



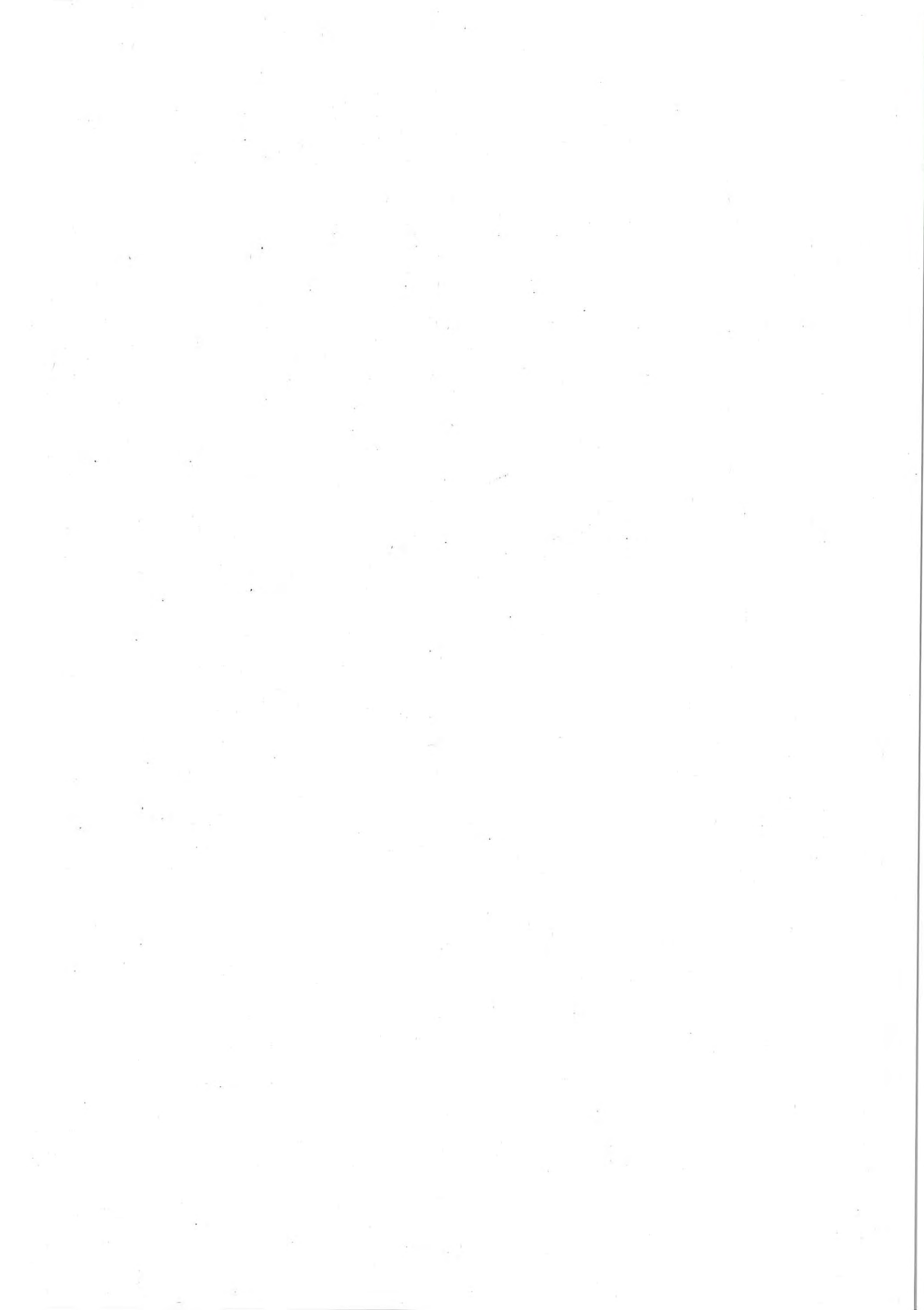
# LANARKSHIRE NHS BOARD

**LANARKSHIRE HEALTH BOARD**

**ANNUAL ACCOUNTS**

**FOR**

**THE YEAR ENDED 31 MARCH 2015**



**LANARKSHIRE HEALTH BOARD  
ANNUAL ACCOUNTS 2014/15**

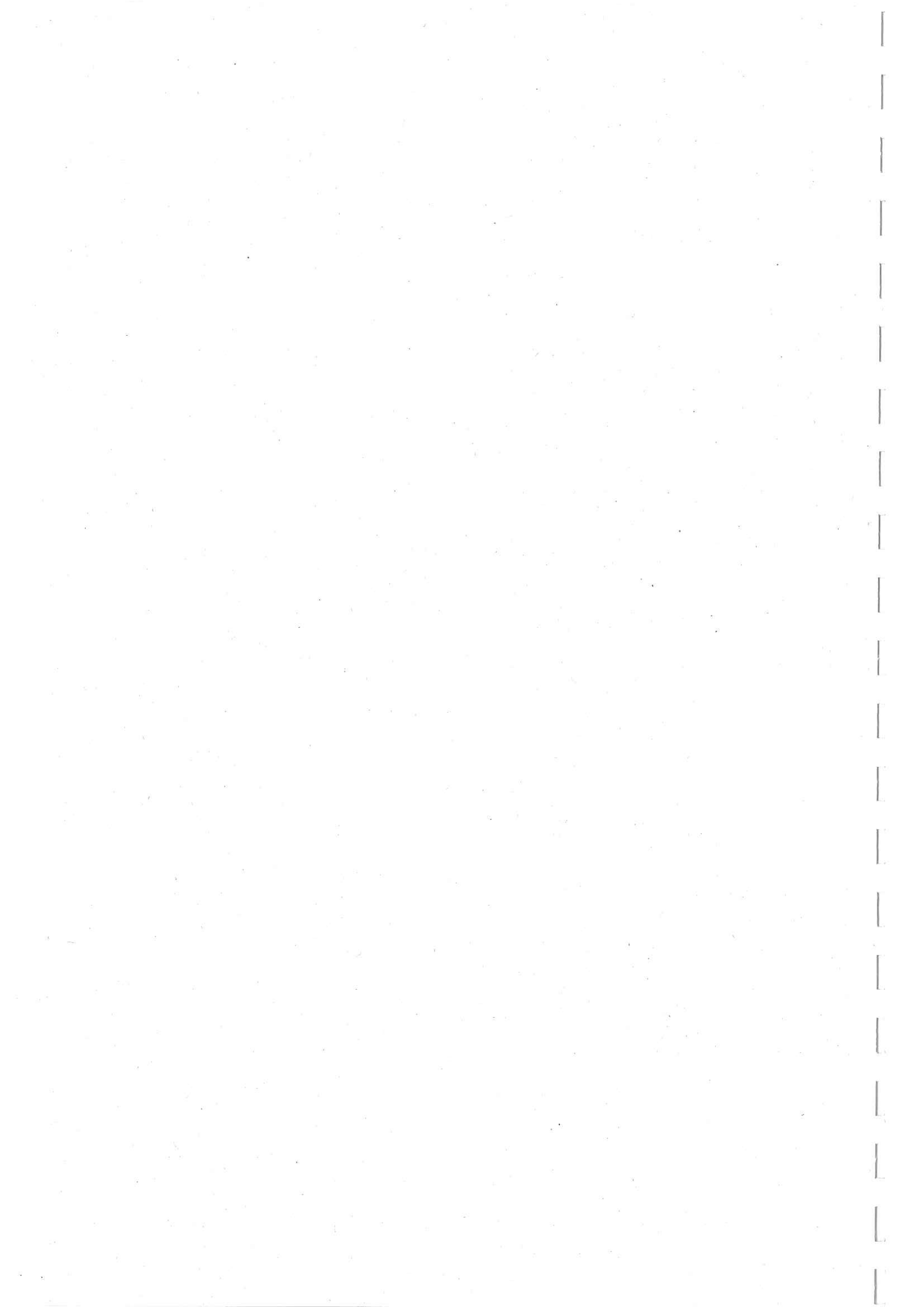
ANNUAL REPORT	1 – 35
STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES	36
STATEMENT OF NHS BOARD MEMBERS' RESPONSIBILITIES	37
GOVERNANCE STATEMENT	38 – 45
AUDIT CERTIFICATE	46 – 47

**ANNUAL ACCOUNTS**

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN	48 – 49
BALANCE SHEET	50
STATEMENT OF CONSOLIDATED CASH FLOWS	51
STATEMENT OF CONSOLIDATED CHANGES IN TAXPAYERS' EQUITY	52 – 53

**NOTES TO THE ACCOUNTS**

NOTE 1	ACCOUNTING POLICIES	54 – 66
NOTE 2	STAFF NUMBERS AND COSTS	67 – 68
NOTE 3	OTHER OPERATING COSTS	69
NOTE 4	HOSPITAL AND COMMUNITY HEALTH SERVICES	70
NOTE 5	FAMILY HEALTH SERVICE EXPENDITURE	71
NOTE 6	ADMINISTRATION COSTS	72
NOTE 7	OTHER NON CLINICAL SERVICES	73
NOTE 8	OPERATING INCOME	74
NOTE 9	ANALYSIS OF CAPITAL EXPENDITURE	75
NOTE 10	INTANGIBLE ASSETS	76 – 77
NOTE 11	PROPERTY, PLANT AND EQUIPMENT	78 – 83
NOTE 12	INVENTORIES	84
NOTE 13	TRADE AND OTHER RECEIVABLES	85 – 86
NOTE 14	AVAILABLE FOR SALE FINANCIAL ASSETS	87
NOTE 15	CASH AND CASH EQUIVALENTS	88
NOTE 16	TRADE AND OTHER PAYABLES	89 – 90
NOTE 17	PROVISIONS	91 – 93
NOTE 18	MOVEMENT ON WORKING CAPITAL BALANCES	94
NOTE 19	CONTINGENT LIABILITIES	95
NOTE 20	EVENTS AFTER THE REPORTING PERIOD	96
NOTE 21	COMMITMENTS	97
NOTE 22	COMMITMENTS UNDER LEASES	98
NOTE 23	COMMITMENTS UNDER PFI CONTRACTS – ON BALANCE SHEET	99
NOTE 24	PENSION COSTS	100
NOTE 25	EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENT	101
NOTE 26	RESTATEMENT OF SOCNE, BALANCE SHEET AND CASHFLOW	102 – 104
NOTE 27	FINANCIAL INSTRUMENTS BY CATEGORY	105 – 108
NOTE 28	DERIVATIVE FINANCIAL INSTRUMENTS	109
NOTE 29	RELATED PARTY TRANSACTIONS	110
NOTE 30	SEGMENT INFORMATION	111
NOTE 31	THIRD PARTY ASSETS	112
NOTE 32	EXIT PACKAGES	113
NOTE 33	CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE, GROUP BALANCE SHEET AND CASHFLOW	114 – 116
	PAYMENT POLICY	117
	RESOURCE AND CASH OUTTURN	118
	SICKNESS ABSENCE	119
	ACCOUNTS DIRECTION	120





# ANNUAL ACCOUNTS AND NOTES FOR YEAR ENDED 31 MARCH 2015

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2015.

### 1. Naming Convention

NHS Lanarkshire is the common name for Lanarkshire Health Board.

### 2. Principal activities and review of the business and future developments

The information that fulfils the requirements of the business review, principal activities and future developments can be found in the Strategic Report, which is incorporated in this report by reference.

### 3. Date of Issue

Financial statements were approved and authorised for issue by the Board on 22 June 2015.

### 4. Accounting Convention

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

The statement of the accounting policies, which have been adopted, is shown at Note 1.

### 5. Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Scott-Moncrieff to undertake the audit of Lanarkshire Health Board. The general duties of the auditors of health bodies, including their statutory duties are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

### 6. Board Membership

Under the terms of the Scottish Health Plan, the Health Board is a board of governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach, which is essential to improving health and health care.

**Chair** Mrs N Mahal

<b>Executive Directors</b>	Mr C Campbell	Chief Executive (From 5 January 2015)
	Mr I A Ross	Chief Executive (to 31 December 2014)
	Mrs L Ace	Director of Finance
	Dr H S Kohli	Director of Public Health and Health Policy
	Mrs R Lyness	Director for Nurses, Midwives and the Allied Health Professionals (to 1 February 2015)
	Mrs I Barkby	Director for Nurses, Midwives and the Allied Health Professionals (from 2 February 2015)
	Mr C M Sloey	Director North Lanarkshire Community Health Partnership (to 30 June 2014)
	Dr I Wallace	Medical Director

<b>Non-Executive Directors</b>	Councillor J McCabe (to 31 March 2015)
	Councillor J Burns
	Mrs L Macer
	Mrs S Smith (to 31 July 2014)
	Mr M Fuller
	Dr A Docherty
	Miss M Morris
	Mr P Campbell
	Dr A Osborne
Mr T Steele	

The board members' responsibilities in relation to the accounts are set out in a statement following this report.

## 7. Board Members' and Senior Managers' Interests

Mr C Campbell	Non-Financial Interests	Chair of MSN Neurosciences in Scotland. Non-Executive Board Member of Enable Scotland.
Dr H S Kohli	Non-Financial Interests	Member, UK Advisory Committee on the Safety of Blood, Tissues and Organs (SaBTO). Faculty of Public Health representative, Medical Council on Alcohol (MCA). Member, Scottish Intercollegiate Group on Alcohol (SIGA). Member of the National Institute for Health Research, HTA Emergency and Elective Specialist Care. Member of the Health and Social Care Advisory Board – Digital Health Institute.
Mrs I Barkby	Non-Financial Interests	Vice-Chair of the Scottish Executive Nurse Directors Forum.
Councillor J McCabe	Remuneration	Elected Member and Leader of North Lanarkshire Council.
Mrs L Macer	Remuneration	Employee of NHS Lanarkshire.
Mrs N Mahal	Non-Financial Interests	Spouse is General Medical Practitioner in North Locality of Lanarkshire and is employed part-time as Clinical Director in South Lanarkshire Community Health Partnership.
Mrs S Smith	Remuneration	Fees as Member of the Mental Health Tribunal Scotland. Fees as self-employed consultant to Housing Associations and Voluntary Organisations.
Dr A Docherty	Remuneration	Consultant Cardiologist with NHS Lanarkshire; ongoing cardiology private practice – self employed working with Ross Hall Hospital.
Councillor J Burns	Remuneration	Elected member and Depute Leader of South Lanarkshire Council. Communications Manager for Jim Hood MP for Lanark and Hamilton East.
Mr P Campbell	Remuneration	Employed as Senior Operations Manager with First Group.

The other Directors have no interests to declare.

## **8. Directors Third Party Indemnity Provisions**

No qualifying third party indemnity provision (whether made by the Board or otherwise) has been in place for one or more of the Directors at any time during the financial year.

## **9. Pension Liabilities**

The accounting policy note for pensions is provided in Note 1 and disclosure of the costs is shown within note 24 and the remuneration report.

## **10. Remuneration for non-audit work**

Details of any remuneration paid to auditors in respect of any non audit work carried out on behalf of the board is disclosed in note 3.

## **11. Value of Land**

The difference between the market value and the balance sheet value of land is not significant. Land is re-valued annually.

## **12. Public Services Reform (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose new duties on the Scottish Government and listed public bodies to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. This information can be found on the Board's website under the following link.

<http://www.nhslanarkshire.org.uk/About/Pages/finance-reports.aspx>

Information specifying the number of individuals who received remuneration in excess of £150,000 can be found in note 2(b) of the accounts.

## **13. Payment Policy**

The Scottish Government is committed to supporting business in the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies.

The target has been communicated to all non-departmental public bodies, who are working towards the accelerated payment target of 10 working days.

Prior to this, the Boards endeavoured to comply with the principles of The Better Payment Practice Code (<http://www.payontime.co.uk/>) by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner.

- In 2014/15 average credit taken was 8 days. (2013/14 - 9 days);
- In 2014/15 the board paid 95.03% by value (2013/14 - 93.69%) and 93.27% by volume (2013/14 - 93.37%) within 30 days;
- In 2014/15 the board paid 89.5% by value (2013/14 83.96%) and 87.25% by volume (2013/14 - 79.71%) within 10 days.

## **14. Corporate Governance**

The Board meets regularly during the year to progress the business of the Health Board. The Scottish Health Plan established that the following standard committees should exist at unified NHS Board level:

- Clinical Governance;
- Audit;
- Staff Governance;
- Discipline (for primary care contractors);
- Public Patient Involvement.

### ***Clinical Governance Committee***

In February 2014, a decision was enacted to change the name of the Clinical Governance Committee to the Healthcare Quality Assurance and Improvement Committee. The Healthcare Quality Assurance and Improvement Committee met 6 times in 2014/15. It has three key roles:

- **Systems assurance** – to ensure that clinical governance mechanisms are in place and effective throughout the local NHS System;
- **Public health governance** – to ensure that the principles and standards of clinical governance are applied to the health improvement activities of the NHS Board;
- **Information governance** – to ensure effective mechanisms are in place for the collection, storage, security, dissemination and use of information.

The membership of the Healthcare Quality Assurance and Improvement Committee comprises Non-Executive Directors from Lanarkshire NHS Board, and is chaired by a Non-Executive Director of Lanarkshire NHS Board.

<b>Chairman</b>	Mr M Fuller
<b>Members</b>	Dr A Docherty Cllr J Burns Dr A Osborne Mr T Steele Miss M Morris

### ***Audit Committee***

The Audit Committee comprises Non-Executive Directors from the Lanarkshire NHS Board and is chaired by a Non-Executive Director of Lanarkshire NHS Board. The Committee met on 5 occasions during 2014/15. Its role is to:

- Receive assurance on the adequacy and effectiveness of the Board's system of internal control;
- Approve the Strategic Internal Audit Plan and Annual Audit Programme;
- Consider regular Status Reports on progress with scheduled and non-scheduled Audits;
- Oversee and monitor the action taken or proposed by Management in response to Audit recommendations;
- Oversee the operational effectiveness of the Internal Audit function.

<b>Chairman</b>	Mrs S Smith (to 31 <sup>st</sup> July 2014) Mr T Steele (from 1 <sup>st</sup> August 2014)
<b>Members</b>	Mrs L Macer Mr P Campbell Miss M Morris Dr A Osborne

### ***Staff Governance Committee***

The Committee has an important role in ensuring consistency of policy and equity of treatment of staff across the local NHS system, including remuneration issues, where they are not already covered by existing arrangements at national level. The Staff Governance Committee is an essential element of the Governance Framework and ensures compliance with the national Staff Governance Standard. The Committee met 4 times in 2014/15.

Membership of the Staff Governance Committee consists of 5 Non-Executive Directors, one of which must be the Employee Director, and 4 Staff Side Chairs of Operating Divisions.

<b>Chairman</b>	Mrs L Macer
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**Members**

- Mrs N Mahal
- Mrs S Smith (to 31<sup>st</sup> July 2014)
- Mr P Campbell
- Dr A Osborne
- Mrs S Samson, Staff Side Chair, South Lanarkshire CHP
- Mr D Boyd, Staff Side Chair, North Lanarkshire CHP
- Mr D Spence, Staff Side Chair, Acute Services
- Mr R Foubister, Staff Side Chair, PSSD and Corporate

### ***Remuneration Sub-Committee***

The Board's Remuneration Sub-Committee is chaired by the Board Chair and comprises the Employee Director and 3 other Non-Executive Directors. Its principal responsibility is for decisions on the appointment, remuneration and terms and conditions of service for Executive Directors and other staff on Executive and Senior Management pay arrangements. It also has responsibility for other pay issues such as Discretionary Points and pay issues not covered by Regulation. The Committee met 5 times in 2014-15.

**Chairman** Mrs N Mahal

**Members**

- Mrs S Smith (to 31<sup>st</sup> July 2014)
- Mrs L Macer
- Mr M Fuller
- Miss M Morris
- Mr P Campbell (from January 2015)

### ***Discipline (for Primary Care Contractors)***

Disciplinary matters for primary care contractors would first be considered by an appropriately constituted Board reference committee. If that reference committee considers that a practitioner should be referred, in addition to notifying the practitioner, it will advise the Central Discipline Unit (CDU) and the Central Legal Office (CLO), both in National Services. CDU will undertake the administrative tasks so that a case can proceed while CLO will draw up the statement of case and represent the referring board at hearings.

Disciplinary cases will be considered by one of 2 groups of 7 NHS boards acting as consortia. An NHS board cannot refer a case for consideration by the consortium of which it is a member.

In 2014/15 no Reference Committees were required to be convened by NHS Lanarkshire.

### **Patient Public Involvement**

The Board approved its Patient Focus Public Involvement (PFPI) Strategy for 2012 – 2016 in March 2012. The Board has an established Stakeholder Engagement Group, whose role is to co-ordinate and promote engagement with internal and external stakeholders on a range of key strategic issues. This group is also tasked with managing the actions under the PFPI strategy. In June 2014 the Board approved a its Person-Centred Care Strategic Prioritised Plan and also its Annual Report on Feedback, Comments, Concerns and Complaints. The Plan had been developed through the Care Assurance Board, a sub-committee of the Health Care Quality and Information Assurance Committee led by the Director of Nursing which included representatives of the patients and public and staff side. NHS Lanarkshire periodically reviews its patient focus and public involvement (PFPI) systems and processes against the national participation standard, with the latest review taking place in 2013/14. Representatives from the PFPI fora continue to participate in the CHP and Acute operating management committees and were active participants in all service reviews during the year.

### **Additional Board Committees**

The following committees were established as part of the single system working which applied from 1 April 2004.

### ***Acute Operating Management Committee***

The Acute Operating Management Committee comprises Non-Executive Directors of the Lanarkshire NHS Board and is chaired by a Non-Executive Director of the NHS Board. The Committee has a remit to monitor and review the provision of services by the Acute Operating Division, to ensure that services are provided as efficiently as possible, to meet all recognised standards, within available resources and that services increasingly are designed and operated to deliver an integrated patient service.

**Chairman** Mr P Campbell

**Members** Mr M Fuller  
Dr A Osborne  
Mr T Steele

### ***North Lanarkshire Community Health Partnership (NLCHP) Operating Management Committee***

The North Lanarkshire Community Health Partnership Operating Management Committee comprises Non Executive members of the Lanarkshire NHS Board and is chaired by a Non-Executive Director of the NHS Board. The Committee has a remit to monitor and review the provision of services by the NLCHP, to ensure that services are provided as efficiently as possible, to meet all recognised standards, within available resources and that services, increasingly are designed and operated to deliver an integrated patient service.

**Chairman** Miss M Morris

**Members** Mr M Fuller  
Dr A Osborne

### ***South Lanarkshire Community Health Partnership (SLCHP) Operating Management Committee***

The South Lanarkshire Community Health Partnership Operating Management Committee comprises Non Executive members of the Lanarkshire NHS Board and is chaired by a Non-Executive Director of the NHS Board. The Committee has a remit to monitor and review the provision of services by the SLCHP, to ensure that services are provided as efficiently as possible, to meet all recognised standards, within available resources and that services, increasingly are designed and operated to deliver an integrated patient service.

**Chairman** Mrs S Smith (to 31<sup>st</sup> July 2014)  
Mr P Campbell (from 1<sup>st</sup> August 2014)

**Members** Mr T Steele

N.B. The NHS Board agreed that the OMC would operate with 2 Non-Executive Director Members, given the limited time for which Community Health Partnerships would remain in existence.

### ***Joint South Lanarkshire Community Health Partnership Operating Management Committee/Health and Care Partnership***

The Joint South Lanarkshire Community Health Partnership Operating Management Committee/Health and Care Partnership was established by the Lanarkshire NHS Board and Greater Glasgow and Clyde NHS Board, in partnership with South Lanarkshire Council in May 2011. It will work within the framework of policies, strategies and priorities determined by the NHS Boards and their partners, both nationally and locally. The role of the Committee will be to monitor performance and hold to account the CHP and the Health and Care Partnership and its member localities against the goals and targets set out within:

- The Local Delivery Plan;
- The Joint Health Improvement Plan;
- Service Strategies for all Community Care Groups;
- Community Plans.

The Operating Management Committee is also responsible for monitoring the performance of hosted services.

**Chairman** Mrs S Smith (to 31<sup>st</sup> July 2014)  
Mr P Campbell (from 1<sup>st</sup> August 2014)

**Members** Mr T Steele  
Councillor M Devlin

### **Health and Social Care Partnership Transition Integration Boards**

The Public Bodies (Joint Working) (Scotland) Act 2014 signalled a move to the Integration of Adult Health and Social Care, with effect from April 2015. The Bill requires each Health Board and Local Authority to establish an 'Integration Authority' to deliver nationally agreed outcomes for Health and Social Care. As the legislation to enable the creation of an Integration Joint Board will not be in place until April 2015, transition and shadow arrangements need to be established. Accordingly, Transition Integration Boards have been established for South and for North Lanarkshire, with membership as follows:

#### ***South Lanarkshire Health and Social Care Transition Integration Board (Established on 23<sup>rd</sup> January 2014)***

**Chair** Councillor J Burns, South Lanarkshire Council

**Vice-Chair** Mr P Campbell, Non-Executive Director, Lanarkshire NHS Board

**Members** Councillor M Devlin, South Lanarkshire Council  
Councillor A Falconer, South Lanarkshire Council  
Councillor L Hamilton, South Lanarkshire Council  
Mr M Fuller, Non-Executive Director, Lanarkshire NHS Board  
Mrs S Smith, Non-Executive Director, Lanarkshire NHS Board  
Dr I Wallace, Medical Director, Lanarkshire NHS Board

#### ***North Lanarkshire Health and Social Care Partnership Transition Integration Board (Established on 15<sup>th</sup> April 2014)***

**Chair** Councillor J Smith, North Lanarkshire Council

**Vice-Chair** Dr A Osborne, Non-Executive Director, Lanarkshire NHS Board

**Members** Councillor G O'Rourke, North Lanarkshire Council  
Councillor T Lunny, North Lanarkshire Council  
Councillor W Shields, North Lanarkshire Council  
Miss M Morris, Non-Executive Director, Lanarkshire NHS Board  
Mr M Fuller, Non-Executive Director, Lanarkshire NHS Board  
Dr H S Kohli, Director of Public Health and Health Policy Lanarkshire NHS Board

#### ***Pharmacy Practices Committee***

The Pharmacy Practices Committee is a statutory committee and is responsible for the consideration of applications to establish community pharmacy premises within the defined geographical area of the Lanarkshire NHS Board.

**Co-Chair** Mr M Fuller  
Miss M Morris

**Members** Mrs C Prentice  
Mrs M Caraher  
Mrs L Robertson  
Mr C J Sargent  
Mr J Woods  
Mrs L Wilson



## 16. Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditors are unaware; and each director has taken all the steps that he/she ought reasonably to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Board's auditors are aware of that information.

## 17. Human Resources

NHS Lanarkshire works within a Staff Governance framework which ensures that all staff are treated fairly and consistently. Specific arrangements are in place to support the Staff Governance Standard. NHS Lanarkshire is also an equal opportunities employer.

### ***Equality & Diversity***

NHS Lanarkshire upholds the standards and provisions of UK equal opportunities legislation. We are committed to reflecting the diverse geographical population in the workforce by attracting and retaining a diverse staff group. In promoting equal opportunities, we are committed to ensuring that all staff are treated fairly and can give of their best.

NHS Lanarkshire welcomes applications for employment from all sections of society and will review working conditions and the working environment, where necessary, in order to help successful applicants take up post or for existing staff to remain in post, for example, to accommodate a disability.

### ***Staff Governance***

As stated above, NHS Lanarkshire is a partnership organisation which has structures and processes in place to achieve the national Staff Governance Standard.

NHS Lanarkshire has a formal Partnership Agreement which sets out these structures and processes. The Partnership Agreement sets out the structure as follows:

### ***Area Partnership Forum***

The principal vehicle for partnership working is the Area Partnership Forum, which reports to the Staff Governance Committee. The Area Partnership Forum ensures that staff, through their accredited representatives, are involved in strategic decision making.

The Area Partnership Forum is jointly chaired by the Chief Executive and Employee Director. Its membership includes the eleven Directors of NHS Lanarkshire, including the Chief Executive, and eleven staff side representatives, including the Employee Director. Staff side representatives must be accredited trade union/professional organisation representatives. Full-time officers may attend meetings on an ex officio basis.

The Forum met on a bi-monthly basis.

### ***Human Resources Forum***

A Human Resources Forum exists in NHS Lanarkshire to oversee the application of HR Policies, procedures and practice.

The Human Resources Forum exists to:-

- Ensure a working interface between management and staff side representatives on Human Resources issues.  
Oversee the application and implementation of terms and conditions of service for staff covered by Agenda for Change.
- To monitor the achievement of the 4% sickness absence standard.
- The management and ratification of HR policies and procedures.



The HRF is jointly chaired by the Director of Human Resources and a Staff Side Representative and has the following membership:

- The Divisional HR Directors (2)
- A Manager nominated by the Divisional Director from the Divisional Partnership Forum (3)
- The Director of Occupational Health
- The Deputy Director of Organisational Development
- Nine Staff Side Representatives, including the Chair.

The Forum met on a quarterly basis.

The Human Resources Forum has a number of sub-groups as set out below and other sub groups are established as and when necessary to deal with specific projects.

### **Joint Policy Forum**

A Joint Policy Forum exists in NHS Lanarkshire to ensure partnership working in the development of HR policies.

The Joint Policy Forum is jointly chaired by a Divisional HR Director and a Staff side Representative, and will comprise:

- A Head of HR
- A representative from Occupational Health
- Three Management Representatives from the Divisions
- Six Staff Representatives, including the Chair.

### **Occupational Health and Safety Management Group**

The Occupational Health and Safety Management Group reports directly to the Board and CMT. This is the group with overall responsibility for the management of Occupational Health and Safety across Lanarkshire.

The Occupational Health and Safety Management Group is chaired by the Director of Human Resources and comprises:

- Representatives from the six local Health and Safety committees
- the General Manager, Property and Support Services
- a number of Staff Representatives agreed by the Staff Side
- Specialist leads from the Occupational Health and Safety Service, Medical Physics, Patient Safety, Risk and Infection Control.
- A General Manager nominated by each of the Local Health and Safety Forums to enhance Health and Safety working at all levels of our organisation.

### **Other Groups**

There are other groups throughout NHS Lanarkshire which operate on a partnership basis. These include:-

The Medical and Dental Negotiating Committee, which deals with medical and dental terms, conditions and related matters.

The Staff and Organisational Development Group which oversees all staff and organisational development, including implementation of the Knowledge and Skills Framework of Agenda for Change and oversight of development of the annual Workforce Plan.

## **18. Events after the end of the reporting period**

There are no important events affecting the Board since the year end.

## 19. Financial instruments

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in note 27.

**By order of the Board**

**22 June 2015**

  
.....**Chief Executive**

The Accounting Officer authorised these financial statements for issue on 22 June 2015.

## **ACKNOWLEDGEMENT**

The Director of Finance and I are most grateful to the Board Members, Chief and Senior Officers and staff of all disciplines who contributed to the performance of the Board during the Financial Year.

# STRATEGIC REPORT

## 1. PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

### Lanarkshire NHS Board – Role and Responsibilities

NHS Lanarkshire serves a population of 652,580 based on population estimates for 2013 which take account of changes to health board boundaries effective from 1 April 2014. It is now fully coterminous with North and South Lanarkshire Councils. Although the boundary changes came into effect on 1<sup>st</sup> April 2014, the majority of services transferred on 1<sup>st</sup> October 2014, ensuring time for robust transition planning and maintenance of high quality services to the populations affected throughout the change process. The legal entity is the Lanarkshire NHS Board. Within this, operational delivery up until 31<sup>st</sup> March 2015 was organised around an Acute Services Division and two Community Health Partnerships – one for North Lanarkshire and one for South Lanarkshire. The North Lanarkshire CHP has a North West Unit (Airdrie, Coatbridge and the Northern Corridor) and a North East Unit (Motherwell, Bellshill and Wishaw). The South Lanarkshire CHP has a South West Unit (East Kilbride, Rutherglen and Cambuslang) and a South East Unit (Hamilton and Clydesdale). The Mental Health and Learning Disability service for Lanarkshire is managed by the North Lanarkshire CHP.

The two CHPs ceased to be legal entities on 31<sup>st</sup> March 2015. Thereafter, delegated functions and services will be managed by two Health and Social Care Partnerships. A Transition Integration Board has been established for both North and South Lanarkshire and a Chief Officer has been appointed for each. The Transition Integration Boards will become Shadow Integration Boards in April 2015 before becoming Integration Joint Boards in April 2016 following approval of the Integration Schemes in June 2015 and submission of the Joint Strategic Commissioning Plans. Services will be planned, integrated and managed on a locality basis based on a Joint Strategic Commissioning Plan.

The principle role of Lanarkshire NHS Board remains the protection and improvement of the health of the resident population, and the delivery of high-quality, patient-focused services. Specifically, the key functions of Lanarkshire NHS Board, for which it is accountable to the Scottish Government Health and Social Care Directorates, on behalf of the Cabinet Secretary for Health & Wellbeing are:

- To set the strategic direction of the organisation within the overall policies and priorities of the Scottish Government and the National Health Service in Scotland;
- To define its annual and longer term objectives and agree plans to achieve them;
- To oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken when necessary;
- To ensure effective financial stewardship through value for money, financial control, financial planning and strategy;
- To ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation;
- To ensure there is effective dialogue between Lanarkshire NHS Board, North and South Lanarkshire Councils and other agencies and communities on its plans and performance, and that these are responsive to the communities' assessed needs.

The main vehicle through which Lanarkshire NHS Board is expected to ensure the discharge of these responsibilities is the Local Delivery Plan which is constructed around the HEAT targets and issued to the service each year by the Scottish Government Health and Social Care Directorates. The HEAT targets encompass *Health Improvement, Efficiency, Access to Services and Treatment*. The Local Delivery Plan informs the development of a set of Corporate Objectives from which individual Directors' Personal Objectives are drawn. This process is cascaded down and across management layers so ensuring that the Local Delivery Plan and Corporate Objective processes are embedded. The Local Delivery Plan and Corporate Objectives are formally approved by Lanarkshire NHS Board. Progress in their delivery is a substantial focus within the overall Performance Management arrangements.

'A Healthier Future' is NHS Lanarkshire's framework for strategic health planning. It is being developed further into a comprehensive Healthcare Strategy which will enable the organisation to gain a shared understanding of actions required to achieve the Scottish Government's 2020 Vision. The Strategy will also focus on what services should look like in 2025. Progress is monitored by the Healthcare Strategy Programme Board.



## HSMR and Healthcare Improvement Scotland: Rapid Review of the Safety and Quality of Care for Acute Adult Patients in NHS Lanarkshire

Throughout 2014, work has continued to progress implementation of the 21 recommendations and associated actions that arose from Healthcare Improvement Scotland "Rapid Review of the Safety and Quality of Care for Acute Adult Patients in NHS Lanarkshire". The recommendations and related work was monitored and overseen by the HSMR / HIS Programme Board chaired by the Chief Executive with regular progress reports, updates and correspondence against all of the improvement actions reported to the Board, Healthcare Quality Assurance and Improvement Committee and submitted externally to the Governance and Improvement Support Team (SGHD). This work is in accordance with NHS Lanarkshire's Quality Vision 'To achieve transformational improvement in the provision of safe, person centred and effective care for our patients and for our patients to be confident that this is what they will receive, no matter where and when they access our services'.

In November 2014 it was agreed that the HIS/HSMR Programme Board would stand down and that the implementation of any outstanding actions would be overseen by designated Board committees with reporting arrangements in relation to the progress against the actions and recommendations being provided bi-monthly reports to the Board, thus giving assurance these areas of work were being implemented and progressed.

Plans are currently underway to formally review progress and provide an update against all 21 recommendations to both the Corporate Management Team and Healthcare Quality Assurance and Improvement Steering Group which in turn will report to the Healthcare Quality Assurance and Improvement Committee and thence on to the Board.

The latest HSMR figures available are for quarter July to September 2014 (see chart below). The aim is to achieve a 20% reduction in mortality by December 2015, based on 2007 baseline. As at the last date for published data (17 February 2015), all three Lanarkshire hospitals exceed the Scotland figure for overall reduction.

Target – 20% reduction from baseline 2007	Scotland	Hairmyres	Monklands	Wishaw
HSMR figures for April to June 2014	0.81	0.78	0.84	0.90
HSMR figures for July - September 2014	0.85	0.84	0.95	0.91
overall reduction since Oct-Dec 2007	16.3%	17.5%	19.0%	23.1%

figures correct as at 30/01/15

A Patient Safety Prioritised Plan (2014-17) was developed and endorsed by the Board at its June 2014 meeting. This ambitious plan sets out the strategic aims to reduce harm and achieve harm free care for our patients and improve patient safety across NHS Lanarkshire with a focus on primary, acute, mental health and maternity. The plan builds upon work to date, National Drivers and priority areas and the review of patient safety work across NHS Lanarkshire and sets out the key priority areas of focus to support reliable implementation and the model and approach to be used and highlights the key organisational enablers to assist with and support delivery.

A Patient Safety Reducing Harm Collaborative was established in June 2014 as a vehicle to support implementation.

### Working with Partner Agencies

NHS Lanarkshire continues to work closely with a range of partners to progress various strategies and integrated models of care, ensuring that a comprehensive range of supports and services is provided to the population of Lanarkshire. Some of this work has been progressed through North and South Lanarkshire Health and Care Partnerships, through the North Lanarkshire Partnership Board (CPP) and through the Community Planning Partnership Board in South Lanarkshire. These groups have developed and refreshed joint priorities across the four care groups: Older People, Mental Health, Disability and Addictions.



Both partnerships are now preparing for the implementation of the integration of Health & Social Care which will enter the shadow year in April 2015, following submission of North and South Lanarkshire Integration Schemes.

NHS Lanarkshire continues to work closely with Community Planning Partners in the Statutory and Third Sectors in developing and implementing Single Outcome Agreements (SOAs) that set out our joint approach to health improvement and tackling inequalities.

Community Planning continues to be a major focus within NHS Lanarkshire and there are many examples of how the energies within the partnerships have been harnessed to improve outcomes for Lanarkshire residents. Our commitment to working together in the Early Years agenda can be evidenced by the continuing focus on Getting it Right for Every Child (GIRFEC), Family Nurse Partnership and the Early Years Collaboratives. The aim of these programmes is to give the best possible start to children and so break the cycle of poverty, which is often multi-generational.

### **Capital & Revenue Property Investment**

NHS Lanarkshire's Capital Programme in 2014/15 increased in level from the previous year, with £22.4m (2013/14 £17.2m) being invested in:

- Continued works to improve the fabric of Monklands District General Hospital;
- Equipment for the 3 new Community Health Centres at East Kilbride, Kilsyth and Wishaw;
- Medical, IM&T and other equipment;
- Statutory Maintenance for Primary Care Premises;
- The Lanarkshire Beatson West of Scotland Radiotherapy Satellite Centre.

The total investment in the fabric of Monklands District General Hospital in 2014/15 was £6.1m with a further investment of £9.3m in the provision of the Lanarkshire Beatson. Over the last 7 years, investment has been focused on improving the infrastructure of the hospital in the areas identified on the building's risk register. The 37-year-old hospital (the first patients were admitted in 1977) will continue to benefit from significant investment over the next three years. Much of the work completed to date involves improvement to site safety and addressing health and safety risks across the site including traffic management, the structural cladding, fire safety works and flat roof replacement.

Major investment in the Theatres and Intensive Care Unit was formally approved by the Scottish Government Capital Investment Group at the February 2015 meeting. This will see the full refurbishment of all 7 theatres within Monklands Hospital and the provision of a new build ICU. The completion of this work will address potential environmental risks identified within the theatres and intensive care departments and provide improved efficiency and flexibility in the use of intensive care and high dependency beds across the site creating a safer environment for patients in keeping with 21<sup>st</sup> century standards. The total cost of this project will be £19.8m and work will be carried out on a phased basis, to ensure operational services are maintained during the building programme, with work being completed in 2018.

Reconfiguring of the laboratories continued in 2014/15 in line with the Board's laboratory strategy and a centralised Pathology Laboratory is being developed on the site of the former Corporate Services building on the Monklands site. The total cost of this project is £2.8m and work will be completed in 2015/16.

A major refurbishment of Ward 24 at Monklands, was completed during the year to support the delivery of the Board's Mental Health Strategy, at a cost of £2.2m.

There was continued significant investment in Medical, IM&T and Other Equipment during 2013/14 totalling £6.4m. This includes:

- £1.4m on Endoscopes and related equipment across Lanarkshire;
- £0.5m on Ventilators at Hairmyres;
- £0.45 on Digital Diagnostic Equipment at Hairmyres and Monklands;
- £0.4m on Defibrillators across Lanarkshire;
- £0.28m on Ultrasound units across the three Acute Hospital sites;
- £0.2m on Incubators and Neo-natal Equipment at Wishaw;
- £0.18m on Laboratory Equipment at Hairmyres;
- £0.16m on Theatre Operating Tables at Hairmyres and Monklands;
- £0.13m on Dialysis units at Monklands;
- £1.2m investment in IM&T Systems across Lanarkshire to support Clinical and other systems;
- £0.1m on Tractors and Catering Equipment.

The Maggie's Cancer Care Centre on the Monklands District General Hospital site was completed in summer 2014 and the facility is now fully operational.

The development of community health centres in East Kilbride, Kilsyth and Wishaw continued under the Scottish Futures Trust Hubco leased model. Investment in the three new community health centres will be completed by the end of 2015. In 2014/15 £0.7m was spent on Dental and IM&T Systems with further investment to be made in 2015/16 when these facilities become operational.

The first of these facilities, a state of the art Community Health Centre at Kilsyth was completed on time and services were moved in to the new facility at the end of April 2015. This purpose-built, modern community health centre will provide a wide range of services including GP practice, mental health, podiatry, physiotherapy, speech and language therapy, NHS dentist practice and other local clinics. The development is located next to the swimming pool in Kilsyth town centre. It is around double the size of the existing health centre at Burngreen Park.

The new Hunter Health Centre in East Kilbride, a five-storey, 6,300 sq.m. state-of-the-art community health centre on the land immediately adjacent to the existing Hunter Health Centre was completed in May 2015 with services scheduled to be fully operational in June 2015. The centre will house a wide range of NHS Lanarkshire services, including those which are currently based in the existing health centre as well as those which are located in the nearby Atholl House and the Red Deer Centre.

Wishaw Health Centre will be a modern 8,000 sq.m. centre which as well as replacing the existing health centre, will incorporate the services currently provided from leased accommodation at Robert Street, Wishaw. It will also house the Council's library, First-Stop-Shop and Housing Department, relocating them all under one roof in the heart of the town centre. The new development is located opposite the existing health centre on Kenilworth Avenue, on the site of the existing library and will be completed to allow services to be fully operational in September 2015.

NHS Lanarkshire's Property Strategy aims are to ensure that the condition of the Board's estate is suitable for the delivery of patient care in a safe and functionally suitable environment. During the year to 31 March 2015, in addition to the £22.4m Capital Programme, £5.5m was spent in supporting these aims.

This included:

- Improving the external fabric of community hospitals and other primary care premises - £0.82m;
- Improving the internal fabric of community hospitals and other primary care premises including addressing Dementia friendly finishes in Care of the Elderly areas - £0.98m;
- Ligature reduction risks in Wishaw District General Hospital and other Community Hospitals - £0.32m;
- Electrical Safety and Asbestos Management - £0.7m;
- Building improvement works at Rutherglen and Muirhead Health Centres - £0.5m;
- Fire Safety improvements in Community Premises and Health Centres - £0.63m;
- Purchase of Equipment to support Patient care - £0.11m;
- Enabling works in connection with the centralisation of Pathology Services - £0.4m.

All of these projects will assist NHS Lanarkshire to deliver services locally and will assist in addressing the health improvement challenges within each of the localities.

### **Mental Health**

The modernisation of mental health services continues in Lanarkshire with the re-opening of the newly refurbished ward 24 at Monklands and the completion of the ligature risk reduction work in acute settings. The plans for integrating acute admission assessment for old age psychiatry on to one site at Wishaw General have been agreed and will be implemented late summer 2015. This will enable the closure of the admissions/assessment units at Coathill and Airbles Road. The resources that this will free up will be used to further develop community capacity.

### **Reshaping Care for Older People**

The principal goal of Reshaping Care for Older People (RCOP) is to optimise independence and wellbeing for older people at home or in a homely setting. This requires the development of innovative community-based services in partnership with local authority, third and independent sector colleagues. With the end of Change Funding, the final evaluation is the culmination of two years of Contribution Analysis. This approach has enabled measurement of the influence on agreed RCOP outcomes of the diverse range of initiatives funded. The evolving six monthly reports, or 'Contribution Stories' produced have also been shared with both the North and South Partnerships to ensure up-to-date evaluation evidence was available to inform planning processes.

The final evaluation shows that Change Fund investment in Lanarkshire has largely been at community level, which has had a considerable impact on maintaining the health and well-being of older people. Not only do we have robust evidence to demonstrate that 95.5 hospital beds were not used during 2014 as a result of RCOP initiatives, but this number is likely to be an underestimate as it does not include any influence on hospital admission/discharge where the evidence was weak.

Although not always an easy process, the Contribution Analysis approach is now embedded with the sponsors of RCOP initiatives and senior management. As many of the initiatives are continuing under integrated health & social care partnerships, there is a keen appetite to maintain the momentum. It may be possible to extend the approach to ensure robust evidence informs other service plans.

### **Nursing Workforce**

During 2014/15 funding of £3.150m was provided for the recruitment of additional nursing posts in the general wards of the 3 acute hospitals. This supplemented £1.873m of earlier investment that had been approved by the Board following a review of its acute hospital nursing workforce using nationally recognised tools.

All areas of the Nursing workforce will be reviewed and in 2015/16 there will be a focus on mental health and additional investment in health visiting.

### **Allied Health Professionals**

The National Delivery Plan (NDP) for Allied Health Professionals in Scotland, 2012 – 2015, 'AHPs as agents of change in health and social care', was launched in June 2012. The NDP for the first time establishes a policy direction for all AHPs in Scotland across both health and social care.

The NDP contains a total of 25 actions which are grouped around the following themes:

1. Professional Leadership to drive innovation and modernise service delivery;
2. Reshaping Care and enabling independent living;
3. Improving Health and wellbeing;
4. Supporting children and families throughout the early years;
5. Maximising workforce engagement and growth;
6. Driving improvement: delivering sustainable quality.

In Lanarkshire, the key NDP actions have been embedded within on-going workstreams to reduce duplication via an integrated approach. NHS Lanarkshire has also ensured the profile of the NDP actions are reflected under section 10.8 of the Board's corporate objectives.



One of the main aims of the AHP NDP is to maximise the AHP contribution and effectiveness, in supporting the development of health and social care partnerships (HSCP). AHP structures have been proposed within the two local HSCPs and are awaiting endorsement.

In keeping with the NDP recommendations for AHP to direct their focus in transforming well-being and recovery, promoting prevention, earlier diagnosis and reducing unnecessary referrals and admissions to hospital. A number of initiatives have been progressed; this includes a physiotherapy redesign of the resources for on-call. This now sees 2 Physiotherapist present on each hospital site from 8:30am to 4:30pm each Saturday and Sunday with overnight on-call services being maintained.

Patients attending AHP services are asked about their physical activity, nutrition and mental well-being, and when applicable, are signposts to relevant self-help or other resources. A recent addition to the list has been the implications of the changes around the welfare reforms and signposting where necessary, to food banks. The questionnaires linked to each of the subjects above have been requested to be incorporated into TrakCare to eradicate the potential for any duplication of assessment.

Another aspiration of the NDP is to have a dedicated AHP resource available at each of the acute hospital emergency departments. This has been achieved in NHS Lanarkshire with physiotherapists and occupational therapists actively involved in reducing front door admissions.

The number of actions contained within the NDP has been challenging for all Boards in Scotland to meet. This has led to a review by the Scottish Government of the overall number of actions. In Lanarkshire the priorities identified as the main areas for implementation are: maximising the workforce, driving flexible modern working practices, reshaping care, and musculoskeletal (MSK) 4 week pathway development.

The performance of all Boards has been tested by the Scottish Government defining outcomes on RAG status. These metrics have continually demanded to be fine-tuned to insure there is a logical method of measurement across Scotland.

The Chief Health Professions Officer (CHPO) visited NHS Lanarkshire in November 2014, to review progress against the implementation of the NDP. Feedback received from the CHPO against Lanarkshire's NDP progress was extremely positive.

## **Health Inequalities**

During 2014/15 work continued to develop a high level action plan based on the Board seminar and subsequent discussions. The plan highlighted priorities for action to address health inequalities and ensure improved health and wellbeing for the most disadvantaged compared to the least disadvantaged in Lanarkshire. The aim was to create a focus for NHS Lanarkshire and both Community Planning Partnerships in addressing inequalities in Lanarkshire. This plan takes account of the DPH Annual Report 2013/14 (NHSL 2014) which notes inequalities in e.g. life expectancy, screening programme uptake, vulnerable populations, and oral health. The following five keys themes were outlined within the plan:

- Early years and young people;
- Employment;
- Sustained focus on the wider determinants of health - person and place;
- Redesign of services to ensure inequalities sensitive practice;
- Asset approaches and co-production.



Whilst the plan was being developed there was substantial focus on actions to address inequalities. The Early Years Collaboratives in both North and South Lanarkshire placed significant focus on vulnerable children and families e.g. children and families affected by substance misuse and those living in our most deprived areas. The community assets based approach in Craigneuk, Wishaw, is in its early stages however there are positive developments that demonstrate that the community are keen and willing to engage in efforts to address inequalities. The local school and nursery is an asset that is being utilised for a range of programmes. Project Search is now being delivered in all three acute hospitals and is enabling young people with learning disabilities to enter into the workforce. The Keep Well Programme and Smoking Cessation services are focusing on those living in our more deprived areas and vulnerable populations. NHSL has also established a national reputation for addressing the needs of those who are being affected by the welfare reforms. We have trained over 1,000 staff on welfare reform, are initiating GP surgery based access to welfare advice services, support financial inclusion programmes in both authorities and have developed a food poverty strategy in collaboration with other partners including the voluntary sector. We have also supported the voluntary sector in their efforts to deliver food banks.

## **Regional Planning**

During 2014/15 the Regional Planning Service Improvement Board (SIB) continued to have an overview of the financial reporting and governance arrangements relating to service level agreements (SLAs) with Scottish health boards and of expenditure on unplanned activity, out of area treatments and the independent sector.

Changes in the health board boundaries of NHS Lanarkshire and NHS Greater Glasgow & Clyde which took effect from 1 April 2014 were reflected in the SLA value. In principle there should be no change to hospital flows however robust monitoring mechanisms are in place to track patient activity.

The impact on NHS Lanarkshire of strategic change in other board areas, mainly acute services in NHS Greater Glasgow & Clyde, continues to be actively monitored to ensure that changes in cross boundary flow are managed and are reflected in the three year rolling average SLA funding mechanism.

The SIB considered pressures around the provision of medium secure care. This is in the light of changes in legislation which have resulted in patients in the State Hospital, many of whom are from the West of Scotland, successfully challenging the level of security under which they are detained. The situation continues to be monitored both locally and on a regional basis.

The Lanarkshire Beatson, the West of Scotland satellite radiotherapy centre, is progressing well. The revenue costs of the new facility will be shared by WoS NHS Boards.

The project to provide a wheelchair and seating service in NHS Lanarkshire, which will function as a satellite of the West of Scotland Mobility and Rehabilitation Centre, Southern General Hospital, Glasgow, is nearing completion and an entry date is expected within the next few months. The project has been developed in partnership with North Lanarkshire Council who identified suitable property in Motherwell.

## **Healthcare Associated Infection**

There is a national mandatory requirement for a Healthcare Associated Infection Control report to be presented to the Board on a bi-monthly basis utilising the nationally agreed reporting template. In NHS Lanarkshire an exception report is submitted alternately where any exceptions are identified. Board members are updated on the current status/rates of healthcare associated infections and infection control measures, with particular reference to performance against HEAT targets and cleanliness monitoring. Information on the Board's performance for HEAT targets for control of infection can be found in Section 3 of the Operating Review.

## **Cancer**

The projected change in cancer incidence in Lanarkshire between 2008-11 and 2018-22 for all cancers is 19.3% as detailed in the NHS Lanarkshire Annual Report of the Director of Public Health 2010-11. This increase in incidence combined with prolonged survival requires robust financial planning for the right services to be delivered by the right teams in the right place. To ensure this happens, NHS Lanarkshire in collaboration with both North and South Lanarkshire Councils and the third sector has produced a local Cancer Strategy in June 2013 reflecting the three quality ambitions as outlined in the NHS Scotland Quality Strategy (2012) - safe, person centred and effective. Also reflected in the Strategy is the need to integrate services which cover each stage of cancer care from improving public awareness and prevention through to diagnosis, treatment, follow-up care, rehabilitation and end of life care.

During 2014/15 the key focus has been on establishing the five work streams for delivering the strategy and developing the proposals which will deliver the necessary changes to improve services for patients and carers.

In terms of NHS Lanarkshire's performance against the cancer waiting times standards, NHSL has consistently delivered on both standards and overall performance remains very positive. The National Standard is that 95% of all patients referred urgently with a suspicion of cancer will begin treatment within 62 days of receipt of referral. This target has been achieved. The National Standard is that 95% of all patients diagnosed with cancer will begin treatment within 31 days of decision to treat. This target has been achieved.

### **Waiting Times**

NHS Lanarkshire performed well against the stage of treatment national waiting times guarantees during 2014/15. This includes 12 weeks for outpatients, 12 weeks for inpatients and day cases, 6 weeks for key diagnostic tests and two cancer targets of 31 and 62 days. In addition NHS Lanarkshire has routinely delivered the national target of exceeding 90% of combined performance in respect of 18 week Referral to Treatment (RTT).

In terms of stage of treatment performance for routine new outpatient referrals, NHS Lanarkshire saw 95% of patients within 12 weeks during the first 3 quarters of 2014/15. However during the last quarter performance dipped to 92%. NHS Lanarkshire's performance against the Treatment Time Guarantee (TTG) has been over 98.7% during 2014/15. However there have been emerging pressures in Orthopaedics. Achieving this guarantee required significant additional funding to purchase treatments from other providers such as the Golden Jubilee National Hospital and the private sector. Sustainable, longer term solutions are being developed and implemented in a phased process.

Pressure on each of the three acute sites has meant NHS Lanarkshire has routinely been unable to deliver the target of 98% of A and E attendees waiting less than four hours. The NHS Board has worked with the Scottish Government's Quality and Efficiency Support Team to examine patient flows, coordination of activity and decision making. There has also been careful scrutiny of site capacity (including staffing and beds), utilisation and clinical leadership. From those detailed discussions, including clinicians and managers, robust and consistent site action plans have emerged, and are being implemented. These will be subject to close monitoring to ensure compliance with key actions and delivery of agreed outputs.

## **Resilience (Emergency Planning and Business Continuity Planning)**

NHS Lanarkshire has a number of duties, as a Category One Responder under the Civil Contingencies Act. These include assessing risks, cooperation, sharing information, communicating with the public and maintaining both emergency and business continuity plans to ensure that:

- The organisation can respond effectively to emergencies;
- The impact of any emergency on day to day activity is kept to a minimum;
- Vital services for the community can be maintained at an appropriate level.

To increase effectiveness and streamline processes for business continuity and emergency planning in NHS Lanarkshire, the Business Continuity Strategy Group and the Emergency Planning Coordination Groups have been merged. The new Resilience Group met for the first time in February 2014 and is chaired by Dr Harpreet Kohli, the Executive Director with lead responsibility for business continuity and emergency planning. During 2014/15 issues considered included planning for the Commonwealth Games, primary care mass casualty support planning, mutual aid, Ebola Virus Disease preparations, PREVENT counter terrorism guidance, decontamination guidance, oversight of acute and primary care business continuity and emergency planning, business continuity incidents, and resilience education and training in relation to resilience.

### **FHS Income Potential fraud/error rates**

NHS Counter fraud services conduct a rolling programme of sample checks to determine if patients have wrongly been claiming to be exempt from dental or ophthalmic charges. Extrapolating the level of false claims they detect from this process indicates that, across the whole of NHS Lanarkshire, there may be as much as £1,725,243 of fraudulent or erroneous exemption claims in 2014/15. This estimated fraud rate is higher than in 2013/14 (£854,160). This increase is largely attributed to the additional number of write-offs which occurred in 2014 as part of the data cleansing exercise.

## 2 FINANCIAL PERFORMANCE AND POSITION

	Limit as set by SGHSCD £000	Actual Outturn £000	Variance (Over)/ Under £000
1 Core Revenue Resource Limit	1,107,141	1,106,741	400
Non-Core Revenue Resource Limit	20,767	20,767	0
2 Core Capital Resource Limit	25,850	25,850	0
Non-Core Capital Resource Limit	27,563	27,563	0
3 Cash Requirement	1,187,146	1,187,146	0

### **Memorandum For In Year Outturn**

Brought forward surplus from previous financial year **£000** 3,544

Excess against in year total Revenue Resource Limit (3,144)

NHS Lanarkshire met all its financial targets in 2014/15 and continued to operate within a balanced financial position. This included the achievement of an £16.594m cash savings programme and £10.118m of productivity gains. The Board had agreed at the start of the year that £3.144m of its brought forward surplus would be used in year to support non recurring estate, equipping and transitional costs that were likely to arise in year. As a result the cumulative surplus reflected in the annual accounts decreased from £3.544m at the start of the year to £0.400m at 31 March 2015.

The Accounts have been prepared under a direction issued by Scottish Ministers which is included as an annex to the accounts.

NHS Lanarkshire has legal obligations in relation to medical and non medical claims. Details of these are contained in notes 17 and 19 of the accounts.

Provisions for impairment of receivables are contained in note 13 of the accounts.

Outstanding liabilities details can be found in note 16 of the accounts.

Significant remote contingent liabilities can be found in note 19 of the accounts.

Prior year adjustments can be found in notes 25 of the accounts.

Significant changes in Non Current Assets can be found in notes 10, 11, 13 and 14 of the accounts.

Private Finance Initiative/Public Private Partnerships details can be found in note 23 of the accounts.

Post-Balance Sheet items can be found in note 20 of the accounts.

Sickness absence data can be found in the sickness absence note at the back of the accounts.

Personal data related incidents – There were 97 personal data related incidents reported in the year.



### 3 PERFORMANCE AGAINST KEY NON FINANCIAL TARGETS

#### 3.1 Local Delivery Plan and Heat Targets

The Local Delivery Plan (LDP) 2014-15 set out the key targets agreed for delivery between the Scottish Government Health Directorates and Lanarkshire NHS Board. The LDP reflects the four ministerial objectives of: **Health Improvement** for people in Scotland; **Efficiency/governance** improvements; **Access** more quickly to service; and **Treatment Appropriate for Patient (HEAT)**. Performance against 2014/15 HEAT targets is summarised below.

##### NHS Scotland Objective 1:

**Health Improvement for the people of Scotland – improving life expectancy and healthy life expectancy**

**Increase the proportion of people diagnosed and treated in the first stage of breast, colorectal and lung cancer by 25% by 2014/15.**

**Measure:** *By December 2015, to achieve a 25% increase in those diagnosed in the first stage.*

Latest national data published on the ISD HEAT website shows Lanarkshire at 24.5% at 31/12/13, from a baseline of 23.9% in 2010/11 and against a target of 29% by 2014/15.

**At least 80% of pregnant women in each SIMD quintile will have booked for antenatal care by the 12<sup>th</sup> week of gestation by March 2015 so as to ensure improvements in breastfeeding rates and other important health behaviours.**

**Measure:** *% of pregnant women in each SIMD quintile booked for antenatal care by 12<sup>th</sup> week of gestation.*

Latest national data published on the ISD HEAT website shows NHSL at 78.1% at 30/9/13, against a target of 78% for that period.

**NHS Scotland to deliver universal smoking cessation services to achieve at least 12,000 successful quits (at 12 weeks post quit) in the 40% most deprived within-Board SIMD areas over the one year ending March 2015.**

**Measure:** *Number of successful quits for people residing in the 40% most deprived datazones in the NHS Board (i.e., the most deprived quintiles).*

Data are processed nationally and are two quarters in arrears. Latest data at April 2015 is for period to September 2014 and shows NHSL at 451 against a trajectory for that period of 522. The target in 2014/15 was based on a new definition (12 week quits instead of 4 week quits) setting a much higher challenge, given both that the prevalence of smoking had declined and that those most interested in quitting had already done so. For 2015/16, the target was reviewed nationally in light of experience of 2014/15 and NHSL's total target 12 week quits has been reduced from 1,391 in 2014/15 to 1,118 in 2015/16.

## NHS Scotland Objective 2:

**Efficiency and Governance Improvements – continually improve the efficiency and effectiveness of the NHS**

**NHS Boards to operate within their agreed revenue resource limit; operate within their capital resource limit; meet their cash requirement.**

**Measure:** *Monthly financial monitoring returns*

NHSL has exceeded target, being £0.400m under its Revenue Resource Limit against a target of £0.396m.

**NHS Boards to deliver a 3% efficiency saving to be reinvested in frontline services.**

**Measure:** *Monthly financial monitoring returns*

NHSL has exceeded target, with £26.712m achieved.

**NHS Scotland to reduce energy-based carbon emissions and to continue a reduction in energy consumption to contribute to the greenhouse gas emissions targets set in the Climate Change (Scotland) Act 2009.**

**Measures:**

*Percentage change in baseline (2009/10) eMART data, represented by tonnes of CO<sub>2</sub> and climatically adjusted.*

*Percentage change on 2009/10 baseline climatically adjusted, represented by absolute energy values in GJ.*

Data is published quarterly by Health Facilities Scotland and shows in % terms whether each Board is under or over target. Most recent publication is for quarter to 31 December 2014 and shows NHSL exceeding target for both measures – by 13.26% for energy and by 13.42% for emissions.

## NHS Scotland Objective 3:

**Access to Services – recognising patients' need for quicker and easier use of NHS services.**

**Deliver faster access to mental health services by delivering 26 weeks from referral to treatment for specialist CAMHS services from March 2013, reducing to 18 weeks by December 2014; and 18 weeks RTT for Psychological Therapies from December 2014.**

**Measure:** *90% of patients referred for CAMHS are to start treatment within 18 weeks of referral. 90% of patients referred for psychological therapies are to start treatment within 18 weeks of referral.*

CAMHS – Latest published data is for period to 31 December 2014 and shows NHSL at 88.1%, marginally below the target of 90%.

Psychological therapies – Latest published data is for period to 31 December 2014 and shows NHSL at 90.9%, slightly above target of 90%.

#### NHS Scotland Objective 4:

**Treatment Appropriate to Individuals: ensure patients receive high quality services that meet their needs.**

**From September 2014, no patient will wait more than 4 hours from arrival to admission or discharge or transfer from A&E treatment.**

**Measure:** *95% of patients will wait less than 4 hours from arrival to admission, discharge or transfer for A&E treatment by year ending September 2014.*

As at 31 March 2015, NHSL was achieving 87.8% against the 95% target. This area has been subject to detailed measures and action, as set out in our Local Unscheduled Care Action Plan, and with Scottish Government advice and input throughout the year, and continuing into 2015/16.

**Reduce the rate of emergency inpatient bed days for people aged 75 and over per 1,000 population, by at least 12% between 2009/10 and 2014/15.**

**Measure:** *Occupied emergency bed days, in general acute specialties, for patients aged 75+ per 1,000 population aged 75+*

Latest data is for period to 30 September 2014 and shows NHSL rate of 4,766 against a trajectory for this period of 3,714. Discussions are ongoing with ISD regarding drilling down data to better understand the causal factors underlying this position.

**No patient will wait more than 28 days to be discharged from hospital into a more appropriate care setting, once treatment is complete, from April 2013; followed by a 14 day maximum wait from April 2015.**

**Measure:** *Quarterly census data published by ISD, includes numbers of delayed discharges split by time patients waited for a discharge into a more appropriate care setting.*

March 2015 census shows 49 people waiting over 14 days against a trajectory for this period of 10. There has been ongoing partnership work throughout 2014/15 to better understand the underlying causes and flow pathways, with further focused work planned for 2015/16.

**Further reduce healthcare associated infections so that by 2014/2015 NHS Boards' *staphylococcus aureus* bacteraemia (including MRSA) are 0.24 or less per 1,000 acute occupied bed days; and the rate of *Clostridium difficile* infections in patients aged 15 and over is 0.32 cases or less per 1,000 total occupied bed days.**

**Measures:**

*SABs – rate per 1,000 acute occupied bed days  
C diff – rate per 1,000 total occupied bed days*

Data are published nationally by Health Protection Scotland with the most recent being for period to 31 December 2014. This shows NHSL SABs rate to be 0.36, higher than trajectory for this period (0.25) and C diff rate also higher than plan at 0.36 against a trajectory of 0.34. A wide range of IP&C work continues, under the direction of a new IP&C Manager, and is reported both to the relevant governance committee (HQAIC) and the Board.

**Deliver expected rates of dementia diagnosis by 2015/16, all people newly diagnosed with dementia will have a minimum of a year's worth of post-diagnostic support coordinated by a link worker, including the building of a person-centred support plan.**



**Measure:** % of people newly diagnosed who receive a minimum of one year's post diagnostic support and who have a person centred plan in place at the end of that support period. Data and systems have been finalised nationally and monthly returns are being submitted by Boards with a first analysis in January 2015.

Following initial submissions, and a test run in January 2015, national work is continuing to firm up on definitions and trajectories for 2015/16. Until this is completed there is no published data.

**Eligible patients will commence IVF treatment within 12 months by 31 March 2015.**

**Measure:** Data under development nationally and expected to be in place during 2014/15.

Most recent published data is for period to 30 September 2014 and shows NHSL at 100%. The NHSL target for 2015/16 is 90%.

### 3.2 Single Outcome Agreements

Within South Lanarkshire, the Community Planning Partnership has been working with the national group to progress implementation of benchmarking across CPPs. This will support better understanding of performance locally and the development of a consistent national profile including core measures and outcomes. Currently the South Lanarkshire draft Framework contains 20 core indicators spread over 8 themes that are consistent with the Government's national priorities for CPPs. The CPP already has agreed priorities for improvement that sit within each thematic Partnership Improvement Plan (PIP) and these feed into the SOA and are also in line with the national strategic priorities.

In North, work is progressing satisfactorily and reflecting national guidance. The Corporate Health and Wellbeing Group has been refocused on addressing inequalities. Significant progress has been made with Early Years through the Early Years Collaborative with 44 specific programmes currently in progress and utilising the improvement methodology. Measures are being implemented to mitigate the impact of Council efficiencies.

The North Lanarkshire Partnership focuses its efforts on improving outcomes across its four community planning themes of Health & Wellbeing, Regeneration, Lifelong Learning and Community Safety. The partnership groups that support each theme are continuing to deliver against the key outcomes, indicators and actions within their respective improvement plans, all of which are linked to the Single Outcome Agreement and the Scottish Government's national priorities for CPPs. Recent work being progressed by the NLP Health & Wellbeing Group has sought to refocus efforts across the partnership on tackling health inequalities. While this is in its early stages it is envisaged that it will lead to a more holistic approach to tackling inequalities is adopted across all community planning themes.

### 3.3 Performance Management Arrangements within Lanarkshire NHS Board

The Quarterly Corporate Performance Report to the Board was reviewed and updated in 2014/15 in light of the new format and contents of the Local Delivery Plan for 2014/15.

A more extensive review of overall Corporate Performance Reporting is underway with the aim of developing an Integrated (i.e., LDP, plus other key measures from across the organisation) Corporate Performance Report to be implemented in 2015/16. This will include consideration of the implications of integration and, in particular, ensuring that respective Performance Frameworks of NHS Board and H&SCPs are congruent with each other.



#### 4. SUSTAINABILITY AND ENVIRONMENTAL REPORTING

CEL 2 (2012), A Policy on Sustainable Development for NHS Scotland states that "All NHS Scotland bodies must have a clear and active approach to sustainable development, including a strategic Sustainable Development Policy Statement which commits to compliance with all sustainable development obligations and is consistent with, and supportive of, the Scottish Government's Purpose."

To comply with the CEL, NHS Lanarkshire published their Sustainable Development Action Plan (SDAP) in October 2014 to assist in addressing some of the wider sustainability challenges raised by the Good Corporate Citizenship Assessment Model (GCCAM) [CEL14 (2010)].

NHSL, as the organisation responsible for improving the health of the people of Lanarkshire, currently has a Sustainability Policy supported by the above SDAP with wide ranging strategies and initiatives involving a number of projects that relate to sustainable development, climate change and biodiversity.

These initiatives include:

- Ensuring that all relevant buildings are compliant with the Energy Performance of Buildings Directive (2009/91/EC) and that Energy Performance Certificates are displayed in these sites;
- Development of an Environmental Management System (EMS) – which is Corporate Greencode for NHS Scotland sites;
- Adoption of the Good Corporate Citizenship Assessment Model to create an integrated approach to managing corporate environmental, social and economic impacts;
- Inclusion and compliance with the mandatory Carbon Reduction Commitment - Energy Efficiency Scheme, which requires participants to monitor their CO<sub>2</sub> emissions based on their energy use in buildings and to buy allowances for each tonne of CO<sub>2</sub> they emit;
- Publishing NHSL actions taken to further the conservation of biodiversity when carrying out our business in compliance with The Wildlife and Natural Environment (Scotland) Act (2011).

The NHSL Sustainability & Environment Group manages the Board's Sustainable Development Action Plan (SDAP) which contains a number of deliverables across the Sustainable Development agenda including:

- Corporate Greencode;
- Sustainable Procurement;
- Staff Training and Awareness;
- Staff Travel and fleet;
- Energy use in buildings;
- Waste Management and;
- Climate Change and Biodiversity.

NHS Lanarkshire has also been tasked with meeting the national HEAT targets E8-KPM1 and E8-KPM2, a two-part HEAT Target which began in April 2010 and consists of:

- A 3% year-on-year fossil fuel CO<sub>2</sub> emissions reduction target covering all oil, gas, butane and propane usage. This is designed to work towards the total elimination of the use of fossil fuels by 2050 (electricity is not included);
- A year-on-year energy efficiency target of 1% on all energy sources based on an overall improvement by 2050 of 33% (or one third) on the comparative performance as at 2009/10.

The energy efficiency and emissions targets are designed to not only achieve NHSScotland's contribution to the CCA targets but also to ensure that NHSScotland continues to lead by example within the public sector. This will ensure that NHSScotland contributes to the Scottish Government's National Outcome to "reduce the local and global environmental impact of our consumption and production".

It should be noted that an alternative reporting methodology and targets have been issued by Health Facilities Scotland and will take effect from 1<sup>st</sup> April 2015 at the end of the current Phase 2 reporting period.

## Proposed 2020/21 HEAT Targets E8

Criteria	HEAT Targets E8 for 2020/21 (against 2014/15 baseline)			
	Basic		Stretch	
Energy consumption (kWh/m <sup>2</sup> )	Electricity 6.8%	Fossil Fuel 6.8%	Electricity 16%	Fossil Fuel 13.5%
	Combined 6.8%		Combined 14.3%	
GHG Emissions (kgCO <sub>2</sub> e/m <sup>2</sup> )	6.8%		14.9%	
Percentage of heat consumption from renewable energy sources	11%			

In addition to overall NHSScotland targets, each NHS Board will be allocated a specific target based on the capacity to make reductions within their estate. This will avoid imposing unachievable targets on Boards where there is little opportunity for further significant reductions.

NHSL have implemented a range of measures over the last 5 years to ensure that the national CO<sub>2</sub> emissions and energy efficiency HEAT targets have been met thus reducing potential Carbon Reduction Commitment – Energy Efficiency Scheme financial burdens.

### Energy Savings Projects 2014/2015

Year	Spend (£)	Energy Saving (kWh)	Carbon Saving (tonnes)	Comments
2014/15	£10,000	32,467	18	LED Lighting and lighting controls Motherwell HC

### NHS Lanarkshire Progress

NHS Lanarkshire continues to work with Health Facilities Scotland and other parties including Resource Efficient Scotland appointed consultants on the identification of energy efficiency and carbon reduction schemes. To support this work there are also a number of projects that have been surveyed and costed in-house.

There are also planned estate changes including the rationalisation of a number of existing health centres into 3 new health centres which will house the existing GP practices plus offering expanded services and clinic facilities. Plans are also well advanced for the new Lanarkshire Beatson facility and the new 10 bed ICU / Theatre refurbishment at Monklands Hospital. There has also been an impact on the NHS Lanarkshire carbon footprint from the addition of the 4 new Health Centre sites transferred to NHSL from GG&C as part of the boundary changes initiative.

While there was a significant proportion of building closures in 2011/12 much of the new build is scheduled to come on-stream in the 2015/16 period. With changes in the grid emission factor, even if NHS Lanarkshire does not take action to reduce carbon emissions, they will still gradually fall over time; however, the impact of commissioning the new energy-intensive buildings in 2015/16 is predicted to negatively impact progress towards NHSL energy and emissions reduction targets.



The following tables show tracked reductions in CO<sub>2</sub> and Gjoules.

Progress against the Heat Target - CO<sub>2</sub> reduction in tonnes

	Target CO <sub>2</sub> Emissions	Actual CO <sub>2</sub> Emissions	Variance against Target
Baseline:	11,262	-	-
2010/11	13,454	13,417	0.28%
2011/12	11,542	11,474	0.59%
2012/13	10,248	11,348	-10.73%
2013/14	11,695	10,558	9.72%
2014/15	7,884	9,809	-24.42%

Progress against the Heat Target – Energy efficiency improvement in Gjoules

	Target Giga Joules	Actual Giga Joules	Variance against Target
Baseline:	374,322	-	-
2010/11	378,103	376,970	0.30%
2011/12	336,959	337,381	-0.13%
2012/13	320,966	329,709	-2.72%
2013/14	344,302	318,920	7.37%
2014/15	240,684	305,193	-26.8%

The baseline was changed in 2014/15 to reflect the floor area of the 14 Hospital Sites reported on in the HEAT targets.

Although a great deal of progress has been made through investment in various carbon reduction and energy efficiency measures, some of this improvement has been offset by service expansion and increased reliance on electricity to power modern equipment.

Continued progress towards the new targets for 2016-2020 will, therefore, be challenging as opportunities for efficiency improvements become increasingly difficult to identify and funding constraints restrict the viability of further improvement projects.

### CRC – Energy Efficiency Scheme

The Carbon Reduction Commitment – EES (CRC – EES) is a mandatory scheme aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. Since April 2010 participants in CRC-EES have been required to monitor their CO<sub>2</sub> emissions based on their energy use in buildings and buy allowances from The Environment Agency for each tonne of CO<sub>2</sub> they emit. The more CO<sub>2</sub> an organisation emits, the more allowances it will have to buy.

Within the overall limit, organisations can determine the most cost-effective way to reduce emissions, either through buying extra allowances or decreasing the number of allowances needed through energy efficiency and carbon reduction measures. By reducing energy use, organisations participating in CRC can also reduce the amount they have to spend on allowances. The impact of CRC – EES will significantly increase from 2014/15 regardless of any reduction in consumption as the price per tonne is to increase from £12 /tonne to £16 /tonne.

Table of CRC Emissions

Year	Annual Emissions (Tonnes CO <sub>2</sub> )	Amount (£)
2010/11	36,422	£437,064
2011/12	33,981	£407,772
2012/13	33,557	£402,684
2013/14	32,874	£394,488
2014/15	31,615	£514,486

## Summary

While it is positive that NHS Lanarkshire has continued to fund energy saving schemes internally year on year this has meant that progress has not been visible externally. Although it is evident, from the NHS Lanarkshire Annual Sustainability Report and CRC – Energy Efficiency Scheme annual returns, that good progress continues to be made.

However due to the impacts of service expansion and the new HC sites coming on stream which are significantly more energy intensive, efforts need to be made to identify sufficient projects to ensure that carbon reduction and energy efficiency targets are met.

## Social, Community and Human Rights Policies

The Scottish Government has a single Purpose to ‘focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.’ There are five strategic objectives underpinning the Scottish Government’s Purpose to achieve a Scotland that is a Wealthier, Fairer, Smarter, Healthier, Safer and Stronger and Greener place to live in.

The sustainability group has adapted Good Corporate Citizenship Assessment Model for NHS Scotland around this Purpose, 5 Strategic Objectives and 15 National Outcomes, whilst still adhering to the five key principles of sustainable development outlined in the UK Sustainable Development Strategy – “Securing the Future”.

The model covers six key areas, as follows:

- Travel;
- Procurement;
- Community Engagement;
- Facilities Management;
- Buildings;
- Workforce.

The Sustainability Group is working through action plans in these areas.

NHS Lanarkshire has a long standing commitment to equalities, with a single equality scheme action plan and investment in the development of staff and processes within the organisation. An Equality and Diversity Steering Group oversees NHS Lanarkshire’s activities and performance in this regard. A full review of progress during 2014/15 was considered by the Healthcare Quality and Improvement Assurance Committee in April 2015. The Board has sought to promote employment for young people with disabilities through participating in the Project Search initiative with North Lanarkshire Council.

In January 2013 NHS Lanarkshire introduced a new way of accessing face-face interpreting service, issuing guidance on the new policy to staff and patients. A revised Translation Policy was issued in March 2013.

An NHS Lanarkshire Forced Marriage and Human Trafficking Action Plan was devised during 2012 in response to new Forced Marriage Statutory Guidance (October 2011) and CEL 19 (June 2012), which provided guidance on detecting and responding to human trafficking. The routine enquiry of abuse programme is on-going and will support this work.

The NHS in Scotland Staff Governance standard embodies a commitment to fair and consistent treatment and the Staff Governance committee oversees the delivery of the standard.

The Board is aware of the importance of health in the community and its role as a large employer. It has a work experience and volunteering policy to encourage wider involvement and embedded consultation and engagement processes.



For the last 3 years NHS Lanarkshire has achieved and maintained the Healthy Living Award Plus, which is recognition of our efforts to encourage staff and patients to make healthy and sustainable food and nutrition choices. In NHS Lanarkshire non patient facilities all tea and coffee are Fair Trade products.

Signed  ..... Date 22 June 2015

Chief Executive

## REMUNERATION REPORT

### **Policy on the remuneration of senior managers for current and future financial years**

Board members and senior employees are remunerated in accordance with the work and recommendations of the Senior Salaries Review Body.

### **Determination of senior employees remuneration**

Remuneration levels are determined by the Remuneration Committee.

### **Performance Management**

The Executive Pay arrangements established by MEL(2000)25 are mandatory for all employing authorities in NHS Scotland. It is the responsibility of Health Boards and their Remuneration Committees, to oversee the local operation of these arrangements. The deliberations of Health Boards and the Remuneration Committee are subject to normal arrangements for internal and external audit.

Each member of staff has an annual appraisal the results of which are considered by the Remuneration Committee. The Remuneration Committee will ask to have sight of appraisal documentation where they consider this appropriate. The outcome of the appraisal process is used to determine performance uplifts in line with the relevant Health Department Letters.

There are four performance levels in accordance with the following definitions:

#### **Superior**

The individual regularly exceeds all short-term objectives, makes excellent progress towards long-term objectives and demonstrates high levels of the appropriate behavioural competencies in the achievement of objectives and day to day contact with others.

#### **Fully Acceptable**

The individual consistently meets and occasionally exceeds all short-term objectives, and makes satisfactory progress with all long-term objectives. They will have a clear understanding of the appropriate behavioural competencies and the application and development of these can be identified in the achievement of objectives and in day to day contact with others.

#### **Incomplete**

The individual meets short-term objectives and makes adequate progress with long-term objectives. May fall short of demonstrating application of the appropriate behavioural competencies but there is evidence of understanding the importance of these and commitment to personal development.

#### **Unsatisfactory**

The individual would fall short of the standard required for "incomplete". Active steps should be taken to address the poor performance associated with this rating.

**LANARKSHIRE HEALTH BOARD**  
**REMUNERATION REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2015**  
**(AUDITED INFORMATION)**

<b>Remuneration Table</b>						
	Salary (Bands of £5,000)	Performance related bonus (Bands of £5,000)	Benefits in Kind (£000)	Total Earnings in Year (£000)	Pension Benefits (£000)	Total Remuneration (£000)
<b>Remuneration of:</b>						
<b>Executive Members</b>						
Chief Executive: Mr Calum Campbell (from 5.1.15) *1	35-40	0	0	35-40	60	95-100
Chief Executive: Mr I Ross (to 31.12.14) *2	100-105	0	3.2	105-110	0	105-110
Director of Public Health and Health Policy: Dr H Kohli	150-155	0	0	150-155	14	165-170
Director of Finance: Mrs L Ace	95-100	0	0	95-100	33	130-135
Medical Director: Dr I Wallace	160-165	0	0	160-165	22	185-190
Director for Nurses, Midwives and AHP's: Mrs I Barkby (from 2.2.15) *3	15-20	0	0.6	15-20	40	55-60
Director for Nurses, Midwives and AHP's: Mrs R Lyness (to 1.2.15)*4	105-110	0	0	105-110	98	200-205
Director CHP North: (to 30.6.14) Director of Strategic Planning & Performance: (from 1.7.14) Mr C Sloey *5	110-115	0	0	110-115	59	170-175
<b>Non Executive Members</b>						
The Chair: Mrs N Mahal	30-35	0	0	30-35	0	30-35
Employee Director: Mrs L Macer *6	45-50	0	0	45-50	16	60-65
Mr J McCabe (to 31.3.15)	5-10	0	0	5-10	0	5-10
Mr J Burns	5-10	0	0	5-10	0	5-10
Mrs S Smith (to 31.7.14)	5-10	0	0	5-10	0	5-10
Mr M Fuller	10-15	0	0	10-15	0	10-15
Mrs M Morris	10-15	0	0	10-15	0	10-15
Mr A Docherty *7	150-155	0	0	150-155	58	210-215
Mr P Campbell	10-15	0	0	10-15	0	10-15
Dr A Osborne	10-15	0	0	10-15	0	10-15
Mr T Steele	10-15	0	0	10-15	0	10-15
<b>Senior Managers</b>						
Director of HR: Mr K Small	110-115	0	2.3	115-120	45	160-165
Director of Acute Services: Mr A Lawrie (to 30.11.14) *8	65-70	0	0	65-70	32	100-105
Director of Acute Services: Mrs H Knox (from 5.1.15) *9	20-25	0	0	20-25	43	65-70
<b>Total</b>			<b>6.1</b>		<b>520</b>	

\*1. Mr C Campbell's full year equivalent salary is £140,000 - £145,000.

\*2. Mr I Ross retired from NHS Lanarkshire on 31 December 2014. Mr. Ross' full year equivalent salary was £135,000 - £140,000.

\*3. Mrs I Barkby's full year equivalent salary is £90,000 - £95,000.

\*4. Mrs R Lyness was seconded to NHS Grampian from 1 February 2015.

\*5. Mr C Sloey, in his role as Director of North Lanarkshire Community Health Partnership, was an Executive Member until 30 June 2014. From 1 July 2014, he became the Director of Strategic Planning & Performance (Executive non-Board Member position).

\*6. Mrs L Macer's salary includes £39,000 in respect of non-board duties.

\*7. Mr A Docherty's salary includes £145,000 in respect of non-board duties.

\*8. Mr A Lawrie's full year equivalent salary was £110,000 - £115,000.

\*9. Mrs H Knox's full year equivalent salary is £95,000 - £100,000.

**LANARKSHIRE HEALTH BOARD**  
**REMUNERATION REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2015**  
**(AUDITED INFORMATION)**

**Pensions Values Table**

	Total accrued pension at pensionable age at 31 March (Bands of £5,000)	Real increase in pension at pensionable age (Bands of £2,500)	Cash Equivalent Transfer value (CETV) at 31 March 2014 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2015 (£000)	Real increase in CETV in year (£000)
<b>Remuneration of:</b>					
<b>Executive Members</b>					
Chief Executive: Mr Calum Campbell (from 1.1.15)	40-45 plus lump sum of 125-130	2.5-5	674	754	62
Chief Executive: Mr I Ross (to 31.12.14)	***	***	***	***	***
Director of Public Health and Health Policy: Dr H Kohli	55-60 plus lump sum of 170-175	0-2.5	1,219	1,289	37
Director of Finance: Mrs L Ace	25-30 plus lump sum of 85-90	0-2.5	441	487	34
Medical Director: Dr I Wallace	60-65 plus lump sum of 185-190	0-2.5	1,231	1,308	54
Director for Nurses, Midwives and AHP's: Mrs I Barkby (from 2.2.15)	30-35 plus lump sum of 100-105	0-2.5	614	677	51
Director for Nurses, Midwives and AHP's: Mrs R Lyness (to 1.2.15)	40-45 plus lump sum of 120-125	2.5-5	763	894	117
Director CHP North: (to 30.6.14) Director of Strategic Planning & Performance: (from 1.7.14) Mr C Sloey	50-55 plus lump sum of 150-155	2.5-5	936	1,027	76
<b>Non Executive Members</b>					
The Chair: Mrs N Mahal	0	0	0	0	0
Employee Director: Mrs L Macer	10-15 plus lump sum of 35-40	0-2.5	202	224	18
Mr J McCabe (to 31.3.15)	0	0	0	0	0
Mr J Burns	0	0	0	0	0
Mrs S Smith (to 31.7.14)	0	0	0	0	0
Mr M Fuller	0	0	0	0	0
Mrs M Morris	0	0	0	0	0
Mr A Docherty	30-35 plus lump sum of 95-100	2.5-5	470	534	49
Mr P Campbell	0	0	0	0	0
Dr A Osborne	0	0	0	0	0
Mr T Steele	0	0	0	0	0
<b>Senior Managers</b>					
Director of HR: Mr K Small	50-55 plus lump sum of 160-165	2.5-5	1,113	1,204	75
Director of Acute Services: Mr A Lawrie (to 30.11.14)	40-45 plus lump sum of 125-130	0-2.5	701	755	43
Director of Acute Services: Mrs H Knox (from 5.1.15)	25-30 plus lump sum of 85-90	0-2.5	482	539	45
<b>Total</b>			<b>8,846</b>	<b>9,692</b>	<b>661</b>

\* The CETV calculator is obtained from the Scottish Public Pensions Agency and is updated for the NHS Pension scheme for factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed, the "CETV at start of period" for 2014/15 can be different from the "CETV at end of period" reported for 2013/14.

\*\*\*Information not available.



**LANARKSHIRE HEALTH BOARD  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 MARCH 2014  
(AUDITED INFORMATION)**

**Remuneration Table**

	Salary (Bands of £5,000)	Performance related bonus (Bands of £5,000)	Benefits in Kind (£000)	Total Earnings in Year (£000)	Pension Benefits (£000)	Total Remuneration (£000)
<b>Remuneration of:</b>						
<b>Executive Members</b>						
Chief Executive: Mr I Ross	130-135	0-0	2.3	130-135	0	130-135
Director of Public Health and Health Policy: Dr H Kohli	150-155	0-0	0	150-155	36	185-190
Director of Finance: Mrs L Ace	90-95	0-0	0	90-95	7	100-105
Medical Director: Dr I Wallace (From 1.7.13)	120-125	0-0	0	120-125	47	165-170
Medical Director: Dr J Burns (To 30.6.14)	40-45	0-0	0	40-45	***	40-45
Director for Nurses, Midwives and AHP's: Mrs R Lyness	90-95	0-0	0	90-95	18	110-115
Director CHP North: Mr C Sloey	105-110	0-0	1.5	105-110	27	135-140
<b>Non Executive Members</b>						
The Chair: Mrs N Mahal	30-35	0-0	0	30-35	0	30-35
Employee Director: Mrs L Macer*	45-50	0-0	0	45-50	13	55-60
Mr J McCabe	5-10	0-0	0	5-10	0	5-10
Mr J Burns	5-10	0-0	0	5-10	0	5-10
Mr D Clark (To 28.2.14)	5-10	0-0	0	5-10	0	5-10
Mr J Anning (To 28.2.14)	15-20	0-0	0	15-20	0	15-20
Mrs A Armstrong* (To 30.4.13)	5-10	0-0	0	5-10	***	5-10
Mrs S Smith	15-20	0-0	0	15-20	0	15-20
Mr M Fuller	5-10	0-0	0	5-10	0	5-10
Mrs M Morris (From 1.7.13)	5-10	0-0	0	5-10	0	5-10
Mr A Docherty* (From 1.5.13)	140-145	0-0	0	140-145	26	165-170
Mr P Campbell (From 1.7.13)	5-10	0-0	0	5-10	0	5-10
Dr A Osborne (From 1.3.14)	0-5	0-0	0	0-5	0	0-5
Mr T Steele (From 1.3.14)	0-5	0-0	0	0-5	0	0-5
<b>Senior Managers</b>						
Director of HR: Mr K Small	110-115	0-0	1.4	110-115	28	135-140
Director of Acute Services: Mr A Lawrie	110-115	0-0	0	110-115	24	130-135
<b>Total</b>			<b>5.2</b>		<b>226</b>	

\* Mrs Macer's salary includes £37,000 in respect of non-board duties.

\* Mrs Armstrong's salary includes £7,000 in respect of non-board duties.

\* Mr A Docherty's salary includes £135,000 in respect of non-board duties.

\*\*\*Information not available.

**LANARKSHIRE HEALTH BOARD**  
**REMUNERATION REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2014**  
**(AUDITED INFORMATION)**

**Pensions Values Table**

	Total accrued pension at pensionable age at 31 March (Bands of £5,000)	Real increase in pension at pensionable age (Bands of £2,500)	Cash Equivalent Transfer value (CETV) at 31 March 2013 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2014 (£000)	Real increase in CETV in year (£000)
<b>Remuneration of:</b>					
<b>Executive Members</b>					
Chief Executive: Mr I Ross	60-65 plus lump sum of 185-190	0	1,458	***	0
Director of Public Health and Health Policy: Dr H Kohli	50-55 plus lump sum of 165-170	0-2.5	1,098	1,205	52
Director of Finance: Mrs L Ace	25-30 plus lump sum of 75-80	0-2.5	403	435	14
Medical Director: Dr I Wallace (From 1.7.13)	60-65 plus lump sum of 180 -185	2.5-5	1,103	1,216	60
Medical Director: Dr J Burns (To 30.6.14)	***	***	***	***	***
Director for Nurses, Midwives and AHP's: Mrs R Lyness	35-40 plus lump sum of 105-110	0-2.5	694	754	27
Director CHP North: Mr C Sloey	45-50 plus lump sum of 140-145	2.5-5	849	925	34
<b>Non Executive Members</b>					
The Chair: Mrs N Mahal	0	0	0	0	0
Employee Director: Mrs L Macer	10-15 plus lump sum of 30-35	0-2.5	178	199	13
Mr J McCabe	0	0	0	0	0
Mr J Burns	0	0	0	0	0
Mr D Clark (To 28.2.14)	0	0	0	0	0
Mr J Anning (To 28.2.14)	0	0	0	0	0
Mrs A Armstrong (To 30.4.13)	***	***	***	***	***
Mrs S Smith	0	0	0	0	0
Mr M Fuller	0	0	0	0	0
Mrs M Morris (From 1.7.13)	0	0	0	0	0
Mr A Docherty (From 1.5.13)	25-30 plus lump sum of 85-90	0-2.5	418	464	26
Mr P Campbell (From 1.7.13)	0	0	0	0	0
Dr A Osborne (From 1.3.14)	0	0	0	0	0
Mr T Steele (From 1.3.14)	0	0	0	0	0
<b>Senior Managers</b>					
Director of HR: Mr K Small	50-55 plus lump sum of 150 -155	0-2.5	1,012	1,100	39
Director of Acute Services: Mr A Lawrie	40-45 plus lump sum of 120-125	0-2.5	635	693	28
<b>Total</b>			<b>7,848</b>	<b>6,991</b>	<b>293</b>

\*\*\*Information not available.

Salaries include any distinction awards/discretionary points awarded.

In accordance with the Financial Reporting Manual (FRM) and the Companies Act, 2013-14 was the first year that publication of the "pension benefits" has been required. This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement.

The "total earnings in year" column shows the remuneration relating to actual earnings payable in 2014-15.

2014-15		2013-14	
Highest Earning Director's Total Remuneration (£000s)	160-165	Highest Earning Director's Total Remuneration (£000s)	150-155
Median Total Remuneration	£27,160	Median Total Remuneration	£27,180
Ratio	5.98	Ratio	5.61
<b>Commentary</b>			
The Highest Earning Director's Total and the Median Total Remuneration both exclude employer's pension contributions. There are also other employees within the Board who are higher paid than the Highest Earning Director.			
The Medical Director was appointed part way through the year in 2013/14. In 2014/15, the Medical Director has been employed for the entire year causing the highest paid employee to change to the Medical Director and therefore the overall ratio to change.			

Signed  Date 22 June 2015

Chief Executive



**LANARKSHIRE HEALTH BOARD**

**ANNUAL ACCOUNTS 2014/2015**

**STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE HEALTH BOARD**

Under Section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer (PAO) of the Scottish Executive has appointed me as Accountable Officer of Lanarkshire Health Board.

This designation carries with it, responsibility for:

- The propriety and regularity of financial transactions under my control
- For the economical, efficient and effective use of resources placed at the Board's disposal; and
- Safeguarding the assets of the Board.

In preparing the accounts I am required to comply with the requirements of the government's Financial Reporting Manual and in particular to:

- Observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the government Financial Reporting Manual have been followed and disclose and explain any material departures
- Prepare the accounts on a going concern basis.

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of the 27 April 2012.

Chief Executive



Date

22 June 2015

**LANARKSHIRE HEALTH BOARD**

**ANNUAL ACCOUNTS 2014/2015**

**STATEMENT OF NHS BOARD MEMBERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of the Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2015 and of its operating costs for the year then ended.

In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers
- Make judgements and estimates that are reasonable and prudent
- State where applicable, accounting standards, as set out in the Financial Reporting Manual, have not been followed where the effect of the departure is material
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Board will continue to operate.

The Health Board members are responsible for ensuring that proper accounting records are maintained, which disclose with reasonable accuracy at any time the financial position of the Board and enable them to ensure that the accounts comply with the National Health Service (Scotland) Act 1978 and the requirements of the Scottish Ministers. They are also responsible for safeguarding the assets of the Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

The NHS Board Members confirm they have discharged the above responsibilities during the financial year and in preparing the accounts.

**Director of Finance** *Laura Ace*

**Chairman** *Kenabata*

**Date** **22 June 2015**

# LANARKSHIRE HEALTH BOARD

## ANNUAL ACCOUNTS 2014/15

### GOVERNANCE STATEMENT

#### Scope of Responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with the organisation's policies and promotes achievement of the organisation's aims and objectives, including those set by Scottish Ministers. Also, I am responsible for safeguarding the public funds and assets assigned to the organisation.

#### Purpose of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place for the year up to the date of approval of the annual report and accounts.

The SPFM is issued by Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. The SPFM sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

#### Governance Framework

The Board strategic framework was published in April 2013 as a "A Healthier Future", a statement of values and a strategic vision of how health services should be developed. This was widely communicated and is available to the public and staff on the website <http://www.nhslanarkshire.org.uk/publications/Documents/Healthier-Future.pdf>. This document is consistent with the overarching strategic direction for the NHS in Scotland embodied in the "20:20 Vision" document produced by the Scottish Government Health and Social Care Department.

The Board's overall strategy and objectives are published at the start of the year in 4 key documents; the Local Delivery Plan which is agreed with the Scottish Government Health and Social Care Department, the corporate objectives which are approved by the Board and the Single Outcome Agreements with North and South Lanarkshire councils.

The Board met 10 times in public during 2014/15 both to maintain its strategic direction and to receive assurance on achievement of its objectives and on the quality of its services. The Board receives a quarterly combined report showing progress against agreed objectives and key performance indicators. The current version had been implemented in November 2012 following an internal review and an external audit assisted assessment against the best value toolkit. To ensure its continued relevance and effectiveness an internal working group was established in 2014/15. This group is considering the needs of key users, the links with risk management and good practice from elsewhere and a refreshed performance management framework is expected to be introduced in quarter 2 of 2015/16.

In addition, the Board receives monthly reports on Access targets, Finance, Clinical Governance and at least bi monthly a report on Healthcare Associated Infection, Where a particular issue is of significance to the Board it will schedule follow up reports at appropriate intervals as well as specify the role it wishes its committees to play in providing assurance.



During 2014/15 the Board maintained an overview of progress against the action plan arising from Healthcare Improvement Scotland's "Rapid Review of the Safety and Quality of Care for Acute Adult Patients in NHS Lanarkshire" in December 2013. The Cabinet Secretary had confirmed in April 2014 that the Board had already made substantial progress. Both the Board and the Clinical Governance committee (renamed the Health Care Quality Assurance and Improvement Committee, HQAIC, during 2014) received regular follow up reports on progress against the actions identified in that inspection. Improvement actions were also fed in to a new strategy for "Patient safety and Quality of Care in NHS Lanarkshire which was endorsed by the Board in year.

To oversee the system of internal control the Board has established Standing Committees for Clinical Governance, Staff Governance and Audit, chaired by Non Executive directors. NHS Lanarkshire's Clinical Governance Committee, (HQAIC), has a remit to ensure that clinical governance mechanisms are in place and effective throughout the NHS Lanarkshire, including health improvement activities and to ensure effective mechanisms are in place for the collection, storage, security, dissemination and use of information. The Staff Governance Committee's remit is to ensuring consistency of policy and equity of treatment of staff across the local NHS system, that the NHS Staff Governance Standard is met and to provide oversight of the Workforce strategy. . The Audit Committee receives assurance on the adequacy and effectiveness of the Board's system of internal control, from external and internal audit as well as from internal sources and other committees. Given the scale of NHS Lanarkshire Operating Management Committees with Non Executive Chairs and representation were in operation for the Acute Division, and the North and South Community Health Partnerships to allow more detailed scrutiny of key issues within the major operating divisions. Further information on the membership of these committees is set out in the Directors report.

Each committee has a remit specifying clearly its responsibilities, work plans are produced at the start of the year, minutes or verbal updates are reported at the public Board meeting and annual reports confirming they have fulfilled their role are considered by the Board at the end of the year. For 2014/15 each of these committees was able to confirm that there was an adequate and effective system of internal control in place in the areas within their remit, highlighting any matters of concern that the Audit Committee might want to consider in reaching an overall conclusion on the strength of internal control. One such issue of concern was the recommendations from the November 2014 Health Improvement Scotland inspection report into safety and cleanliness at Hairmyres hospital. The Board and HQAIC, the clinical governance committee, were promptly informed of the recommendations and HQAIC had progress against the ensuing action plan as a standing item for the rest of the year. A follow up visit by report by Health Improvement Scotland in January 2015 noted that the systems and processes put in place to improve and monitor the standard of environmental cleanliness have been effective but that there was still further work to do to meet all requirements. This continues to be given high priority by the Board.

In September 2014 Board reviewed, updated and approved its Scheme of Delegation and its Standing Financial Instructions. The Standing Orders and Committee Administrative Arrangements have been replaced on the public website with the Code of Corporate Governance approved by the NHS Board in August 2014.

A register of key legislation is maintained with the controls in place to ensure compliance is documented and periodically reviewed. Compliance with circulars is achieved through the Board Secretary providing links to circulars as they are issued and seeking confirmation that action has been taken. The Risk Management steering group receives reports on the status of internal policies and procedures so it can monitor compliance with the internal policy on keeping these up to date. Where progress is felt to be too slow this is escalated, as happened in early 2014, so corrective action can be taken.

NHS Lanarkshire has a Fraud Policy and Response Plan, and a designated Fraud Liaison Officer (FLO) operating in accordance with issued guidance and standards. The Fraud Liaison Officer reports through the Director of Finance to the Audit Committee and has direct access to the Chief Executive. The Audit Committee has received updates on key initiatives and issues from Counter Fraud Services, a national service established to provide expertise to NHS bodies in fraud investigations. The Board participates in the National Fraud Initiative where records across various public sector bodies are electronically cross matched and any anomalies indicating potential fraud are investigated. During the year the Board included articles on recognising fraud in staff briefings and launched an on line video and DVD to raise awareness. Through the Audit Committee the Board has assessed the adequacy of its arrangements against the expectations set out in CEL 11 2013 – Strategy to Combat Financial Crime in NHS Scotland.

The Board has a staff policy on “safely raising concerns about risk, malpractice or wrong doing at work”. This was refreshed in 2012 and its “Being Open” policy in March 2013. To add to the range of mechanisms by which staff members can raise concerns, the Board launched iMatter in January 2014, a confidential feedback service enabling staff to raise suggestions/concerns electronically.

The Board has well established stakeholder engagement mechanisms in place which are embodied within NHS Lanarkshire’s Patient Focus and Public Involvement Strategy 2012-2016. Three dimensions are outlined within the strategy: Patient Focus; Public Involvement; and Corporate Governance of Participation. The Board has an established Stakeholder Engagement group, whose role is to co-ordinate and promote engagement with internal and external stakeholders on a range of key strategic issues. This group is also tasked with managing the actions under the PFPI strategy. In June 2014 the Board approved a Person-Centred Care Strategic Prioritised Plan and also the Annual Report on Feedback, Comments, Concerns and Complaints. NHS Lanarkshire periodically reviews its patient focus and public involvement (PFPI) systems and processes against the national participation standard, with the latest review taking place in 2013/14.

Actions to enhance engagement activities with staff and patients continued in year. The methods of testing and acting on feedback from the experiences of patients, carers and families were expanded in 2014 to include: ward welcome boards, full subscription to Patient Opinion, listening stations and executive review of random samples of complaints. Further engagement with staff was established through increased visibility of Board non-executive and executive directors, involvement of non-executive directors in patient safety walk rounds (the approach to which was amended based on experience in 2015). The roll out of the national iMatter tool where staff can express their views on their workplace started in the corporate departments during 2014/15 and will continue throughout 2015/16.

Involving public and service users at the earliest opportunity in service change processes is established in line with the Scottish Government’s guidance CEL 4 (2010) “Informing, Engaging and Consulting People in Developing Health and Community Care Services.” There is public representation on operating management committees, modernisation board and stakeholder engagement group. Staff engagement continues to take place through the Staff Governance Committee, Area Partnership Forum and Area Clinical Forum, with further partnership working structures and protocols at local level.

The Scottish Health Council continues to conduct independent assessment of the adequacy of specific consultations. In 2014/15 they provided guidance on the review of Old Age Psychiatry and the ongoing review of Primary Care Out of Hours services.



NHS Lanarkshire is committed to learning from good practice and from incidents, complaints and other events that identify gaps in process and procedures and to take appropriate action to reduce the likelihood of similar events being experienced. Risk management guidance sets out how to report and learn from incidents which are recorded in a structured format. These are reported through clinical governance and risk management structures, with the Board maintaining an overview of key performance indicators and trends. As part of a rolling programme of reviews across Scotland, Healthcare Improvement Scotland (HIS) undertook a review of NHS Lanarkshire's Adverse Event Management arrangements on 22 April 2014. The reviews informed a new policy on the reporting, recording and management of adverse incidents including undertaking Significant Adverse Event Reviews (SAER) which was implemented in 2014. Amongst the improvements were better coding of incidents, a grading matrix for the SAERs in line with the HIS framework, an electronic document library system to ensure all incident investigation and follow up action is proceeding in line with policy and enhanced monitoring of key performance indicators. The policy also provided greater clarity between the operational and governance roles and improved patient, family and staff contact when incidents occurred.

In November 2014 the Board ran a facilitated development day to assess its own effectiveness and to look at opportunities for improvement. This included reviewing progress against an action plan from the previous year's review of effectiveness which had used a questionnaire developed from the Board Diagnostic self-assessment toolkit in Appendix A of the Good Governance Standard for Public Services. An internal audit review of committee effectiveness was also considered. A refreshed action plan was produced and approved in February 2015. This included continuing with measures described previously in this statement on evaluating the effectiveness of different means of getting patient and public opinion, the ongoing development of the performance indicators and also a proposal to review committee structures to give more time for the scrutiny of planning and use of resources.

Development needs for non-executive directors are initially identified through national and local induction arrangements. Thereafter these are highlighted in discussion with the Chair informally through the course of the year and as part of the annual appraisal. Similarly development needs for executive directors are identified initially through local induction arrangements and thereafter through the individual performance management process (with mid-year and annual review) where needs are identified in discussion with the Chief Executive and form part of each individual's Personal Development Plan. The performance of senior managers is reviewed independently by a remuneration committee composed of non-executive directors.

In addition whole Board development needs can arise for a number of reasons, for example, in response to new policies, working arrangements or changes to legislation. A series of Board seminars is in place to support shared development needs.

Individually and collectively all Board members have access to senior officers, including the Head of Organisational Development, who can help source appropriate development solutions for any needs identified. Typical provision would include national programmes, in house seminars or coaching approaches as appropriate.

The Public Bodies (Joint Working) (Scotland) Act 2014, which substantially integrates Health and Social services received, royal assent on 1 April 2014. The decision in Lanarkshire in 2013/14 was to adopt the body corporate model as the integration vehicle under this Act. This means separate legal entities called Integration Joint Boards will be formed and operate in shadow form to prepare a strategic plan during 2015/16. From 1 April 2016 planning, commissioning and oversight of adult social care, primary and community care, mental health and a range of hospital services including Accident and Emergency, geriatric medicine and general medical inpatients will be delegated to these Integrated Joint Boards.

During 2014/15, the membership of the future Integration Joint Boards was agreed, meetings to induct members and agree work programmes took place and interim Chief Officers were appointed. Preparatory work, including the submission of an integration scheme for North and South Lanarkshire, took place in 2014/15, and continues into 2015/16. Chief Finance officers, as required by the legislation will be appointed during 2015/16 and until then the Finance Directors of the Local Authority and NHS will ensure the necessary preparatory work is advanced. The Audit Committee has received a report on the due diligence and assurance processes to be undertaken in 2015/16.



In accordance with IAS 27 – Consolidated and Separate Financial Statements, the Financial Statements consolidate the NHS Lanarkshire Board Endowment Fund. This statement includes any relevant disclosure in respect of these Endowment Accounts.

### **Review of Adequacy and Effectiveness**

As Accountable Officer, I am responsible for reviewing the adequacy and effectiveness of the system of internal control. My review is informed by:

- executive and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas;
- the work of the internal auditors, who submit to the Audit Committee regular reports which include their independent and objective opinion on the effectiveness of risk management, control and governance processes, together with recommendations for improvement. In particular the Chief Internal Auditor prepares an annual report giving an overall assessment of the adequacy and effectiveness of the Board's governance arrangements;
- conclusions and recommendations from external auditors in their management letters and other reports including best value toolkits;
- Summaries of service auditors reports for any third party providers who provide core systems whose operation can have a significant impact on achieving the Board's objectives;
- A review of any external inspection reports received by the Board;
- Comparative performance on key performance indicators such as the treatment time guarantee;
- The annual reports of the governance committees.

Given the magnitude of the change introduced by the legislation on the integration of health and Social care, it is of key importance that the transition to the new Integrated Joint Boards is well controlled. Seeking assurance on the processes in place has been an additional feature of my review of internal control in 2014/15 with the Audit committee providing scrutiny and internal audit providing an input.

The review of the effectiveness of internal control is a continuous activity. The Board's committees provide scrutiny of the controls, risks and progress towards meeting objectives for the areas within their remit. Key issues are reported to the next Board meeting along with full committee minutes when they are available. The Board itself considers a suite of reports directly, as indicated earlier in this statement. The Board also has a well established risk management process as described in the following section.

All NHS Lanarkshire specific external audit reports, including any assessments against best value toolkits, reviews of performance management arrangements or other risks and priorities to secure best value are considered in full by the Audit Committee. The Audit Committee also ensures that any relevant learning from wider Audit Scotland reports is being considered by the organisation. The Chief Internal Auditor conducts a mid year review of governance arrangements so any potential issues can be identified and addressed at an early stage and produces an annual report which gives a year end assessment to directly inform the governance statement. At the end of the year each committee prepares an annual report confirming it has delivered its remit and summarising the work it has conducted in order to provide assurance on the adequacy and effectiveness of the systems of internal control. Both the Board and Audit Committee consider the contents of all committee annual reports. The Audit Committee determines the additional evidence it needs to receive on top of its own annual report in order to provide advice to myself as Accountable Officer. This includes evidence to allow an assessment of the adequacy and effectiveness of the system of risk management in operation within the organisation.

It is considered that the Board were effective in its duties during the year.

## Risk Assessment

NHS Scotland bodies are subject to the requirements of the Scottish Public Finance Manual (SPFM) and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

NHS Lanarkshire has a risk management strategy in place which forms a key part of NHS Lanarkshire's system of internal control. The strategy makes clear the Chief Executive's overall responsibility for risk management. Leadership and accountability across NHS Lanarkshire is clearly defined including the responsibilities of directors, local managers and individual staff in supporting the delivery of the strategy and in the identification and assessment of risk. The Board acknowledges that the strategy will continue to be subject to change, reflecting any organisational and structural changes and learning from best practice. The extant strategy, which was approved by the Board in October 2012, was reviewed during 2014/15 and a renewed strategy was approved by the Board in May 2015.

The Board considers an annual report on risk management, the 2013/14 report being considered in June 2014. The 2014/15 risk management annual report was considered by the Audit Committee in June 2015 and concluded adequate and effective arrangements were in place. A structured review of the effectiveness of our risk management practices takes place annually, using the key lines of enquiry recommended in Annex F of the Scottish Government Audit Committee Handbook. The Audit Committee considered this in March 2015.

There is comprehensive guidance on the identification and assessment of risk and the effectiveness of controls. This guidance can be readily accessed by all relevant staff on a dedicated Risk Management Web-page which also contains the strategy, forthcoming external and internal training events, case law, training records, incident reports and "how to" guides. There is an electronic web based risk recording and reporting system, integrated with the incident recording system, with mandatory training for anyone designated as a verifier. The system builds in review dates for each risk to ensure the assessment remains current.

Through this system each division maintains a register identifying and supporting the management of the operational risks facing the division. Where risks are of such significance they may prevent corporate objectives being attained they are included in a corporate/strategic risk register.

As Accountable Officer I hold overall responsibility for the management of risk but in this I have been supported by the Medical Director who has delegated day to day responsibility for systems of risk management, and by the Risk Management Steering Group (RMSG). The latter is formed from Executive Directors and senior managers who have a leading role on key aspects of risk. It met 6 times during 2014/15 and had as standing items the Strategic Risk Register, risks that might exceed the tolerance criteria, and the key performance indicators on the review as well as a range of prescheduled reports to maintain an overview of risk and risk management. The minutes of the group are shared through the Audit Committee, HQAIC and HQAIC's Steering Group, Acute Clinical Governance & Risk Management Committee, Joint CHP Clinical Governance and Risk Management Group as well as being available on the dedicated risk management web page. There are established protocols for escalating the consideration of risks which arise or grow in significance in between meeting dates. In addition the Corporate Management team meets on a weekly basis and formally considers whether any of the issues considered during that meeting require an amendment to the risk register.

The strategic risk register is considered by the Audit committee and by the Board bi annually. The latest version considered by the Board can be accessed through the May 2015 Board papers. At that date 2 risks had been classed as very high.

The first is a risk that NHSL does not meet the 4 hour emergency care target that 98% of patients will wait less than 4 hours from arrival to admission, discharge or transfer for accident and emergency treatment because of the increasing emergency admissions and acuity of unwell patients. Substantial improvement activity, with Scottish Government support, as well as additional investment has been targeted at this. Performance has improved but reaching and sustaining the 98% target has still to be achieved. External factors, including national and local difficulties recruiting and retaining senior emergency medical staff, and potential changes in patient flows can exacerbate this risk. These risk factors are separately recorded on the risk register and this cluster of risks is a key focus for the Board.



The second is a risk that NHS Lanarkshire cannot deliver an adequate Primary Care Out of Hours service to meet the demand because of the national and local shortage of salaried and sessional GP's willing to participate in Out of Hours services. The Board has business continuity arrangements in place to ensure that in the event of having insufficient GPs to staff all centres, the service is consolidated to ensure safe care can be provided. The frequency with which business continuity arrangements have had to be invoked and the future workforce projections have led the Board to undertake a public review of Out of Hours services during 2014/15. The Board in May 2015 endorsed the actions it needs to take in 2015/16 to ensure safe continuance of primary care out of hours services. A national review has also been commissioned and its output, later in 2015/16 will shape longer term proposals.

These risk areas are the subject to reports to each Board meeting so the adequacy of action plans to control and reduce risk can be assessed.

There is no significant overall change in current assessed risk or control level for this reporting period. During 2014 it was recognised that integrating adult health and social care will bring a number of planning and implementation risks that will require to be well managed to ensure the policy objectives are delivered. This was added to the risk register and will be expanded further during 2015/16. Some risks that were previously assessed as high have been controlled to a medium level. However horizon scanning indicates that sustaining the medical input into emergency medicine and primary care out of hours will rise further in risk going forwards and proactive management plans are essential.

The high dependency on IT systems for business and clinical needs, with an increasing move to electronic case notes, means that the impact of failure of any of these systems is increasing. The need for reliability, security and contingency plans is well recognised in NHS Lanarkshire. There are Secure Operating Procedures for all systems – these are intended to facilitate recovery when systems fail. There is a fully resilient network that maintains connectivity to our IT Systems in the event of single points of failure and business critical applications are typically hosted on hardware that includes multiple processors and 'mirrored' data storage to mitigate the risk of component failure. An IT specific business continuity plan is in place and will be the subject of annual review – this work aligns with recovery plans for IT Systems with plans that departments and functions have in place to enable them to continue to operate during periods of systems failure. Disaster recovery facilities are in place for identified key systems. All new developments are subjected to risk assessments identified key systems. During 2013/14 NHS Lanarkshire had commissioned an independent review into IT resilience and had taken a number of actions to enhance current arrangements. Even so, in 2014/15 there were a number of occasions where key clinical systems were not available for short periods of time. These have triggered further reviews to understand causes and to propose changes to improve resilience to prevent any wider impact recurrences.

More generally, the organisation is committed to continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice. The enhancements to adverse event management, the reviews of the risk management strategy and strategy for patient safety and quality, the enhancement in arrangements for obtaining patient and staff feedback, the review of committee arrangements and learning lessons from IT incidents have already been referred to in preceding paragraphs. In addition, during the year to 31 March and up to the signing of the accounts, the organisation has:

- Completed a best value review of people management in conjunction with external audit incorporating the recommendations into an overall plan for achieving the government's overall workforce strategy "Everyone matters";
- Undertaken a best value review of risk management arrangements in conjunction with external audit alongside commissioning a short life working group to review NHS Lanarkshire's current practice and recommend and implement enhancements;
- Substantially implemented a general improvement plan derived from a June 2014 stock take of the Board's current arrangements against the characteristics of best value contained in Scottish government's secondary guidance on best value;
- Introduced in 2015/16 a Planning, Performance and Resources Committee to allow more in depth consideration of use of resources with the NHS Board meetings continuing to focus on performance governance and high level strategy.



## Disclosures

During the previous financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control with the exception of the following:

In mid September 2014, Healthcare Improvement Scotland carried out an unannounced inspection into safety and cleanliness at Hairmyres hospital, communicating initial findings to the Board and then following up with a further unannounced inspection on 3<sup>rd</sup> October 2014. The final report can be found at:

[http://healthcareimprovementscotland.org/our work/inspecting and regulating care/hei lanarkshire reports/hairmyres hospital nov 14.aspx](http://healthcareimprovementscotland.org/our%20work/inspecting%20and%20regulating%20care/hei%20lanarkshire%20reports/hairmyres%20hospital%20nov%2014.aspx)

These inspections are a regular part of HIS's Workplan and an established feature of driving improvement in the NHS in Scotland. Like all Boards NHS Lanarkshire takes any requirements or recommendations arising from these inspections very seriously. Although many of the individual findings are mirrored in inspection reports from other hospitals (particularly the issue of cleanliness of near patient equipment in very busy areas such as accident and emergency departments), NHS Lanarkshire has attached greater significance to the weaknesses identified in this report. In particular the Board's own internal inspection regime had not provided advance warning that the findings would be as extensive as they were. The Board's internal inspection regime, as confirmed by a previous internal audit, properly followed a national methodology set out by Health Facilities Scotland. The HIS inspection of Hairmyres Hospital demonstrated that this internal inspection regime could not be relied on in isolation to provide adequate assurance that the HIS requirements were being met.

In response to the inspection the Board gave high priority to developing and implementing an action plan. Much of this was around practice and procedures but it also included additional investment to replace older A & E trollies across the whole of Lanarkshire as these proved difficult to clean. The Board also asked for work to be undertaken to reconcile the external and internal inspection regimes with a view to supplementing the internal process so that any emerging issues could be timeously detected and corrected. The action plan was added as a standing item to the HQAIC agenda.

When inspecting Wishaw General in November 2014, HIS noted Lanarkshire-wide improvements since the Hairmyres report. HIS carried out an unannounced follow up visit to Hairmyres in January 2015 and reported that the systems and processes put in place to improve and monitor the standard of environmental cleanliness had been effective. They noted that the processes in place for documenting the insertion of PVCs were not yet being followed to the extent required and that some of the longer term improvements still needed to be completed. The full report can be accessed at

[http://healthcareimprovementscotland.org/our work/inspecting and regulating care/hei lanarkshire reports/hairmyres hospital mar 15.aspx](http://healthcareimprovementscotland.org/our%20work/inspecting%20and%20regulating%20care/hei%20lanarkshire%20reports/hairmyres%20hospital%20mar%2015.aspx)

This will remain an area of significant focus for the Board and HQAIC until the Board is assured the action plan is complete and the changes embedded in a sustainable way.

Signed  Date 22 June 2015  
Chief Executive

## **Independent auditors' report to the members of the Lanarkshire Health Board, the Auditor General for Scotland and the Scottish Parliament**

We have audited the financial statements of Lanarkshire Health Board for the year ended 31 March 2015 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn, the Balance Sheet, the Statement of Cash Flow, the Statement of Consolidated Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2014/15 Government Financial Reporting Manual (the 2014/15 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Respective responsibilities of Accountable Officer and auditor**

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Health Board, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the board's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.



## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2015 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

## **Opinion on regularity**

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

## **Opinion on other prescribed matters**

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.



Chris Brown  
For and on behalf of Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

22 June 2015



LANARKSHIRE HEALTH BOARD

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE  
AND SUMMARY OF RESOURCE OUTTURN

FOR THE YEAR ENDED 31 MARCH 2015

Restated 2013/14 £000		Note	2014/15 £000	2014/15 £000
<b>Clinical Services Costs</b>				
829,758	Hospital and Community	<u>4</u>	936,960	
45,015	Less: Hospital and Community Income	<u>8</u>	32,428	
<u>784,743</u>				904,532
258,332	Family Health	<u>5</u>	303,492	
7,376	Less: Family Health Income	<u>8</u>	8,756	
<u>250,956</u>				<u>294,736</u>
<u>1,035,699</u>	<b>Total Clinical Services Costs</b>			<b>1,199,268</b>
8,899	Administration Costs	<u>6</u>	8,771	
0	Less: Administration Income	<u>8</u>	0	
<u>8,899</u>				8,771
29,734	Other Non Clinical Services	<u>7</u>	32,535	
26,307	Less: Other Operating Income	<u>8</u>	39,505	
<u>3,427</u>				<u>(6,970)</u>
<u>1,048,025</u>	<b>Net Operating Costs</b>			<b><u>1,201,069</u></b>

OTHER COMPREHENSIVE NET EXPENDITURE

2013/14 £000		2014/15 £000
(9,624)	Net (Gain)/Loss on Revaluation of Property Plant and Equipment	(2,797)
0	Net (Gain)/Loss on Revaluation of Intangibles	0
0	Net (Gain)/Loss on Revaluation of available for sale financial assets	0
<u>(9,624)</u>	Other Comprehensive Expenditure/(Income)	<u>(2,797)</u>
<u>1,038,401</u>	<b>Total Comprehensive Expenditure</b>	<b><u>1,198,272</u></b>

The Notes to the Accounts, numbered 1 to 33, form an integral part of these Accounts.

LANARKSHIRE HEALTH BOARD

STATEMENT OF COMPREHENSIVE NET EXPENDITURE AND SUMMARY OF RESOURCE OUTTURN (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2015

SUMMARY OF CORE REVENUE RESOURCE OUTTURN	Note	2014/15 £000
<b>Net Operating Costs</b>		<b>1,201,069</b>
Total Non Core Expenditure (see below)		(20,767)
FHS Non Discretionary Allocation		(73,711)
Donated Assets Income		0
Endowment Net Operating Costs		150
<b>Total Core Expenditure</b>		<b>1,106,741</b>
Core Revenue Resource Limit		1,107,141
<b>Saving/(Excess) Against Core Revenue Resource Limit</b>		<b>400</b>

**SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN**

Capital Grants to / (from) Other Bodies	0
Depreciation/Amortisation	13,708
Annually Managed Expenditure - Impairments	4,750
Annually Managed Expenditure - Creation of Provisions	(2,396)
Annually Managed Expenditure - Depreciation of Donated Assets	15
Additional SGHSCD non-core funding	0
AME Pension Valuation	0
IFRS PFI Expenditure	4,690
<b>Total Non Core Expenditure</b>	<b>20,767</b>
Non Core Revenue Resource Limit	20,767
<b>Saving/(excess) against Non Core Revenue Resource Limit</b>	<b>0</b>

**SUMMARY RESOURCE OUTTURN**

	Resource £000	Expenditure £000	Saving/ (Excess) £000
Core	1,107,141	1,106,741	400
Non Core	20,767	20,767	0
<b>Total</b>	<b>1,127,908</b>	<b>1,127,508</b>	<b>400</b>

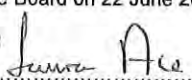
## LANARKSHIRE HEALTH BOARD

## BALANCE SHEET

AS AT 31 MARCH 2015

Consolidated 1 April 2013 £000	Board 1 April 2013 £000	Consolidated 1 April 2014 £000	Board 1 April 2014 £000		Note	Consolidated 31 March 2015 £000	Board 31 March 2015 £000
<b>Non-Current Assets</b>							
484,047	484,047	477,033	477,033	Property, Plant and Equipment	<u>11</u>	524,807	524,807
2,149	2,149	2,317	2,317	Intangible Assets	<u>10</u>	2,285	2,285
Financial Assets:							
3,924	0	5,216	976	Available for Sale Financial Assets	<u>14</u>	5,717	976
23,152	23,152	12,774	12,774	Trade and Other Receivables	<u>13</u>	20,001	20,001
<b>513,272</b>	<b>509,348</b>	<b>497,340</b>	<b>493,100</b>	<b>Total Non-Current Assets</b>		<b>552,810</b>	<b>548,069</b>
<b>Current Assets</b>							
5,277	5,277	5,182	5,182	Inventories	<u>12</u>	5,363	5,363
Financial Assets:							
28,391	28,377	44,866	44,862	Trade and Other Receivables	<u>13</u>	40,530	40,549
1,264	242	2,842	1,960	Cash and Cash Equivalents	<u>15</u>	1,268	455
0	0	0	0	Available for Sale Financial Assets	<u>14</u>	0	0
0	0	0	0	Derivatives Financial Assets	<u>28</u>	0	0
871	871	2,121	2,121	Assets Classified as Held for Sale	<u>11C</u>	5,916	5,916
<b>35,803</b>	<b>34,767</b>	<b>55,011</b>	<b>54,125</b>	<b>Total Current Assets</b>		<b>53,077</b>	<b>52,283</b>
<b>549,075</b>	<b>544,115</b>	<b>552,351</b>	<b>547,225</b>	<b>Total Assets</b>		<b>605,887</b>	<b>600,352</b>
<b>Current Liabilities</b>							
(29,148)	(29,148)	(49,398)	(49,398)	Provisions	<u>17</u>	(32,402)	(32,402)
Financial Liabilities:							
(112,352)	(112,297)	(116,743)	(116,699)	Trade and Other Payables	<u>16</u>	(145,281)	(144,978)
0	0	0	0	Derivatives Financial Liabilities	<u>28</u>	0	0
<b>(141,500)</b>	<b>(141,445)</b>	<b>(166,141)</b>	<b>(166,097)</b>	<b>Total Current Liabilities</b>		<b>(177,683)</b>	<b>(177,380)</b>
<b>407,575</b>	<b>402,670</b>	<b>386,210</b>	<b>381,128</b>	<b>Non-Current Assets plus/less Net Current Assets/Liabilities</b>		<b>428,204</b>	<b>422,972</b>
<b>Non-Current Liabilities</b>							
(45,293)	(45,293)	(38,668)	(38,668)	Provisions	<u>17</u>	(48,619)	(48,619)
Financial Liabilities:							
(159,599)	(159,599)	(153,826)	(153,826)	Trade and Other Payables	<u>16</u>	(173,104)	(173,104)
<b>(204,892)</b>	<b>(204,892)</b>	<b>(192,494)</b>	<b>(192,494)</b>	<b>Total Non-Current Liabilities</b>		<b>(221,723)</b>	<b>(221,723)</b>
<b>202,683</b>	<b>197,778</b>	<b>193,716</b>	<b>188,634</b>	<b>Assets Less Liabilities</b>		<b>206,481</b>	<b>201,249</b>
<b>Taxpayers' Equity</b>							
52,118	52,118	36,981	36,981	General Fund	<u>SOCTE</u>	30,038	30,038
145,660	145,660	151,653	151,653	Revaluation Reserve	<u>SOCTE</u>	171,211	171,211
0	0	0	0	Other Reserves	<u>SOCTE</u>	0	0
4,905	0	5,082	0	Funds held on Trust		5,232	0
<b>202,683</b>	<b>197,778</b>	<b>193,716</b>	<b>188,634</b>	<b>Total Taxpayers' Equity</b>		<b>206,481</b>	<b>201,249</b>

Adopted by the Board on 22 June 2015

  
..... Director of Finance  
Laura Ace

  
..... Chief Executive  
Calum Campbell



**LANARKSHIRE HEALTH BOARD**  
**STATEMENT OF CONSOLIDATED CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

<b>Restated 2013/14 £000</b>		<b>Note</b>	<b>2014/15 £000</b>	<b>2014/15 £000</b>
	<b>Cash Flows from Operating Activities</b>			
(1,048,025)	Net Operating cost		(1,201,069)	
30,263	Adjustments for Non-Cash Transactions		22,692	
16,960	Add Back: Interest Payable Recognised in Net Operating Cost		16,125	
0	Deduct: Interest Receivable Recognised in Net Operating Cost		0	
0	Investment Income		0	
(6,105)	(Increase) / Decrease in Trade and Other Receivables		(2,922)	
95	(Increase) / Decrease in Inventories		(181)	
1,749	Increase / (Decrease) in Trade and Other Payables		28,453	
13,625	Increase / (Decrease) in Provisions		(7,064)	
<u>(991,438)</u>	<b>Net Cash Outflow from Operating Activities</b>	<u>33</u>		<u>(1,143,966)</u>
	<b>Cash Flows from Investing Activities</b>			
(15,408)	Purchase of Property, Plant and Equipment		(21,837)	
(629)	Purchase of Intangible Assets		(709)	
(976)	Investment Additions		0	
780	Proceeds of Disposal of Property, Plant and Equipment		438	
0	Proceeds of Disposal of Intangible Assets		0	
0	Receipts From Sale of Investments		0	
0	Interest Received		0	
<u>(16,233)</u>	<b>Net Cash Outflow from Investing Activities</b>	<u>33</u>		<u>(22,108)</u>
	<b>Cash Flows from Financing Activities</b>			
1,029,434	Funding		1,188,651	
1,718	Movement in General Fund Working Capital		(1,505)	
1,031,152	Cash Drawn Down		1,187,146	
(4,943)	Capital Element of Payments in Respect of Finance Leases and On-Balance Sheet PFI Contracts		(6,521)	
591	Interest Paid		676	
(17,551)	Interest Element of Finance Leases and On-Balance Sheet PFI/PPP Contracts		(16,801)	
<u>1,009,249</u>	<b>Net Financing</b>	<u>33</u>		<u>1,164,500</u>
	<b>Net Increase / (Decrease) in Cash and Cash Equivalents in the Period</b>			(1,574)
1,578				(1,574)
1,264	<b>Cash and Cash Equivalents at the Beginning of the Period</b>			<u>2,842</u>
<u>2,842</u>	<b>Cash and Cash Equivalents at the End of the Period</b>			<u>1,268</u>
	<b>Reconciliation of Net Cash Flow to Movement in Net Debt/Cash</b>			
1,578	Increase/(Decrease) in Cash in Year			(1,574)
1,264	Net Debt/Cash at 1 April			<u>2,842</u>
<u>2,842</u>	<b>Net Debt/Cash at 31 March</b>			<u>1,268</u>

The Statement of Comprehensive Net Expenditure and Summary of Resource Outturn, Balance Sheet, Cashflow Statement, Statement of Changes in Taxpayers' Equity and the Notes to the Accounts, numbered 1 to 33, form an integral part of these Accounts.

## LANARKSHIRE HEALTH BOARD

## STATEMENT OF CONSOLIDATED CHANGES IN TAXPAYERS' EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Note	General Fund £000	Revaluation Reserve £000	Other Reserve £000	Funds Held on Trust £000	Total Reserves £000
<b>Balance at 31 March 2014</b>		36,981	151,653	0	5,082	193,716
Prior Year Adjustments for Changes in Accounting Policy and Material Errors	<u>25</u>	0	0	0	0	0
<b>Restated Balance at 1 April 2014</b>		<u>36,981</u>	<u>151,653</u>	<u>0</u>	<u>5,082</u>	<u>193,716</u>
<b>Changes in Taxpayers' Equity for 2014/15</b>						
Net Gain/(Loss) on Revaluation/Indexation of Property, Plant and Equipment	<u>11</u>	0	24,244	0	0	24,244
Net Gain/(Loss) on Revaluation/Indexation of Intangible Assets	<u>10</u>	0	0	0	0	0
Net Gain/(Loss) on Revaluation of Available for Sale Financial Assets	<u>14</u>	0	0	0	382	382
Impairment of Property, Plant and Equipment	<u>11</u>	0	(7,701)	0	0	(7,701)
Impairment of Intangible Assets	<u>10</u>	0	0	0	0	0
Revaluation & Impairments Taken to Operating Costs	<u>3</u>	0	4,750	0	0	4,750
Release of Reserves to Statement of Comprehensive Net Expenditure	<u>11b</u>	0	0	0	0	0
Transfers Between Reserves		2,896	(2,896)	0	0	0
Transfer of Non Current Assets from Other Bodies		2,729	1,161	0	0	3,890
Pension Reserve Movements		0	0	0	0	0
Other Non Cash Costs		0	0	0	0	0
Net Operating Cost for the Year		(1,201,219)	0	0	(232)	(1,201,451)
<b>Total Recognised Income and Expense for 2014/15</b>		<u>(1,195,594)</u>	<u>19,558</u>	<u>0</u>	<u>150</u>	<u>(1,175,886)</u>
<b>Funding:</b>						
Drawn Down		1,187,146	0	0	0	1,187,146
Movement in General Fund (Creditor) / Debtor		1,505	0	0	0	1,505
<b>Balance at 31 March 2015</b>	<u>BS</u>	<u>30,038</u>	<u>171,211</u>	<u>0</u>	<u>5,232</u>	<u>206,481</u>

The Statement of Comprehensive Net Expenditure and Summary of Resource Outturn, Balance Sheet, Cash Flow Statement, Statement of Changes in Taxpayers' Equity and the Notes to the Accounts, numbered 1 to 33, form an integral part of these Accounts.

## STATEMENT OF CONSOLIDATED CHANGES IN TAXPAYERS' EQUITY - PRIOR YEAR

FOR THE YEAR ENDED 31 MARCH 2015

	Note	General Fund £000	Revaluation Reserve £000	Other Reserve £000	Funds Held on Trust £000	Total Reserves £000
<b>Balance at 31 March 2013</b>		80,033	145,660	0	4,905	230,598
Prior Year Adjustments for Changes in Accounting Policy and Material Errors	<u>25</u>	(27,915)	0	0	0	(27,915)
<b>Restated Balance at 1 April 2013</b>		<u>52,118</u>	<u>145,660</u>	<u>0</u>	<u>4,905</u>	<u>202,683</u>
<b>Changes in Taxpayers' Equity for 2013/14</b>						
Net Gain/(Loss) on Revaluation/Indexation of Property, Plant and Equipment	<u>11</u>	0	27,195	0	0	27,195
Net Gain/(Loss) on Revaluation/Indexation of Intangible Assets	<u>10</u>	0	0	0	0	0
Net Gain/(Loss) on Revaluation of Available for Sale Financial Assets	<u>14</u>	0	0	0	0	0
Impairment of Property, Plant and Equipment	<u>11</u>	0	(29,975)	0	0	(29,975)
Impairment of Intangible Assets	<u>10</u>	0	0	0	0	0
Revaluation & Impairments Taken to Operating Costs	<u>3</u>	0	12,404	0	0	12,404
Release of Reserves to Statement of Comprehensive Net Expenditure		0	0	0	0	0
Transfers Between Reserves		3,631	(3,631)	0	0	0
Transfer of Non Current Assets from Other Bodies		0	0	0	0	0
Pension Reserve Movements		0	0	0	0	0
Net Gain/(Loss) on Revaluation of Assets Held for Sale		0	0	0	0	0
Net Operating Cost for the Year		(1,048,202)	0	0	177	(1,048,025)
<b>Total Recognised Income and Expense for 2012/13</b>		<u>(1,044,571)</u>	<u>5,993</u>	<u>0</u>	<u>177</u>	<u>(1,038,578)</u>
<b>Funding:</b>						
Drawn Down		1,031,152	0	0		1,031,152
Movement in General Fund (Creditor) / Debtor		(1,718)	0	0		(1,718)
<b>Balance at 31 March 2014</b>	<u>BS</u>	<u>36,981</u>	<u>151,653</u>	<u>0</u>	<u>5,082</u>	<u>193,716</u>

The Statement of Comprehensive Net Expenditure and Summary of Resource Outturn, Balance Sheet, Cash Flow Statement, Statement of Changes in Taxpayers' Equity and the Notes to the Accounts, numbered 1 to 31, form an integral part of these Accounts.



**LANARKSHIRE HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**1. ACCOUNTING POLICIES**

**1. Authority**

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in section 31 below.

**(a) Standards, amendments and interpretations effective in 2014/15**

There are no new standards, amendments or interpretations effective for the first time this year that have a material impact on the Board's financial statements.

**(b) Standards, amendments and interpretations early adopted in 2014/15**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not yet been applied were in issue but not yet effective:

- IFRS 13 - Fair Value Measurement;
- IAS 36 - 'Impairment of assets' on recoverable amount disclosures.

Management do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the board in future periods.

**2. Basis of Consolidation**

**Consolidation**

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the Financial Statements consolidate the Lanarkshire Health Board Endowment Fund.

NHS Endowment Funds were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NHS Board. The Board members (who are also Trustees) are appointed by Scottish Ministers.

The Lanarkshire Health Board Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

The basis of consolidation used is Merger Accounting. Any intragroup transactions between the Board and the Endowment Fund have been eliminated on consolidation.

Note 33 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

### **3. Prior Year Adjustments**

#### Retrospective Restatement – Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

CNORIS is a risk transfer and financing scheme for NHSScotland, and further details are set out at Note 17b.

The change in accounting treatment in 2014/15 relates to the recognition of the Board's respective share of the total liability of NHSScotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. To ensure consistency, equivalent adjustments have been made to the position of the prior year as follows:

Provision recognising the Board's liability from participating in the scheme at 31 March: £27.9m at 31 March 2013; (£36.9m at 31 March 2014)

The movement in the provision between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

### **4. Going Concern**

The accounts are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future.

### **5. Accounting Convention**

The Accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment, intangible assets, inventories, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value.

### **6. Funding**

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund.

All other income receivable by the board that is not classed as funding is recognised in the year in which it is receivable.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Non discretionary funding out with the RRL is allocated to match actual expenditure incurred for the provision of specific pharmaceutical, dental or ophthalmic services identified by the Scottish Government. Non discretionary expenditure is disclosed in the accounts and deducted from operating costs charged against the RRL in the Statement of Resource Outturn.

Funding for the acquisition of capital assets received from the Scottish Government is credited to the general fund when cash is drawn down.

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in the Statement of Comprehensive Net Expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

## 7. Property, plant and equipment

The treatment of capital assets in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Capital Accounting Manual.

Title to properties included in the accounts is held by Scottish Ministers.

### 7.1 Recognition

Property, Plant and Equipment is capitalised where: it is held for use in delivering services or for administrative purposes; it is probable that future economic benefits will flow to, or service potential be provided to, the Board; it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

All assets falling into the following categories are capitalised:

- 1) Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.
- 2) In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
- 3) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

### 7.2 Measurement

#### Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at fair value as follows:

Specialised NHS land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM.

Non specialised land and buildings, such as offices, are stated at fair value.

Valuations of all land and building assets are reassessed by valuers under an annual programme of professional valuations. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

Non specialised equipment, installations and fittings are valued at fair value. Lanarkshire Health Board values such assets using a depreciated historical cost basis as a proxy for fair value in respect of such assets which have short useful lives or low values.

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

To meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.



### Subsequent Expenditure

Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to the Board and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

### Revaluations and Impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Permanent decreases in asset values and impairments are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

### **7.3 Depreciation**

Items of Property, Plant and Equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is charged on each main class of tangible asset as follows:

- 1) Freehold land is considered to have an infinite life and is not depreciated.
- 2) Assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
- 3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
- 4) Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 5) Equipment is depreciated over the estimated life of the asset.

- 6) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

<b>Asset Category/Component</b>	<b>Useful Life</b>
Buildings Structure	75
Buildings Engineering	35
Buildings External Plant	30
Office, short life medical and IT	5
Vehicles and soft furnishings	7
Mainframe IT Installations	8
Furniture and medium life medical	10
Engineering plant and long life medical	15

## **8. Intangible Assets**

### **8.1 Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Board's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Board and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in a Board's activities for more than one year and they have a cost of at least £5,000.

The main classes of intangible assets recognised are:

#### Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

#### Software licences

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.

### **8.2 Measurement**

#### Valuation

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost. These measures are a proxy for fair value.

## Revaluation and Impairment

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised in income.

Permanent decreases in asset values and impairments are charged gross to Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned and are thereafter charged to the Statement of Comprehensive Net expenditure.

Intangible assets held for sale are reclassified to 'non-current assets held for sale' measured at the lower of their carrying amount or 'fair value less costs to sell'.

### **8.3 Amortisation**

Intangible asset are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

- 1) Internally generated intangible assets are amortised on a systematic basis over the period expected to benefit from the project.
- 2) Software is amortised over their expected useful life.
- 3) Software licences are amortised over the shorter term of the licence and their useful economic lives.
- 4) Other intangible assets are amortised over their expected useful life.
- 5) Intangible assets which have been reclassified as 'Held for Sale' ceases to be amortised upon the reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

<b>Asset Category/Component</b>	<b>Useful Life</b>
Software Licences	5
Information Technology Software	5

### **9. Non-current assets held for sale**

Non-current assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and



- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

## **10. Donated Assets**

Non-current assets that are donated or purchased using donated funds are included in the Balance Sheet initially at the current full replacement cost of the asset. The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual.

## **11. Sale of Property, plant and equipment, intangible assets and non-current assets held for sale**

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of Comprehensive Net Expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

## **12. Leasing**

### **Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IFRS.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability using either the implicit interest rate or another relevant basis of estimation such as the sum of the digits method. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

### **Operating leases**

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

### **Leases of land and buildings**

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease unless title to the land is expected to transfer.

NHS Lanarkshire does not lease any assets to third parties.

### **13. Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the Statement of Comprehensive Net Expenditure are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

### **14. General Fund Receivables and Payables**

Where the Health Board has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

### **15. Inventories**

Inventories are valued at the lower of cost and net realisable value. Taking into account the high turnover of NHS inventories, the use of average purchase price is deemed to represent current cost. Work in progress is valued at the cost of the direct materials plus the conversion costs and other costs incurred to bring the goods up to their present location, condition and degree of completion.

### **16. Losses and Special Payments**

Operating expenditure includes certain losses which would have been made good through insurance cover had the NHS not been bearing its own risks. Had the NHS provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

### **17. Employee Benefits**

#### **Short-term Employee Benefits**

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

#### **Pension Costs**

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits based on final pensionable pay, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to Exchequer. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive Net Expenditure at the time the Board commits itself to the retirement, regardless of the method of payment.

#### **18. Clinical and Medical Negligence Costs**

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this limit are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

NHS Lanarkshire provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

#### **19. Related Party Transactions**

Material related party transactions are disclosed in the note 29 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

#### **20. Value Added Tax**

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

#### **21. PFI/HUB/NPD Schemes**

Transactions financed as revenue transactions through the Private Finance initiative or alternative initiatives such as HUB or Non Profit Distributing Model (NPD) are accounted for in accordance with the HM Treasury application of IFRIC 12, Service Concession Arrangements, outlined in the FReM.

Schemes which do not fall within the application of IFRIC 12 are deemed to be off-balance sheet. Where the Board has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Statement of Comprehensive Net Expenditure. Where, at the end of the PFI contract, a property reverts to the Board, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up on the balance sheet over the life of the contract by capitalising part of the unitary charge each year.

Transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-balance sheet' by the Board. The underlying assets are recognised as Property, Plant and Equipment and Intangible Assets at their fair value. An equivalent liability is recognised in accordance with IAS 17. Where it is not possible to separate the finance element from the service element of unitary payment streams this has been estimated from information provided by the operator and the fair values of the underlying assets. Assets are subsequently revalued in accordance with the treatment specified for their applicable asset categories.



The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

The service charge and the finance cost interest element are charged in the Statement of Comprehensive Net Expenditure.

## **22. Provisions**

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

## **23. Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 19 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 19, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## **24. Corresponding Amounts**

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements', requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

## **25. Financial Instruments**

### **Financial assets**

#### Classification

The Board classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash at bank and in hand in the balance sheet.

#### (b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available for sale financial assets comprise investments.

#### Recognition and measurement

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

#### (a) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the loan and receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Net Expenditure. When a loan or receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Net Expenditure.

#### (b) Available-for-sale financial assets

Available-for-sale financial assets are initially recognised and subsequently carried at fair value. Changes in the fair value of financial assets classified as available for sale are recognised in equity in other reserves. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Net Expenditure. Dividends on available-for-sale equity instruments are recognised in the Statement of Comprehensive Net Expenditure when the Board's right to receive payments is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment.

The Board assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of Comprehensive Net Expenditure. Impairment losses recognised in the Statement of Comprehensive Net Expenditure on equity instruments are not reversed through the income statement.

## **Financial Liabilities**

### Classification

The Board classifies its financial liabilities in the following categories: other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued. Management determines the classification of its financial liabilities at initial recognition.

#### (a) Other financial liabilities

Other financial liabilities are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. The NHS Board's other financial liabilities comprise trade and other payables in the balance sheet.

### Recognition and measurement

Financial liabilities are recognised when the Board becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expired.

#### (a) Other financial liabilities

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **26. Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the senior management of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in notes 4 to 7 for Hospital & Community, Family Health, Administration Costs and Other Non Clinical Services, the basis of which relates to Scottish Government funding streams and the classification of which varies depending on Scottish Government reporting requirements.

The segmental reporting within Note 30 reflects that reported to NHS Lanarkshire Board on a monthly basis. This reflects the financial position at each operating division level (Acute, North and South CHP and Corporate/PSSD) and incorporates additional activities relating to Primary Care wide functions and healthcare providers out with the Board area.

## **27. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balance held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Where the Government Banking Service is using Citi and Royal Bank of Scotland Group to provide the banking services, funds held in these accounts should not be classed as commercial bank balances.

## **28. Foreign exchange**

The functional and presentation currencies of the Board are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.



Where the Board has assets or liabilities denominated in a foreign currency at the balance sheet date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the balance sheet date) are recognised in income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

## **29. Third party assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Board has no beneficial interest in them.

However, they are disclosed in Note 31 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

## **30. Key sources of judgement and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

- Estimates: Assumptions regarding estimated impairment are applied in line with policy 13 above;
- Estimates: Assumptions underlying the likelihood and outcome of material provisions. The Pension provision is made to cover the future cost of pension payable to former employees of the Board. This is based on expected life tables and provides cover for annual pension payments. Other provisions consist of non-medical claims for damages and future development costs. The non-medical claims provision is based on risk categories assessed by the Central Legal Office (CLO). Settlement of these claims is dependent on legal factors and is normally more than one year after the claim is notified. Future development costs provision is mainly ring fenced funding which is project driven with agreed spend plans which are reflected within the provision. Clinical & Medical negligence claims are provided in line with policy 18 above;
- Estimates: Actuarial assumptions in respect of post-employment benefits are applied in line with policy 17 above;
- Judgement: Whether substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities in line with policy 12 above;
- Property, Plant and equipment is valued at Fair value (market value or depreciated replacement cost where appropriate);
- Estimation of asset lives: The Board has reviewed its methodology for determining useful asset lives to more faithfully reflect the actual pattern of consumption of depreciated replacement cost assets. The methodology adopted takes account of the impact of regular maintenance expenditure to align the lives of certain elements with that of the overall building. This results in a smoother and more consistent depreciation charge over the life of the asset.

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 2. (a) STAFF NUMBERS AND COSTS

2013/14 £000		Executive	Non	Permanent Staff	Inward Secondees	Other Staff 2014/15 £000	Outward Secondees 2014/15 £000	Total 2014/15 £000
		Board Members 2014/15 £000	Executive Members 2014/15 £000					
	<b>STAFF COSTS</b>							
366,575	Salaries and Wages	658	171	380,071	0	0	(1,962)	378,938
30,115	Social Security Costs	80	12	31,479	0	0	(163)	31,408
43,109	NHS Scheme Employers' Costs	73	5	44,743	0	0	(231)	44,590
0	Other Employers' Pension Costs	0	0	0	0	0	0	0
1,481	Inward Secondees	0	0	0	1,346	0	0	1,346
6,491	Agency Staff	0	0	0	0	8,540	0	8,540
<u>447,771</u>		<u>811</u>	<u>188</u>	<u>456,293</u>	<u>1,346</u>	<u>8,540</u>	<u>(2,356)</u>	<u>464,822</u>
0	Compensation for Loss of Office or Early Retirement	0	0	0	0	0	0	0
0	Pensions to Former Board Members	0	0	0	0	0	0	0
<u>447,771</u>	<b>TOTAL</b>	<u>811</u>	<u>188</u>	<u>456,293</u>	<u>1,346</u>	<u>8,540</u>	<u>(2,356)</u>	<u>464,822</u>

119,000 Included in the total staff Costs above were costs of staff engaged directly on capital projects,  
charged to capital expenditure of: 166,000

ANNUAL MEAN	STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)	ANNUAL MEAN
176.8	Administration	182.1
10,240.4	Hospital and Community Services	10,494.4
177.8	Non Clinical Services	183.4
104.4	Other, Including Recharge Trading Accounts	117.0
16.1	Inward Secondees	12.8
80.0	Agency Staff	86.0
(54.8)	Outward Secondees	(53.1)
<u>10,740.7</u>	<b>Board Total Average Staff</b>	<u>11,022.6</u>
<u>Restated</u>		
<u>28.6</u>	Disabled Staff	<u>33.5</u>
<u>2.6</u>	The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	<u>3.7</u>

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme in note 24.

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

2013/14 Number		2014/15 Number
	Other employees whose remuneration fell within the following ranges:	
	<b>Clinicians</b>	
67	£ 50,000 to £ 60,000	88
58	£ 60,001 to £ 70,000	57
58	£ 70,001 to £ 80,000	70
62	£ 80,001 to £ 90,000	38
60	£ 90,001 to £100,000	65
64	£100,001 to £110,000	66
64	£110,001 to £120,000	44
41	£120,001 to £130,000	49
26	£130,001 to £140,000	43
24	£140,001 to £150,000	23
28	£150,001 to £160,000	24
15	£160,001 to £170,000	17
5	£170,001 to £180,000	14
2	£180,001 to £190,000	9
5	£190,001 to £200,000	2
2	£200,001 and above	6
	<b>Other</b>	
154	£ 50,000 to £ 60,000	177
49	£ 60,001 to £ 70,000	53
10	£ 70,001 to £ 80,000	10
13	£ 80,001 to £ 90,000	11
2	£ 90,001 to £100,000	1
0	£100,001 to £110,000	1



## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 3. OTHER OPERATING COSTS

Restated 2013/14 £000		Note	2014/15 £000
	<b>Expenditure Not Paid In Cash</b>		
17,708	Depreciation	<u>11</u>	17,660
461	Amortisation	<u>10</u>	741
15	Depreciation Donated Assets	<u>11b</u>	15
12,404	Impairments on Property, Plant and Equipment Charged to SOCNE	<u>11</u>	4,750
0	Revaluation Loss on Property, Plant and Equipment Charged to SOCNE	<u>11</u>	0
0	Reversal of Impairments on Property, Plant and Equipment Charged to SOCNE	<u>11</u>	0
0	Revaluation Gains on Property, Plant and Equipment Charged to SOCNE	<u>11</u>	0
0	Impairments on Intangible Assets Charged to SOCNE	<u>10</u>	0
0	Revaluation Loss on Intangible Assets Charged to SOCNE	<u>10</u>	0
0	Reversal of Impairments on Intangible Assets Charged to SOCNE	<u>10</u>	0
0	Revaluation Gains on Intangible Assets Charged to SOCNE	<u>10</u>	0
0	Loss on Remeasurement of Non-current Assets Held for Sale	<u>11c</u>	0
0	Funding of Donated Assets		0
0	Loss/(Profit) on Disposal of Intangible Fixed Assets		0
(9)	Loss/(Profit) on Disposal of Property, Plant and Equipment		27
0	Impairment on Available for Sale Financial Assets Charged to SOCNE	<u>14</u>	0
0	Loss/(Gain) on Remeasurement of Non-current Assets Held for Sale		0
<b>30,579</b>	<b>Total Expenditure Not Paid In Cash</b>	<b>CFS</b>	<b>23,193</b>
	<b>Interest Payable</b>		
0	Interest on Late Payment of Commercial debt		0
0	Bank and Other Interest Payable		0
17,551	PFI Finance Lease Charges Allocated in the Year	<u>23</u>	16,801
0	Other Finance Lease Charges Allocated in the Year		0
(591)	Provisions - Unwinding of Discount		(676)
<b>16,960</b>	<b>Total</b>		<b>16,125</b>
	<b>Statutory Audit</b>		
267	External Auditor's Remuneration and Expenses		270
0	During the year the Board purchased the following non-audit services from its auditor.		0
<b>0</b>			<b>0</b>

**Note**

All amounts included in this note are included within the expenditure analysis on the face of the SOCNE and this note is for disclosure purposes only.

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2013/14 £000	BY PROVIDER	Note	2014/15 £000
673,140	Treatment in Board Area of NHS Scotland Patients		687,178
99,829	Other NHS Scotland Bodies		184,758
1,309	Health Bodies outside Scotland		1,136
1,479	Primary Care Bodies		1,785
9,558	Private Sector		9,707
	<b>Community Care</b>		
0	Support Finance		0
36,045	Resource Transfer		43,263
7,977	Contributions to Voluntary Bodies and Charities		8,609
<u>829,337</u>	<b>Total NHS Scotland Patients</b>		<u>936,436</u>
421	Treatment of UK Residents Based Outside Scotland		524
<u>829,758</u>	<b>Total Hospital &amp; Community Health Service</b>	<u>SOCNE</u>	<u>936,960</u>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

5. FAMILY HEALTH SERVICE EXPENDITURE

2013/14 £000		Note	Unified Budget 2014/15 £000	Non Disc 2014/15 £000	Total 2014/15 £000
69,368	Primary Medical Services		79,768	0	79,768
137,415	Pharmaceutical Services		140,204	22,481	162,685
40,029	General Dental Services		949	47,246	48,195
11,520	General Ophthalmic Services		104	12,740	12,844
<u>258,332</u>	<b>Total</b>	<u>SOCNE</u>	<u>221,025</u>	<u>82,467</u>	<u>303,492</u>



LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

6. ADMINISTRATION COSTS

2013/14 £000		Note	2014/15 £000
906	Board Members' Remuneration		999
246	Administration of Board Meetings and Committees		212
570	Corporate Governance and Statutory Reporting		568
725	Health Planning, Commissioning and Performance Reporting		801
2,111	Treasury Management and Financial Planning		2,110
510	Public Relations		511
<u>3,831</u>	Other		<u>3,570</u>
<u>8,899</u>	<b>Total Administration Costs</b>	<u>SOCNE</u>	<u>8,771</u>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

7. OTHER NON CLINICAL SERVICES

Restated 2013/14 £000		2014/15 £000
1,856	Nurse Teaching	2,248
0	Closed Hospital Charges	0
13,158	Compensation payments - Clinical	12,937
953	Compensation payments - Other	1,190
426	Pension Enhancement & Redundancy	457
13	Patients' Travel Attending Hospitals	23
0	Patients' Travel Highlands and Islands Scheme	0
5,010	Health Promotion	5,543
1,557	Public Health	1,591
83	Public Health Medicine Trainees	66
34	Emergency Planning	45
1,548	Post Graduate Medical Education	1,540
0	Shared Services	0
(29)	Loss on Disposal of Non Current Assets	27
547	Endowment Expenditure	869
<u>4,578</u>	Other	<u>5,999</u>
<b><u>29,734</u></b>	<b>Total Other Non Clinical Services</b>	<b><u>SOCNE 32,535</u></b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

8. OPERATING INCOME		
Restated 2013/14 £000		2014/15 £000
	<b>HCH Income</b>	
	<b>NHS Scotland Bodies</b>	
0	SGHSCD	0
38,902	Boards	26,959
421	NHS Non-Scottish Bodies	524
	<b>Non NHS</b>	
10	Private Patients	24
2,319	Compensation Income	1,628
<u>3,363</u>	Other HCH Income	<u>3,293</u>
<b>45,015</b>	<b>Total HCH Income</b>	<u>SOCNE 32,428</u>
	<b>FHS Income</b>	
0	Unified	0
	<b>Non Discretionary</b>	
7,376	General Dental Services	8,756
<u>0</u>	General Ophthalmic Services	<u>0</u>
<b>7,376</b>	<b>Total FHS Income</b>	<u>SOCNE 8,756</u>
<b>0</b>	<b>Administration Income</b>	<u>SOCNE 0</u>
	<b>Other Operating Income</b>	
7,153	NHS Scotland Bodies	9,204
5	NHS Non-Scottish Bodies	5
456	SGHD	342
2,559	Contributions in Respect of Clinical and Medical Negligence Claims	14,578
0	Profit on Disposal of Non Current Assets	0
0	Donated Assets Additions	0
0	Interest Received	<u>CFS 0</u>
0	Shared Services	0
724	Endowment Income	1,019
<u>15,410</u>	Other	<u>14,357</u>
<b>26,307</b>	<b>Total Other Operating Income</b>	<u>SOCNE 39,505</u>
<b>78,698</b>	<b>Total Income</b>	<u>80,689</u>
<b>46,055</b>	<b>Of the above, the amount derived from NHS bodies is</b>	<u>36,163</u>



LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

9. ANALYSIS OF CAPITAL EXPENDITURE

2013/14 £000		Note	2014/15 £000
	<b>EXPENDITURE</b>		
629	Acquisition of Intangible Assets	<u>10</u>	709
15,510	Acquisition of Property, Plant and Equipment	<u>11</u>	53,166
0	Donated Asset Additions	<u>11b</u>	0
976	HUB Expenditure		0
<u>17,115</u>	<b>Gross Capital Expenditure</b>		<u>53,875</u>
	<b>INCOME</b>		
0	Net Book Value of Disposal of Intangible Assets	<u>10</u>	0
771	Net Book Value of Disposal of Property, Plant and Equipment	<u>11</u>	0
0	Net Book Value of Disposal of Donated Assets	<u>11b</u>	0
0	Value of Disposal of Non-current Assets Held for Sale	<u>11c</u>	465
0	Donated Asset Income		0
<u>771</u>	<b>Capital Income</b>		<u>465</u>
<u>16,344</u>	<b>Net Capital Expenditure</b>		<u>53,410</u>

SUMMARY OF CAPITAL RESOURCE OUTTURN

16,344	Core Capital Expenditure Included Above	25,850
<u>16,344</u>	Core Capital Resource Limit	<u>25,850</u>
<u>0</u>	<b>Saving against Capital Resource Limit</b>	<u>0</u>
0	Non Core Capital Expenditure Included Above	27,560
<u>0</u>	Non Core Capital Resource Limit	<u>27,560</u>
<u>0</u>	<b>Saving/(excess) against Non Capital Resource Limit</b>	<u>0</u>
16,344	Total Capital Expenditure	53,410
<u>16,344</u>	Total Capital Resource Limit	<u>53,410</u>
<u>0</u>	<b>Saving against Total Capital Resource Limit</b>	<u>0</u>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

10. INTANGIBLE ASSETS - CONSOLIDATED

	Software Licences £000	Information technology - software £000	Total £000
<b>Cost or Valuation:</b>			
As at 1st April 2014	3,172	1,694	4,866
Additions	420	289	709
<b>At 31st March 2015</b>	<b>3,592</b>	<b>1,983</b>	<b>5,575</b>
<b>Amortisation</b>			
As at 1st April 2014	1,662	887	2,549
Provided During the Year	369	372	741
<b>At 31st March 2015</b>	<b>2,031</b>	<b>1,259</b>	<b>3,290</b>
<b>Net Book Value at 1st April 2014</b>	<b>1,510</b>	<b>807</b>	<b>2,317</b>
<b>Net Book Value at 31 March 2015</b>	<b>B S 1,561</b>	<b>724</b>	<b>2,285</b>

10. INTANGIBLE ASSETS - BOARD

	Software Licences £000	Information technology - software £000	Total £000
<b>Cost or Valuation:</b>			
As at 1st April 2014	3,172	1,694	4,866
Additions	420	289	709
<b>At 31st March 2015</b>	<b>3,592</b>	<b>1,983</b>	<b>5,575</b>
<b>Amortisation</b>			
As at 1st April 2014	1,662	887	2,549
Provided During the Year	369	372	741
<b>At 31st March 2015</b>	<b>2,031</b>	<b>1,259</b>	<b>3,290</b>
<b>Net Book Value at 1st April 2014</b>	<b>1,510</b>	<b>807</b>	<b>2,317</b>
<b>Net Book Value at 31 March 2015</b>	<b>B S 1,561</b>	<b>724</b>	<b>2,285</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

10. INTANGIBLE ASSETS - CONSOLIDATED PRIOR YEAR

	Software Licences £000	Information technology - software £000	Total £000
<b>Cost or Valuation:</b>			
As at 1st April 2013	2,557	1,680	4,237
Additions	615	14	629
<b>At 31st March 2014</b>	<b>3,172</b>	<b>1,694</b>	<b>4,866</b>
<b>Amortisation</b>			
As at 1st April 2013	1,424	664	2,088
Provided During the Year	238	223	461
<b>At 31st March 2014</b>	<b>1,662</b>	<b>887</b>	<b>2,549</b>
<b>Net Book Value at 1st April 2013</b>	<b>1,133</b>	<b>1,016</b>	<b>2,149</b>
<b>Net Book Value at 31 March 2014</b>	<b>B S 1,510</b>	<b>807</b>	<b>2,317</b>

10. INTANGIBLE ASSETS - BOARD PRIOR YEAR

	Software Licences £000	Information technology - software £000	Total £000
<b>Cost or Valuation:</b>			
As at 1st April 2013	2,557	1,680	4,237
Additions	615	14	629
<b>At 31st March 2014</b>	<b>3,172</b>	<b>1,694</b>	<b>4,866</b>
<b>Amortisation</b>			
As at 1st April 2013	1,424	664	2,088
Provided During the Year	238	223	461
<b>At 31st March 2014</b>	<b>1,662</b>	<b>887</b>	<b>2,549</b>
<b>Net Book Value at 1st April 2013</b>	<b>1,133</b>	<b>1,016</b>	<b>2,149</b>
<b>Net Book Value at 31 March 2014</b>	<b>B S 1,510</b>	<b>807</b>	<b>2,317</b>



## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - CONSOLIDATED

	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
<b>Cost or Valuation</b>								
At 1 April 2014	30,694	411,818	298	64,123	25,203	6,062	8,062	546,260
Additions	147	6,036	55	4,537	1,086	(5)	41,310	53,166
Transfers	0	0	0	(120)	(82)	202	0	0
Transfers (to)/from Non-current Assets Held for Sale	(4,324)	0	0	0	0	0	0	(4,324)
Revaluation	577	12,136	0	0	0	0	0	12,713
Impairment Charge	(399)	(2,488)	0	0	0	0	0	(2,887)
Disposals	0	0	0	(1,587)	0	(11)	0	(1,598)
<b>At 31 March 2015</b>	<b>26,695</b>	<b>427,502</b>	<b>353</b>	<b>66,953</b>	<b>26,207</b>	<b>6,248</b>	<b>49,372</b>	<b>603,330</b>
<b>Depreciation</b>								
At 1 April 2014	0	1,102	298	41,758	20,590	5,535	0	69,283
Provided During the Year	0	11,036	0	5,042	1,479	103	0	17,660
Transfers	0	0	0	(49)	(18)	67	0	0
Transfers (to)/from Non-current Assets Held for Sale	0	0	0	0	0	0	0	0
Revaluation	(250)	(11,281)	0	0	0	0	0	(11,531)
Impairment Charge	259	1,487	0	0	0	0	4,236	5,982
Impairment Reversal	0	(1,232)	0	0	0	0	0	(1,232)
Disposals	0	0	0	(1,587)	0	(11)	0	(1,598)
<b>At 31 March 2015</b>	<b>9</b>	<b>1,112</b>	<b>298</b>	<b>45,164</b>	<b>22,051</b>	<b>5,694</b>	<b>4,236</b>	<b>78,564</b>
<b>Net Book Value at 1 April 2014</b>	<b>30,694</b>	<b>410,716</b>	<b>0</b>	<b>22,365</b>	<b>4,613</b>	<b>527</b>	<b>8,062</b>	<b>476,977</b>
<b>Net Book Value at 31 March 2015</b>	<b>B S 26,686</b>	<b>426,390</b>	<b>55</b>	<b>21,789</b>	<b>4,156</b>	<b>554</b>	<b>45,136</b>	<b>524,766</b>
<b>Open Market Value of Land In Land and Dwellings Included above</b>	<b>15,722</b>	<b>0</b>						
<b>Asset Financing:</b>								
Owned	21,685	202,791	55	21,789	4,156	554	45,136	296,166
On-Balance Sheet PFI contracts	5,001	223,599	0	0	0	0	0	228,600
<b>Net Book Value at 31 March 2015</b>	<b>26,686</b>	<b>426,390</b>	<b>55</b>	<b>21,789</b>	<b>4,156</b>	<b>554</b>	<b>45,136</b>	<b>524,766</b>

## 11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) - BOARD

	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
<b>Cost or Valuation</b>								
At 1 April 2014	30,694	411,818	298	64,123	25,203	6,062	8,062	546,260
Additions	147	6,036	55	4,537	1,086	(5)	41,310	53,166
Transfers	0	0	0	(120)	(82)	202	0	0
Transfers (to)/from Non-current Assets Held for Sale	(4,324)	0	0	0	0	0	0	(4,324)
Revaluation	577	12,136	0	0	0	0	0	12,713
Impairment Charge	(399)	(2,488)	0	0	0	0	0	(2,887)
Disposals	0	0	0	(1,587)	0	(11)	0	(1,598)
<b>At 31 March 2015</b>	<b>26,695</b>	<b>427,502</b>	<b>353</b>	<b>66,953</b>	<b>26,207</b>	<b>6,248</b>	<b>49,372</b>	<b>603,330</b>
<b>Depreciation</b>								
At 1 April 2014	0	1,102	298	41,758	20,590	5,535	0	69,283
Provided During the Year	0	11,036	0	5,042	1,479	103	0	17,660
Transfers	0	0	0	(49)	(18)	67	0	0
Transfers (to)/from Non-current Assets Held for Sale	0	0	0	0	0	0	0	0
Revaluation	(250)	(11,281)	0	0	0	0	0	(11,531)
Impairment Charge	259	1,487	0	0	0	0	4,236	5,982
Impairment Reversal	0	(1,232)	0	0	0	0	0	(1,232)
Disposals	0	0	0	(1,587)	0	(11)	0	(1,598)
<b>At 31 March 2015</b>	<b>9</b>	<b>1,112</b>	<b>298</b>	<b>45,164</b>	<b>22,051</b>	<b>5,694</b>	<b>4,236</b>	<b>78,564</b>
<b>Net Book Value at 1 April 2014</b>	<b>30,694</b>	<b>410,716</b>	<b>0</b>	<b>22,365</b>	<b>4,613</b>	<b>527</b>	<b>8,062</b>	<b>476,977</b>
<b>Net Book Value at 31 March 2015</b>	<b>B S 26,686</b>	<b>426,390</b>	<b>55</b>	<b>21,789</b>	<b>4,156</b>	<b>554</b>	<b>45,136</b>	<b>524,766</b>
<b>Open Market Value of Land In Land and Dwellings Included above</b>	<b>15,722</b>	<b>0</b>						
<b>Asset Financing:</b>								
Owned	21,685	202,791	55	21,789	4,156	554	45,136	296,166
On-Balance Sheet PFI contracts	5,001	223,599	0	0	0	0	0	228,600
<b>Net Book Value at 31 March 2015</b>	<b>26,686</b>	<b>426,390</b>	<b>55</b>	<b>21,789</b>	<b>4,156</b>	<b>554</b>	<b>45,136</b>	<b>524,766</b>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) PRIOR YEAR CONSOLIDATED

	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
<b>Cost or Valuation</b>									
At 1 April 2013	30,705	424,137	2,579	362	65,973	23,370	6,083	9,684	562,893
Additions	1,576	2,693	0	0	3,865	1,833	0	5,543	15,510
Transfers	0	7,165	0	0	0	0	0	(7,165)	0
Transfers (to)/from Non-current Assets Held for Sale	(1,250)	0	0	0	0	0	0	0	(1,250)
Revaluation	0	4,123	0	0	0	0	0	0	4,123
Impairment Charge	(332)	(17,239)	0	0	0	0	0	0	(17,571)
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	(5)	(9,061)	(2,579)	(64)	(5,715)	0	(21)	0	(17,445)
<b>At 31 March 2014</b>	<b>30,694</b>	<b>411,818</b>	<b>0</b>	<b>298</b>	<b>64,123</b>	<b>25,203</b>	<b>6,062</b>	<b>8,062</b>	<b>546,260</b>
<b>Depreciation</b>									
At 1 April 2013	0	10,152	2,535	353	41,767	18,637	5,473	0	78,917
Provided During the Year	0	10,679	22	9	4,962	1,953	83	0	17,708
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to)/from Non-current Assets Held for Sale	0	0	0	0	0	0	0	0	0
Revaluation	(4)	(23,068)	0	0	0	0	0	0	(23,072)
Impairment Charge	4	12,922	0	0	0	0	0	0	12,926
Impairment Reversal	0	(522)	0	0	0	0	0	0	(522)
Disposals	0	(9,061)	(2,557)	(64)	(4,971)	0	(21)	0	(16,674)
<b>At 31 March 2014</b>	<b>0</b>	<b>1,102</b>	<b>0</b>	<b>298</b>	<b>41,758</b>	<b>20,590</b>	<b>5,535</b>	<b>0</b>	<b>69,283</b>
<b>Net book value at 1 April 2013</b>	<b>30,705</b>	<b>413,985</b>	<b>44</b>	<b>9</b>	<b>24,206</b>	<b>4,733</b>	<b>610</b>	<b>9,684</b>	<b>483,976</b>
<b>Net book value at 31 March 2014</b>	<b>B.S. 30,694</b>	<b>410,716</b>	<b>0</b>	<b>0</b>	<b>22,365</b>	<b>4,613</b>	<b>527</b>	<b>8,062</b>	<b>476,977</b>
<b>Open Market Value of Land in Land and Dwellings Included above</b>	<b>16,632</b>	<b>0</b>	<b>0</b>						
<b>Asset Financing:</b>									
Owned	25,693	194,774	0	0	22,365	4,613	527	8,062	256,034
On-Balance Sheet PFI contracts	5,001	215,942	0	0	0	0	0	0	220,943
<b>Net Book Value at 31 March 2014</b>	<b>30,694</b>	<b>410,716</b>	<b>0</b>	<b>0</b>	<b>22,365</b>	<b>4,613</b>	<b>527</b>	<b>8,062</b>	<b>476,977</b>

## 11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) PRIOR YEAR BOARD

	Land (including under buildings) £000	Buildings (excluding dwellings) £000	Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Furniture & Fittings £000	Assets Under Construction £000	Total £000
<b>Cost or Valuation</b>									
At 1 April 2013	30,705	424,137	2,579	362	65,973	23,370	6,083	9,684	562,893
Additions	1,576	2,693	0	0	3,865	1,833	0	5,543	15,510
Transfers	0	7,165	0	0	0	0	0	(7,165)	0
Transfers (to)/from Non-current Assets Held for Sale	(1,250)	0	0	0	0	0	0	0	(1,250)
Revaluation	0	4,123	0	0	0	0	0	0	4,123
Impairment Charge	(332)	(17,239)	0	0	0	0	0	0	(17,571)
Impairment Reversal	0	0	0	0	0	0	0	0	0
Disposals	(5)	(9,061)	(2,579)	(64)	(5,715)	0	(21)	0	(17,445)
<b>At 31 March 2014</b>	<b>30,694</b>	<b>411,818</b>	<b>0</b>	<b>298</b>	<b>64,123</b>	<b>25,203</b>	<b>6,062</b>	<b>8,062</b>	<b>546,260</b>
<b>Depreciation</b>									
At 1 April 2013	0	10,152	2,535	353	41,767	18,637	5,473	0	78,917
Provided During the Year	0	10,679	22	9	4,962	1,953	83	0	17,708
Transfers	0	0	0	0	0	0	0	0	0
Transfers (to)/from Non-current Assets Held for Sale	0	0	0	0	0	0	0	0	0
Revaluation	(4)	(23,068)	0	0	0	0	0	0	(23,072)
Impairment Charge	4	12,922	0	0	0	0	0	0	12,926
Impairment Reversal	0	(522)	0	0	0	0	0	0	(522)
Disposals	0	(9,061)	(2,557)	(64)	(4,971)	0	(21)	0	(16,674)
<b>At 31 March 2014</b>	<b>0</b>	<b>1,102</b>	<b>0</b>	<b>298</b>	<b>41,758</b>	<b>20,590</b>	<b>5,535</b>	<b>0</b>	<b>69,283</b>
<b>Net book value at 1 April 2013</b>	<b>30,705</b>	<b>413,985</b>	<b>44</b>	<b>9</b>	<b>24,206</b>	<b>4,733</b>	<b>610</b>	<b>9,684</b>	<b>483,976</b>
<b>Net book value at 31 March 2014</b>	<b>B.S. 30,694</b>	<b>410,716</b>	<b>0</b>	<b>0</b>	<b>22,365</b>	<b>4,613</b>	<b>527</b>	<b>8,062</b>	<b>476,977</b>
<b>Open Market Value of Land in Land and Dwellings Included above</b>	<b>16,632</b>	<b>0</b>	<b>0</b>						
<b>Asset Financing:</b>									
Owned	25,693	194,774	0	0	22,365	4,613	527	8,062	256,034
On-Balance Sheet PFI contracts	5,001	215,942	0	0	0	0	0	0	220,943
<b>Net Book Value at 31 March 2014</b>	<b>30,694</b>	<b>410,716</b>	<b>0</b>	<b>0</b>	<b>22,365</b>	<b>4,613</b>	<b>527</b>	<b>8,062</b>	<b>476,977</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - CONSOLIDATED

	Plant & Machinery £000	Information Technology £000	Total £000
<b>Cost or Valuation</b>			
At 1 April 2014	320	0	320
Disposals	(56)	0	(56)
<b>At 31 March 2015</b>	<b>264</b>	<b>0</b>	<b>264</b>
<b>Depreciation</b>			
At 1 April 2014	264	0	264
Provided During the Year	15	0	15
Disposals	(56)	0	(56)
<b>At 31 March 2015</b>	<b>223</b>	<b>0</b>	<b>223</b>
Net book value at 1 April 2014	56	0	56
Net book value at 31 March 2015	BS 41	0	41

**Asset Financing:**

Owned	41	0	41
<b>Net Book Value at 31 March 2015</b>	<b>41</b>	<b>0</b>	<b>41</b>

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) - BOARD

	Plant & Machinery £000	Information Technology £000	Total £000
<b>Cost or Valuation</b>			
At 1 April 2014	320	0	320
Disposals	(56)	0	(56)
<b>At 31 March 2015</b>	<b>264</b>	<b>0</b>	<b>264</b>
<b>Depreciation</b>			
At 1 April 2014	264	0	264
Provided During the Year	15	0	15
Disposals	(56)	0	(56)
<b>At 31 March 2015</b>	<b>223</b>	<b>0</b>	<b>223</b>
Net book value at 1 April 2014	56	0	56
Net book value at 31 March 2015	BS 41	0	41

**Open Market Value of Land in Land and Dwellings Included above**

**Asset Financing:**

Owned	35	3	38
<b>Net Book Value at 31 March 2015</b>	<b>35</b>	<b>3</b>	<b>38</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) PRIOR YEAR CONSOLIDATED

	Plant & Machinery £000	Total £000
<b>Cost or Valuation</b>		
At 1 April 2013	320	320
<b>At 31 March 2014</b>	<u>320</u>	<u>320</u>
<b>Depreciation</b>		
At 1 April 2013	249	249
Provided During the Year	15	15
<b>At 31 March 2014</b>	<u>264</u>	<u>264</u>
<b>Net Book Value at 1 April 2013</b>	71	71
<b>Net Book Value at 31 March 2014</b>	<u>BS 56</u>	<u>56</u>
<b>Asset Financing:</b>		
Owned	56	56
Finance Leased	0	0
On-Balance Sheet PFI contracts	0	0
<b>Net Book Value at 31 March 2014</b>	<u>56</u>	<u>56</u>

11. (b) PROPERTY, PLANT AND EQUIPMENT (Donated Assets) PRIOR YEAR BOARD

	Plant & Machinery £000	Total £000
<b>Cost or Valuation</b>		
At 1 April 2013	320	320
<b>At 31 March 2014</b>	<u>320</u>	<u>320</u>
<b>Depreciation</b>		
At 1 April 2013	249	249
Provided During the Year	15	15
<b>At 31 March 2014</b>	<u>264</u>	<u>264</u>
<b>Net Book Value at 1 April 2013</b>	71	71
<b>Net Book Value at 31 March 2014</b>	<u>BS 56</u>	<u>56</u>
<b>Asset Financing:</b>		
Owned	56	56
<b>Net Book Value at 31 March 2014</b>	<u>56</u>	<u>56</u>



**LANARKSHIRE HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**11 (c). ASSETS HELD FOR SALE**

**ASSETS HELD FOR SALE - CONSOLIDATED**

The following assets related to surplus land at the former Alexander, Roadmeetings & Strathclyde Hospitals and surplus land at Kirklands Hospital have been presented as held for sale following the approval for sale by NHS Lanarkshire Capital Investment Group. The properties are being marketed for sale in 2015/16.

	Property, Plant & Equipment £000	Intangible Assets £000	Total £000
<b>At 1 April 2014</b>	2,121	0	2,121
Transfers (to)/from Property, Plant and Equipment	11a 4,324	0	4,324
Transfers (to)/from Intangible Assets	10 0	0	0
Gains/Losses Recognised on Remeasurement of Non-current Assets Held for Sale	(64)	0	(64)
Disposals of Non-current Assets Held for Sale	(465)	0	(465)
<b>As At 31 March 2015</b>	<b>BS 5,916</b>	<b>0</b>	<b>5,916</b>

**ASSETS HELD FOR SALE - BOARD**

	Property, Plant & Equipment £000	Intangible Assets £000	Total £000
<b>At 1 April 2014</b>	2,121	0	2,121
Transfers (to)/from Property, Plant and Equipment	11a 4,324	0	4,324
Transfers (to)/from Intangible Assets	10 0	0	0
Gains/Losses Recognised on Remeasurement of Non-current Assets Held for Sale	(64)	0	(64)
Disposals of Non-current Assets Held for Sale	(465)	0	(465)
<b>As At 31 March 2015</b>	<b>BS 5,916</b>	<b>0</b>	<b>5,916</b>

**ASSETS HELD FOR SALE (PRIOR YEAR) - CONSOLIDATED**

	Property, Plant & Equipment £000	Intangible Assets £000	Total £000
<b>At 1 April 2013</b>	871	0	871
Transfers (to)/from Property, Plant and Equipment	11a 1,250	0	1,250
Transfers (to)/from Intangible Assets	10 0	0	0
Gains/Losses Recognised on Remeasurement of Non-current Assets Held for Sale	0	0	0
Disposals of Non-current Assets Held for Sale	0	0	0
<b>As At 31 March 2014</b>	<b>BS 2,121</b>	<b>0</b>	<b>2,121</b>

**ASSETS HELD FOR SALE (PRIOR YEAR) - BOARD**

	Property, Plant & Equipment £000	Intangible Assets £000	Total £000
<b>At 1 April 2013</b>	871	0	871
Transfers (to)/from Property, Plant and Equipment	11a 1,250	0	1,250
Transfers (to)/from Intangible Assets	10 0	0	0
Gains/Losses Recognised on Remeasurement of Non-current Assets Held for Sale	0	0	0
Disposals of Non-current Assets Held for Sale	0	0	0
<b>As At 31 March 2014</b>	<b>BS 2,121</b>	<b>0</b>	<b>2,121</b>

LANARKSHIRE HEALTH BOARD  
 NOTES TO THE ACCOUNTS  
 FOR THE YEAR ENDED 31 MARCH 2015

11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 31 March 2014 £000	Board 31 March 2014 £000		Consolidated 31 March 2015 £000	Board 31 March 2015 £000
<b>Net book value of Property, Plant and Equipment at 31 March</b>				
476,977	476,977	Purchased	<u>11a</u> 524,766	524,766
56	56	Donated	<u>11b</u> 41	41
<b>477,033</b>	<b>477,033</b>	<b>Total</b>	<b><u>B S</u> 524,807</b>	<b>524,807</b>
<u>16,632</u>	<u>16,632</u>	Net Book Value Related to Land Valued at Open Market Value at 31 March	<u>15,722</u>	<u>15,722</u>
<u>0</u>	<u>0</u>	Net Book Value Related to Buildings Valued at Open Market Value at 31 March	<u>0</u>	<u>0</u>
<b>Total Value of Assets Held Under:</b>				
0	0	Finance Leases	0	0
0	0	Hire Purchase Contracts	0	0
<u>220,943</u>	<u>220,943</u>	PFI and PPP contracts	<u>228,600</u>	<u>228,600</u>
<b>220,943</b>	<b>220,943</b>		<b><u>228,600</u></b>	<b><u>228,600</u></b>
<b>Total Depreciation Charged in Respect of Assets Held Under:</b>				
0	0	Finance Leases	0	0
0	0	Hire Purchase Contracts	0	0
<u>4,567</u>	<u>4,567</u>	PFI and PPP contracts	<u>4,690</u>	<u>4,690</u>
<b>4,567</b>	<b>4,567</b>		<b><u>4,690</u></b>	<b><u>4,690</u></b>

Property was fully revalued by an independent valuer, Gerald Eve at 31 March 2015 on the basis of fair value (market value or depreciated replacement cost where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase in value of £21.293m, (2013-14 increase of £9.624m) which was credited to the revaluation reserve. Impairment of £4.750m (2013-14 £12.404m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

12. INVENTORIES

Consolidated 1 April 2013 £000	Board 1 April 2013 £000	Consolidated 1 April 2014 £000	Board 1 April 2014 £000		Consolidated 31 March 2015 £000	Board 31 March 2015 £000
5,277	5,277	5,182	5,182	Raw Materials and Consumables	5,363	5,363
5,277	5,277	5,182	5,182	<b>Total Inventories</b>	<b>5,363</b>	<b>5,363</b>
					<u>B S</u>	

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 13. TRADE AND OTHER RECEIVABLES

Consolidated 1 April 2013 £000	Board 1 April 2013 £000	Consolidated 1 April 2014 £000	Board 1 April 2014 £000		Note	Consolidated 31 March 2015 £000	Board 31 March 2015 £000
				<b>Receivables Due Within One Year</b>			
				<b>NHS Scotland</b>			
85	85	79	79	- SGHSCD		48	48
1,837	1,837	2,137	2,137	- Boards		1,140	1,140
<b>1,922</b>	<b>1,922</b>	<b>2,216</b>	<b>2,216</b>	<b>Total NHS Scotland Receivables</b>		<b>1,188</b>	<b>1,188</b>
161	161	221	221	NHS Non-Scottish Bodies		300	300
0	0	0	0	General Fund Receivable		0	0
3,971	3,971	3,131	3,131	VAT Recoverable		3,337	3,337
8,802	8,802	8,072	8,068	Prepayments		7,796	7,796
2,344	2,330	3,435	3,435	Accrued Income		2,997	3,016
1,406	1,406	2,909	2,909	Other Receivables		3,874	3,874
9,785	9,785	24,882	24,882	Reimbursement of Provisions		21,038	21,038
0	0	0	0	Other Public Sector Bodies		0	0
<b>28,391</b>	<b>28,377</b>	<b>44,866</b>	<b>44,862</b>	<b>Total Receivables Due Within One Year</b>	<b>B S</b>	<b>40,530</b>	<b>40,549</b>
				<b>Receivables Due After More Than One Year</b>			
				<b>NHS Scotland</b>			
0	0	0	0	- SGHSCD		0	0
0	0	0	0	- Boards		0	0
0	0	0	0	Other Public Sector Bodies		0	0
485	485	458	458	Prepayments		457	457
0	0	0	0	Accrued Income		0	0
0	0	0	0	Other Receivables		0	0
22,667	22,667	12,316	12,316	Reimbursement of Provisions		19,544	19,544
<b>23,152</b>	<b>23,152</b>	<b>12,774</b>	<b>12,774</b>	<b>Total Receivables Due After More Than One Year</b>	<b>B S</b>	<b>20,001</b>	<b>20,001</b>
<b>51,543</b>	<b>51,529</b>	<b>57,640</b>	<b>57,636</b>	<b>TOTAL RECEIVABLES</b>		<b>60,531</b>	<b>60,550</b>
347	347	802	802	The total receivables figure above includes a provision for impairments of:		716	716
				<b>WGA Classification</b>			
1,837	1,837	2,137	2,137	NHS Scotland		1,140	1,140
4,056	4,056	3,375	3,375	Central Government Bodies		3,385	3,385
482	482	1,230	1,230	Whole of Government Bodies		2,363	2,363
161	161	221	221	Balances with NHS Bodies in England and Wales		300	300
45,007	44,993	50,677	50,673	Balances with Bodies External to Government		53,343	53,362
<b>51,543</b>	<b>51,529</b>	<b>57,640</b>	<b>57,636</b>			<b>60,531</b>	<b>60,550</b>



## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 13. TRADE AND OTHER RECEIVABLES CONTINUED

Consolidated 31 March 2014 £000	Board 31 March 2014 £000		Consolidated 31 March 2015 £000	Board 31 March 2015 £000
		<b>Movements on the Provision for Impairment of Receivables are as follows:</b>		
347	347	At 1 April	802	802
468	468	Provision for receivables impairment	339	339
(13)	(13)	Receivables written off during the year as uncollectible	(1)	(1)
0	0	Unused amounts reversed	(424)	(424)
<u>802</u>	<u>802</u>	At 31 March	<u>716</u>	<u>716</u>

As at 31 March 2015, receivables with a carrying value of £0.716m (2013-14 £0.802m) were impaired and provided for.

The amount of the provision was £0.716m (2013-14 £0.802m). The ageing of these receivables is as follows:

£000	£000		£000	£000
300	300	3 to 6 months past due	247	247
502	502	Over 6 months past due	469	469
<u>802</u>	<u>802</u>		<u>716</u>	<u>716</u>

The receivables assessed as individually impaired include companies, patients and staff, which are in unexpected difficult economic situations and it was assessed that not all of the receivable balance may be recovered.

Receivables are impaired only where there is evidence of impairment. As at 31 March 2015, receivables of carrying value of £4.377m (2013-14 £4.608m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired are as follows:

£000	£000		£000	£000
4,608	4,608	Up to 3 months past due	4,377	4,377
0	0	3 to 6 months past due	0	0
0	0	Over 6 months past due	0	0
<u>4,608</u>	<u>4,608</u>		<u>4,377</u>	<u>4,377</u>

The receivables assessed as past due but not impaired include companies, patients and staff and there is no history of default from these customers recently.

Concentration of credit risk is limited due to the customer base being large and unrelated and government bodies.

Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivables.

The credit quality of receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available. Where no external credit rating is available, historical information about counterparty default rates is used.

Receivables that are neither past due nor impaired are shown by their credit risk below;

1 April 2014 £000	1 April 2014 £000		31 March 2015 £000	31 March 2015 £000
		<b>Counterparties with external credit ratings</b>		
0	0	A	0	0
0	0	BB	0	0
0	0	BBB	0	0
		<b>Counterparties with no external credit rating:</b>		
0	0	New customers	0	0
0	0	Existing customers with no defaults in the past	0	0
53,032	53,028	Existing customers with some defaults in the past	54,887	54,899
<u>53,032</u>	<u>53,028</u>		<u>54,887</u>	<u>54,899</u>

The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.

£000	£000		£000	£000
57,640	57,636	The carrying amount of receivables are denominated in the following currencies:	60,531	60,550
0	0	Pounds	0	0
0	0	Euros	0	0
		US Dollars		

All non-current receivables are due within 20 years (2013-14 20 years) from the balance sheet date.

The carrying amount of short term receivables approximates their fair value.

The fair value of long term other receivables is £12.179m (2013-14 £12.774m)

The effective interest rate on non-current other receivables is 2.2% (2013-14 2.2%)

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 MARCH 2015

## 14. AVAILABLE FOR SALE FINANCIAL ASSETS

Consolidated 1 April 2013 £000	Board 1 April 2013 £000	Consolidated 1 April 2014 £000	Board 1 April 2014 £000		Consolidated 31 March 2015 £000	Board 31 March 2015 £000
0	0	0	0	Government Securities	0	0
3,924	0	5,216	976	Other	5,717	976
<b>3,924</b>	<b>0</b>	<b>5,216</b>	<b>976</b>	<b>TOTAL</b>	<b>BS 5,717</b>	<b>976</b>
£000	£000	£000	£000		£000	£000
3,411	0	3,924	0	At 1 April	5,216	976
135	0	1,199	976	Additions	139	0
(10)	0	(12)	0	Disposals	(20)	0
0	0	0	0	Impairment Recognised in Operating Cost Statement	3	0
388	0	105	0	Revaluation Surplus/(Deficit) Transferred to Equity	382	0
<b>3,924</b>	<b>0</b>	<b>5,216</b>	<b>976</b>	<b>At 31 March</b>	<b>5,717</b>	<b>976</b>
0	0	0	0	<b>Current</b>	<b>BS 0</b>	<b>0</b>
3,924	0	5,216	976	<b>Non-current</b>	<b>BS 5,717</b>	<b>976</b>
<b>3,924</b>	<b>0</b>	<b>5,216</b>	<b>976</b>	<b>At 31 March</b>	<b>5,717</b>	<b>976</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

15. CASH AND CASH EQUIVALENTS

	Note	At 1 April 2014 £000	Cash Flow £000	At 31 March 2015 £000
Government Banking Service Account Balance		1,917	(1,505)	412
Cash at Bank and In Hand		43	0	43
Endowment Cash		882	(69)	813
<b>Total Cash and Cash Equivalents - Balance Sheet</b>	<u>B S</u>	<u>2,842</u>	<u>(1,574)</u>	<u>1,268</u>
Overdrafts	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Cash - Cash Flow Statement</b>		<u>2,842</u>	<u>(1,574)</u>	<u>1,268</u>
		<u>CFS</u>		<u>CFS</u>

Prior Year

	Note	At 1 April 2013 £000	Cash Flow £000	At 31 March 2014 £000
Government Banking Service Account Balance		202	1,715	1,917
Cash at Bank and In Hand		40	3	43
Endowment Cash		1,022	(140)	882
<b>Total Cash and Cash Equivalents - Balance Sheet</b>	<u>B S</u>	<u>1,264</u>	<u>1,578</u>	<u>2,842</u>
Overdrafts	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Cash - Cash Flow Statement</b>		<u>1,264</u>	<u>1,578</u>	<u>2,842</u>
		<u>CFS</u>		<u>CFS</u>

Cash at bank is with major UK banks. The credit risk associated with cash at bank is considered to be low.

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 16. TRADE AND OTHER PAYABLES

Consolidated 1 April 2013 £000	Board 1 April 2013 £000	Consolidated 1 April 2014 £000	Board 1 April 2014 £000		Note	Consolidated 31 March 2015 £000	Board 31 March 2015 £000
<b>Payables Due Within One Year</b>							
<b>NHSScotland</b>							
0	0	0	0	0 - SGHSCD		0	0
4,709	4,709	7,102	7,102	- Boards		10,755	10,755
<u>4,709</u>	<u>4,709</u>	<u>7,102</u>	<u>7,102</u>	<b>Total NHS Scotland Payables</b>		<u>10,755</u>	<u>10,755</u>
293	293	439	439	NHS Non-Scottish Bodies		783	783
242	242	1,960	1,960	General Fund Payable		455	455
38,980	38,980	37,112	37,112	FHS Practitioners		42,847	42,847
6,815	6,815	5,236	5,205	Trade Payables		10,317	10,317
36,642	36,587	38,523	38,503	Accruals		43,530	43,227
1,932	1,932	1,786	1,786	Deferred income		2,178	2,178
0	0	0	0	Payments Received on Account		0	0
0	0	0	0	Interest Payable		0	0
0	0	0	0	Net Obligations Under Finance Leases	22	0	0
4,943	4,943	5,773	5,773	Net Obligations Under PPP/PFI Contracts	23	7,537	7,537
0	0	0	0	Bank Overdrafts	15	0	0
9,128	9,128	9,187	9,187	Income Tax and Social Security		9,093	9,093
5,423	5,423	6,159	6,159	Superannuation		6,346	6,346
2,577	2,577	2,949	2,949	Holiday Pay accrual		3,135	3,135
0	0	0	0	Clinical/Medical Negligence Claims		7,741	7,741
0	0	0	0	VAT		0	0
0	0	0	0	Other Public Sector Bodies		0	0
0	0	0	0	EC Carbon Emissions		0	0
668	668	517	524	Other Payables		564	564
<u>112,352</u>	<u>112,297</u>	<u>116,743</u>	<u>116,699</u>	<b>Total Payables Due Within One Year</b>	B S	<u>145,281</u>	<u>144,978</u>
<b>Payables Due After More Than One Year</b>							
<b>NHS Scotland</b>							
0	0	0	0	0 - SGHSCD		0	0
0	0	0	0	0 - Boards		0	0
0	0	0	0	Other Public Sector Bodies		0	0
0	0	0	0	Net obligations under Finance Leases due within 2 years		0	0
0	0	0	0	Net obligations under Finance Leases due after 2 years but within 5 years	22	0	0
0	0	0	0	Net Obligations Under Finance Leases Due After 5 Years	22	0	0
5,773	5,773	6,707	6,707	Net obligations under PPP/PFI Contracts due within 2 years	23	8,661	8,661
23,424	23,424	27,012	27,012	Net obligations under PPP/PFI Contracts due after 2 years but within 5 years	23	33,940	33,940
130,402	130,402	120,107	120,107	Net Obligations Under PFI Contracts Due After 5 Years	23	102,940	102,940
0	0	0	0	EC Carbon Emissions Grant		0	0
0	0	0	0	Accruals		0	0
0	0	0	0	Deferred Income		0	0
0	0	0	0	Liabilities in relation to Hub Assets under construction		27,563	27,563
<u>159,599</u>	<u>159,599</u>	<u>163,826</u>	<u>153,826</u>	<b>Total Payables due After More Than One Year</b>	B S	<u>173,104</u>	<u>173,104</u>
<u>271,951</u>	<u>271,896</u>	<u>270,569</u>	<u>270,525</u>	<b>TOTAL PAYABLES</b>		<u>318,385</u>	<u>318,082</u>
<b>WGA Classification</b>							
4,709	4,709	7,102	7,102	NHS Scotland		10,755	10,755
14,551	14,551	15,346	15,346	Central Government Bodies		15,401	15,401
91	91	2	2	Whole of Government Bodies		227	227
293	293	439	439	Balances with NHS Bodies in England and Wales		783	783
252,307	252,252	247,680	247,636	Balances with Bodies External to Government		291,219	290,916
<u>271,951</u>	<u>271,896</u>	<u>270,569</u>	<u>270,525</u>			<u>318,385</u>	<u>318,082</u>



**LANARKSHIRE HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**16. TRADE AND OTHER PAYABLES CONTINUED**

<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>31 March</b>	<b>31 March</b>		<b>31 March</b>	<b>31 March</b>
<b>2014</b>	<b>2014</b>		<b>2015</b>	<b>2015</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
		<b>Borrowings Included Above Comprise:</b>		
0	0	Bank Overdrafts	0	0
0	0	Finance Leases	0	0
159,599	159,599	PFI Contracts	153,078	153,078
<b>159,599</b>	<b>159,599</b>		<b>153,078</b>	<b>153,078</b>
		The carrying amount and fair value of the non-current borrowings are as follows:		
<b>£000</b>	<b>£000</b>	<b>Carrying Amount</b>	<b>Carrying amount</b>	<b>Carrying amount</b>
0	0	Finance Leases	£000	£000
153,826	153,826	PFI Contracts	0	0
<b>153,826</b>	<b>153,826</b>		145,541	145,541
		The carrying amount and fair value of the non-current borrowings are as follows:	<b>145,541</b>	<b>145,541</b>
<b>£000</b>	<b>£000</b>	<b>Fair Value</b>	<b>Fair value</b>	<b>Fair value</b>
0	0	Finance Leases	£000	£000
153,826	153,826	PFI Contracts	0	0
<b>153,826</b>	<b>153,826</b>		145,541	145,541
		The carrying amount of short term payables approximates to their fair value.	<b>145,541</b>	<b>145,541</b>
<b>£000</b>	<b>£000</b>	The carrying amount of payables are denominated in the following currencies:	<b>£000</b>	<b>£000</b>
270,569	270,525	Pounds	318,385	318,082
0	0	Euros	0	0
0	0	US Dollars	0	0
<b>270,569</b>	<b>270,525</b>		<b>318,385</b>	<b>318,082</b>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 17. PROVISIONS - Consolidated and Board

	Pensions and Similar Obligations £000	Clinical & Medical £000	Participation in CNORIS £'000	Other £000	Total £000	
At 1 April 2014	11,949	37,277	36,907	1,933	88,066	
Arising During the Year	1,557	14,724	0	51	16,332	
Utilised During the Year	(892)	(3,172)	0	(188)	(4,252)	
Unwinding of Discount	40	(702)	0	(14)	(676)	
Reversed Unutilised	(317)	(14,275)	(3,508)	(349)	(18,449)	
<b>At 31 March 2015</b>	<b>12,337</b>	<b>33,852</b>	<b>33,399</b>	<b>1,433</b>	<b>81,021</b>	<b>B S</b>

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 13.

## Analysis of Expected Timing of Discounted Flows

	Pensions and Similar Obligations £000	Clinical & Medical £000	Participation in CNORIS £'000	Other £000	Total £000
Payable in one year	1,621	9,652	19,706	1,423	32,402
Payable between 2 - 5 years	3,442	17,029	13,693	10	34,174
Payable between 6 - 10 years	3,756	927	0	0	4,683
Thereafter	3,518	6,244	0	0	9,762
<b>At 31 March 2015</b>	<b>12,337</b>	<b>33,852</b>	<b>33,399</b>	<b>1,433</b>	<b>81,021</b>

## PRIOR YEAR

	Pensions and Similar Obligations £000	Clinical & Medical £000	Participation in CNORIS £'000	Other £000	Total £000	
At 1 April 2013	11,651	32,859	27,915	2,016	74,441	
Arising During the Year	1,344	6,651	8,992	442	17,429	
Utilised During the Year	(896)	(1,147)	0	(440)	(2,483)	
Unwinding of Discount	37	(592)	0	(36)	(591)	
Reversed Unutilised	(187)	(494)	0	(49)	(730)	
<b>At 31 March 2014</b>	<b>11,949</b>	<b>37,277</b>	<b>36,907</b>	<b>1,933</b>	<b>88,066</b>	<b>B S</b>

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 13.

## Analysis of Expected Timing of Discounted Flows - 31 March 2014

	Pensions £000	Clinical & Medical £000	Participation in CNORIS £'000	Other £000	Total £000
Payable in one year	1,034	24,656	21,775	1,933	49,398
Payable between 2 - 5 years	3,516	12,621	15,132	0	31,269
Payable between 6 - 10 years	3,802	0	0	0	3,802
Thereafter	3,597	0	0	0	3,597
<b>At 31 March 2014</b>	<b>11,949</b>	<b>37,277</b>	<b>36,907</b>	<b>1,933</b>	<b>88,066</b>

	Pensions and Similar Obligations £000	Clinical & Medical £000	Participation in CNORIS £'000	Other £000	Total £000	
At 1 April 2012	10,571	24,794	0	2,848	38,213	
Arising During the Year	2,277	14,597	27,915	455	45,244	
Utilised During the Year	(950)	(2,830)	0	(997)	(4,777)	
Unwinding of Discount	46	344	0	1	391	
Reversed Unutilised	(293)	(4,046)	0	(291)	(4,630)	
<b>At 31 March 2013</b>	<b>11,651</b>	<b>32,859</b>	<b>27,915</b>	<b>2,016</b>	<b>74,441</b>	<b>B S</b>

## Analysis of Expected Timing of Discounted Flows - 31 March 2013

	Pensions and Similar Obligations £000	Clinical & Medical £000	Participation in CNORIS £'000	Other £000	Total £000	
Payable in one year	899	9,763	16,470	2,016	29,148	
Payable between 2 - 5 years	3,603	23,096	11,445	0	38,144	
Payable between 6 - 10 years	3,627	0	0	0	3,627	
Thereafter	3,522	0	0	0	3,522	
<b>At 31 March 2013</b>	<b>11,651</b>	<b>32,859</b>	<b>27,915</b>	<b>2,016</b>	<b>74,441</b>	<b>B S</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

17. PROVISIONS CONTINUED

Pensions

The Board meets the additional costs of benefits beyond the normal NHS Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the NHS Superannuation Scheme for Scotland over the period between early departure and normal retirement age. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for estimated payments discounted by the Treasury discount rate of 1.3% (2013-14 1.8%) in real terms. The expenditure is incurred over the period of time according to estimated life expectancy as advised by the Government Actuary.

Clinical & Medical

The Board holds a provision to meet costs of all outstanding and potential clinical and medical damage claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal office who will decide upon risk liability and likely outcome of each case. The provision contains sums for settlement awards, legal expenses and third party costs. Clinical and medical negligence cases lodged can be extremely complex. It is expected that expenditure will be charged to this provision for a period of up to 10 years. The amounts disclosed are stated gross and the amount of any expected reimbursements are shown separately as debtors in the notes to the accounts.

The discount rate used to assess the time value of money is -1.5% (2013-14( -1.9%))

Other

Provision is made to cover non medical claims for damages, such as accidents at work, third party claims and administrative failures.

The provision is based on risk categories assessed by the Central Legal Office (CLO). Settlement of these claims is dependent on legal factors and is normally more than one year after the claim is notified.

Also included here are provisions for future development costs.

The discount rate used to assess the time value of money is -1.5% (2013-14( -1.9%))

Other provisions include an amount of £46,400 in respect of the Board's estimated liability arising from equal pay claims.

NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

17b. CLINICAL NEGLIGENCE AND OTHER RISKS INDEMNITY SCHEME (CNORIS)

2013	2014		Note	2015
£'000	£'000			£'000
33,356	38,029	Provision recognising individual claims against the NHS Board as at 31 March	17	34,162
(32,452)	(37,198)	Associated CNORIS receivable at 31 March	13	(40,582)
27,915	36,907	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	17	33,399
<b>28,819</b>	<b>37,738</b>	<b>Net Total Debtor relating to CNORIS at 31 March</b>		<b>26,979</b>

The Clinical Negligence and Other Risks Scheme (CNORIS) has been in operation since 2000. Participation in the scheme is mandatory for all NHS boards in Scotland. The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within boards' own budgets. Participants e.g. NHS boards contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS board. If a claim is settled the board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in the financial year legal claims to be managed and reduces the level of volatility that individual boards are exposed to.

When a legal claim is made against an individual board, the board will assess whether a provision or contingent liability for that legal claim is required. If a provision is required then the board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

As a result of participation in the scheme, boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the board's share of the total CNORIS liability of NHSScotland has been made and this is reflected in third line above.

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the scheme can be found at: <http://www.clo.scot.nhs.uk/our-services/cnoris.aspx>



LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

18. MOVEMENT ON WORKING CAPITAL BALANCES

31 March 2014 Net Movement £000		Note	1 April 2014 Opening Balances £000	31 March 2015 Closing Balances £000	31 March 2015 Net Movement £000
	<b>INVENTORIES</b>				
95	Balance Sheet	12	5,182	5,363	
95	<b>Net Decrease/(Increase)</b>				(181)
	<b>TRADE AND OTHER RECEIVABLES</b>				
(16,485)	Due Within One Year	13	44,862	40,549	
10,378	Due After More Than One Year	13	12,774	20,001	
			57,636	60,550	
0	Less: Property, Plant & Equipment (Capital) Included in Above		0	0	
0	Less: Intangible Assets (Capital) Included in Above		0	0	
0	Less: General Fund Receivable Included in Above		0	0	
			57,636	60,550	
(6,107)	<b>Net Decrease/(Increase)</b>				(2,914)
	<b>TRADE AND OTHER PAYABLES</b>				
4,402	Due Within One Year	16	116,699	144,978	
(5,773)	Due After More Than One Year	16	153,826	173,104	
(102)	Less: Property, Plant & Equipment (Capital) Included in Above		(2,900)	(30,320)	
0	Less: Intangible Assets (Capital) Included in Above	16	0	0	
0	Less: Bank Overdraft	16	0	0	
(1,718)	Less: General Fund Payable Included in Above	16	(1,960)	(455)	
4,943	Less: Lease and PFI Payables Included in Above		(159,599)	(153,078)	
0	Less: Interest Payable Included in Above		0	0	
			106,066	134,229	
1,752	<b>Net (Decrease)/Increase</b>				28,163
	<b>PROVISIONS</b>				
13,625	Balance Sheet	17	88,066	81,021	
	Transfer from Provision to General Fund				(19)
13,625	<b>Net (Decrease)/Increase</b>				(7,064)
9,365	<b>NET MOVEMENT (Decrease)/Increase</b>	CFS			18,004

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

19. CONTINGENT LIABILITIES

The following contingent liabilities have not been provided for in the Accounts:

31 March 2014	Value £000	Nature	31 March 2015	Value £000
	29,140	<b>Clinical and Medical Compensation Payments</b> Contingent assets and liabilities arising from clinical medical compensation claims are recognised where uncertainties exist around one or more future events such as timing and cost	17,262	
	0	<b>Employer's Liability</b>	0	
	0	<b>Third Party Liability</b>	0	
	0	<b>Doubtful Debts</b>	0	
	<u>29,140</u>		<u>17,262</u>	

The Board has not entered into any of the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these is a contingent liability within the meaning of IAS 37, since the possibility of a transfer of economic benefits in settlement is too remote.

**Guarantees**

None

**Indemnities**

None

**Letter of comfort**

None

**CONTINGENT ASSETS**

27,603	<b>Clinical and Medical Compensation Payments</b>	16,395
0	<b>Employer's Liability</b>	0
<u>27,603</u>		<u>16,395</u>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

**20. EVENTS AFTER THE END OF THE REPORTING PERIOD**

**Events after the end of the reporting period having a material effect on the accounts are:**

There are no events after the end of the reporting period having a material effect on the accounts.

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

21. COMMITMENTS

**Capital Commitments**

The Board has the following Capital Commitments which have not been included in the accounts.

31 March  
2014  
£000

**Contracted**

0	Monklands Replacement of Theatres & ICU
15,780	Beatson at Monklands West of Scotland Radiotherapy Centre
2,600	Monklands - Pathology Centralisation
0	Primary Care Investment Equipment
624	Monklands Business Continuity
<b>19,004</b>	

Property Plant and Equipment	Intangible Assets	Total
31 March 2015 £000	31 March 2015 £000	31 March 2015 £000
17,840	0	17,840
6,075	0	6,075
2,285	0	2,285
1,400	0	1,400
0	0	0
<b>27,600</b>	<b>0</b>	<b>27,600</b>

**Authorised but not Contracted**

Significant commitments over £250,000 authorised by the Board are :

4,000	Monklands Business Continuity
2,040	Monklands - Acute Mental Health

1,000	0	1,000
0	0	0

**6,040**

**Total**

**1,000 0 1,000**

**Other Financial Commitments**

The Board has not entered into any significant non-cancellable contracts other than leases, capital commitments and PFI contracts.



LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

22. COMMITMENTS UNDER LEASES

31 March 2014	Operating Leases	31 March 2015
£000	Total future minimum lease payments under operating leases are given in the table below for the each of the following periods.	£000
	<b>Obligations Under Operating Leases Comprise:</b>	
	<b>Land</b>	
0	Not Later Than One Year	0
0	Later than one year, not later than 2 years	0
1	Later Than Two Years, Not Later Than Five Years	1
3	Later Than Five Years	3
	<b>Buildings</b>	
1,323	Not Later Than One Year	1,269
1,194	Later than one year, not later than 2 years	1,168
3,230	Later Than Two Years, Not Later Than Five Years	3,009
4,882	Later Than Five Years	3,947
	<b>Other</b>	
3,002	Not Later Than One Year	2,755
1,755	Later than one year, not later than 2 years	2,302
1,970	Later Than Two Years, Not Later Than Five Years	2,130
0	Later Than Five Years	0
	<b>Amounts Charged to Operating Costs in the Year Were:</b>	
3,475	Hire of Equipment (Including Vehicles)	3,862
2,489	Other Operating Leases	2,368
<u>5,964</u>	<b>Total</b>	<u>6,230</u>
	<b>Contingent Rents Recognised as an Expense in the Period Were:</b>	
0	Contingent Rents	0
	<b>Finance Leases</b>	
	None	

## 23. COMMITMENTS UNDER PFI CONTRACTS - ON BALANCE SHEET

## ON BALANCE SHEET

## Hairmyres Hospital

The provision of a large general hospital. The period of contract is 26 March 2001 to 30 June 2031.

The estimated capital value is £72.042m. The hospital and services are provided under a contract between Lanarkshire Health Board and Prospect Healthcare (Hairmyres) Limited, with hard and soft facilities management services being supplied under a subcontract to ISS Mediclean Limited. The hospital building is provided by way of a capital rental which is non indexed linked and is profiled for the duration of the contract. Major maintenance, risk overhead and margin are set within the contracts financial framework but these increase on an annual basis in line with the retail price index. Hard facilities management services include the provision of estates services, information technology, window cleaning, pest control and energy services. These services are subject to increase in line with the retail price index. Soft facilities management services includes full provision of catering services for patients and staff, housekeeping/ward hostess, linen, portering, transport, security, switchboard and waste management. These services are subject to increase in line with the retail price index. The services provided are subject to a performance regime where reductions in the payments charged are recovered in line with the performance measurement regime. The services provided are subject to "market testing" every seven years.

## Wishaw Hospital

The provision of a large general hospital. The period of contract is 28 May 2001 to 30 November 2028.

The estimated capital value is £147.372m. The hospital and services are provided under a contract between Lanarkshire Health Board and Summit Healthcare (Wishaw) Limited, with hard and soft facilities management services being supplied under a subcontract to SERCO Health Limited. A managed radiology service is provided by Siemens Ltd. and under this service all major radiology diagnostic equipment is provided, maintained and replaced in line with an investment programme. This sum is fixed within the contract and increased in line with the retail price index. The hospital building is provided by way of an Availability Payment which is largely non indexed linked and is profiled for the duration of the contract. Life cycle maintenance costs and insurance are set within the contracts financial framework but these increase on an annual basis in line with the retail price index. Hard facilities management services include the provision of estates and energy services. These services are subject to increase in line with the retail price index. Soft facilities management services include full provision of catering services for patients and staff, cleaning/domestics, linen, portering, security, switchboard and waste management. The services are set to increase in line with the retail price index. The services provided are subject to a Performance Regime where reductions in the payments charged are recovered in line with the performance measurement regime. The services provided are subject to "market testing" every seven years.

## Stonehouse Hospital.

The provision of a small community hospital. The period of contract is 1 May 2004 to 30 April 2034.

The estimated capital value is £4.186m. The hospital is provided under a contract between Lanarkshire Health Board and Stonehouse Hospitals Limited, with the service arrangements provided internally by Lanarkshire Health Board.

Under IFRIC 12 the asset is treated as an asset of the Board and included in the Board's accounts as a Non Current asset. The liability to pay for the property is in substance a finance lease obligation. Contractual payments therefore comprise two elements; imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:

Total obligations under on-balance sheet PFI/PPP contracts for the following periods comprises:

2012/13	2013/14		Hairmyres 2014/15	Wishaw 2014/15	Stonehouse 2014/15	Total 2014/15
£000	£000		£000	£000	£000	£000
		<b>Gross Minimum Lease Payments</b>				
22,494	22,853	Rentals Due Within 1 Year	7,635	15,465	620	23,720
22,853	23,235	Due within 1 to 2 years	7,791	15,697	633	24,121
70,963	72,283	Due Within 2 to 5 Years	24,338	48,518	1,975	74,831
230,088	205,534	Due After 5 Years	5,729	149,877	10,938	166,544
<b>346,398</b>	<b>323,905</b>	<b>Total</b>	<b>45,493</b>	<b>229,557</b>	<b>14,166</b>	<b>289,216</b>
		<b>Less Interest Element</b>				
			<b>Hairmyres</b>	<b>Wishaw</b>	<b>Stonehouse</b>	<b>Total</b>
			<b>2014/15</b>	<b>2014/15</b>	<b>2014/15</b>	<b>2014/15</b>
			<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(17,551)	(17,080)	Rentals Due Within 1 Year	(3,006)	(12,533)	(644)	(16,183)
(17,080)	(16,528)	Due within 1 to 2 years	(2,601)	(12,212)	(647)	(15,460)
(47,539)	(45,271)	Due Within 2 to 5 Years	(4,878)	(34,065)	(1,948)	(40,891)
(99,686)	(85,427)	Due After 5 Years	(458)	(56,434)	(6,712)	(63,604)
<b>(181,856)</b>	<b>(164,306)</b>	<b>Total</b>	<b>(10,943)</b>	<b>(115,244)</b>	<b>(9,951)</b>	<b>(136,138)</b>
		<b>Present Value of Minimum Lease Payments</b>				
			<b>Hairmyres</b>	<b>Wishaw</b>	<b>Stonehouse</b>	<b>Total</b>
			<b>2014/15</b>	<b>2014/15</b>	<b>2014/15</b>	<b>2014/15</b>
			<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
4,943	5,773	Rentals Due Within 1 Year	4,629	2,932	(24)	7,537
5,773	6,707	Due within 1 to 2 years	5,190	3,485	(14)	8,661
23,424	27,012	Due Within 2 to 5 Years	19,460	14,453	27	33,940
130,402	120,107	Due After 5 Years	5,271	93,443	4,226	102,940
<b>164,542</b>	<b>159,599</b>	<b>Total</b>	<b>34,550</b>	<b>114,313</b>	<b>4,215</b>	<b>153,078</b>
		<b>Service Charges</b>				
			<b>Total</b>			
			<b>2014/15</b>			
			<b>£000</b>			
27,926	28,464	Service Charges	29,024			
17,948	17,551	Interest Charges	16,801			
0	0	Other Charges	0			
<b>45,874</b>	<b>46,015</b>	<b>Total</b>	<b>45,825</b>			
		<b>Contingent Rents (included in other charges)</b>				
			<b>Total</b>			
			<b>2014/15</b>			
			<b>£000</b>			
424	450	Contingent Rents (included in other charges)				476

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

**24. PENSION COSTS**

The NHS Board participates in the NHS Superannuation Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.

NHS Lanarkshire has no liability for other employers obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Lanarkshire is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2015 will be 14.9% of pensionable pay. While the employee rate applied is a variable it will provide an actuarial yield of 9.8% of pensionable pay.

At the last valuation a shortfall of £1.4 billion was identified in the notional fund which will be repaid by a supplementary rate of 2.6% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 14.9% employers contribution rate.

The total employer contributions received for the NHS Scotland scheme in the year to 31 March 2014 were £640.5 million (see note 3 in the scheme accounts). Contributions collected in the year to 31 March 2015 will be published in November 2015.)

NHS Lanarkshire's level of participation in the scheme is 6.7% based on the proportion of employer contributions paid in 2013-14.

Financial assumptions at 31 March 2013

Rate of return (discount rate): 4.10%

Rate of return in excess of:

Earnings increases: 0.15%

Price increases 2.35%

An indication of the level of participation of NHS Lanarkshire in the scheme can be shown as follows -  
Year to 31 March 2013

Total employer contributions to the scheme £595.6million.

NHS Lanarkshire employer contributions to the scheme £39.3 million.

Provisions amounting to £12.337m are included in the Balance Sheet and reflect the difference between the amounts charged to the Operating Cost Statement and the amounts paid directly.

Changes to the scheme were implemented from 1 April 2008. Existing staff, and those joining the scheme up to 31 March 2008, will keep the benefits of the existing scheme but were given the choice to transfer to the new scheme.

Pre 2008 scheme:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay tiered contribution rates ranging from 5% to 10.9% of pensionable earnings. Pensions are increased in line with the Consumer Price Index.

On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump-sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Child allowances are payable according to the number of dependant children and whether there is a surviving parent who will get a scheme widow/widower's pension. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately where the member has more than 2 years service. Where service exceeds 5 years, the pension is calculated using specially enhanced service, with a maximum enhancement of 10 years.

Members aged 50 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

New 2008 arrangements:

The scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5% to 10.9% of pensionable earnings. Pensions and allowances are index linked to protect their value.

Members aged 55 or above may take voluntary early retirement and receive a reduced pension. Alternatively, if the employer agrees to this the member will be able to retire on the full pension and lump sum which they have earned.

	2014/15	2013/14
	£000	£000
Pension Cost Charge For the Year	44,590	43,109
Additional Costs Arising From Early Retirement	0	0
Provisions/Liabilities/Prepayments Included in the Balance Sheet	12,337	11,949

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

25. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

Prior year adjustments which have been recognised in these Accounts are:

	Dr £000	Cr £000
<b>Adjustment 1</b>		
A retrospective restatement has been recognised in these Accounts arising from the changes to the accounting treatment for CNORIS as set out in Notes 1.3 and 17b.		
The retrospective restatement is as follows:		
Adjustment 1 : Dr Other Non-Clinical Services	27,915	
Cr Provisions		27,915
<u>Adjustment to opening balances 2013/14</u>		
The opening general fund for 2013/14 has been reduced by £ 27.915m		
This amount represents the Board's share of the total liability of NHS Scotland as at 31 March 2013 as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. This amount is also recognised in Note 17.		
Adjustment 1 : Dr Other Non-Clinical Services	8,992	
Cr Provisions		8,992
<u>Adjustment to opening balances 2014/15</u>		
The opening general fund for 2014/15 has been reduced by £ 8,992m		
This amount represents the Board's share of the total liability of NHS Scotland as at 31 March 2014 as advised by the Scottish Government and based on information prepared by NSH Boards and the Central legal office. This amount is also recognised in Note 17.		
	<b>36,907</b>	<b>36,907</b>



## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 26a. RESTATED SOCNE

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Clinical Services Costs</b>			
Hospital and Community	829,758	0	829,758
Less: Hospital and Community Income	45,015	0	45,015
	<b>784,743</b>	<b>0</b>	<b>784,743</b>
Family Health Services	258,332	0	258,332
Less: Family Health Services Income	7,376	0	7,376
	<b>250,956</b>	<b>0</b>	<b>250,956</b>
<b>Total Clinical Services Costs</b>	<b>1,035,699</b>	<b>0</b>	<b>1,035,699</b>
Administration Costs	8,899	0	8,899
Less: Administration Income	0	0	0
	<b>8,899</b>	<b>0</b>	<b>8,899</b>
Other Non Clinical Services	20,742	8,992	29,734
Less: Other Operating Income	26,307		26,307
	(5,565)	8,992	3,427
<b>Net Operating Costs</b>	<b>1,039,033</b>	<b>8,992</b>	<b>1,048,025</b>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 26b. RESTATED BALANCE SHEET

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Non-current assets</b>			
Property, plant and equipment	477,033	0	477,033
Intangible assets	2,317	0	2,317
Financial assets:			
Available for sale financial assets	5,216	0	5,216
Trade and other receivables	12,774	0	12,774
	<b>497,340</b>	<b>0</b>	<b>497,340</b>
<b>CURRENT ASSETS</b>			
Inventories	5,182	0	5,182
Financial assets:			
Trade and other receivables	44,866	0	44,866
Cash and cash equivalents	2,842	0	2,842
Available for sale financial assets	0	0	0
Derivatives financial assets	0	0	0
Assets classified as held for sale	2,121	0	2,121
	<b>55,011</b>	<b>0</b>	<b>55,011</b>
<b>TOTAL ASSETS</b>	<b>552,351</b>	<b>0</b>	<b>552,351</b>
<b>CURRENT LIABILITIES</b>			
Provisions	(27,623)	(21,776)	(49,399)
Financial liabilities:			
Trade and other payables	(116,743)	0	(116,743)
Derivatives financial liabilities	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>(144,366)</b>	<b>(21,776)</b>	<b>(166,142)</b>
<b>NON-CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>	<b>407,985</b>	<b>(21,776)</b>	<b>386,209</b>
<b>Non-current liabilities</b>			
Provisions	(23,536)	(15,132)	(38,668)
Financial liabilities:			
Trade and other payables	(153,826)	0	(153,826)
<b>Total non-current liabilities</b>	<b>(177,362)</b>	<b>(15,132)</b>	<b>(192,494)</b>
<b>Assets less liabilities</b>	<b>230,623</b>	<b>(36,908)</b>	<b>193,715</b>
<b>TAXPAYERS' EQUITY</b>			
General Fund	73,888	(36,908)	36,980
Revaluation Reserve	151,653	0	151,653
Other Reserves	0	0	0
Funds Held on Trust	5,082	0	5,082
<b>Total taxpayers' equity</b>	<b>230,623</b>	<b>(36,908)</b>	<b>193,715</b>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 26c. RESTATED CASH FLOW STATEMENT

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Cash flows from operating activities</b>			
Net operating cost	(1,039,033)	(8,992)	(1,048,025)
Adjustments for non-cash transactions	30,263	0	30,263
Add back: interest payable recognised in net operating cost	16,960	0	16,960
Deduct: interest receivable recognised in net operating cost	0	0	0
Investment Income	0	0	0
(Increase) / decrease in trade and other receivables	(6,105)	0	(6,105)
(Increase) / decrease in inventories	95	0	95
Increase / (decrease) in trade and other payables	1,749	0	1,749
Increase / (decrease) in provisions	4,633	8,992	13,625
<b>Net cash outflow from operating activities</b>	<b>(991,438)</b>	<b>0</b>	<b>(991,438)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(15,408)	0	(15,408)
Purchase of intangible assets	(629)	0	(629)
Investment Additions	(976)	0	(976)
Proceeds of disposal of property, plant and equipment	780	0	780
Receipts From Sale of Investments	0	0	0
Proceeds of disposal of intangible assets	0	0	0
Interest received	0	0	0
<b>Net cash outflow from investing activities</b>	<b>(16,233)</b>	<b>0</b>	<b>(16,233)</b>
<b>Cash flows from financing activities</b>			
Funding	1,029,434	0	1,029,434
Movement in general fund working capital	1,718	0	1,718
Cash drawn down	1,031,152	0	1,031,152
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(4,943)	0	(4,943)
Interest paid	591	0	591
Interest element of finance leases and on-balance sheet PFI/PPP contracts	(17,551)	0	(17,551)
<b>Net Financing</b>	<b>1,009,249</b>	<b>0</b>	<b>1,009,249</b>
<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>1,578</b>	<b>0</b>	<b>1,578</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,264</b>		<b>1,264</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,842</b>	<b>0</b>	<b>2,842</b>
<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
Increase/(decrease) in cash in year	1,578	0	1,578
Net debt/cash at 1 April	1,264	0	1,264
<b>Net debt/cash at 31 March</b>	<b>2,842</b>	<b>0</b>	<b>2,842</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

27. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED

AT 31 MARCH 2015

Assets Per Balance Sheet

	Note	Loans and Receivables £000	Available for Sale £000	Total £000
Investments	<u>14</u>	0	5,717	5,717
Trade and Other Receivables Excluding Prepayments, Reimbursements of Provisions and VAT Recoverable.	<u>13</u>	7,171	0	7,171
Cash and Cash Equivalents	<u>15</u>	1,268	0	1,268
		<u>8,439</u>	<u>5,717</u>	<u>14,156</u>

BOARD

AT 31 MARCH 2015

Assets Per Balance Sheet

	Note	Loans and Receivables £000	Available for Sale £000	Total £000
Investments	<u>14</u>	0	976	976
Trade and Other Receivables Excluding Prepayments, Reimbursements of Provisions and VAT Recoverable.	<u>13</u>	7,190	0	7,190
Cash and Cash Equivalents	<u>15</u>	455	0	455
		<u>7,645</u>	<u>976</u>	<u>8,621</u>

CONSOLIDATED (Prior Year)

AT 31 MARCH 2014

Assets Per Balance Sheet

	Note	Loans and Receivables £000	Available for Sale £000	Total £000
Investments	<u>14</u>	0	5,216	5,216
Trade and Other Receivables Excluding Prepayments, Reimbursements of Provisions and VAT Recoverable.	<u>13</u>	6,565	0	6,565
Cash and Cash Equivalents	<u>15</u>	2,842	0	2,842
		<u>9,407</u>	<u>5,216</u>	<u>14,623</u>

BOARD

AT 31 MARCH 2014

Assets Per Balance Sheet

	Note	Loans and Receivables £000	Available for Sale £000	Total £000
Investments	<u>14</u>	0	976	976
Trade and Other Receivables Excluding Prepayments, Reimbursements of Provisions and VAT Recoverable.	<u>13</u>	6,565	0	6,565
Cash and Cash Equivalents	<u>15</u>	1,960	0	1,960
		<u>8,525</u>	<u>976</u>	<u>9,501</u>



LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

27. FINANCIAL INSTRUMENTS CONTINUED

Financial Liabilities

CONSOLIDATED

AT 31 MARCH 2015

Liabilities Per Balance Sheet

	Note	Other Financial Liabilities £000	Total £000
PFI Liabilities	<u>16</u>	153,078	153,078
Trade and Other Payables excluding Statutory Liabilities (VAT and Income Tax and Social Security) Deferred Income and Superannuation	<u>16</u>	109,372	109,372
		<u>262,450</u>	<u>262,450</u>

BOARD

AT 31 MARCH 2015

Liabilities Per Balance Sheet

	Note	Other Financial Liabilities	Total
PFI Liabilities	<u>16</u>	153,078	153,078
Trade and Other Payables excluding Statutory Liabilities (VAT and Income Tax and Social Security) Deferred Income and Superannuation	<u>16</u>	109,069	109,069
		<u>262,147</u>	<u>262,147</u>

CONSOLIDATED (Prior Year)

AT 31 MARCH 2014

Liabilities Per Balance Sheet

	Note	Other Financial Liabilities £000	Total £000
PFI Liabilities	<u>16</u>	159,599	159,599
Trade and Other Payables excluding Statutory Liabilities (VAT and Income Tax and Social Security) Deferred Income and Superannuation	<u>16</u>	86,736	86,736
		<u>246,335</u>	<u>246,335</u>

BOARD (Prior Year)

AT 31 MARCH 2014

Liabilities Per Balance Sheet

	Note	Other Financial Liabilities £000	Total £000
PFI Liabilities	<u>16</u>	159,599	159,599
Trade and Other Payables excluding Statutory Liabilities (VAT and Income Tax and Social Security) Deferred Income and Superannuation	<u>16</u>	86,692	86,692
		<u>246,291</u>	<u>246,291</u>

**LANARKSHIRE HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**27. FINANCIAL INSTRUMENTS CONTINUED**  
**Financial Risk Factors**

**Exposure to Risk**

The NHS Board's activities expose it to a variety of financial risks:

Credit risk - the possibility that other parties might fail to pay amounts due.

Liquidity risk - the possibility that the NHS Board might not have funds available to meet its commitments to make payments.

Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

Because of the largely non-trading nature of its activities and the way in which government departments are financed, the NHS Board is not exposed to the degree of financial risk faced by business entities.

**Risk Management Policies**

Lanarkshire Health Board has a Risk Management Strategy in place which forms a key part of Lanarkshire Health Board's system of internal control. The strategy makes clear the Chief Executive's overall responsibility for risk management with leadership and accountability across Lanarkshire Health Board clearly defined, to include the responsibilities of directors, local managers and individual staff in supporting the delivery of the strategy and the identification and assessment of risk. The Board also has written policies which are part of a dedicated Risk Management web-page covering for example, Risk Management Strategy, Risk Register Guidance, Incident Management Guidance, Critical Incident Review.

**a) Credit Risk**

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with an minimum rating of 'A' are accepted.

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period and no losses are expected from non-performance by any counterparties in relation to deposits.

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

27. FINANCIAL INSTRUMENTS CONTINUED

**b) Liquidity Risk**

The Scottish Parliament makes provision for the use of resources by the NHS Board for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. The NHS Board is not therefore exposed to significant liquidity risks.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less Than 1 Year £000	Between 1 and 2 Years £000	Between 2 and 5 Years £000	Over 5 Years £000
<b>As at 31 March 2015</b>				
PFI Liabilities	7,537	8,661	33,940	102,940
Total	<b>7,537</b>	<b>8,661</b>	<b>33,940</b>	<b>102,940</b>
	Less Than 1 Year £000	Between 1 and 2 Years £000	Between 2 and 5 Years £000	Over 5 Years £000
<b>As at 31 March 2014</b>				
PFI Liabilities	5,773	6,707	27,012	120,107
Total	<b>5,773</b>	<b>6,707</b>	<b>27,012</b>	<b>120,107</b>

**c) Market Risk**

The NHS Board has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the NHS Board in undertaking its activities.

**i) Cash Flow and Fair Value Interest Rate Risk**

The NHS Board has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

**ii) Foreign Currency Risk**

The NHS Board is not exposed to foreign currency risk.

**iii) Price Risk**

The NHS Board is not exposed to equity security price risk.

**d) Fair Value Estimation**

Fair Value is not considered to be materially different to carrying value.

**LANARKSHIRE HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**28. DERIVATIVE FINANCIAL INSTRUMENTS (CONSOLIDATED AND BOARD)**

**Note : Lanarkshire Health Board has not entered into any such transactions.**



**LANARKSHIRE HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**29. RELATED PARTY TRANSACTIONS**

The Board had various material transactions with other government departments and other central government bodies.

No board member, key manager or other related party has undertaken any material transactions with the Board during the year.

The Council Representatives of North Lanarkshire Council and South Lanarkshire Council are non-executive directors of Lanarkshire Health Board.

Expenditure with the two Councils in 2014-15 was:

North Lanarkshire Council £28.356m (2013-14 £26.805m) and South Lanarkshire Council £29.706m (2013-14 £21.916m)

Income derived from the two Councils was:

North Lanarkshire Council £6.060m (2013-14 £2.965m) and South Lanarkshire Council £1.228m (2013-14 £2.618m)

Expenditure still due to the two Councils is :

North Lanarkshire Council £0.186m and South Lanarkshire Council £0.041m.

Income still due from the two Councils is:

North Lanarkshire Council £1.825m and South Lanarkshire Council £0.517m.

The Board Members are all Trustees of the Lanarkshire Health Board Endowment Fund. The Endowment Fund Accounts are now consolidated with the Board Accounts.

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 MARCH 2015

## 30. SEGMENT INFORMATION

Segmental information as required under IFRS has been reported for each strategic objective

	Acute Operating Division £000	Corporate Functions £000	CHP North £000	CHP South £000	Primary Care Area Wide Services £000	Other Healthcare Providers NHSL Wide £000	Total 2014 £000
Net operating cost reported to Board at 31 March 2015	323,362	124,855	109,377	50,388	339,364	253,873	1,201,219
Net Operating Cost per Annual Accounts	323,362	124,855	109,377	50,388	339,364	253,873	1,201,219

The Board has been designated as the Chief Operating Decision Maker because it directs and controls the overall business of Lanarkshire Health Board. The reported segments have been chosen, as this is the basis for reporting operating and financial information to the Board.

## SEGMENT INFORMATION - PRIOR YEAR

Segmental information as required under IFRS has been reported for each strategic objective

	Acute Operating Division £000	Corporate Functions £000	CHP North £000	CHP South £000	Primary Care Area Wide Services £000	Other Healthcare Providers NHSL Wide £000	Total 2013 £000
Net operating cost reported to Board at 31 March 2014	299,974	116,070	107,713	51,449	284,195	179,809	1,039,210
Net Operating Cost per Annual Accounts	299,974	116,070	107,713	51,449	284,195	179,809	1,039,210

The Board has been designated as the Chief Operating Decision Maker because it directs and controls the overall business of Lanarkshire Health Board. The reported segments have been chosen, as this is the basis for reporting operating and financial information to the Board.

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

**31. THIRD PARTY ASSETS**

Third Party Assets managed by the Board consist of balances on Patients Private Funds Accounts.

These are not departmental assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances and monies on deposit, and listed securities.

They are set out in the table immediately below.

	2014 £000	Gross Inflows £000	Gross Outflows £000	2015 £000
Monetary Amounts Such as Bank Balances and Monies on Deposit - Patients Funds Accounts	908	449	(589)	768
Total Monetary Assets	<u>908</u>	<u>449</u>	<u>(589)</u>	<u>768</u>

**LANARKSHIRE HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**32. EXIT PACKAGES**

<b>Exit Package Cost Band</b>	<b>Number of Compulsory Redundancies</b>	<b>Number of Other Departures Agreed</b>	<b>Total Number of Exit Packages by Cost Band</b>
<£10,000	0	2	2
£10,000 - £25,000	0	2	2
£50,000 - £100,000	0	1	1
<b>Total Number Exit Packages By Type</b>	<b>0</b>	<b>5</b>	<b>5</b>
<b>Total Resource Cost (£'000)</b>	<b>0</b>	<b>133</b>	<b>133</b>

**EXIT PACKAGES - PRIOR YEAR**

<b>Exit Package Cost Band</b>	<b>Number of compulsory redundancies</b>	<b>Number of Other Departures Agreed</b>	<b>Total Number of Exit Packages by Cost Band</b>
£25,000 - £50,000	0	1	1
<b>Total Number Exit Packages By Type</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Total Resource Cost (£'000)</b>	<b>0</b>	<b>50</b>	<b>50</b>



## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 33a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group 2014 £'000		Board 2015 £'000	Endowments 2015 £'000	Intra Group Adjustment 2015 £'000	Consolidated 2015 £'000
	<b>Clinical Services Costs</b>				
829,758	Hospital and Community	936,960	0	0	936,960
45,015	Less: Hospital and Community Income	32,428	0	0	32,428
<u>784,743</u>		<u>904,532</u>	<u>0</u>	<u>0</u>	<u>904,532</u>
258,332	Family Health	303,492	0	0	303,492
7,376	Less: Family Health Income	8,756	0	0	8,756
<u>250,956</u>		<u>294,736</u>	<u>0</u>	<u>0</u>	<u>294,736</u>
<b>1,035,699</b>	<b>Total Clinical Services Costs</b>	<b>1,199,268</b>	<b>0</b>	<b>0</b>	<b>1,199,268</b>
8,899	Administration Costs	8,771	0	0	8,771
0	Less: Administration Income	0	0	0	0
<u>8,899</u>		<u>8,771</u>	<u>0</u>	<u>0</u>	<u>8,771</u>
29,734	Other Non Clinical Services	31,666	869	0	32,535
26,307	Less: Other Operating Income	38,486	1,019	0	39,505
<u>3,427</u>		<u>(6,820)</u>	<u>(150)</u>	<u>0</u>	<u>(6,970)</u>
<b>1,048,025</b>	<b>Net Operating Costs</b>	<b>1,201,219</b>	<b>(150)</b>	<b>0</b>	<b>1,201,069</b>

Brief details should be provided for each adjustment included in column E (Intra Group Adjustments) above:

The Board recharges £30,000 staff costs during the year.

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 33b. CONSOLIDATED GROUP BALANCE SHEET

Group 2014 £'000		Note	Board 2015 £'000	Endowment 2015 £'000	Intra Group adjustment 2015 £'000	Group 2015 £'000
	<b>Non-current assets:</b>					
477,033	Property, plant and equipment	<u>11</u>	524,807	0	0	524,807
2,317	Intangible assets	<u>10</u>	2,285	0	0	2,285
	Financial assets:					
5,216	Available for sale financial assets	<u>14</u>	976	4,741	0	5,717
12,774	Trade and other receivables	<u>13</u>	20,001	0	0	20,001
<b>497,340</b>	<b>Total non-current assets</b>		<b>548,069</b>	<b>4,741</b>	<b>0</b>	<b>552,810</b>
	<b>Current Assets:</b>					
5,182	Inventories	<u>12</u>	5,363	0	0	5,363
	Financial assets:					
44,866	Trade and other receivables	<u>13</u>	40,549	20	(38)	40,531
2,842	Cash and cash equivalents	<u>15</u>	455	813	0	1,268
0	Available for sale financial assets	<u>14</u>	0	0	0	0
0	Derivatives financial assets	<u>28</u>	0	0	0	0
2,121	Assets classified as held for sale	<u>11c</u>	5,916	0	0	5,916
<b>55,011</b>	<b>Total current assets</b>		<b>52,283</b>	<b>833</b>	<b>(38)</b>	<b>53,078</b>
<b>552,351</b>	<b>Total assets</b>		<b>600,352</b>	<b>5,574</b>	<b>(38)</b>	<b>605,888</b>
	<b>Current liabilities</b>					
(49,398)	Provisions	<u>17</u>	(32,402)	0	0	(32,402)
	Financial liabilities:					
(116,743)	Trade and other payables	<u>16</u>	(144,978)	(342)	38	(145,282)
0	Derivatives financial liabilities	<u>28</u>	0	0	0	0
<b>(166,141)</b>	<b>Total current liabilities</b>		<b>(177,380)</b>	<b>(342)</b>	<b>38</b>	<b>(177,684)</b>
<b>386,210</b>	<b>Non-current assets plus/less net current assets/liabilities</b>		<b>422,972</b>	<b>5,232</b>	<b>0</b>	<b>428,204</b>
	<b>Non-current liabilities</b>					
(38,668)	Provisions	<u>17</u>	(48,619)	0	0	(48,619)
	Financial liabilities:					
(153,826)	Trade and other payables	<u>16</u>	(173,104)	0	0	(173,104)
<b>(192,494)</b>	<b>Total non-current liabilities</b>		<b>(221,723)</b>	<b>0</b>	<b>0</b>	<b>(221,723)</b>
<b>193,716</b>	<b>Assets less liabilities</b>		<b>201,249</b>	<b>5,232</b>	<b>0</b>	<b>206,481</b>
	<b>Taxpayers' Equity</b>					
36,981	General fund	SOCTE	30,038	0	0	30,038
151,653	Revaluation reserve	SOCTE	171,211	0	0	171,211
0	Other reserves	SOCTE	0	0	0	0
5,082	Funds Held on Trust	SOCTE	0	5,232	0	5,232
<b>193,716</b>	<b>Total taxpayers' equity</b>		<b>201,249</b>	<b>5,232</b>	<b>0</b>	<b>206,481</b>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

## 33c. CONSOLIDATED STATEMENT OF CASHFLOWS

Board 2014 £'000	Endowment 2014 £'000	Group 2014 £'000		Board 2015 £'000	Endowment 2015 £'000	Group 2015 £'000
			<b>Cash flows from operating activities</b>			
(1,048,202)	177	(1,048,025)	Net operating cost	(1,201,219)	150	(1,201,069)
30,579	(316)	30,263	Adjustments for non-cash transactions	23,193	(501)	22,692
16,960	0	16,960	Add back: interest payable recognised in net operating cost	16,125	0	16,125
0	0	0	Deduct: interest receivable recognised in net operating cost	0	0	0
0	0	0	Investment Income	0	0	0
(6,107)	2	(6,105)	(Increase) / decrease in trade and other receivables	(2,914)	(8)	(2,922)
95	0	95	(Increase) / decrease in inventories	(181)	0	(181)
1,752	(3)	1,749	Increase / (decrease) in trade and other payables	28,163	290	28,453
13,625	0	13,625	Increase / (decrease) in provisions	(7,064)	0	(7,064)
<b>(991,298)</b>	<b>(140)</b>	<b>(991,438)</b>	<b>Net cash outflow from operating activities</b>	<b>(1,143,897)</b>	<b>(69)</b>	<b>(1,143,966)</b>
			<b>Cash flows from investing activities</b>			
(15,408)	0	(15,408)	Purchase of property, plant and equipment	(21,837)	0	(21,837)
(629)	0	(629)	Purchase of intangible assets	(709)	0	(709)
(976)	0	(976)	Investment Additions	0	0	0
780	0	780	Proceeds of disposal of property, plant and equipment	438	0	438
0	0	0	Proceeds of disposal of intangible assets	0	0	0
0	0	0	Receipts from sale of investments	0	0	0
0	0	0	Interest and dividends received	0	0	0
<b>(16,233)</b>	<b>0</b>	<b>(16,233)</b>	<b>Net cash outflow from investing activities</b>	<b>(22,108)</b>	<b>0</b>	<b>(22,108)</b>
			<b>Cash flows from financing activities</b>			
1,029,434	0	1,029,434	Funding	1,188,651	0	1,188,651
1,718	0	1,718	Movement in general fund working capital	(1,505)	0	(1,505)
<b>1,031,152</b>	<b>0</b>	<b>1,031,152</b>	<b>Cash drawn down</b>	<b>1,187,146</b>	<b>0</b>	<b>1,187,146</b>
(4,943)	0	(4,943)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(6,521)	0	(6,521)
591	0	591	Interest paid	676	0	676
(17,551)	0	(17,551)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	(16,801)	0	(16,801)
<b>1,009,249</b>	<b>0</b>	<b>1,009,249</b>	<b>Net Financing</b>	<b>1,164,500</b>	<b>0</b>	<b>1,164,500</b>
1,718	(140)	1,578	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>(1,505)</b>	<b>(69)</b>	<b>(1,574)</b>
242	1,022	1,264	<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,960</b>	<b>882</b>	<b>2,842</b>
<b>1,960</b>	<b>882</b>	<b>2,842</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>455</b>	<b>813</b>	<b>1,268</b>
			<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
1,718	(140)	1,578	Increase/(decrease) in cash in year	(1,505)	(69)	(1,574)
242	1,022	1,264	Net debt/cash at 1 April	1,960	882	2,842
<b>1,960</b>	<b>882</b>	<b>2,842</b>	<b>Net debt/cash at 31 March</b>	<b>455</b>	<b>813</b>	<b>1,268</b>

LANARKSHIRE HEALTH BOARD

PAYMENT POLICY

FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
Average Number of Days Credit Taken	8	9
<b>Contractual 30 Day Payment Policy</b>		
Total Number of Invoices	152,570	151,181
Total Number of Invoices Paid Within 30 Days	142,296	141,159
% By Volume of Invoices Paid Within 30 Days	93.27	93.37
% By Value of Invoices Paid Within 30 Days	95.03	93.69
<b>Aspirational 10 Day Target</b>		
Total Number of Invoices	152,570	151,181
Total Number of Invoices Paid Within 10 Days	133,113	120,502
% By Volume of Invoices Paid Within 10 Days	87.25	79.71
% By Value of Invoices Paid Within 10 Days	89.50	83.96



**LANARKSHIRE HEALTH BOARD**  
**RESOURCE AND CASH OUTTURN**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	Limit set by SGHD £000	Actual Outturn £000	Variance (over)/under £000
<b>Revenue Resource Limit</b>			
- Core	1,107,141	1,106,741	400
- Non Core	20,767	20,767	0
<b>Capital Resource Limit</b>			
- Core	25,850	25,850	0
- Non Core	27,560	27,560	0
<b>Cash Requirement</b>	1,187,146	1,187,146	0

**LANARKSHIRE HEALTH BOARD**  
**SICKNESS ABSENCE**  
**FOR THE YEAR ENDED 31 MARCH 2015**

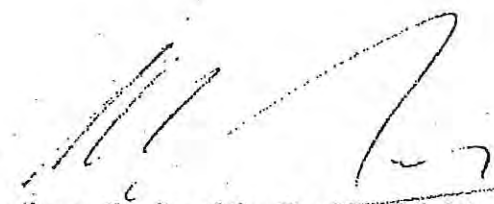
	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
Sickness Absence Rate	5.0	4.7



**Lanarkshire Health Board**

**DIRECTION BY THE SCOTTISH MINISTERS**

1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.

  
Signed by the authority of the Scottish Ministers

Dated 10/2/2006