

NHS Board Meeting  
25<sup>th</sup> May 2022

Lanarkshire NHS Board  
Kirklands  
Fallside Road  
Bothwell  
G71 8BB  
Telephone: 01698 855500  
[www.nhslanarkshire.scot.nhs.uk](http://www.nhslanarkshire.scot.nhs.uk)



**SUBJECT: FINANCE REPORT FOR THE PERIOD ENDED 31 MARCH 2022**

**1. PURPOSE**

This paper is coming to the Board Members:

For approval	<input type="checkbox"/> For endorsement	<input type="checkbox"/> To note	<input checked="" type="checkbox"/>
--------------	--	----------------------------------	-------------------------------------

**2. ROUTE TO THE COMMITTEE**

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 reflected the costs of normal operating and assumed any additional Covid-19 costs would be funded by the Scottish Government. To balance, it relied on £30.693m of savings, £25.773m of which were still to be identified when submitting the plan. This meant the Board started the year with costs exceeding income producing monthly deficits. The aspiration was to have identified sufficient measures by November 2021 to climb back to break-even at the year-end. Severe pressures on services from the prevalence of Covid-19 and pent up demand meant the Board remained on an emergency footing all year and was unable to resume the financial sustainability programme which has been paused since March 2020. Funding was notified in February 2022 to cover all Covid-19 related costs including £9m to make up for undeliverable savings in year. Combined with the savings delivered, other underspends or slower pace of national, regional and local developments allowed the Board to breakeven as at 31<sup>st</sup> March 2022. The underlying recurring gap however remains and the latest assessment of it is £24.254m moving into the next financial year.

Having been covered for the additional Covid-19 expenditure, the Board is reporting that all 3 financial targets were met in 2021/22. A breakeven position was reported against the Revenue Resource limit (RRL) of £1.635.308m, the Board also stayed within its Capital Resource Limit of £29.480m (plus additional funding) and its cash limit. These results are subject to audit during May and June of 2022.

In line with guidance, the year-end position treats the £115.805m unspent balance on funding delegated to the IJBs as being transferred to IJB reserves and therefore it has a neutral impact on the Board's own performance against RRL.

#### 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"/>
------	--------------------------	-----------	-------------------------------------	----------------	--------------------------

*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

This paper provides the Board with assurance on risk ID 1990 on the Board's ability to achieve financial breakeven in 2021/22. This was initially entered on the corporate risk register as very high but as actions progressed and funding became more certain was reduced to low. Once the financial results are confirmed by external audit the risk will be removed. The risk of not being able to identify sufficient savings to break even in 2022/23 is assessed as very high and reflected on the risk register as ID 2123.

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

### **13. FURTHER INFORMATION**

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

---

*Laura Ace*  
*Director of Finance*  
*17 May 2022*

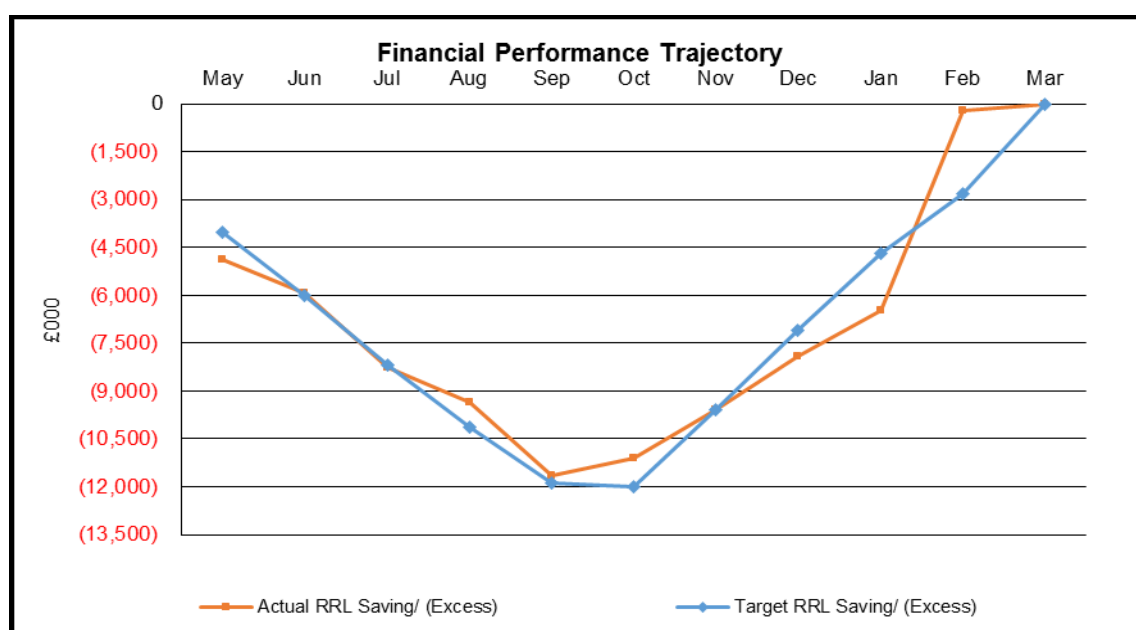
## NHS LANARKSHIRE FINANCE REPORT FOR THE PERIOD ENDED 31 MARCH 2022

### 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 year to 31<sup>st</sup> March 2022.

### 2. Overview

- 2.1. The 2021/22 financial plan was submitted to the Scottish Government Health and Social Care Department (SGHSCD) in March 2021. It assumed any continuing costs of the response to the Covid-19 pandemic would be separately funded. Otherwise it assumed that the underlying budgets would roll forward and be impacted by pay deals, supplies inflation, drugs growth and any agreed developments.
- 2.2. The Board broke even in 2020/21, but to do so relied on non-recurring savings, slippage in anticipated developments and drugs growth stalling during the pandemic. In the opening position recurring expenditure was estimated to be £17.365m higher than the recurring income. On top of this costs in 2021/22 were predicted to rise by more than the 1.5% allocation uplift plus any supplementary funding. Contributory factors are the previous AfC pay deal, hospital drugs growth and a range of national commitments and local cost pressures. The year-end gap was predicted to rise to £30.693m. Efficiency savings would normally have been sought to close this gap but at the time of submitting the plan £25.773m of savings were still to be identified.
- 2.3 As the £25.773m had not been identified at 31 March 2021 it was assumed expenditure would exceed income until October 2021 at which point the 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.



- 2.4 Given the continuing system pressures there was no capacity to make significant inroads into the gap by efficiency schemes although on a non-recurring basis around £3m more was delivered than in the original plan. There are areas of the plan which proceeded more slowly, particularly regional and national service developments and pockets of unplanned underspends, mainly within corporate services, which narrowed the gap. We received £9m funding support from Scottish Government in the January 2022 allocation letter, recognising that the Board was unable to deliver its savings programme because of the focus on the pandemic. We received an additional £2.4m support for acute winter pressures. Taken together with around £1m of net gains where allocations exceeded expectations these were sufficient to allow the Board to breakeven at the year-end.
- 2.5 An exceptionally high level of additional funding has been supplied in the final quarter (£103.847m in January and February), the largest component of which was a further £83.932m to meet Covid-19 and Remobilisation costs in health and social care. This provides North and South Lanarkshire IJBs with £31.621m and £33.256m more, respectively, than they estimated they would need to cover Covid-19 costs in 2021/22 with any unspent balance to be used to meet these costs in 2022/23. This will be held in reserve at year end and forms part of the £115.805m combined surplus reflected in the figures to end of March 2022.
- 2.6 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	450.540	453.836	(3.296)
North Lanarkshire Health & Social Care Partnership	382.560	323.863	58.697
South Lanarkshire Health & Social Care Partnership	515.001	457.893	57.108
Estates, E health and Other Corporate Functions	201.307	197.812	3.495
Service Level Agreements / Other Healthcare Providers	226.238	225.038	1.200
NHSL - Area Wide	(12.424)	(11.025)	(1.399)
<b>Net operating costs</b>	<b>1,763.222</b>	<b>1,647.417</b>	<b>115.805</b>
Remove IJB Position	(897.561)	(781.756)	(115.805)
<b>Revised Net operating costs</b>	<b>865.661</b>	<b>865.661</b>	<b>0.000</b>

### 3. Revenue Resources

- 3.1. The anticipated final Core Revenue Resource Limit (RRL) for 2021/22 for NHS Lanarkshire is £1,635.308m, assuming a £15.259m transfer from core to non-core still be processed at the time of writing. This would give a Non-Core Revenue Resource Limit of £30.576m. Details of the revenue resources are noted in Annex A. The Board will also receive £97.339m in respect of Family Health Services Non-Discretionary spend to match expenditure.

- 3.2. The March 2022 Core Revenue Resource Limit includes the following confirmed resources for Health and Social Care Partnerships; £1.840m Mental Health Recovery and Renewal facilities projects and £0.648m for Primary Care GP dilapidation costs.
- 3.3. The March 2022 Core Revenue Resource Limit also includes £0.502m additional funding for Clinical Waste to cover cost pressures associated with the fire at the Bellshill site and the return of £0.583m from NSD in respect of Lanarkshire's share of £4.6m of funds unspent this year from the national risk sharing of specialist services.
- 3.4. We received further funding from Scottish Government; £0.422m for the overtime element of the buy-back of annual leave and technical adjustments in respect of supplies issued by NSS for PPE and other pandemic stock £5.435m, test kits £0.262m, medical equipment £0.127m and Cytosponges. The Board also received revenue funding from NES £0.368m and NSS £0.134m in response to equipment bids and both were converted to capital for infrastructure support.
- 3.5. The Board is also anticipating funding for non-core expenditure including £6.503m for PFI depreciation costs, £8m for impairments, £0.042m for donated asset depreciation costs and £0.771m for the provision of medical negligence costs. We are also anticipating technical adjustments (£15.259m) 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. These are in line with year-end financial planning expectations.

#### 4. Acute Division

- 4.1. The Acute Division is reporting an over spend of £3.296m for the period to the end of March 2022, as detailed in Table 2. The over spend is £3.317m more than at the same point in the previous year. Covid-19 funding has been fully confirmed by SGHSCD and budget has been released to match the £14.046m of costs attributed to Covid-19 up to the end of March 2022 so it does not contribute to the over spend.

<b>Table 2 - Acute Division 2021/22</b>			
	<b>Budgeted Operating Costs 31/03/2022 £M</b>	<b>Actual Operating Costs 31/03/2022 £M</b>	<b>Actual saving / (excess) 31/03/2022 £M</b>
Pay	361.697	362.978	(1.281)
Non Pay	115.500	117.513	(2.013)
Healthcare Purchases	3.422	3.422	0.000
<b>Gross operating costs</b>	<b>480.619</b>	<b>483.913</b>	<b>(3.294)</b>
Less: miscellaneous income	(44.125)	(44.123)	(0.002)
<b>Net operating cost</b>	<b>436.494</b>	<b>439.790</b>	<b>(3.296)</b>
Covid-19 Spend	14.046	14.046	0.000
<b>Revised Net operating cost</b>	<b>450.540</b>	<b>453.836</b>	<b>(3.296)</b>

- 4.2. The main elements of the over spend are pay costs in excess of budget (nursing £0.588m and Medical £1.232m) and a £2.848m over spend on drugs partly offset by an under spend of £1.539m on theatres supplies which are lower due to reduced elective activity.
- 4.3. The combination of the Covid-19 demand and a more general pressure on unscheduled care has stretched the available workforce and necessitated a range of measures to increase available resource. Supernumerary health care support workers were recruited some time ago with a further round of permanent recruitment on the back of the December allocation. All available nursing graduates were recruited in 2021 with those willing to start early being brought in as band 4's. Supernumerary admin staff were also recruited to support wards. Nursing agency not directly related to Covid-19 activity has increased to £9.208m in the 12 months compared to £2.810m in the same period in 2019/20. In addition, the previous 3 year pay deal had a final scale point movement in 2021/22 which hasn't been funded and its impact is greater in the second half of the year. The impact of a successful re-banding claim for a group of health care support workers also featured in the final months of the year.
- 4.4. At £64.405m, the first 12 month's Lanarkshire hospitals drug spend is 23% more than last year and 17% more than the same point in 2019/20. Multiple factors have been identified but the most significant are new cancer treatments and an increase in drugs provided through healthcare at home. All funding set aside for drugs growth in the financial plan has now been issued out into budgets and is insufficient to cover the forecast year end overspend. There is a 3% increase in out of area drug spend, based on an estimated twelve months' data, driven by growth in use of new cancer drugs and treatments for cystic fibrosis.

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

- 5.1. Under the Public Bodies (Joint Working) (Scotland) Act 2014, The NHS Board delegates responsibility for a specified range of services to the North and South Integrated Joint Boards (IJB's) and passes the budgets associated with these services to the IJBs. The IJBs then direct the NHS Board to operationally deliver services in line with its a strategic commissioning plan, paying back to the NHS Board the funding needed to deliver the services. In 2021/22 the IJB budget transfer and the payment direction were originally back to back, for the same amount. As new income is received throughout the year, the budget is amended. These transactions are book entries rather than physical cash transfers.
- 5.2. Throughout the year the NHS Board has received reports of the expenditure against this funding. Under the Integration Financial guidance however any funding unspent by the year end belongs to the IJB and should be returned to them to be held in reserve for use in future years. £58.697m was returned to North IJB for 2021/22 and £57.108m is being returned to South IJB and these will be added to reserves remaining from the 2020/21 balances. Each IJB will be considering its plans for use or retention of reserves.



- 5.3. The costs attributed to Covid-19 up to the end of March are £13.939m for North Lanarkshire IJB, of which £10.903m relates to social care and £19.820m for South Lanarkshire IJB of which £17.767m relates to social care. Health incurred additional costs in running the Community Hub and assessment centres, mental health assessment centres to divert attendances from A&E, additional psychological, physiotherapy and occupational therapy support, the Flu vaccination programme and additional staffing to cover absences. The funding issued more than covered the final costs leaving North Lanarkshire IJB with £31.621m to transfer to reserves for future expenditure related to Covid-19 and South Lanarkshire IJB, £33.256m.
- 5.4. The average price per item in South Lanarkshire is higher than that in North Lanarkshire resulting in an estimated overspend in year of £1.5m. It is predicted North Lanarkshire will underspend by £1.5m.
- 5.5. A proportion of the planned savings have been deducted from the opening budgets (those relating to GP prescribing, North £1.186m out of the original £2.082m, South £0.682m out of the original £2.172m).
- 5.6. Tables 3 and 4 show the position in each partnership.

**Table 3 - North Lanarkshire Health & Social Care Partnership 2021/22**

	<b>Budgeted Operating Costs 31/03/2022 £M</b>	<b>Actual Operating Costs 31/03/2022 £M</b>	<b>Actual saving / (excess) 31/03/2022 £M</b>
Pay	155.670	142.157	13.513
Non Pay	143.965	101.957	42.008
Prescribing	70.239	68.739	1.500
<b>Sub Total</b>	<b>369.874</b>	<b>312.853</b>	<b>57.021</b>
Primary Care Transformational Fund	0.000	0.000	0.000
Share of Primary Care Other Services	12.686	11.010	1.676
Family Health Services	0.000	0.000	0.000
IJB Cfdw to Reserves	0.000	58.697	(58.697)
<b>Net operating cost</b>	<b>382.560</b>	<b>382.560</b>	<b>0.000</b>

**Table 4 - South Lanarkshire Health & Social Care Partnership 2021/22**

	<b>Budgeted Operating Costs 31/03/2022 £M</b>	<b>Actual Operating Costs 31/03/2022 £M</b>	<b>Actual saving / (excess) 31/03/2022 £M</b>
Pay	78.610	70.712	7.898
Non Pay	125.902	86.598	39.304
Prescribing	66.326	67.826	(1.500)
<b>Sub Total</b>	<b>270.838</b>	<b>225.136</b>	<b>45.702</b>
Primary Care Transformational Fund	16.973	7.177	9.796
Share of Primary Care Other Services	12.188	10.578	1.610
Family Health Services	215.002	215.002	0.000
IJB Cfdw to Reserves	0.000	57.108	(57.108)
<b>Net operating cost</b>	<b>515.001</b>	<b>515.001</b>	<b>0.000</b>

## 6. Estates, e-Health and Other Corporate Functions

- 6.1. Corporate functions are reporting an under spend of £3.495m for the period to the end of March 2022, as detailed in Table 5. Budget has been released to match the £27.684m of costs attributed to Covid-19 up to the end of March. The costs of Test and Protect, the Vaccination programme, community testing and enhanced cleaning across all of NHS Lanarkshire are being reflected in the corporate section of the ledger, hence the high level of Covid-19 costs.

**Table 5 - Estates, E Health and Other Corporate Functions**

	<b>Budgeted Operating Costs 31/03/2022 £M</b>	<b>Actual Operating Costs 31/03/2022 £M</b>	<b>Actual saving / (excess) 31/03/2022 £M</b>
Pay	76.136	71.445	4.691
Non Pay	106.874	108.070	(1.196)
<b>Gross operating costs</b>	<b>183.010</b>	<b>179.515</b>	<b>3.495</b>
Less: miscellaneous income	(9.387)	(9.387)	0.000
<b>Net operating cost</b>	<b>173.623</b>	<b>170.128</b>	<b>3.495</b>
Covid-19 Spend	27.684	27.684	0.000
<b>Revised Net operating cost</b>	<b>201.307</b>	<b>197.812</b>	<b>3.495</b>

- 6.2. The under spend is spread across Corporate Departments (£1.448m), Central Services (£1.571m) and Property and Support Services (£0.476m).

## 7. Service Level Agreements/Other Healthcare Providers

- 7.1. Service Level Agreements and Other Healthcare Providers are reporting an under spend of £1.200m for the period to the end of March 2022, as detailed in table 6.

**Table 6 - Service Agreements / Other Healthcare Providers 2021/22**

	<b>Budgeted Operating Costs 31/03/2022 £M</b>	<b>Actual Operating Costs 31/03/2022 £M</b>	<b>Actual saving / (excess) 31/03/2022 £M</b>
Service Level Agreements	193.134	192.204	0.930
Unpacs and Oats	32.369	32.147	0.222
Independent Sector	0.735	0.687	0.048
<b>Net operating cost</b>	<b>226.238</b>	<b>225.038</b>	<b>1.200</b>

## 8. CRES/Efficiency

- 8.1. The financial plan was prepared on the basis of historic budgets and agreed developments. It was assumed any additional Covid-19 costs would be funded. Taking account of the opening gap of £17.635m and modelling the pay and supplies price increases and the previous trend on high cost drugs produced a cost increase £30.693m greater than the income increase. To balance this the Board would have needed to release £30.693m of cash from budgets through efficiency savings (CRES). At the time of submitting the financial plan the Board had identified proposals for all but £25.773m of this total. Due to Covid-19 no additional schemes had been identified in 2021/22 though some of the schemes have delivered more than anticipated.
- 8.2. In 2020/21 NHS Lanarkshire, unlike other Boards, did not claim any compensatory funding for savings unable to be delivered due to Covid-19. The gap last year was smaller (starting at £10.030m with sufficient efficiency identified to reduce in year to £9.174m) and was finally able to be closed because cost growth – particularly new drugs and specialist service developments - was suppressed whilst the focus was on Covid-19. This year expenditure on new medicines has risen steeply although there has been underspends on some corporate budgets, slippage on a number developments and more income than initially expected, temporarily reducing but not closing the gap. We advised Scottish Government of the potential for a remaining gap of £9m from undeliverable savings in year due to Covid-19 and received confirmation of additional support funding through the January 2021 Covid-19 allocation.
- 8.3. Savings achieved include rebates on drug list prices, small property or equipment savings and the estimated impact of the HSCP prescribing efficiency plans. The net impact of these combined with additional support from SG and slippage against financial plan estimates (mostly national and regional service developments) has allowed us to reach breakeven. In order to report against the original submission, these factors have been recorded in the financial management line in table 7 even though it is a change in cost profile rather than a true efficiency.
- 8.4. As the majority of savings were delivered on a one off basis, 2022/23 opens with a recurring gap of £24.254m.

<b>Financial Plan description</b>	<b>Annual Operating Plan £m</b>	<b>Revised Annual Plan £m</b>	<b>Actual Outturn £m</b>
Service redesign	0.147	0.147	0.147
Drugs & prescribing	0.617	0.640	0.575
Workforce	-	-	-
Procurement	2.250	3.968	3.968
Infrastructure	1.906	3.274	3.319
Other	-	-	-
Financial Management / Corporate Initiatives	-	23.815	23.815
Unidentified Savings	25.773	-	-
<b>Total Core NHS Board Savings</b>	<b>30.693</b>	<b>31.843</b>	<b>31.824</b>
<b>Savings delegated to Integration Authorities</b>	<b>4.254</b>	<b>1.868</b>	<b>2.206</b>
<b>Total Savings Required</b>	<b>34.947</b>	<b>33.711</b>	<b>34.030</b>

## 9. Capital

- 9.1 The Scottish Government has confirmed the initial NHS Lanarkshire Capital Formula Allocation for 2021/22 at £12.392m, no change from the previous year. Further allocations were received in year as follows: £0.250m for Orthopaedic redesign to reconfigure theatre 7 at Hairmyres, £0.144m for Dental Education, £0.100m for Laundry support, £0.106m for Covid-19 equipment and £0.110m additional funding for robotic equipment. NHS Lanarkshire received £5.5m towards the Monklands replacement or refurbishment business case and £6.794m to purchase land at the Wester Moffat site for the replacement of Monklands Hospital. Other Boards contributed £0.386m for regional schemes. Revenue funding was received from NES (£0.368m) and NSS (£0.134m) and both funding streams were converted to capital for the purchase of equipment. NHS Lanarkshire was permitted to retain the £0.515m property receipts secured in year to support capital plans.
- 9.2 We have anticipated further capital funding to come from Scottish Government to stay within the Board's Capital Resource Limit including an additional £0.2m towards the Monklands replacement or refurbishment business case, £0.111m additional funding for robotic equipment and £0.273m for the purchase of medical equipment. The Board also received revenue funding from NES (£0.368m) and NSS (£0.134m) and both funding streams were converted to capital for the purchase of equipment.
- 9.3 Expenditure to the value of £30.013m has been incurred in the twelve months of 2021/22 as detailed in Annex A.
- 9.4 In March 2022 the Board received an update on capital requests for 2022/23 which, in line with previous experience, exceeded available capital.

## 10. Development and Approvals

- 10.1 Expenditure incurred managing the Covid-19 response was captured and reported to SGHSCD. Table 8 summarises the Covid-19 costs to 31 March 2022. A national commitment to the 2022/23 vaccination programme staffing was given on the 14<sup>th</sup> February 2022 and job offers made.

<b>Area</b>	<b>Revenue 2021/22 £m</b>
Acute Operating Division	14.046
Corporate including Covid vaccinations and Test & Protect	27.684
Unachieved Savings	9.000
<b>Total Board</b>	<b>50.730</b>
North Lanarkshire Health & Social Care Partnership	3.036
South Lanarkshire Health & Social Care Partnership	2.053
<b>Total Health &amp; Social Care Partnership</b>	<b>5.089</b>
<b>Total Board and Health &amp; Social Care Partnership</b>	<b>55.819</b>
Capital Spend	0.106
<b>Total Revenue and Capital</b>	<b>55.925</b>

- 10.2 In Table 8, the test and protect initiative, care home support and the Covid-19 vaccination programme sit within the Corporate functions as does any system wide e-health, HR or estates support.
- 10.3 The actual year-end expenditure for health services is included in more detail in Annex C. North and South Lanarkshire Councils also submitted actual costs for social care of £10.903m and £17.767m respectively.

## 11. Risk Assessment

- 11.1 At the point of Covid-19 and additional winter funding being confirmed, the residual risk, reflected in the corporate risk register under ID 1990 was reduced to low. The year-end position is in line with expectations. The final position is subject to external audit which commenced in May and will conclude in June. Once the figures are confirmed as a true and fair view the risk will be closed on the risk register.
- 11.2 A new risk, ID 2123 has been opened in the risk register rated very high as at the moment a substantial gap exists between cost and income forecasts, with few efficiency schemes identified to close it. The recurring gap at the end of 2021/22 is assessed at £24.254m. Once inflation, expansion in use of new medicines, national developments and a minimum allowance for local cost pressures are taken into account for 2022/23 this grows to £38.449m. The Board could be reasonably confident of achieving at least £6.6m of efficiency in line with previous years. This leaves £31.845m of cost growth uncovered. Even this assumes there will be national

funding for continuing Covid-19 costs. It has been confirmed there is no further Covid-19 funding at UK level so any continued costs have to be met from the existing Health and Social Care budget.

## 12 Conclusion

The Board is asked to note:

- the contents of the paper and in particular the forecast that all 3 financial targets covered in this paper have been met;
- the reported breakeven position as at 31 March 2022, recognising that at the year-end the under spend on Health and Social Care partnerships was transferred to IJB reserves for future use;
- the fact NHS Lanarkshire claimed £9m support from SG for undelivered savings in 2021/22 and faces a recurring gap of £24.254m moving in to 2022/23 which is forecast to grow to over £38m;
- that total funding provided for Covid-19 was £140.155m, and the impact that the £64.877m additional funding for IJBs will have on their year-end reserves;
- the Board has delivered a £30.013m capital programme within its Capital resource limit.

**LAURA ACE**  
**DIRECTOR OF FINANCE**  
**17 May 2022**

## ANNEX A

<b>REVENUE RESOURCE LIMIT 2021/22</b>				
	<b>Baseline Recurring £M</b>	<b>Earmarked Recurring £M</b>	<b>Non Recurring £M</b>	<b>Total £M</b>
<b>Core Revenue Resource Limit as at 28 February 2022</b>	<b>1,305.494</b>	<b>150.508</b>	<b>185.017</b>	<b>1,641.019</b>
<b>March Adjustments to Allocations Confirmed:</b>				
CSO support for NRS Network Restart Activity	0.000	0.000	0.024	0.024
CSO support for Covid research infrastructure e.g. ISARIC	0.000	0.000	0.048	0.048
Exclusion Incident Audit	0.000	0.000	0.050	0.050
Mental Health Recovery Renewal - Facilities Projects	0.000	0.000	1.840	1.840
Increase number of Cardiac Physiologists	0.000	0.000	0.020	0.020
Primary Care GP Dilapidation Costs	0.000	0.000	0.648	0.648
NSD Handback	0.000	0.000	0.583	0.583
Clinical Waste	0.000	0.000	0.502	0.502
Overtime element of the buy back of annual leave	0.000	0.000	0.422	0.422
SG and Louisa Jordan Medical Equipment	0.000	0.000	0.127	0.127
Pandemic Stock 2021-22 - POB	0.000	0.000	5.435	5.435
Test Kit Recharges 2021-22 - POB	0.000	0.000	0.262	0.262
Infrastructure Support	0.000	0.000	(0.502)	(0.502)
Cytosponge stock as part of the Cytosponge programme 21/22	0.000	0.000	0.127	0.127
GJNH SLA top slice	0.000	0.000	(0.038)	(0.038)
Depreciation Costs - transfer to non-core	0.000	0.000	(15.259)	(15.259)
<b>Core Revenue Resource Limit as at 31 March 2022</b>	<b>1,305.494</b>	<b>150.508</b>	<b>179.306</b>	<b>1,635.308</b>
<b>Non Core Revenue Resource Limit as at 28 February 2022</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Depreciation Costs - transfer from core	0.000	0.000	15.259	15.259
IFRS - PFI Depreciation Costs	0.000	0.000	6.503	6.503
Annually Managed Expenditure - Impairment of Fixed Assets	0.000	0.000	8.000	8.000
Depreciation Equipment Donated	0.000	0.000	0.042	0.042
Annually Managed Expenditure - Creation of Provisions	0.000	0.000	(1.979)	(1.979)
CNORIS Participation Disclosure	0.000	0.000	2.750	2.750
<b>Non Core Revenue Resource Limit as at 31 March 2022</b>	<b>0.000</b>	<b>0.000</b>	<b>30.576</b>	<b>30.576</b>
<b>Total Revenue Resource Limit as at 31 March 2022</b>	<b>1,305.494</b>	<b>150.508</b>	<b>209.882</b>	<b>1,665.883</b>

## ANNEX B

<b>NHS LANARKSHIRE</b>		
<b>CAPITAL EXPENDITURE TO 31st March 2022</b>		
	<b>2021/22 A.O.P £M</b>	<b>2021/22 Actual £M</b>
<b>Initial Capital Formula Allocation:</b>	<b>12.392</b>	<b>12.392</b>
<b>Capital Resource limit adjustments:</b>		
Hairmyres Orthopaedic Redesign	0.000	0.250
Dental Education	0.000	0.144
Equipment Replacement	0.000	2.583
Laundry Equipment Funding	0.000	0.100
Thrombectomy - scanner upgrades	0.000	0.017
Monklands Land Purchase	0.000	6.794
Additional Central Resource Allocation (MRP)	5.000	5.500
West of Scotland Laundry - Transfer from other boards	0.300	0.224
Regional Capital Contribution - Vascular Surgery Theatre	0.232	0.162
Colposcope	0.000	0.012
Robot - Additional Capital	0.000	0.110
Covid	0.000	0.106
Robot	0.000	1.750
CHP Refund	0.000	-1.639
Covid-19 Equipment	1.550	0.273
Additional Central Resource Allocation (MRP)	0.000	0.200
Infrastructure Support	0.000	0.502
<b>FINAL MARCH 2022 CAPITAL RESOURCE LIMIT</b>	<b>£19.474</b>	<b>£29.480</b>
<b>Other Income Adjustments:</b>		
Other Income	0.018	0.018
	<b>£0.018</b>	<b>£0.018</b>
<b>Disposal Programme:</b>		
Property Disposals	0.535	0.515
	<b>£0.535</b>	<b>£0.515</b>
	<b>£20.027</b>	<b>£30.013</b>
<b>CAPITAL EXPENDITURE:</b>		
<b><u>Business Cases</u></b>		
Monklands General Business Continuity	5.500	5.855
Acute Property Works	1.750	1.270
New Monklands Fees	5.000	5.744
Monklands Land Purchase	0.000	6.750
	<b>12.250</b>	<b>19.619</b>
<b><u>Medical Equipment</u></b>	<b>3.977</b>	<b>5.621</b>
	<b>3.977</b>	<b>5.621</b>
<b><u>Other Service Developments</u></b>		
Northern Corridor	1.000	0.000
METC	0.400	1.143
CAMHS	0.800	0.625
	<b>2.200</b>	<b>1.768</b>
<b><u>Other Expenditure</u></b>		
CHP HM	0.100	0.000
PSSD Equipment	0.750	0.906
NSS Equipment -SG	0.000	0.259
NSS Equipment -DoH	0.000	0.014
Dental Education	0.000	0.094
Digital Pathology	0.000	0.446
Covid-19	0.000	0.047
Other	0.000	0.020
	<b>0.850</b>	<b>1.786</b>
I.M.&T Projects	0.750	1.219
	<b>1.600</b>	<b>3.005</b>
	<b>£20.027</b>	<b>£30.013</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>£20.027</b>	<b>£30.013</b>
<b>(OVER) / UNDER COMMITTED</b>	<b>£0.000</b>	<b>£0.000</b>



## ANNEX C

<b>Covid-19 - actual outturn expenditure for health services</b>			
<b>Revenue - Forecast Expenditure £000s</b>	<b>NHS Board</b>	<b>North HSCP</b>	<b>South HSCP</b>
Additional PPE	11		
Contact Tracing	4,822		
Testing	3,334		17
Covid-19 and Flu Vaccination	16,725		
Scale up of Public Health Measures	623		
Additional Bed Capacity/Change in Usage	1,407		
Additional Infection Prevention and Control Costs	1,927		
Additional Equipment and Maintenance	0		
Other Additional Staff Costs	9,840	308	336
Staff Wellbeing	171		
Additional FHS Prescribing		140	132
Additional FHS Contractor Costs			173
Payments to Third Parties	331		
Loss of Income	234		
Other Costs	1,620	1,120	63
Community Hubs and MH Assessment Centres		1,055	619
Additional Care Home Costs			
Additional Community Placements			
Social Care Sustainability Payments			
<b>Total Covid-19 Costs</b>	<b>41,045</b>	<b>2,623</b>	<b>1,340</b>
Unachievable Savings	9,000		
	50,045	2,623	1,340
<b>Remobilisation Costs</b>	<b>685</b>	<b>413</b>	<b>713</b>
<b>Total</b>	<b>50,730</b>	<b>3,036</b>	<b>2,053</b>