in future reports to the IJB and this Sub-Committee. The funding received from the Scottish Government would also be aligned to those expenditure plans between the financial years 2020/2021 and 2021/2022, as appropriate, and following consultation with both partners.

Specific additional funding had now been made available by the Scottish Government to meet the costs of the original planned efficiency savings for 2020/2021 which could not be implemented due to the pandemic. However, this funding was non-recurring. Confirmation has been received by each partner that, although there was an underachievement of the planned 2020/2021 savings, those savings would be achieved in full in 2021/2022.

Additional Scottish Government Funding had also been received to address the projected overspend on prescribing in 2020/2021 as a result of the price increase in 2 drugs and a breakeven position was now reported. This funding was non-recurring, however, and prescribing cost volatility continued to represent the most significant risk within the NHS element of the Partnership's budget. The re-establishment of the prescribing reserve was, therefore, being considered as part of the IJB Financial Plan 2021/2022.

The indicative funding allocation for 2021/2022 had been announced by the Scottish Government on 28 January 2021. Work was ongoing to establish the anticipated increase in costs in 2021/2022 for both partners, including the ongoing impact of the Covid-19 pandemic. The Lanarkshire Remobilisation Plan 2021/2022 had also been prepared and submitted to the Scottish Government on 26 February 2021.

In 2021/2022, financial pressures would include demographic growth, the withdrawal from the European Union, the Covid-19 pandemic and inflationary cost pressures. A funding gap was expected for both partners, which would need to be met by efficiency savings. The budgets released as a result of savings implemented would be retained by the IJB and redistributed to meet the inflationary cost increases and demand pressures. The IJB was required to approve its Financial Plan 2021/2022 before 31 March 2021. Efficiency savings options were, therefore, currently being developed and both partners would be kept fully informed of the progress and options.

**The Sub-Committee decided:**

- (1) that the current financial position for the South Lanarkshire HSCP be noted;
- (2) that the Scottish Government's confirmation of additional funding to meet the costs of the Covid-19 pandemic be noted;
- (3) that the further work to reconcile the additional Scottish Government funding received in respect of Covid-19 costs, including the harmonisation of the financial planning assumptions between the partners, be noted;
- (4) that the authority delegated to the Chief Officer, in consultation with both partners, to agree the expenditure plans in respect of the additional funding confirmed by the Scottish Government be noted;
- (5) that the break-even position projected in respect of prescribing as a result of indicative non-recurring additional Scottish Government funding be noted;
- (6) that the commitment to re-establish the prescribing reserve as part of the IJB Financial Plan 2021/2022 be noted;
- (7) that the guidance from Audit Scotland in respect of the classification of the additional funding, as highlighted in Appendix 1, be noted;
- (8) that the reserves position as at 31 January 2021 be noted; and
- (9) that the additional partner contribution in 2020/2021 from NHS Lanarkshire totalling £2.764 million to contribute to the joint strategic commissioning priorities be noted; and
- (10) that the work, which was progressing to develop the IJB Financial Plan for 2021/2022 and the requirement to identify efficiency savings, as highlighted at Section 5 of the report, be noted.

*[Reference: Minutes of the Integration Joint Board of 2 March 2021 (Paragraph 4)]*

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#### **4 Performance Monitoring Report**

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A report dated 23 February 2021 by the Director, Health and Social Care was submitted:-

- ◆ providing a summary of performance against the key performance measures assigned to the integration of Health and Social Care in South Lanarkshire
- ◆ outlining future performance reporting opportunities
- ◆ highlighting the challenges faced by the Health and Social Care Partnership in the context of Covid-19 safety restrictions and the resources which had been prioritised to address those challenges

An update against each of the 6 Ministerial Steering Group indicators was detailed in Appendix 1 to the report.

The data provided was for the period to November 2020, with 99% confidence in data completeness to September 2020, however, there was a lag period associated with 2 indicators, unscheduled care admissions and unscheduled care bed days and, therefore, admissions and beds days would increase.

Performance reporting continued across localities, with services and localities providing recovery trajectories, however, there were areas where clinical and non-clinical resources had been redeployed to support Covid activity which might affect performance and the availability of some performance data.

There were still uncertainties concerning future demand and capacity. Complexities around reduced accommodation and restrictions on the numbers of people visiting facilities due to Covid safety measures might also affect performance for services which required more face-to-face appointments. Trajectories might need to be revised as demand and service activity changed and the full impact of delays associated with Covid were understood.

In response to members' questions, officers agreed to look into the concerns raised in relation to the Care and Repair Service and it was proposed that an update report be provided to the next meeting of the Sub-Committee.

##### **The Sub-Committee decided:**

- (1) that the report be noted;
- (2) that the proposed development work regarding performance management arrangements be noted; and
- (3) that an update report on the Care and Repair Service be provided to the next meeting of the Sub-Committee.

*[Reference: Minutes of the Integration Joint Board of 2 March 2021 (Paragraph 5)]*

*V de Souza and M Kane joined the meeting during this item of business*

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#### **5 Annual External Audit Plan and Audit Fee 2020/2021**

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A report dated 28 February 2021 by the Director, Health and Social Care was submitted providing details of the External Auditor's Annual Audit Plan for 2020/2021, and to advise of the External Audit Fee for the South Lanarkshire Integration Joint Board (IJB).

The Public Bodies (Joint Working) (Scotland) Act 2014 placed a duty on IJBs to prepare annual accounts and for those accounts to be audited in accordance with Part VII of the Local Government (Scotland) Act 1973.

Audit Scotland had been appointed by the Accounts Commission and the Auditor General for Scotland as the external auditors of the South Lanarkshire IJB for the period 2016/2017 to 2020/2021. This term of appointment had been extended for a further year to include 2021/2022.

Details of the External Auditor's planned scope and timing of audit work was provided in the appendix to the report.

Based on an assessment of the following local circumstances, the 2020/2021 audit fee had been set at Audit Scotland's Audit Services Group standard fee applicable to IJBs of £27,330:-

- ◆ local risk areas for the IJB
- ◆ governance and accountability arrangements, control environment and risk assessment and management procedures
- ◆ an initial review of internal audit and the reliance that could be placed on its work
- ◆ review of the outcomes from previous audits
- ◆ systems and procedures in place for the production of timeous IJB financial statements
- ◆ progress with the implementation of the integration scheme and strategic plan
- ◆ any issues that might impact on the audit opinion

**The Sub-Committee decided:**

- (1) that the content of the report be noted; and
- (2) that the proposed fee of £27,330 be noted.

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## **6 External Audit Review of Internal Audit**

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A report dated 28 February 2021 by the Director, Health and Social Care was submitted on the outcome of Audit Scotland's review of internal audit.

Audit Scotland's Code of Audit Practice required external auditors to undertake an annual assessment of the internal audit function to establish the effectiveness of internal audit arrangements.

The outcome from Audit Scotland's assessment of the South Lanarkshire Integration Joint Board's (IJB) internal audit service for 2020/2021 had concluded that the service operated in accordance with the Public Sector Internal Audit Standards. A letter of confirmation was attached as an appendix to the report.

As detailed in the letter of confirmation, the 2019/2020 Annual Audit Report highlighted the following 2 matters to be brought to the IJB's attention:-

- ◆ the requirement to approve the Internal Audit Plan earlier in the financial year
- ◆ the arrangements that were in place in respect of the provision of the Internal Audit Opinion for 2020/2021

The Internal Audit Plan had, therefore, been submitted to the March 2021 meeting of the Sub-Committee when previously it had been submitted to the September meeting.

The arrangements in place in respect of the provision of the Internal Audit Opinion for 2020/2021 had been reviewed and it was recommended that the joint Internal Audit approach, as detailed in the report, for 2020/2021 to 2022/2023 be endorsed.

**The Sub-Committee decided:**

- (1) that the content of the report be noted; and
- (2) that the joint Internal Audit approach for 2020/2021 to 2022/2023 be endorsed.

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## **7 Progress Report on Agreed Actions**

A report dated 28 February 2021 by the Director, Health and Social Care was submitted providing a summary of performance against the agreed actions to further develop the South Lanarkshire Integration Joint Board's (IJB) governance framework.

The External Auditor and Internal Auditors had made recommendations to further strengthen the IJB's governance framework. As a result, an action plan had been developed to monitor progress against those areas identified for improvement and details of the progress made were provided in the appendices to the report.

New actions recorded in the External Audit Annual Report 2019/2020, including revised deadlines for ongoing actions, were previously included in Appendix 1 to the report and reported to the IJB at its meeting on 29 September 2020.

**The Sub-Committee decided:** that the content of the report and progress to date be noted.

*[Reference: South Lanarkshire Integration Joint Board of 29 September 2020 (Paragraph 9)]*

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## **8 Internal Audit Plan 2020/2021 Progress Report**

A report dated 28 February 2021 by the Director, Health and Social Care was submitted providing an update on progress of the Internal Audit Plan 2020/2021.

Integration Joint Boards (IJBs) were required to establish an adequate and proportionate internal audit of the arrangements for risk management, governance and control of delegated resources. Internal Audit arrangements for the South Lanarkshire IJB were provided jointly by NHS Lanarkshire and South Lanarkshire Council.

The Internal Audit Plan 2020/2021 had been approved by the IJB at its meeting on 29 September 2020 and a summary of progress of audit activity was provided in the appendix to the report.

As reported previously to the Sub-Committee, at its meeting on 8 December 2020, the IJB approved an extension of the Terms of Reference of this Sub-Committee and, therefore, the 2020/2021 Unaudited IJB Annual Accounts would be presented to the Sub-Committee at its meeting on 15 June 2021.

**The Sub-Committee decided:** that the report be noted.

*[Reference: Minutes of the meeting of 15 December 2020 (Paragraph 7)]*

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## **9 Integration Joint Board Medium to Long Term Financial Plan**

A report dated 28 February 2021 by the Director, Health and Social Care was submitted on the preparation of the South Lanarkshire Integration Joint Board (IJB) Financial Plan 2021/2022.

The development of the IJB Financial Plan 2021/2022 would allow the IJB to take informed decisions about the priorities to be set out in the Strategic Commissioning Plan and the directions to each partner while ensuring financial sustainability across the partnership. The development of a 3 to 10-year Financial Plan was also recognised as good practice.

Information was provided on:-

- ◆ additional Scottish Government funding for 2020/2021 and 2021/2022 to address key strategic priorities, allocated through the Lanarkshire Mobilisation Plan and a range of specific policy initiatives
- ◆ financial planning assumptions for the year 2021/2022
- ◆ the progress of the development of the IJB Financial Plan 2021/2022, which would continue to be developed in consultation with both partners and taking into account the impact of the Covid-19 pandemic

**The Sub-Committee decided:**

- (1) that the content of the report be noted;
- (2) that the update in respect of the additional Scottish Government funding for 2020/2021 be noted;
- (3) that the progress being made in respect of the development of the IJB Financial Plan 2021/2022, in consultation with both South Lanarkshire Council and NHS Lanarkshire, be noted; and
- (4) that the requirement to include the revised financial planning assumptions in the IJB Medium to Long Term Financial Plan be noted.

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## **10 Integration Joint Board Governance Update**

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A report dated 28 February 2021 by the Director, Health and Social Care was submitted providing an overview of the ongoing governance issues being addressed by the South Lanarkshire Integration Joint Board (IJB) and both partners, South Lanarkshire Council and NSH Lanarkshire.

Information was provided:-

- ◆ highlighting the unprecedented challenges faced this year due to the Covid-19 pandemic and the emergency response adopted by both partners and the IJB
- ◆ giving an update in respect of the principles for sustainability payments to social care providers during the Covid-19 pandemic
- ◆ giving an update on the additional funding received from the Scottish Government in respect of the Covid-19 pandemic
- ◆ highlighting the next steps in relation to the mobilisation and remobilisation plan for 2021/2022
- ◆ giving an update on the disaggregation of the mental health and learning disability services' budget and the progress made to date
- ◆ outlining the investment opportunity being discussed with Macmillan Cancer Support to develop services to improve the cancer journey and support individuals with long-term conditions
- ◆ giving an overview of the progress made in the preparation of the IJB Financial Plan 2021/2022 which was being developed in consultation with both partners

### **The Sub-Committee decided:**

- (1) that the unprecedented challenges as a result of the ongoing Covid-19 pandemic be noted;
- (2) that, on the understanding that the Scottish Government would meet all reasonable additional provider costs in line with the agreed Mobilisation Plan, the ongoing compliance with the principles for sustainability payments to social care providers during the Covid-19 pandemic be noted;
- (3) that the projected additional Covid-19 costs in 2020/2021 and the additional Scottish Government funding to support the emergency response to the Covid-19 pandemic, as highlighted at section 6 of the report, be noted;
- (4) that the preparation of the Lanarkshire Remobilisation Plan for the IJB and both partners be noted;
- (5) that the progress to date in respect of the disaggregation of the mental health and learning disability services budget be noted;
- (6) that the investment opportunity in respect of the non-recurring Macmillan funding and the associated financial risks be noted;
- (7) that the priority to further progress the development of the IJB Financial Plan 2021/2022 be endorsed; and
- (8) that the authority previously delegated to the Chief Officer, in consultation with both partners, to agree the expenditure plans in respect of the additional funding confirmed by the Scottish Government be noted.

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## **11 Internal Audit Plan 2021/2022**

A report dated 28 February 2021 by the Director, Health and Social Care was submitted on the Internal Audit Plan 2021/2022.

The Public Bodies (Joint Working) (Scotland) Act 2014, required the South Lanarkshire Integration Joint Board (IJB) to comply with the accounts and audit regulations and legislation under section 106 of the Local Government (Scotland) Act 1973. A professional and objective Internal Audit Service arrangement had been established in accordance with recognised Internal Audit standards and practices as laid out in the Public Sector Internal Audit Standards, in order to comply with article 7 of the Local Authority Accounts (Scotland) Regulations 2014.

The proposed Internal Audit Plan for 2021/2022, attached as an appendix to the report, had been designed to target priority issues. All sources of assurance across the Health and Social Care Partnership's activities were mapped to assess the content and coverage of the Plan. The Plan, therefore, reflected the outcome of this review, together with the assessment of the IJB's top risks undertaken by the Council's Audit and Compliance Manager and NHS Lanarkshire's Chief Internal Auditor.

It might be necessary to adjust the Plan depending on the ongoing response to the Covid-19 pandemic and it was, therefore, proposed that the Chief Financial Officer be authorised to finalise the Internal Audit Plan for 2020/2021, including the agreement of the detailed scope of each audit assignment, the allocation of responsibilities for the completion of the assignments and the allocation of internal audit days for each assignment.



**The Sub-Committee decided:**

- (1) that the Internal Audit Plan 2021/2022, attached as an appendix to the report, be endorsed and referred to the South Lanarkshire Integration Joint Board for approval; and
- (2) that the Chief Financial Officer be authorised to discuss further with the Audit and Compliance Manager, South Lanarkshire Council and the Chief Internal Auditor, NHS Lanarkshire, the final Internal Audit Plan for 2021/20221, including the allocation of responsibilities for completion of assignments and the allocation of internal audit days for each assignment.

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## **12 Risk Management Update**

A report dated 24 February 2021 by the Director, Health and Social Care was submitted on the current risk management arrangements and the updated Risk Register for the South Lanarkshire Integration Joint Board (IJB) which had been developed in light of the Covid-19 pandemic.

In terms of governance and oversight, quarterly updates were taken on the Risk Register to reflect a number of areas, including:-

- ♦ any new risks which the IJB required to be advised of, together with the risk assessment and mitigating actions
- ♦ any risks within South Lanarkshire Council and NHS Lanarkshire risk registers which related to the delegated functions and impinged on the ability of the IJB to deliver its Strategic Commissioning Plan (SCP) where the risk had changed in status

The IJB currently had 14 identified risks, as detailed in Appendix 1 to the report. All of those risks were strategic in nature to reflect the role of the IJB as the body that commissioned services in line with the SCP.

From a Council and NHS Lanarkshire perspective, there were a number of operational risks as outlined in the report. The main change to those risks was the additional risk included to take account of the impact of Covid-19. A separate Risk Register, attached as Appendix 2 to the report, had been established to consider any potential risks related to Covid-19.

A workshop for members to review the risk strategy and the Risk Register would be held following this meeting.

**The Sub-Committee decided:**

- (1) that the content of the report be noted;
- (2) that the specific and detailed Risk Register in relation to the Covid-19 pandemic be noted; and
- (3) that the outcome of the Risk Management Strategy workshop be reported to a future meeting of the Sub-Committee.

*[Reference: Minutes of 15 December 2020 (Paragraph 8)]*

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## **13 Any Other Competent Business**

There were no other items of competent business.

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**Closing Remarks**

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D Richardson thank the Chair for his earlier comments and intimated that it had been a pleasure to work with so many committed officers and members within an effective and challenging audit committee.