

NHS Board Meeting,  
24 February 2021

Lanarkshire NHS Board  
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## SUBJECT: FINANCE REPORT FOR THE PERIOD ENDED 31 JANUARY 2021

### 1. PURPOSE

This paper is coming to the Board:

For approval	<input checked="" type="checkbox"/>	For Assurance	<input checked="" type="checkbox"/>	For Information	<input type="checkbox"/>
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### 2. ROUTE TO THE BOARD

This paper has been prepared by the Director of Finance and as agreed, this report comes straight to the Board. The Acute Management Team and Health and Social Care Partnership Management Teams receive financial reports for their own area.

### 3. SUMMARY OF KEY ISSUES

The Board's original 2020/21 financial plan, prepared prior to the Covid-19 emergency response, predicted cost growth would exceed the allocation uplift by £29.828m. Savings would be needed to bridge this gap, of which £10.030m had still to be identified by March 2020.

The Board moved into emergency response mode on 2 March 2020. From the outset, expenditure patterns varied from the business as usual financial plan. Lanarkshire has incurred an estimated £45.570m of expenditure to date, directly linked to the Covid-19 response. As services adapted to redirect beds and staff to the emergency response, developments previously anticipated in specialist services and high cost drugs inevitably moved more slowly and the cost increases forecast from these, which had created part of the unfunded gap in the original plan, have not materialised to the full extent. So although the financial sustainability programme was suspended in March 2020 and there has been limited ability to make inroads into the original £10.030m gap, the gap itself has narrowed in 2020/21. The net impact of these three factors is that providing full funding is received for the additional Covid-19 expenditure, the Board should be able to achieve breakeven.

From the outset mechanisms had been put in place to track the additional Covid-19 costs and these have been regularly reported and discussed with the Scottish Government Health and Social Care Department (SGHSCD). The allocation confirmed in early February 2021 provides full cover for forecast additional costs incurred due to Covid19 for both the Health Board and HSCPs.

Based on this at the end of January 2021 the Board is reporting an underlying £1.469m under spend which is £2.447m better than the financial plan year to date trajectory.

#### 4. STRATEGIC CONTEXT

This paper links to the following:

Corporate objectives	<input checked="" type="checkbox"/>	AOP	<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

The traditional measures would be achievement of AOP agreed position for revenue resource limit, capital resource limit and efficiency target. Given the NHS is on an emergency footing the target for 2020/21 would be to live within the funding envelope agreed with SGHSCD whilst delivering on immediate priorities.

#### 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 Management	<input checked="" type="checkbox"/>				

**10. EQUALITY AND DIVERSITY IMPACT ASSESSMENT**

An E&D Impact Assessment has not been completed

Yes   
 No

This is a largely factual position report prepared from information in the financial ledger. Section 10 contains investment proposals weighted towards addressing health inequalities post Covid-19 and once fully set out these should have a positive E & D impact.

**11. CONSULTATION AND ENGAGEMENT**

This is a largely factual position report prepared from information in the financial ledger. The investment proposals are linked back to previous Board strategic priorities, action plans or business cases and have been checked for suitability with the officers of the IJB.

**12. ACTIONS FOR THE BOARD**

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

Approve	<input checked="" type="checkbox"/>	Accept the assurance provided	<input checked="" type="checkbox"/>	Note the information provided	<input checked="" type="checkbox"/>
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**13. FURTHER INFORMATION**

For further information about any aspect of this paper, please contact *Laura Ace, Director of Finance*  
 Telephone: 01698 752774.

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*Laura Ace*  
*Director of Finance*

19 February 2021

## **NHS LANARKSHIRE**

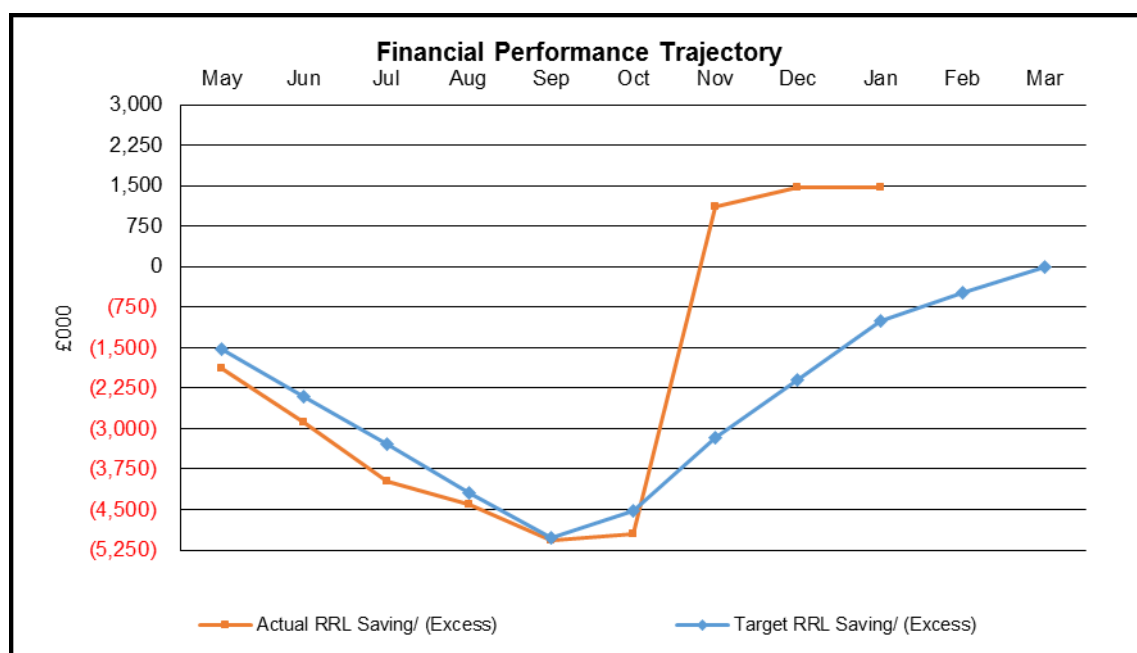
### **FINANCE REPORT FOR THE PERIOD ENDED 31 JANUARY 2021**

#### **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 ten months of 2020/21, to confirm the year end forecast and to seek approval for a number of non-recurring investments. The reorganisation of services to respond to the Covid-19 pandemic incurred additional costs of £45.570m to the end of January 2021 and changed the pattern of expenditure from the opening budgets approved in the financial plan. Uncertainty as to the adequacy of funds has meant the Board has had to exercise caution throughout the year and hold back in a number of areas of desired development. Confirmation at the end of January that the additional Covid-19 costs will be fully funded combined with greater certainty in predicting the demands of the final two months brings confidence that breakeven can be achieved and still look to make a degree of progress with some strategic priorities.

#### **2. Overview**

- 2.1. The 2020/21 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. At that point costs were expected to grow more than the 3% allocation uplift. Factors influencing that assessment were the 4.57% estimated impact of the 3<sup>rd</sup> year of the Agenda for Change pay deal, a 10.9% potential increase in hospital drugs and a range of national commitments. 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. Prior to the start of the year the Board moved on to an emergency footing and since then the priority has been to respond to the Covid-19 pandemic. This has resulted in a very different use of resources in year than envisaged in the original Annual Operational Plan (AOP). Significant additional costs have been incurred in the Covid-19 response. Other less urgent planned developments have either been deferred or happened more slowly. The steep rise in the cost from new drugs has not materialised nor has some of the notified expansion in specialist services. Work on the financial sustainability programme was suspended although some savings were still achieved. The trajectory in the graph below reflects the lower savings achievement in the first part of the year followed by recognition after receiving mid-year information that elements of previously predicted cost growth would not happen.
- 2.3. The net impact of these movements combined with SGHSCD confirmation in the January Allocation letter of sufficient funds to cover the additional Covid-19 costs means the Board can now plan for a year end breakeven position.



2.4. Table 1 below shows the split by Division, further explained in sections 4 to 7.

	YTD Budget £M	YTD Actual £M	YTD Variance £M
Acute Operating Division	339.839	339.902	(0.063)
North Lanarkshire Health & Social Care Partnership	273.181	257.489	15.692
South Lanarkshire Health & Social Care Partnership	377.769	362.575	15.194
Headquarters / Corporate Functions	147.234	146.550	0.684
Service Level Agreements / Other Healthcare Providers	174.975	173.984	0.991
NHSL - wide	(6.290)	(6.147)	(0.143)
<b>Net operating costs</b>	<b>1,306.708</b>	<b>1,274.353</b>	<b>32.355</b>
Remove IJB Position	(650.950)	(620.064)	(30.886)
<b>Revised Net operating costs</b>	<b>655.758</b>	<b>654.289</b>	<b>1.469</b>

### 3. Revenue Resources

3.1. At the end of January 2021, the Core Revenue Resource Limit (RRL) for NHS Lanarkshire was £1,516.494m and the Non-Core Revenue Resource Limit was £30.198m, details of which are noted in Annex A.

3.2. The £8.975m allocation to support the ongoing costs in relation to Covid-19 takes the total funding package received so far to £96.685m. £58.893m of this relates to the HSCP's forecast costs and of that, £41.901m relates to forecast social care costs in North and South Lanarkshire Councils.

- 3.3. The £2.460m Community Living Change Fund is to be transferred to Integration Authorities to deliver the redesign of services for people with complex needs, including intellectual disabilities and autism, or who have enduring mental health problems. This includes the discharge of those that have encountered lengthy hospital stays or who might have been placed outside of Scotland and who could now more appropriately be supported closer to home. This fund should ensure that, going forward, assessment and treatment beds are used only for that purpose and that people do not endure long, unnecessary stays in hospital. This will require disinvestment in institutional care as more individuals with complex needs are supported in the community. As plans will need to be developed with the support of housing colleagues, there may be a lead in time. The funding can therefore be held for a period of up to three years.
- 3.4. The £12.0m of Further Integration Authority Support is being allocated to Integration Authorities in respect of the ongoing financial pressures in relation to the Covid-19 pandemic. These include supporting financial sustainability across the social care sector, new ways of working developed in-year and additional capacity requirements across health and social care services.
- 3.5. The £4.514m allocation to support the Adult Social Care Winter Preparedness Plan supplements the first tranche of £7.340m received in December 2020 and is to be used by integration authorities for a range of actions including:
- Prioritise the 'home first' approach to care;
  - Enhance infection prevention and control measures;
  - Support the arrangements necessary to restrict staff movement across care settings;
  - Review daily residents and staff in care homes for Covid-19 symptoms to promote early testing and pre-emptive infection control measures;
  - Expand testing access for the care at home workforce and designated visitors;
  - Continue to the end of March 2021 the Social Care Staff Support Fund, the winter sustainability funding and free PPE emergency top-ups;
  - Promote access to wellbeing services across the workforce; support the additional administration costs associated with the pandemic and outbreak management and work with care homes to provide access to digital devices and improve connectivity.
- 3.6. A further £9.9m was released in January in respect of outstanding balances on Primary Care Improvement Fund, Mental Health Action 15 and Alcohol and Drug Partnerships. £0.343m was also provided to reduce drug deaths. All these allocations will pass to the IJB budgets.
- 3.7. The January 2021 Core Revenue Resource Limit includes confirmed resources of £0.289m from the Chief Scientists' Office for Research, £0.126m for Distinction Awards paid to NHS Consultants, £0.345m Tranche 2 Scottish Trauma Network funding, £0.252m for the MCN Neurosurgery and the return of £0.975m from NSD in respect of Lanarkshire's share of £8m of funds unspent this year from the national risk sharing of specialist services.

- 3.8. The January 2021 Core Revenue Resource Limit also includes adjustments in respect of £0.614m being deducted for the transfer to the Scottish Ambulance Service for the Scottish Specialist Transport and Retrieval Service (ScotSTAR), broadly in line with financial plan expectations. £1.028m was transferred to National Shared Services for PET scanning which is £0.049m more than the amount top sliced last year reflecting increased activity.
- 3.9. In January 2021 there was a technical adjustment (£15.115m) moving sums from our core revenue resource limit to our non-core allocation in respect of depreciation to comply with Scottish Government funding and accounting treatments. This is in line with Financial Plan expectations.

#### 4. Acute Division

- 4.1. The Acute Division is reporting an over spend of £0.063m for the period to the end of January 2021, as detailed in Table 2. Budget has been released to match the £19.484m of costs relating to the Covid-19 response up to the end of January. Although this looks better than at the same point last year, the Acute Division has been unable to release the expected funding from its efficiency programme and because of the immediate need to focus resources on treating patients with Covid-19 a significant backlog of planned procedures has built up.

	<b>Budgeted Operating Costs 31/01/2021 £M</b>	<b>Actual Operating Costs 31/01/2021 £M</b>	<b>Actual saving / (excess) 31/01/2021 £M</b>
Pay	273.369	273.787	(0.418)
Non Pay	77.892	77.537	0.355
Healthcare Purchases	1.678	1.678	0.000
Gross operating costs	352.939	353.002	(0.063)
Less: miscellaneous income	(32.584)	(32.584)	0.000
<b>Underlying Net operating cost</b>	<b>320.355</b>	<b>320.418</b>	<b>(0.063)</b>
Covid-19 Spend	19.484	19.484	0.000
<b>Net operating cost</b>	<b>339.839</b>	<b>339.902</b>	<b>(0.063)</b>

- 4.2. The estimated underlying overspend is driven by medical and healthcare scientist pay costs in excess of budget.
- 4.3. In calculating the additional costs of Covid-19, £3.716m of offsetting cost reductions including theatre consumables and the lower than expected charge from the Golden Jubilee have been netted off.
- 4.4. The acute hospital drug spend in the first 9 months is 7.0% less than that in the comparative period of 2019/20. Based on six month information for out of area high cost drugs the predicted growth in new drugs is below the financial planning estimates at the time of the AOP submission with only £0.750m estimated as being required from the £4.387m set aside for specialist out of region centres in 2020/21.

- 4.5. With all but the most urgent procedures postponed with effect from 18<sup>th</sup> March 2020 there has been none of the usual additional activity to reduce waiting times in the first 3 months and only a cautious return in months 4 though to 8. SGHSCD offered £5.861m to make further inroads but the surge in Covid-19 cases during December meant only £0.783m can be utilised so this funding will not be claimed in full.

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

- 5.1. Recognising a ten months share of the substantial additional revenue resources allocated to Integration Authorities in January 2021, moves the Health and Social Care Partnerships into a position of being £30.886m underspent for the period to the end of January 2021 (North IJB - £15.692; South IJB - £15.194).
- 5.2. Covid-19 expenditure relates to running the Community Hub and assessment centres, mental health assessment centres to divert mental health attendances from A & E, additional psychological, physiotherapy and occupational therapy support, and additional staffing to cover absences. The costs attributed to Covid-19 are North IJB - £5.014m; South IJB - £8.124m up to the end of January.
- 5.3. The funding received in January to cover the additional Covid-19 costs includes £1.797m to recognise price increases in two drugs. This has allowed the South Lanarkshire HSCP to move to a breakeven position for prescribing. In the previous month there had been a cumulative overspend of £0.950m caused in part by repayment of £0.429m bridging funding to cover higher prescribing volumes in March 2020. Prescribing volumes overall in 2020/21 were 3% less in the period to end December 2020 than in the previous year though with each month the gap is narrowing. Both HSCPs had a prescribing efficiency plan and the target amount has been withdrawn from the opening budget. Both IJBS are demonstrating achievement of efficiencies.
- 5.4. Including prescribing, a proportion of the planned savings have been deducted from the opening budgets (North £2.539m out of the original £2.775m, South £1.058m out of the original £2.194m).
- 5.5. Tables 3 and 4 show the position in each partnership.



	<b>Budgeted Operating Costs 31/01/2021 £M</b>	<b>Actual Operating Costs 31/01/2021 £M</b>	<b>Actual saving / (excess) 31/01/2021 £M</b>
Pay	117.334	113.192	4.142
Non Pay	90.258	79.833	10.425
Prescribing	58.641	57.641	1.000
<b>Sub Total</b>	<b>266.233</b>	<b>250.666</b>	<b>15.567</b>
Primary Care Transformational Fund	0.000	0.000	0.000
Share of Primary Care Other Services	6.948	6.823	0.125
Family Health Services	0.000	0.000	0.000
<b>Net operating cost</b>	<b>273.181</b>	<b>257.489</b>	<b>15.692</b>
Less: Covid-19 spend	(5.014)	(5.014)	0.000
<b>Revised net operating cost</b>	<b>268.167</b>	<b>252.475</b>	<b>15.692</b>

	<b>Budgeted Operating Costs 31/01/2021 £M</b>	<b>Actual Operating Costs 31/01/2021 £M</b>	<b>Actual saving / (excess) 31/01/2021 £M</b>
Pay	57.798	56.618	1.180
Non Pay	76.502	67.430	9.072
Prescribing	54.658	54.658	0.000
<b>Sub Total</b>	<b>188.958</b>	<b>178.706</b>	<b>10.252</b>
Primary Care Improvement Fund	10.672	5.850	4.822
Share of Primary Care Other Services	6.675	6.555	0.120
Family Health Services	171.464	171.464	0.000
<b>Net operating cost</b>	<b>377.769</b>	<b>362.575</b>	<b>15.194</b>
Less: Covid-19 spend	(8.124)	(8.124)	0.000
<b>Revised net operating cost</b>	<b>369.645</b>	<b>354.451</b>	<b>15.194</b>

## 6. Headquarters/Area Wide Departments

- 6.1. The Headquarters and Area Wide Departments are reporting an under spend of £0.684m for the period to the end of January 2021, as detailed in Table 5. Budget has been released to match the £9.933m of costs attributed to Covid-19 up to the end of January.

	<b>Budgeted Operating Costs 31/01/2021 £M</b>	<b>Actual Operating Costs 31/01/2021 £M</b>	<b>Actual saving / (excess) 31/01/2021 £M</b>
Pay	56.415	55.146	1.269
Non Pay	86.984	87.569	(0.585)
<b>Gross operating costs</b>	<b>143.399</b>	<b>142.715</b>	<b>0.684</b>
Less: miscellaneous income	(5.685)	(5.685)	0.000
<b>Underlying Net operating cost</b>	<b>137.714</b>	<b>137.030</b>	<b>0.684</b>
Covid-19 Spend	9.520	9.520	0.000
<b>Revised Net operating cost</b>	<b>147.234</b>	<b>146.550</b>	<b>0.684</b>

6.2. The under spend is spread across Corporate Departments (£0.442m), Central Services (£0.152m) and Property and Support Services (£0.090m). The majority of Corporate HQ department savings have been deducted from budgets and have over achieved on the AOP assumptions.

## 7. Service Level Agreements/Other Healthcare Providers

7.1. Service Level Agreements and Other Healthcare Providers are reporting an under spend of £0.991m for the period to the end of January 2021, as detailed in table 6.

	<b>Budgeted Operating Costs 31/01/2021 £M</b>	<b>Actual Operating Costs 31/01/2021 £M</b>	<b>Actual saving / (excess) 31/01/2021 £M</b>
Service Level Agreements	152.827	152.850	(0.023)
Unpacs and Oats	21.828	20.724	1.104
Independent Sector	0.320	0.410	(0.090)
<b>Net operating cost</b>	<b>174.975</b>	<b>173.984</b>	<b>0.991</b>

7.2. The uplift to be applied to agreements for 2020/21 has been agreed at 3% the standard uplift Boards received from Scottish Government. 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.

7.3. As services continue to be disrupted due to the pandemic and travel restrictions imposed across many council areas of Scotland fewer Lanarkshire patients accessed services from other Boards including cross border which has resulted in the Unplanned and Oats area reporting an under spend of £1.104m for the period to the end of January 2021.

## 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). £24.822m of this fell against the Acute and Corporate budgets. At the time of submitting the financial plan the Board had identified proposals for all but £10.030m of this total, however £22.452m of recurring savings remained unidentified.
- 8.2. Within the Acute Division it has been assumed that planned savings from the drugs bill and from theatre consumables would be secured by the end of the year and they were deducted from budget. However the response to Covid-19 means that savings associated with reductions in temporary workforce, theatre productivity and some smaller service redesigns have not been able to be advanced.
- 8.3. A number of corporate savings had been secured in advance of the start of the year. Budgets were reduced to recirculate the funding to cover the excess rise in pay, drugs and other costs identified in the original plan. Overall the corporate budgets are underspent indicating they are living within the reduced budget. Three of the four planned property sales have been achieved. The corporate departments are forecast to exceed the risk adjusted forecast at the time of the Annual Operational Plan (AOP) submission.
- 8.4. The net impact of these early Acute and Corporate forecasts combined with slippage against financial plan estimates primarily the drug reserve and NSD for the return of funding not required from the national risk sharing scheme has allowed us to eliminate the savings gap much earlier than we had anticipated. In order to report against the original submission the slower growth in drugs costs and specialist services has been recorded in the financial management line even though it is a changed cost profile rather than a true efficiency.
- 8.5. Both IJBs received the full allocation uplift on their recurring budget. An assessment was made of the likely cost rises to be funded from this and the gap determined their individual savings requirement. At the time of the AOP, both IJBs had identified long lists of efficiencies to close the gap. North IJB has achieved and removed from budget all but £0.070m of the initially assessed amount. South IJB has at this stage only identified £1.058m of its initial target of £2.194m savings. The target itself was reviewed downwards as more was known about the actual level of cost rises.
- 8.6. Table 7 gives a provisional assessment of month 10 performance against the AOP 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	0.140	0.120	0.120
Drugs & prescribing	0.836	0.892	0.816	0.855
Workforce	1.060	0.686	0.571	0.585
Procurement	3.666	3.580	2.737	2.087
Infrastructure	2.320	3.935	3.864	3.864
Other	6.740	6.740	5.617	5.617
Financial Management / Corporate Initiatives	-	8.850	7.538	7.538
Unidentified Savings	10.030			
<b>Total Core NHS Board Savings</b>	<b>24.822</b>	<b>24.822</b>	<b>21.263</b>	<b>20.666</b>
<b>Savings delegated to Integration Authorities</b>	<b>5.006</b>	<b>3.698</b>	<b>3.698</b>	<b>3.698</b>
<b>Total Savings Required</b>	<b>29.828</b>	<b>28.520</b>	<b>24.961</b>	<b>24.364</b>

## 9. Capital

- 9.1 At the outset, the demands of the 20/21 capital programme exceeded the resources available. Rather than rule out any of the priority projects at the start of the year, the Board approved a management strategy of monitoring expenditure for slippage and trying to maximise opportunities for additional funding with a fall back of delaying some expenditure on equipment into April 2021 should the position remain unchanged. This strategy paid off. By the end of October the initial known allocations had been supplemented by sufficient additional funding to balance the original aspirations.
- 9.2 £2.640m of the targeted £3.080m property receipts has already been secured, which given the uncertainty in the market during Covid-19 is a strong achievement. The missives for the remainder have been concluded with the sale now scheduled for April 2021.
- 9.3 As the year progressed, additional demands emerged, particularly from the ongoing review of the risks to business continuity in Monklands but conversely initial timescales to complete some of the projects proved optimistic. The hybrid theatre for the regional vascular theatre and an invest to save energy efficiency project will now be finalised in the first quarter of 2021/22. The medical equipment replacement programme for 2021/22 has been advanced to bring forwards some purchases into 2020/21 to balance off the expenditure between the two years.
- 9.4 The original plans for a 24 bedded ward were revised in the light of the Covid-19 experience and converted to a 17 bedded solution which opened during November.
- 9.5 A late addition to the capital plan was the purchase of the practice owned element of Rutherglen Health centre. Discussions had been advanced though the primary

care premises group under the sustainability loan scheme and only connected with the capital programme at a late stage. SGHSCD provided the funding to allow this to happen.

- 9.6 Expenditure to the value of £9.355m has been incurred in the first ten months as detailed in Annex B.

## 10. Development and Approvals

- 10.1 Expenditure to manage the Covid-19 response continues to be incurred, captured and reported to SGHSCD. Table 8 summarises the Covid-19 costs to 31 January 2021.

<b>Table 8 - Covid-19 Revenue &amp; Capital Spend</b>		
<b>Table 8</b>	<b>Revenue</b>	<b>Capital</b>
<b>Area</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>£m</b>	<b>£m</b>
Acute Operating Division	19.484	0.000
Headquarters / Corporate Functions	9.520	0.000
<b>Sub Total</b>	<b>29.004</b>	<b>0.000</b>
Loss of income and planned expenditure under negotiation	3.428	0.000
<b>Total Board Areas</b>	<b>32.432</b>	<b>0.000</b>
North Lanarkshire Health & Social Care Partnership	5.014	0.000
South Lanarkshire Health & Social Care Partnership	8.124	0.000
<b>Sub Total</b>	<b>13.138</b>	<b>0.000</b>
Loss of income and planned expenditure under negotiation	0.000	0.000
<b>Total Health &amp; Social Care Partnership</b>	<b>13.138</b>	<b>0.000</b>
<b>Total Board and Health &amp; Social Care Partnership</b>	<b>45.570</b>	<b>0.000</b>
Capital Spend	0.000	1.538
<b>Total Revenue and Capital Spend</b>	<b>45.570</b>	<b>1.538</b>

- 10.2 In January the Board and HSCPs submitted their latest forecast of costs likely to be incurred up to 31 March 2021 on responding to the Covid-19 pandemic. SGHSCD then issued the balance between the £96.685m forecast and the funding previously released. Although the response is dynamic and forecasts are regularly being recalibrated, this overall envelope is believed to be sufficient to cover each partners' costs. The return submitted in mid-February reduces the year end forecast for the NHS Board by £2.746m. The Board element of the funding is expected to be adjusted at the year-end based on actual costs at that point.
- 10.3 The certainty provided by this allocation together with a clearer view of service provision to the year-end has allowed the NHS Board to revisit a range of strategic priorities. There is now confidence that the Board could advance:

- GP IT System replacement: A national replacement programme is underway and although central funding is expected for the core purchase there are substantial implementation and incidental costs. A multi-year funding strategy has been pursued. A budget addition of £0.750m would bring available resource to a level that would ensure there is sufficient resource to roll out this key development.
  - Child and Adolescent Mental Health Services Action Plan: The NHS Board has received periodic updates on progress with actions identified in the deep dive of how to improve the services ability to meet demand. Providing a base in South Lanarkshire remains one of the outstanding issues and an allocation of £0.9m would allow this, and potentially other improvements to be taken forwards.
  - Covid-19 recovery and the impact of health inequalities: After the first wave of the pandemic, proposals for longer term recovery, recognising the disproportionate impact on vulnerable populations were brought to the Recovery, Redesign and remobilisation group but were unable to be advanced because resource was focussed on more immediate issues. There is now capacity to support those prioritised highest by health improvement. An £0.411m investment would support a 2 year programme of mental health initiatives, including stress control, mindfulness, suicide prevention, wellbeing hubs and on line applications. £0.133m would support a new dedicated Vulnerable Populations post within Health Improvement to better understand the impact and scope of Covid-19 on vulnerable populations (including patients, staff and the wider public who fall into these groups). In particular, the post holder will consider those in SIMD 1 and 2, BAME communities and other known high risk groups for Covid-19. £0.277m would support the development of a health promoting culture and embed effective health improvement practice within acute and community hospital settings as well as health and social care partnerships. This focus aims to improve healthy life expectancy and address health inequalities for staff and patients alike. In addition, in recognition of the potential for the third sector to effectively support initiatives to improve health, such as social prescribing, it is recommended £0.300m is provided to each Health and Social Care partnership to target to best effect.
  - Equipment Loan Store and Hospital at Home: These services, which support health in the community in both North and South Lanarkshire and help free hospital beds are under pressure and a £0.500m injection would assist enhanced operation for a longer period.
  - Prescribing pressures in South Lanarkshire: An overspend against the prescribing budget in South Lanarkshire exhausted the IJBS prescribing reserve and necessitated a £0.429m (check) loan from SGHSCD which had to be repaid in 2020/21. Providing £0.500m to re-establish a prescribing reserve would protect other services from a potential further overspend giving the HSCP more time to work through opportunities for more cost effective prescribing.
- 10.4 These areas all fall within services where authority is delegated to the IJBs. The Board is asked to approve the offer of non-recurring funding for the priorities set out above.

10.5 The 2021/22 allocation letter issued by SGHSCD provides a 1.5% uplift to the general recurring revenue allocation base. It stipulates from that a 1.5% uplift must be offered to the IJBs' recurring budgets. The Board is asked to endorse that offer being made. The IJB's will also receive any specific allocations relating to their delegated functions. These will be added to the IJBs' budgets as and when they are issued through the monthly allocation letter process.

## **11. Risk Assessment**

11.1 The overall financial risk has been reduced from medium to low following confirmation that the Covid-19 costs will be covered in full.

## **12. Conclusion**

The Board is asked to note:

- the step change in trajectory due to revising elements of expenditure growth forecasts downwards primarily for drugs and specialist services and the actual revenue under spend of £1.469m as at 31 January 2021 against the non IJB portion of the budget;
- that full funding has been received for the forecast costs attributed directly to the Covid-19 response and as a result the risk rating has been lowered from medium to low;
- The substantial additional allocations received in January 2021 for use by the Integration Joint Boards which has resulted in an underspend of £30.886m being reflected at the end of January 2021;
- the re-profiled but balanced capital plan based on current best estimates.

The Board is also asked to approve:

- The offer of additional funding to the Integration Joint Boards as set out in section 10 to advance strategic priorities;
- The Board is asked to endorse the offer of a 1.5% uplift to the recurring base budgets of each IJB for 21/22 in accordance with SG instructions.

**LAURA ACE**  
**DIRECTOR OF FINANCE**  
**19 February 2021**

## ANNEX A

<b>REVENUE RESOURCE LIMIT 2020/21</b>				
	Baseline Recurring £M	Earmarked Recurring £M	Non Recurring £M	Total £M
<b>Core Revenue Resource Limit as at 31 December 2020</b>	<b>1,266.933</b>	<b>129.403</b>	<b>96.365</b>	<b>1,492.701</b>
CSO support NHS Research Scotland (NRS)	0.000	0.000	0.289	0.289
Distinction Awards for NHS Consultants	0.000	0.126	0.000	0.126
Scottish Trauma Network - Tranche 2	0.000	0.345	0.000	0.345
Reimbursement Shingles vaccine 20/21	0.000	0.000	0.184	0.184
Top up of Fluenz vaccine costs in 20/21	0.000	0.000	0.119	0.119
NSD Funding return	0.000	0.000	0.975	0.975
Adult social care winter plan	0.000	0.000	4.514	4.514
Inequalities Fund 2020/21	0.000	0.000	0.047	0.047
MSN Neurosurgery	0.000	0.000	0.252	0.252
Wellbeing funding	0.000	0.000	0.059	0.059
Positron Emission Tomography (PET) Scans - adjustment	0.000	0.000	(1.028)	(1.028)
Reduce drug deaths	0.000	0.000	0.343	0.343
ScotSTAR 2020/21	0.000	0.000	(0.614)	(0.614)
PCIF balance	0.000	0.000	5.785	5.785
Action 15 balance	0.000	0.000	2.106	2.106
ADP balance	0.000	0.000	1.971	1.971
Reduction in core RRL (depreciation switch)	0.000	0.000	(15.115)	(15.115)
Covid-19 Q1-4 Funding Allocation - tranche 2	0.000	0.000	8.975	8.975
Community Living Change	0.000	0.000	2.460	2.460
Further Integration Authority Support	0.000	0.000	12.000	12.000
<b>Core Revenue Resource Limit as at 31 January 2021</b>	<b>1,266.933</b>	<b>129.874</b>	<b>119.687</b>	<b>1,516.494</b>
<b>Non Core Revenue Resource Limit as at 31 December 2020</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
IFRS Revenue PFI - Non Cash	0.000	0.000	6.552	6.552
Donated Asset Depreciation	0.000	0.000	0.042	0.042
Annually Managed Expenditure - Impairments	0.000	0.000	8.789	8.789
Annually Managed Expenditure - Provisions	0.000	0.000	(0.300)	(0.300)
Non core expenditure - Depreciation	0.000	0.000	15.115	15.115
<b>Non Core Revenue Resource Limit as at 31 January 2021</b>	<b>0.000</b>	<b>0.000</b>	<b>30.198</b>	<b>30.198</b>
<b>Total Revenue Resource Limit as at 31 January 2021</b>	<b>1,266.933</b>	<b>129.874</b>	<b>149.885</b>	<b>1,546.692</b>



## ANNEX B

<b>NHS LANARKSHIRE</b>			
<b>CAPITAL EXPENDITURE TO 3st January 2021</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>6.715</b>
<b>Capital Resource limit adjustments:</b>			
CHP Hairmyres	0.000	1.735	
Covid-19 Costs	0.000	1.197	
Imaging Replacement Programme	0.000	0.900	
Ophthalmology - Eye Care Services	0.000	0.202	
Rutherglen Health Centre	0.000	0.687	
West of Scotland Laundry and Vascular	1.500	1.653	
Covid-19 Support	0.000	0.341	
Scottish Trauma Network	0.000	0.070	
<b>ADJUSTED NET ALLOCATION</b>	<b>£13.892</b>	<b>£19.177</b>	<b>£6.715</b>
<b>Anticipated Capital Resource Limit Adjustments :</b>			
Additional Central Resource Allocation	3.000	2.600	
Central Resource Return	0.000	-0.426	
Scottish Trauma Network Return (should be revenue)	0.000	-0.070	
	<b>£3.000</b>	<b>£2.104</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	2.640	2.640
	<b>£1.665</b>	<b>£2.640</b>	<b>£2.640</b>
	<b>£18.575</b>	<b>£23.939</b>	<b>£9.355</b>
<b><u>CAPITAL EXPENDITURE:</u></b>			
<b><u>Business Cases</u></b>			
Monklands general business continuity	5.528	4.052	1.816
Acute Property Works	5.700	5.792	2.752
New Monklands Fees	3.000	2.600	1.951
	<b>14.228</b>	<b>12.444</b>	<b>6.519</b>
<b><u>Medical Equipment</u></b>	3.860	6.310	1.606
	<b>3.860</b>	<b>6.310</b>	<b>1.606</b>
<b><u>Other Service Developments</u></b>			
Northern Corridor	0.050	0.052	0.052
CAMHS		0.030	
	<b>0.050</b>	<b>0.082</b>	<b>0.052</b>
<b><u>Other Expenditure</u></b>			
CHP Hairmyres	0.700	1.668	
PSSD Equipment	0.300	0.551	0.096
Rutherglen Health Centre	0.000	0.687	
Covid-19 costs	0.000	1.538	0.616
<i>subtotal</i>	<b>1.000</b>	<b>4.444</b>	<b>0.712</b>
I.M.&T Projects	0.708	0.897	0.466
	<b>1.708</b>	<b>5.341</b>	<b>1.178</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>£19.846</b>	<b>£24.177</b>	<b>£9.355</b>
<b>(OVER) / UNDER COMMITTED</b>	<b>-£1.271</b>	<b>-£0.238</b>	<b>£0.000</b>