

NHS Board Meeting,  
24<sup>th</sup> June 2020

Lanarkshire NHS Board  
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**SUBJECT: FINANCE REPORT FOR THE PERIOD ENDED 31 MAY 2020**

**1. PURPOSE**

This paper is coming to the Board:

For approval	<input type="checkbox"/> For endorsement	<input type="checkbox"/> To note	<input checked="" type="checkbox"/>
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**2. ROUTE TO THE BOARD**

As agreed, this report comes straight to the Board from the Director of Finance. The Acute Governance Committee and Health and Social Care Partnership Management Teams receive financial reports for their own area.

**3. SUMMARY OF KEY ISSUES**

The Board's financial plan relied on £29.828m of savings to bridge the gap between predicted cost growth and the allocation uplift. An estimated £10.030m of savings had still to be identified at the time of submitting the financial plan and a number of agreed savings plans would not take effect until part way through the year meaning the trajectory for the year started off with costs exceeding income, starting to turn round in October 2020 to end the year at break-even. The gap however has increased to £13.076m as it is expected the Acute Division will be unable to achieve the target savings identified in the Annual Operating Plan.

On 2 March 2020 the Board invoked its emergency response protocol in light of the growing Covid-19 threat and rapidly mobilised to create additional bed and intensive care space, community assessment centres and large scale remote working. The on-going additional costs for this are being logged and submitted to SGHSCD through an agreed national process. Additional funding is expected and costs of £9.698m net of savings has been incurred to the 31<sup>st</sup> May 2020.

At the end of May 2020 the Board is reporting an underlying £1.889m over spend which is £0.367m worse than the financial plan year to date trajectory. This includes a reported over spend within the Acute Division of £0.685m.

There are still some key uncertainties over income and in several areas of expenditure, most notably on drugs. Reasonable assumptions have been used in preparing the month 2 figures but the degree of estimation means a high level of caution is required.

#### 4. STRATEGIC CONTEXT

This paper links to the following:

Corporate objectives	<input checked="" type="checkbox"/>	LDP	<input checked="" type="checkbox"/>	Government policy	<input type="checkbox"/>
Government directive	<input checked="" type="checkbox"/>	Statutory requirement	<input checked="" type="checkbox"/>	AHF/local policy	<input type="checkbox"/>
Urgent operational issue	<input type="checkbox"/>	Other	<input type="checkbox"/>		

#### 5. CONTRIBUTION TO QUALITY

This paper aligns to the following elements of safety and quality improvement:

*Three Quality Ambitions:*

Safe	<input type="checkbox"/>	Effective	<input checked="" type="checkbox"/>	Person Centred	<input type="checkbox"/>
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*Six Quality Outcomes:*

Everyone has the best start in life and is able to live longer healthier lives; (Effective)	<input type="checkbox"/>
People are able to live well at home or in the community; (Person Centred)	<input type="checkbox"/>
Everyone has a positive experience of healthcare; (Person Centred)	<input type="checkbox"/>
Staff feel supported and engaged; (Effective)	<input type="checkbox"/>
Healthcare is safe for every person, every time; (Safe)	<input type="checkbox"/>
Best use is made of available resources. (Effective)	<input checked="" type="checkbox"/>

#### 6. MEASURES FOR IMPROVEMENT

Achievement of AOP agreed position for revenue resource limit, capital resource limit and efficiency target.

#### 7. FINANCIAL IMPLICATIONS

As set out in the paper.

#### 8. RISK ASSESSMENT/MANAGEMENT IMPLICATIONS

As set out in the paper.

#### 9. FIT WITH BEST VALUE CRITERIA

This paper aligns to the following best value criteria:

Vision and leadership	<input type="checkbox"/>	Effective partnerships	<input type="checkbox"/>	Governance and accountability	<input checked="" type="checkbox"/>
Use of resources	<input checked="" type="checkbox"/>	Performance management	<input checked="" type="checkbox"/>	Equality	<input type="checkbox"/>
Sustainability	<input checked="" type="checkbox"/>				

**10. EQUALITY AND DIVERSITY IMPACT ASSESSMENT**

An E&D Impact Assessment has not been completed

Yes   
No

This is a factual position report prepared from information in the financial ledger. It contains no proposals with an equality and diversity impact.

**11. CONSULTATION AND ENGAGEMENT**

This is a factual position report prepared from information in the financial ledger. It contains no proposals on which to consult.

**12. ACTIONS FOR THE BOARD**

The Board is asked to note the contents of the report.

Approval	<input type="checkbox"/>	Endorsement	<input type="checkbox"/>	Identify further actions	<input type="checkbox"/>
Note	<input checked="" type="checkbox"/>	Accept the risk identified	<input type="checkbox"/>	Ask for a further report	

**13. FURTHER INFORMATION**

For further information about any aspect of this paper, please contact *Laura Ace, Director of Finance*  
Telephone: 01698 858190.

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*Laura Ace*  
*Director of Finance*

19 June 2020



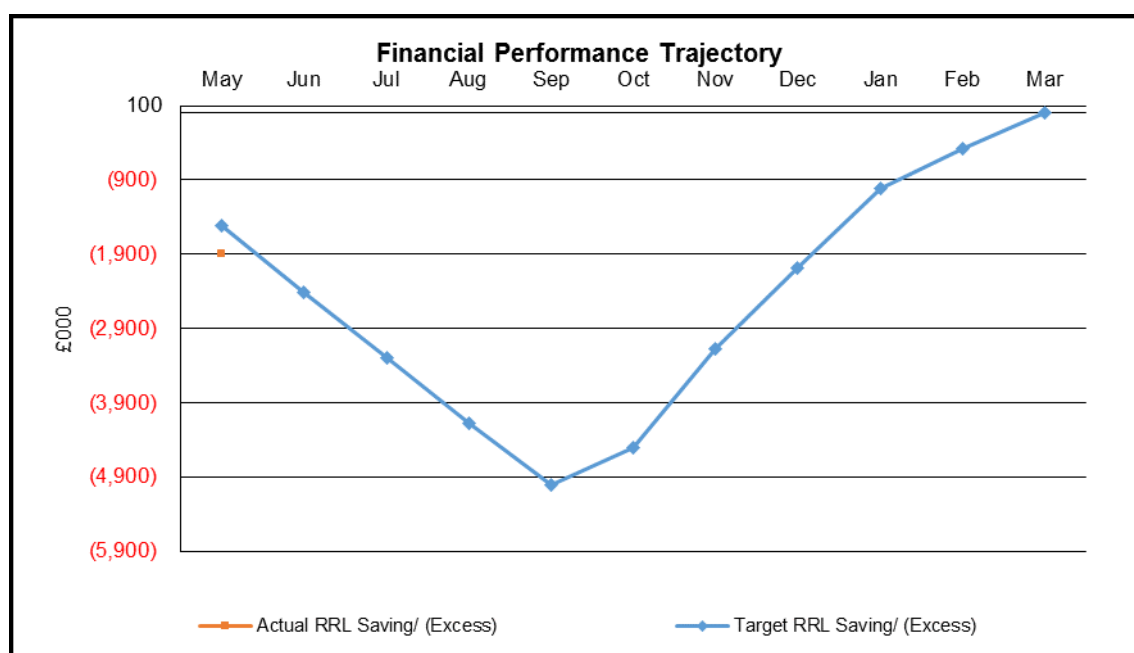
## NHS LANARKSHIRE FINANCE REPORT FOR THE PERIOD ENDED 31 MAY 2020

### 1. Introduction

- 1.1. The purpose of this report is to provide the Board with a summary of revenue and capital financial performance for the first two months of 2020/21. Month 2 figures always require a degree of estimation and caution is always advised in interpreting them. The unusual level of uncertainty due to the impact of Covid-19 on services, plus the limited time for analysis given the tight deadline this month, means these figures are more heavily caveated than usual.

### 2. Overview

- 2.1. The 2019/20 financial plan was submitted to the Scottish Government Health and Social Care Department (SGHSCD) in March 2020 reflecting the Board's plans pre Covid-19. The allocation uplift was 3% but, with the 3<sup>rd</sup> year of the Agenda for Change pay deal projected to cost 4.57%, hospital drugs forecast to increase by 10.9%, a range of national commitments to be funded and local cost pressures, it was estimated there would be a gap between the allocation uplift and cost rises of £29.828m. Efficiency savings were required to close this gap. Despite initiating an enhanced financial sustainability programme in June 2019, at the time of submitting the plan £10.030m of those efficiency savings still had to be identified.
- 2.2. As the £10.030m had not been identified at 28 February 2020 it was assumed expenditure would exceed income until September 2020 at which point that Board would have implemented plans for financial balance and would see an improvement in the second half of the year. The assumed trajectory was as set out below.



- 2.3 At the beginning of March, NHS Lanarkshire moved on to an emergency footing to prepare for the anticipated surge of Covid-19 cases. Acting in line with SG advice, there was a rapid mobilisation to quadruple Intensive care capacity, bring up to 198 additional beds into the system, create community assessment hubs, expand testing and recruit unprecedented numbers of additional staff to cover the demand and predicted staff absence.
- 2.4 Mechanisms were put in place to capture the additional costs of this. To the end of May 2020 Acute and Corporate have recorded a total of £6.825m as being attributable to Covid-19 and the Health and Social Care Partnerships £2.873m. At the same time financial sustainability programme was suspended so all service focus could be on the impact of the pandemic. As well as meaning no inroads could be made to the initial £10.030m gap, it meant progress on many agreed schemes was halted.
- 2.5 If the £6.825m of NHS Board costs attributed directly to the Covid-19 response are excluded, the position to date would be a £1.889m over spend. This is £0.367m worse than the estimates made at the time of the AOP submission due mainly to inability to deliver savings. The table below shows the split by division.

	YTD Budget £M	YTD Actual £M	YTD Variance £M
Acute Operating Division	59.994	60.679	(0.685)
North Lanarkshire Health & Social Care Partnership	48.802	49.143	(0.341)
South Lanarkshire Health & Social Care Partnership	65.002	66.521	(1.519)
Headquarters / Corporate Functions	27.677	27.216	0.461
Service Level Agreements / Other Healthcare Providers	29.987	29.934	0.053
NHSL - wide	(7.429)	(5.711)	(1.718)
<b>Net operating costs</b>	<b>224.033</b>	<b>227.782</b>	<b>(3.749)</b>
Remove IJB Position	(113.804)	(115.664)	1.860
<b>Revised Net operating costs</b>	<b>110.229</b>	<b>112.118</b>	<b>(1.889)</b>

### 3. Revenue Resources

- 3.1. At the end of May 2020, the Core Revenue Resource Limit (RRL) for NHS Lanarkshire was £1,268.072m, details of which are noted in Annex A.
- 3.2. The May 2020 allocation letter sets out our starting point in terms of core revenue resources with no further allocations confirmed as yet.
- 3.3. The consequential of HM Treasury support for Health and Social care to date totals £780m. This in itself would not cover the predicted cost of the response. Given the disruption to plans caused by the Covid-19 pandemic and the very high health and social care costs of responding to it, the Scottish Government is having to review its previous budget plans. Where previous work-streams have slipped due to the

emergency measures, they are exploring if that slippage can be used to support the costs of the Covid-19 response.

- 3.4. Whilst sensible and, in the absence of further Treasury funding, necessary, this funding review introduces another layer of uncertainty to Boards. As well as not knowing how much of the Covid-19 costs can be covered centrally we also don't know if previously anticipated allocations will be received.
- 3.5. We were anticipating at least an additional £123m of specific allocations, the largest component of which would be approximately £101m in standard primary care allocations which is likely to materialise. We had been assuming £11.3m of funding to support access targets and circa £0.6m of funding from the regional allocation to support the national Trauma strategy. Neither of these can now be assumed. This would be particularly problematic for the orthopaedic trauma as our phase 1a proposals were already being enacted and indeed had been accelerated when services were reconfigured on an emergency basis for Covid-19.

#### 4. Acute Division

- 4.1. The Acute Division is reporting an over spend of £4.785m for the period to the end of May 2020, as detailed in Table 2. £4.100m of this has been attributed to Covid-19 and £0.685m is seen as an underlying problem. The over spend is £0.039m more than at the same point in the previous year.

	<b>Budgeted Operating Costs 31/05/2020 £M</b>	<b>Actual Operating Costs 31/05/2020 £M</b>	<b>Actual saving / (excess) 31/05/2020 £M</b>
Pay	52.690	53.430	(0.740)
Non Pay	14.504	14.449	0.055
Healthcare Purchases	0.167	0.167	0.000
Gross operating costs	67.361	68.046	(0.685)
Less: miscellaneous income	(7.367)	(7.367)	0.000
<b>Net operating cost</b>	<b>59.994</b>	<b>60.679</b>	<b>(0.685)</b>
Covid-19 Spend	0.000	4.100	(4.100)
<b>Revised Net operating cost</b>	<b>59.994</b>	<b>64.779</b>	<b>(4.785)</b>

- 4.2. The estimated underlying overspend is driven by pay costs in excess of budget (nursing £0.347m, Medical £0.114m and Healthcare scientists £0.139m). Non pay costs are underspent but this has largely been seen as Covid-19 impact due to reduced elective activity with only £0.055m seen as an underlying underspend.
- 4.3. The main driver of the additional Covid-19 costs has been additional nursing and medical staff costs. The nursing budget for the first 2 months has increased by 4.6%, as expected to cover the average impact of the pay deal, but expenditure has increased by 19.2%. £3.240m of additional nursing costs have been attributed to cover for Covid-19 during the first 2 months. This includes £0.826m from the mass national deployment of year 2 and 3 student nurses into support roles, bank, overtime and other supernumerary recruitment. Medical pay has increased by 7.1% on the amount expended in the first 2 months of 2019/20 with £0.716m of this

attributed to Covid-19 to cover additional beds, ITU areas and cover for staff either shielding (pregnancy etc.) or absent with Covid-19 related absences.

- 4.4. The acute hospital drug spend in the first 2 months is less than that in the comparative period of 2019/20 when the normal expectation would be a steady increase due to new drugs and extended use of existing drugs. At this stage nothing is known about the out of area high cost drugs which have risen so steeply in recent years they now make up approximately one third of our hospital drug spend. The financial plan uplift for drugs growth in 2020/21 has been held back and not issued to budget until more is known.
- 4.5. With all but the most urgent procedures postponed with effect from 18 March 2020 there has been none of the usual additional activity to reduce waiting times in the first 2 months. However with uncertainty now as to what funding we will receive and what the recovery costs will be we are not in a position yet to assess the final impact this will have on the year end position.
- 4.6. At this stage the Acute Division has flagged that £3.046m of its planned efficiency schemes are at risk. This will be reassessed as we enter the recovery stage.

## **5. Health and Social Care Partnerships**

- 5.1. Across the Health and Social Care Partnerships, there is an over spend of £1.860m for the period to the end of May 2020 (North IJB - £0.341m; South IJB - £1.519m). This includes expenditure attributed to Covid-19 of £2.873m (North IJB - £1.180m; South IJB - £1.693m). If this expenditure was excluded the underlying position would be an underspend of £1.013m (North IJB - £0.839m; South IJB - £0.174m)
- 5.2. Covid-19 expenditure relates to running the Community Hub and 2 assessment centres, mental health assessment centres to divert mental health attendances from A & E, additional psychological, physiotherapy and occupational therapy support, additional payments to Primary care contractors, and additional staffing to cover absences.
- 5.3. Prescribing figures for this year are not yet available. Prescribing volumes rose in March 2020 which was believed to be of people stocking up before lockdown. North IJB was able to cover the projected increase within its existing prescribing budget but South IJB had to take cover from the prescribing contingency reserve and receive £0.429m of additional SG allocation. The national belief was that the increase was purely a timing issue, April volumes would decrease and any IJB who had required temporary cover in 2019/20 could then return it to S.G without adverse impact. April volumes have shown a decrease which is a positive sign, but with no pricing information available a neutral break-even position has been assumed for both IJBs. If there is no significant increase in process when the information becomes available, the North position may improve.
- 5.4. A proportion of the planned savings have been deducted from the opening budgets (North £1.970m out of the original £2.040m, South £1.058m out of the original £2.194m). The balance remains a risk.



5.5. Tables 3 and 4 show the position in each partnership.

	<b>Budgeted Operating Costs 31/05/2020 £M</b>	<b>Actual Operating Costs 31/05/2020 £M</b>	<b>Actual saving / (excess) 31/05/2020 £M</b>
Pay	22.148	22.717	(0.569)
Non Pay	13.977	13.806	0.171
Prescribing	11.441	11.441	0.000
<b>Sub Total</b>	<b>47.566</b>	<b>47.964</b>	<b>(0.398)</b>
Primary Care Transformational Fund	0.000	0.000	0.000
Share of Primary Care Other Services	1.236	1.179	0.057
Family Health Services	0.000	0.000	0.000
<b>Net operating cost</b>	<b>48.802</b>	<b>49.143</b>	<b>(0.341)</b>
Less: Covid-19 spend	0.000	(1.180)	1.180
<b>Revised net operating cost</b>	<b>48.802</b>	<b>47.963</b>	<b>0.839</b>

	<b>Budgeted Operating Costs 31/05/2020 £M</b>	<b>Actual Operating Costs 31/05/2020 £M</b>	<b>Actual saving / (excess) 31/05/2020 £M</b>
Pay	11.015	11.721	(0.706)
Non Pay	10.820	11.688	(0.868)
Prescribing	10.746	10.746	0.000
<b>Sub Total</b>	<b>32.581</b>	<b>34.155</b>	<b>(1.574)</b>
Primary Care Transformational Fund	0.792	0.792	0.000
Share of Primary Care Other Services	1.187	1.133	0.054
Family Health Services	30.442	30.441	0.001
<b>Net operating cost</b>	<b>65.002</b>	<b>66.521</b>	<b>(1.519)</b>
Less: Covid-19 spend	0.000	(1.693)	1.693
<b>Revised net operating cost</b>	<b>65.002</b>	<b>64.828</b>	<b>0.174</b>

## 6. Headquarters/Area Wide Departments

6.1. The Headquarters and Area Wide Departments are reporting an over spend of £2.264m for the period to the end of May 2020, as detailed in Table 5. £2.725m of this has been attributed to Covid-19 and £0.461m is seen as the underlying under spend.

	<b>Budgeted Operating Costs 31/05/2020 £M</b>	<b>Actual Operating Costs 31/05/2020 £M</b>	<b>Actual saving / (excess) 31/05/2020 £M</b>
Pay	11.332	11.071	0.261
Non Pay	17.358	17.158	0.200
Gross operating costs	28.690	28.229	0.461
Less: miscellaneous income	(1.013)	(1.013)	0.000
<b>Net operating cost</b>	<b>27.677</b>	<b>27.216</b>	<b>0.461</b>
Covid-19 Spend	0.000	2.725	(2.725)
<b>Revised Net operating cost</b>	<b>27.677</b>	<b>29.941</b>	<b>(2.264)</b>

- 6.2. The under spend net of Covid-19 is spread across Corporate Departments (£0.068m) and Property and Support Services (£0.419m) offset against an over spend in Central Services (£0.026m).
- 6.3. The majority of Corporate HQ department savings have been deducted from budgets.

## 7. Service Level Agreements/Other Healthcare Providers

- 7.1. Service Level Agreements and Other Healthcare Providers are reporting an under spend of £0.053m for the period to the end of May 2020, as detailed in table 6.

	<b>Budgeted Operating Costs 31/05/2020 £M</b>	<b>Actual Operating Costs 31/05/2020 £M</b>	<b>Actual saving / (excess) 31/05/2020 £M</b>
Service Level Agreements	29.336	29.300	0.036
Unpacs and Oats	0.615	0.601	0.014
Independent Sector	0.036	0.033	0.003
<b>Net operating cost</b>	<b>29.987</b>	<b>29.934</b>	<b>0.053</b>

- 7.2. The under spend of £0.036m being reported against service level agreements is based on the continuation of the 2019/20 position. The uplift to be applied to agreements for 2020/21 has still to be agreed. Boards received a standard uplift of 3.0% which has traditionally formed the basis of the uplift. Due to Covid-19 the activity levels out of area will be significantly reduced. However as the provider Boards will still be incurring costs the expectation is SLAs will be paid at historic levels.

## 8. CRES/Efficiency

- 8.1. To balance the financial plan in 2020/21 the Board needed to release £29.828m of cash from budgets through efficiency savings (CRES). At the time of submitting the financial plan the Board had identified proposals for all but £10.030m of this total. Due to Covid-19 no inroads have been made into that gap in the first 2 months. The Acute Division has made a provisional assessment that £3.046m of their savings are now unlikely to be delivered potentially increasing the gap to £13.076m. This will be explored in more detail in future months to determine the potential for recovering some of the lost savings. As a range of IJB and Corporate savings had been secured in advance of the start of the year these have been recorded as achieved and budgets adjusted to recirculate the funding to cover the excess rise in pay, drugs and other costs identified in the original plan.
- 8.2. Table 7 below gives a provisional assessment of month 2 performance against the Annual operational plan (A.O.P) submission.

<b>Financial Plan description</b>	<b>Annual Operating Plan £m</b>	<b>Revised Annual Plan £m</b>	<b>Plan to date £m</b>	<b>Actual to Date £m</b>
Service redesign	0.170	0.074	0.074	0.074
Drugs & prescribing	0.836	-	-	-
Workforce	1.060	0.034	0.034	0.034
Procurement	3.666	3.000	0.150	0.095
Infrastructure	2.320	0.970	0.938	0.938
Other	6.740	7.668	0.793	0.706
Financial Management / Corporate Initiatives	-	-	-	-
Unidentified Savings	10.030	13.076	-	-
<b>Total Core NHS Board Savings</b>	<b>24.822</b>	<b>24.822</b>	<b>1.989</b>	<b>1.847</b>
<b>Savings delegated to Integration Authorities</b>	<b>5.006</b>	<b>4.234</b>	<b>3.028</b>	<b>3.028</b>
<b>Total Savings Required</b>	<b>29.828</b>	<b>29.056</b>	<b>5.017</b>	<b>4.875</b>

## 9. Capital

- 9.1 The Scottish Government has confirmed the initial NHS Lanarkshire Capital Formula Allocation for 2020/21 at £12.392m, no change from the previous year. NHS Lanarkshire will also be allowed to retain an estimated £3.155m property receipts to support capital plans and will receive £2.750m towards the Monklands replacement or refurbishment business case and £1.350m regional support for the Vascular Surgery Theatre.
- 9.2 £1.2m of the £3.155m property receipts has already been secured, which given the uncertainty in the market during Covid-19 is a strong achievement. The remainder relates to property sales which were actively progressed during 2019/20 so

confidence levels are high. In current conditions however none can be fully relied on.

- 9.3 The 24 bedded ward had been tendered and a contract awarded but, given the Covid-19 experience, a pause has been instigated to evaluate whether there is a feasible option to convert this to a 20 single room option. There are risks around the pause in relation to timescale (the temporary fix for Orthopaedic trauma will come under increasing pressure as other activity increases) and costs from delay or re-specification. It is important this proceeds at pace.
- 9.4 The regional vascular model is well advanced but has still to be finalised. The plan is to tender early autumn at which point we will get price certainty.
- 9.5 The plan reported to the March Board showed that the demands for capital exceeded the available funding. Whilst at a national level slippage is expected, the nature of the NHS Lanarkshire schemes makes it hard to rely on that. Both the vascular theatres and the orthopaedic ward are driven by service imperatives and avoiding delay is important. The Monklands business continuity work is a risk based programme and has recently been reassessed so no changes are forecast immediately. There were delays due to diversion of effort and inability to access areas in March 2020 due to Covid-19 which has resulted in a portion of the last years programme plus the completion of the SACT work following in to 2020/21.
- 9.6 £0.573m of capital expenditure relating to Covid-19 has been reflected in the schedule with an assumption that funding will be received for this. This has to yet been agreed with SG so remains a risk.
- 9.7 For now the Board is being presented with a plan where demands exceed funding. This will be actively managed with approvals for certain items delayed until such time as a funding solution can be found. This will include the Invest to save project of a combined heat and power unit, the replacement estates system and a portion of the medical equipment replacement. Slippage will be closely monitored and there will be an ongoing dialogue with SG on potential funding sources. In previous years the option of last resort was a transfer from revenue but given the huge additional revenue costs this year and funding uncertainties the likelihood of us being able to do that in 2020/21 is seen as very low.
- 9.8 Expenditure to the value of £0.878m has been incurred in the first two months as detailed in Annex B.

## **10. Development and Approvals**

- 10.1 SG have indicated they will release Covid-19 funding based on the quarter 1 submission due in July. In the meantime a regional and national review process has been set up to ensure all Boards report costs consistently. Until then we continue to incur Covid-19 costs at risk.
- 10.2 Table 8 below summarises the Covid-19 costs to 31 May 2020. Once national clarity is reached on funding, the Board will need to rebase its 20/21 financial plan. Costs continue to be incurred to respond to Covid-19. The test and protect initiative, care home testing and the expansion of Health Board responsibilities for care homes all

brings significant additional resource requirements. We have been modelling these and ensuring SG is kept informed though until full clarity is achieved on timescales and the national versus the local requirement these will continue to change. As services which had been stood down begin to receive patients again costs relating to making the physical environment safe and using technology more are being incurred. Although the excess beds are being stood down in line with numbers of Covid-19 patients in hospital other elements of the response, such as the assessment centres, remain in play.

<b>Area</b>	<b>Revenue 2020/21 £m</b>
Acute Operating Division	4.100
Headquarters / Corporate Functions	2.725
<b>Total Board</b>	<b>6.825</b>
North Lanarkshire Health & Social Care Partnership	1.180
South Lanarkshire Health & Social Care Partnership	1.693
<b>Total Health &amp; Social Care Partnership</b>	<b>2.873</b>
<b>Total Board and Health &amp; Social Care Partnership</b>	<b>9.698</b>
Capital Spend	0.000
<b>Total Revenue and Capital</b>	<b>9.698</b>

- 10.3 The Board may recall pilot work in Monklands to introduce e observations to spot deteriorating patients more reliably and improve the quantity and efficiency of clinical data. A business case to roll this out to all sites was prepared but initially foundered on being able to demonstrate that it could be afforded within existing budgets. A huge amount of work has gone in to this. Iterations of the case have been endorsed at the e health strategy group, the acute divisional management team and most recently the capital investment group (although any capital requirement is seen as minimal) and it is scheduled to go to the CMT on the 22<sup>nd</sup> June. The company supporting the pilot has continued to support this for 8 months beyond the initial term but this expires at the end of the month. The case demonstrates huge benefits, especially in the light of changed working during Covid-19. Now that the affordability issue has been resolved the intention is to conclude the procurement. The case falls within delegated authority limits but the Board is asked to note it involves costs in the initial stage from previously banked infrastructure funds relying on reduced costs at a later stage.

## 11. Risk Assessment

The overall financial risk has been assessed as very high, with the highest risk rating the Boards financial position has received in the last 13 years. Risks are from multiple sources starting with the underlying £10.030m of unidentified savings but compounded by uncertainties over funding and very significant additional Covid-19 costs. A huge amount of work is going in to monitoring and assessing this and for

future Board papers it is hoped that uncertainties can begin to be defined onto more meaningful ranges.

## **12. Conclusion**

The Board is asked to note:

- the actual revenue over spend of £8.714m as at 31 May 2020;
- Acute and Corporate Covid-19 expenditure as at 31 May 2020 is £6.825m and continued expenditure against the Covid-19 response;
- the initial assessment that month 2 is behind trajectory as the savings delivery gap has widened;
- the very significant risks highlighted in section 11;
- The over commitment against the capital programme and the initial management plan to avoid exceeding agreed capital limits.
- The positive progress with the e observation business case and intention to move to procurement.

**LAURA ACE**  
**DIRECTOR OF FINANCE**  
**19 June 2020**

**ANNEX A**

<b>REVENUE RESOURCE LIMIT 2020/21</b>	
	<b>Baseline Recurring £M</b>
<b>Baseline Revenue Resource Limit 2019/20</b>	<b>1,199.300</b>
<b><u>Adjustments to Baseline:</u></b>	
Add: Employer Pension Contribution - first instalment	29.523
Add: 2018-19 recurring allocations - adjustment health visiting	1.536
Add: 2018-19 recurring allocations - adjustment veterans funding	0.640
Less: 2018-19 recurring allocations - adjustment BMT	(0.044)
Less: 2018-19 recurring allocations - adjustment choice medication	(0.004)
Less: CHAS employer Pension recharge to NHSL	(0.023)
Less: Top Slice - Stereotactic Radiosurgery	(0.029)
Less: Top Slice - Mitral Valve	(0.023)
Add: SNS-Lyme Disease Correction	0.021
Add: Employer Pension Contribution - second instalment	0.239
<b>Adjusted Baseline Revenue Resource Limit 2019/20</b>	<b>1,231.136</b>
Add: 2020/21 Standard Uplift @ 3.0%	36.936
<b>Initial Core Revenue Resource Limit 2020/21</b>	<b>1,268.072</b>

ITEM 13

**ANNEX B**



<b>NHS LANARKSHIRE</b>			
<b>CAPITAL EXPENDITURE TO 31st May 2020</b>			
	<b>2020/21 Plan £M</b>	<b>2020/21 Forecast £M</b>	<b>Actual £M</b>
<b>Initial Capital Formula Allocation:</b>	<b>12.392</b>	<b>12.392</b>	<b>0.878</b>
<b>Capital Resource limit adjustments:</b>			
<b>ADJUSTED NET ALLOCATION</b>	<b>£12.392</b>	<b>£12.392</b>	<b>£0.878</b>
<b>Anticipated Capital Resource Limit Adjustments :</b>			
Additional Central Resource Allocation	3.000	2.750	
West of Scotland Laundry - Transfer from other boards	0.150	0.300	
Regional Capital Contribution - Vascular Surgery Theatre	1.350	1.350	
Central Resource Returned	0.000	-0.426	
Covid-19 Costs	0.000	0.573	
	<b>£4.500</b>	<b>£4.547</b>	<b>£0.000</b>
<b>Other Income Adjustments:</b>			
Other Income	0.018	0.018	
	<b>£0.018</b>	<b>£0.018</b>	<b>£0.000</b>
<b>Disposal Programme:</b>			
Property Disposals	1.665	3.155	
	<b>£1.665</b>	<b>£3.155</b>	<b>£0.000</b>
	<b>£18.575</b>	<b>£20.112</b>	<b>£0.878</b>
<b><u>CAPITAL EXPENDITURE:</u></b>			
<b><u>Business Cases</u></b>			
Monklands general business continuity	5.528	4.551	0.135
Acute Property Works	5.700	6.309	0.304
New Monklands Fees	3.000	2.750	0.339
	<b>14.228</b>	<b>13.610</b>	<b>0.778</b>
<b><u>Medical Equipment</u></b>	3.860	4.728	0.056
	<b>3.860</b>	<b>4.728</b>	<b>0.056</b>
<b><u>Other Service Developments</u></b>			
Northern Corridor	0.050	0.050	0.000
	<b>0.050</b>	<b>0.050</b>	<b>0.000</b>
<b><u>Other Expenditure</u></b>			
CHP HM	0.700	1.400	
PSSD Equipment	0.300	0.697	
CAFM Replacement	0.000	0.340	
Covid-19 costs	0.000	0.573	
<i>subtotal</i>	<b>1.000</b>	<b>3.010</b>	<b>0.000</b>
I.M.&T Projects	0.708	0.875	0.044
	<b>1.708</b>	<b>3.885</b>	<b>0.044</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>£19.846</b>	<b>£22.273</b>	<b>£0.878</b>
<b>(OVER) / UNDER COMMITTED</b>	<b>-£1.271</b>	<b>-£2.161</b>	<b>£0.000</b>