



# LANARKSHIRE NHS BOARD

**LANARKSHIRE HEALTH BOARD**

**ANNUAL ACCOUNTS**

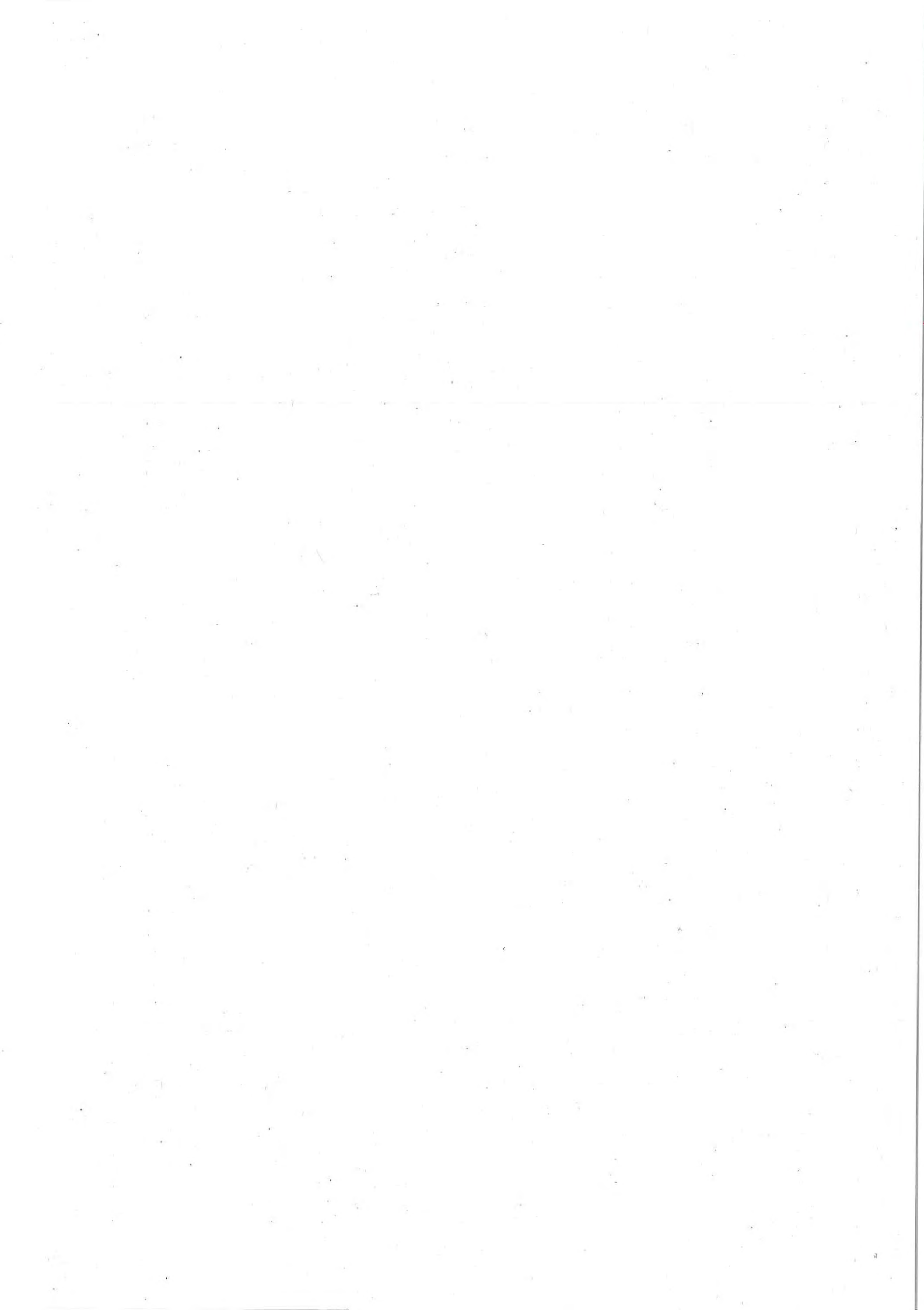
**FOR**

**THE YEAR ENDED 31 MARCH 2016**



**NHS LANARKSHIRE**  
**ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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## **SECTION A - PERFORMANCE REPORT**

### **1. OVERVIEW**

#### Lanarkshire NHS Board – Role and Responsibilities

NHS Lanarkshire serves a population of 653,310. Since 1 April 2014 its boundaries have been fully coterminous with North and South Lanarkshire Councils.

The legal entity is Lanarkshire Health Board (commonly known as NHS Lanarkshire). Up until 31<sup>st</sup> March, operational delivery was organised around an Acute Services Division and, in accordance with legislation, two Community Health Partnerships (CHPs) – one for North and one for South Lanarkshire. The Mental Health and Learning Disability service for Lanarkshire was managed by the North Lanarkshire CHP. A range of support services were managed centrally and provided to the operating divisions.

The Public Bodies (Joint Working) (Scotland) Act 2014, which substantially integrates Health and Social Care services, removed legal recognition for the 2 CHPs from 1 April 2015. In their place, two separate legal bodies, known as Integration Joint Boards (IJBs), were established, one for North and one for South Lanarkshire. Under the Act, 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. Legal status was attained with the approval by Scottish Government of their integration schemes in June 2015. The formal transfer of powers to these bodies happened on 1 April 2016.

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 and in line with the strategic commissioning plans of the IJBs;
- 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;

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 also 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 Planning Group. This document will complement the IJBs' strategic commissioning plans and together the 3 documents will form the strategic framework under which Health services will be delivered.

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NHS Lanarkshire continues to work with a range of partners through the IJBs and the wider community planning structures to progress various strategies and integrated models of care. In the North, groups have been developed to refresh joint priorities across the four care groups: Older People, Mental Health, Disability and Addictions. In the South, themed partnerships are addressing Tackling Poverty; Early Years and Early Intervention; Economic Growth and Recovery; Employment; Health Inequality and Physical Activity; Outcomes for Older People and Safer and Stronger Communities or Older People and Safer and Stronger Communities

Patient Safety continues to be a key focus of the Board. A Patient Safety Prioritised Plan (2014-17) was developed and endorsed by the Board at its June 2014 meeting. During 2015/16 improvement work has been taken forward through the Reducing Harm Collaborative covering cardiac arrest, pressure ulcers, catheter associated urinary tract infection (CAUTI) and falls. There has also been a re-focusing on the 10 patient safety essentials.

One of the indicators used nationally to monitor performance is the Hospital Standardised Mortality Ratio (HSMR). As part of the Scottish Patient Safety Programme, launched in 2008, hospitals were given a target of reducing their HSMR by 15% by December 2012 and this was subsequently extended to a 20% reduction by 31 December 2015. In August 2013, by the publication of HSMR data for January to March 2013, the Cabinet Secretary for Health and Wellbeing commissioned HIS to undertake a Rapid Review of the Safety and Quality of Care for Acute Adult Patients in NHS Lanarkshire on the back of concerns that the recently published HSMR data for January to March 2013 had not demonstrated sufficient improvement. NHS Lanarkshire expanded its existing programme of work to ensure the 21 recommendations from that review were appropriately addressed.

All three NHS Lanarkshire Acute Hospitals have exceeded the target set by the Scottish Patient Safety Programme of reducing HSMR by 20% by December 2015, remaining ahead of the national position with only two other hospitals in Scotland achieving a greater reduction in HSMR than Monklands Hospital

Hospital	% reduction compared to 2007 baseline
Hairmyres Hospital	20.7
Monklands Hospital	25.4
Wishaw General Hospital	22.7
<i>Scotland</i>	16.5

Patient safety was also a key driver behind the Board invoking business continuity measures in the GP Out of Hours service during 2015. Longstanding difficulties in filling GP slots were causing cover to be stretched too thinly on an increasing number of occasions, resulting in short notice stand down of some of the centres and longer response times for visits. Staffing was consolidated in two centres, in Hamilton and Airdrie, both of which offered expanded accommodation and a better ability to provide multi-disciplinary support. Since doing this ability to staff the centres and the performance against access targets has markedly improved. A formal review of the GP Out of Hours service had been deferred till after the publication of the national review and will be brought forward through the IJBs and NHS Lanarkshire in 2016.

During the year NHS Lanarkshire sought improvements across the range of its services with highlights set out in the following paragraphs

Capital & Revenue Property Investment

£23.2m of capital was invested in year in order to:

- Address fire safety and replacement of flat roofing as part of continued works to improve the fabric of Monklands District General Hospital (£0.756m);

- Create a new Intensive Care Unit and start a phased replacement of all 7 theatres on the Monklands site with state of the art facilities. £7m was spent in year as part of a £19.8m programme which will be complete in 2018;
- Complete the Lanarkshire Beatson Radiotherapy Satellite Centre (£6.1m) on the Monklands site. This £22m facility was opened in December 2015 in response to growing demand for radiotherapy. The Clinical services are managed as a whole by the main Beatson cancer centre allowing Lanarkshire and other West of Scotland residents to access the same standard of care closer to home in high quality modern surroundings;
- Consolidate pathology services in a new laboratory at Monklands as part of the Board's overall laboratory strategy. £2.3m was spent in year, completing the £2.8m project;
- Equip the 3 new Community Health Centres at East Kilbride, Kilsyth and Wishaw (£1.1m). The Health centres themselves, valued at £39.5m as 31 March 2016 were developed under the Scottish Futures Trust Hubco leased model and all three centres opened during the year. They offer a significant improvement on previous facilities and by working closely with the councils provide an expanded range of community services;
- Replace key medical equipment (£3.8m) and invest in IT infrastructure and services (£2.1m).

NHS Lanarkshire's Property Strategy aims to ensure that the condition of the Board's estate supports the delivery of patient care in a safe and functionally suitable environment. During the year to 31 March 2016, in addition to the £23.2m Capital Programme, £4.3m was spent in supporting these aims. This included:

- Works to improve functionality and assist with more efficient patient flow £1.79m;
- Improving the external and internal fabric of community hospitals and other primary care premises - £1.17m;
- Building improvement works at Parkside unit Cleland - £0.39m;
- Fire Safety improvements and Asbestos Management in Community Premises and Health Centres - £0.69m;
- Statutory Health and Safety works - £0.15m.

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

Modernisation of mental health services continues in Lanarkshire with a broader focus on the wider determinants of mental health, well-being and recovery. These are fundamental to a modernisation programme that has shifted the balance of care from hospital to locally based community care, which is increasingly being delivered through a tiered model. Lanarkshire has seen a significant improvement in safe, efficient, person centred care while at the same maximising capacity to meet increasing service demand, which remains a consistent challenge.

Proportionate investment and co-ordination of action across the tiers, in collaboration with North and South Lanarkshire Council, national partners such as NHS24, third sector and wider community assets, has seen a simultaneous increase in the use and development of lower tier social prescribing and self-management programmes (biblio-therapy, web-based support, technology enabled care, telephone cognitive behavioural therapy, stress control, guided self-help, peer support and community link workers); increase in the availability and use of community clinical services through increasing options, whilst also reducing waiting times; improving out of hours support, meeting crisis standards; and improving the range but reducing the overall demand for inpatient stays, including reducing re-admissions.

The plans for integrating acute admission assessment for old age psychiatry on one site at Wishaw General Hospital have begun and should be completed by summer 2017.

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## Cancer

The number of people diagnosed with cancer is rising, thus reflecting the increase in Scotland's ageing population as well as improvements in diagnostics. As treatments improve, more people will live with cancer for longer. The projected change in cancer incidence in Lanarkshire between 2008-12 and 2018-22 is 19.3% though the recent cancer incidence projection incidents from ISD Scotland indicates this will rise in cancer by 32.7% for 2013-2027 with an approximate 12% population projection rise in the over 65 age group. When looking at the projected cancer incidence by gender there is noted to be a rise in males by 35.3% and females by 30.3% over the same time period.

In 2015 there was noted to be a 24% increase in Systemic Anti Cancer Therapy (SACT) in NHS Lanarkshire with a projected increase of at least 8% per annum to continue (Regional SACT Executive Committee 2015/16)

In terms of NHS Lanarkshire's performance against the Cancer Waiting Times Standards (62 and 31 days), NHS Lanarkshire continues to consistently deliver to achieve the National Standard of 95% of all patients referred urgently with a suspicion of cancer within each quarter of 2015 on both standards and overall performance and remains very positive.

NHS Lanarkshire continues to work in collaboration with both North and South Local Authorities and third sector agencies to ensure the Cancer Strategy is delivered within the programme term time (June 2013/16), reflecting the three quality ambitions as outlined in the NHS Scotland Quality Strategy (2012); safe, person centred and effective.

The definitive improvements will provide an overall holistic approach to service provision for each individual patient and their families. In essence, the strategy is the augmentation of prevention and early detection of cancer, provision of high quality treatment and supporting people with a diagnosis of cancer so that they can live full and independent lives within their home and local communities.

The Cancer Strategy has provided the opportunity for teams to take forward innovative projects, demonstrating the benefit of Integrated Health and Social Care services within each stage of the patient pathway from improving public awareness and prevention through to diagnosis, treatment, follow-up care, rehabilitation and end of life care with sustainable outcomes.

## Waiting Times

NHS Lanarkshire performed well against the stage of treatment national waiting times guarantees during 2015/16. 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. For the first 3 quarters of the year NHS Lanarkshire has routinely delivered the national target of 90% of combined performance in respect of 18 week Referral to Treatment (RTT) though in the final quarter that had dropped to 88%.

In terms of stage of treatment performance for routine new outpatient referrals, NHS Lanarkshire saw 90% of patients within 12 weeks during 2015/16. However during the year performance varied. NHS Lanarkshire's performance against the Treatment Time Guarantee (TTG) has been over 90% during 2015/16. However there have been significant pressures in Orthopaedics and Ophthalmology. 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.



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## Nursing Workforce

The £5m expansion of the acute nursing workforce that began in 2013 was completed in 2015. Sustaining numbers in post proved challenging and there was a rise in bank and agency staffing in the latter part of the year, particularly when extra winter capacity was in operation. To avoid gaps recruitment is becoming more proactive, anticipating turnover rather than waiting until the vacancy arises.

Maintaining and, in line with national policy, increasing, the numbers of Health visitors also proved challenging. Structured funded training packages are being offered to encourage nurses to train for this specialised role. As well as 15 completing training courses started in the previous year, 30 further places in 2 waves were supported in 2015/16. The intention is to absorb all successful applicants into substantive posts at the end of their training.

Over 2015/16, NHSL has developed a methodology to review all NMAHP workforce areas to identify and rate existing workforce risks with a view to develop risk management strategies and prioritise areas for future workforce/workload analysis.

NHS Lanarkshire through the integrated Joint Boards continues to develop expanded nursing roles to support the aim of more integrated care in the community. Working in multi disciplinary teams through hospital at home or in integrated support teams.

## Medical Workforce

At 1,104, the whole time equivalent of medical staffing engaged throughout the year was 2.1% up on the previous year. Expenditure however, rose by 8.5 % to £122.5m with the spend on locum staff increasing from £ 6.7m in 2014/15 to £11.8m in the current year. Some specialties are recognised nationally for difficulties in recruitment and medical staffing remains an area of challenge for the Board. As well as difficulties in filling permanent posts in a range of specialities from emergency medicine through to psychiatry, there are also significant gaps in some of the trainee rotas, particularly in Emergency Medicine. As a result the Board utilises additional sessions provided by its own permanent workforce as well as input from locum staff.

The Board is addressing medical recruitment in a number of ways including recruiting doctors through the Medical Training Initiative and improving the experience of doctors in training. The Board is also at the forefront of developing advanced nurse/AHP practice and physician assistant roles to complement the contribution of medical staff in teams.

## Allied Health Professionals

NHS Lanarkshire has made major progress in implementing the National Delivery Plan (NDP) for Allied Health Professional in Scotland, 2012-2015. Key achievements have been:

- An AHP dedicated resource within the emergency departments, available across all acute sites;
- Implemented the National foot care guidelines across NHS Lanarkshire;
- Delivered an integrated falls and fracture pathway: A community integrated fall pathway is in place across Lanarkshire;
- The feasibility of having 7 day access to Occupational Therapy and Physiotherapy was tested and this has been achieved within the physiotherapy service for each of the acute sites;
- Achieved the Waiting Times TGG (18wks);
- Achieve a shift of resource from acute sites to community premises with 74% of AHP services now provided within the community;
- Introduced Radiographer plain film reporting to complement the work undertaken by doctors as well as other skill mix reviews to make the best use of available resources.

Much work has been undertaken to support integrated community care and to help reduce delayed discharges.

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## Health Inequalities

During 2015/16 the inequalities action plan has been developed, focussing on 3 key areas:

- Early years;
- NHSL as an employer;
- Reshaping NHSL services to address inequalities.

Outcomes to date against that action plan include the following:

- The refreshed universal Health Visiting pathway was developed and went live in October. This focuses on prevention, earlier identification of needs and earlier support for those children and their families;
- Progress has been made to identify the health needs of looked after children (My Choices, My Future);
- The 27-30 months assessment of children is fully operational and has identified that just under 40% of the total cohort of children have a developmental need;
- Project Search continues to provide employment training opportunities for 24 young people with learning disabilities in our three acute hospitals;
- The Craigneuk Wishaw work has seen a real focus on community assets and community development of infrastructure such as play areas;
- A food poverty strategy has been developed and this has helped local communities provide food banks and the Lanarkshire Community Food and Health partnership to deliver the Food Aid programme which provides practical support such as cooking skills, access to food co-ops as well as food parcels;
- NHSL is recognised as one of the leading Boards in its support for those affected by Welfare Reform and has supported a range of partnership programmes that have resulted in many millions of pounds of welfare being recovered including introducing access to welfare advice in a number of GP practices;
- A needs assessment regarding the healthcare provision for homeless people was completed and illustrated how their care needs to be improved.

## 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.

The Resilience Group meets quarterly and is chaired by Dr Harpreet Kohli, the Executive Director with lead responsibility for business continuity and emergency planning. During 2015/16 issues considered included a mass casualty action plan in a response to counter terrorism, Ebola Virus Disease preparations, major emergency plan update, implemented PREVENT counter terrorism guidance, oversight of acute and primary care business continuity and emergency planning, undertook a major emergency exercise with the CMT, pandemic flu exercises and planning, and resilience education and training.

## 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 £ 1,669,910 of fraudulent or erroneous exemption claims in 2015/16. This estimated fraud rate is less than in 2014/15 (£1,725,243).

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**2. PERFORMANCE ANALYSIS**

**Performance against Financial Targets**

	Limit as set by SGHSCD	Actual Outturn	Variance (Over) / Under
	£000	£000	£000
1 Core Revenue Resource Limit	1,161,190	1,160,909	281
Non-Core Revenue Resource Limit	26,606	26,606	0
2 Core Capital Resource Limit	21,900	21,900	0
Non-Core Capital Resource Limit	11,310	11,310	0
3 Cash Requirement	1,252,021	1,252,021	0
<b>Memorandum For In Year Outturn</b>			<b>£000</b>
Brought forward surplus from previous financial year			400
Excess against in year total Revenue Resource Limit			(119)

NHS Lanarkshire met all its financial targets in 2015/16 and continued to operate within a balanced financial position. This included the achievement of a £25.7m cash savings programme and £6.0m of productivity gains.

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.

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**PERFORMANCE AGAINST KEY NON FINANCIAL TARGETS**

**Local Delivery Plan and LDP Standards**

The Local Delivery Plan (LDP) 2015-16 set out 21 Standards agreed for delivery between the Scottish Government Health Directorates and Lanarkshire NHS Board. Our performance against 2015/16 Standards is summarised below.

<p><b>NHS Scotland to achieve a 25% increase in the percentage of breast, colorectal and lung cancer cases that are diagnosed at stage 1 in 2010 and 2011 (two calendar years). This to be achieved by December 2015.</b></p> <p><b>Measure:</b> A 25% increase from baseline in 2010 and 2011 equates to a rate of 29% in Lanarkshire by December 2015. Data published annually with a 7 month time lag.</p> <p>Latest national data published on by ISD (18 August 2015) shows Lanarkshire at 24.7% at December 2014.</p>
<p><b>Proportion of patients beginning cancer treatment within 31 days of decision being taken to treat. Standard is 95%.</b></p> <p><b>Measure:</b> Proportion of patients beginning treatment within 31/62 days. Cancer Waiting Times (ISD) published quarterly with a 3 month time lag.</p> <p>Latest national published data shows NHSL at 95.5% at December 2015.</p>
<p><b>Proportion of patients beginning cancer treatment within 62 days from urgent referral with suspicion of cancer. Standard is 95%.</b></p> <p><b>Measure:</b> Proportion of patients beginning treatment within 31/62 days. Cancer Waiting Times (ISD) published quarterly with a 3 month time lag.</p> <p>Latest national published data shows NHSL at 95.3% at December 2015.</p>
<p><b>People newly diagnosed with dementia will have a minimum of a year's post-diagnostic support.</b></p> <p><b>Measure:</b> Number of people newly diagnosed who receive a minimum of one year's post diagnostic support. Number will be determined by the Scottish Diagnosed Incidence Project, due to report in 2016. Data and systems have been finalised nationally and monthly returns are being submitted by Boards.</p> <p>The Scottish Diagnosed Incidence Project will inform target numbers / trajectories for individual NHS Boards. Until this is completed (during 2016) there is no target number / trajectory, or associated published data.</p>
<p><b>Proportion of patients that were seen within the 12 week Treatment Time Guarantee (TTG). Standard is 100% compliance.</b></p> <p><b>Measure:</b> Proportion of patients that were seen within the 12 week TTG. NHS Waiting Times, Stage of Treatment (ISD), published quarterly with two month time lag.</p> <p>Latest national published data shows NHSL at 91.21% at March 2016.</p>
<p><b>90% of patients seen and treated within 18 weeks of referral (acute services). Standard is 90%.</b></p> <p><b>Measure:</b> 90% of patients seen and treated within 18 weeks for initial referral. 18 weeks RTT (ISD) published quarterly with 2 month time lag.</p> <p>Latest national published data shows NHSL at 88% at March 2016.</p>

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**12 weeks first outpatient appointment. Standard is 95%.**

**Measure:** *Percentage of patients waiting no more than 12 weeks from referral (all sources) to first outpatient appointment. NHS Waiting Times, Stage of Treatment, published quarterly with two month time lag.*

Latest national published data shows NHSL at 92.87% at March 2016.

**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.**

**Measure:** *% of pregnant women in each SIMD quintile booked for antenatal care by 12<sup>th</sup> week of gestation. ISD Births in Scottish Hospitals, annual, time lag of at least a year.*

Latest national published data shows NHSL ranging from 83% to 86.5% across the five quintiles at March 2015.

**Eligible patients will commence IVF treatment within 12 months. Standard is 90%.**

**Measure:** *90% of eligible patients screened for IVF treatment within 12 months of decision to treat made by one of the four national IVF centres. ISD, quarterly, with two month time lag.*

Latest national published data shows NHSL at 99.7% at March 2016.

**18 weeks referral to treatment (RTT) for specialist Child & Adolescent Mental Health Services (CAMHS). Standard is 90%.**

**Measure:** *90% of patients referred for CAMHS are to start treatment within 18 weeks of referral. ISD, published quarterly with two month time lag.*

Latest national published data shows NHSL at 97.7% at December 2015.

**18 weeks referral to treatment (RTT) for Psychological Therapies. Standard is 90%.**

**Measure:** *90% of patients referred for Psychological Therapies are to start treatment within 18 weeks of referral. ISD, published quarterly with two month time lag.*

Latest national published data shows NHSL at 98.6% at December 2015.

**Maximum rate of 0.32 Clostridium difficile (C diff) infections in patients aged 15 years and over per 1,000 total occupied bed days.**

**Measure:** *Rate of C diff per 1,000 total occupied bed days. Data published by Health Protection Scotland, quarterly, calculated against quarterly rolling year, three months time lag.*

Latest national published data shows NHSL at 0.41 at December 2015.

**Maximum rate of 0.24 of staphylococcus aureus bacteraemia (SAB) (including MRSA) per 1,000 total occupied bed days.**

**Measure:** *Rate of SABs per 1,000 total occupied bed days. Data published by Health Protection Scotland, quarterly, calculated against quarterly rolling year, three months time lag.*

Latest national published data shows NHSL at 0.37 at December 2015.

**Clients will wait no longer than 3 weeks from referral received to appropriate drug or alcohol treatment that supports their recovery. Standard is 90%.**

**Measure:** *90% of clients referred for drug and alcohol treatment are to be treated within 3 weeks of date referral received. Data published in Drug & Alcohol Waiting Times Database by ISD, quarterly, three months time lag.*

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<p>Latest national published data shows NHSL at 99.8% at December 2015.</p>
<p><b>Sustain and embed alcohol brief interventions (ABIs) in 3 priority settings (primary care, A&amp;E, antenatal) and broaden delivery in wider settings. Number of ABIs to be delivered in year – 7,381.</b></p> <p><b>Measure:</b> <i>Number of ABIs delivered in 2015/16. ISD, annual, three month time lag.</i></p> <p>Latest national published data shows NHSL at 9,966 at March 2015.</p>
<p><b>Sustain and embed successful smoking cessation quits at 12 weeks post quit, in the 40% most deprived SIMD areas. Number of 12 week quits to be delivered in 2015/16 – 1,118.</b></p> <p><b>Measure:</b> <i>Number of 12 week quits for people residing in the 40% most deprived datazones in the NHS Board (i.e., the most deprived quintiles). ISD SCS Database, annual data, 6 month time lag.</i></p> <p>Latest national published data shows NHSL at 551 at September 2015.</p>
<p><b>48 hour access to an appropriate member of the Primary Care Team. Standard is 90%.</b></p> <p><b>Measure:</b> <i>Health &amp; Care Experience Survey, biennial, published by Scottish Government.</i></p> <p>Latest national published data shows NHSL at 89.9% based on the Health &amp; Care Experience Survey published in May 2014. The next survey is due to be published in May 2016.</p>
<p><b>Advance booking of an appointment with a GP three or more working days in advance. Standard is 90%.</b></p> <p><b>Measure:</b> <i>Health &amp; Care Experience Survey, biennial, published by Scottish Government.</i></p> <p>Latest national published data shows NHSL at 72% based on the Health &amp; Care Experience Survey published in May 2014. The next survey is due to be published in May 2016.</p>
<p><b>Sickness absence to be 4% or less.</b></p> <p><b>Measure:</b> <i>NHS Scotland Workforce Statistics: Sickness Absence Rate (from SWISS). Reported annually, by financial year, time lag two months.</i></p> <p>Latest national published data shows NHSL at 5.48% at March 2016.</p>
<p><b>4 hours from arrival to admission or discharge or transfer for A&amp;E treatment. Standard 95%.</b></p> <p><b>Measure:</b> <i>Emergency Department Activity and Waiting times (ISD) published quarterly, two month time lag.</i></p> <p>Latest national published data shows NHSL at 91.9% at March 2016.</p>
<p><b>NHS Boards to operate within their agreed revenue resource limit, capital resource limit, and meet their cash requirement.</b></p> <p><b>Measure:</b> <i>Monthly financial monitoring returns</i></p> <p>This was achieved at the year end (see section 2 performance against financial targets)</p>

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## **Health & Social Care Partnerships**

In response to the Public Bodies (Joint Working) (Scotland) Act 2014, both Lanarkshire Partnerships have taken forward a significant amount of work to establish arrangements for health and social care integration. The Integration Schemes for North and South partnerships were approved in June and September 2015 respectively, allowing the formal introduction of the two Integrated Joint Boards.

Work on the Joint Strategic Needs Assessment is at an advanced stage, providing critical information to both partnerships, whilst also underpinning the development of NHS Lanarkshire's Healthcare Strategy. Integration signals a move towards Locality-based planning, providing Localities with the autonomy to identify priorities and shift resources appropriately. Locality profiles have been developed in each partnership providing an assessment of activity, demand and resource within each of the ten Localities, supporting the identification of key actions to enable the delivery of better outcomes for the people of Lanarkshire.

Both partnerships are developing Strategic Commissioning Plans, setting out the framework for how the Integration Boards will take forward the commissioning of services over the next ten years. Significant engagement has taken place with a rolling programme of Locality events, involving all key stakeholders including frontline staff, GPs, users, carers and the third and independent sectors. Critical to the success of the H&SCPs will be the engagement of GPs within the localities and the creation of integrated systems which bring together primary and secondary care along with Social Work services, the Third and Independent Sectors.

An Integrated Performance Framework for both partnerships, linked to the nine national Health and Wellbeing Outcomes, is at an advanced stage. This will be critical in supporting the demonstration of progress in key areas such as Unscheduled Care and Delayed Discharge performance as well as improved outcomes for people accessing advice, information, support and care and improvements in prevention and early intervention.

## **Performance Management Reports within Lanarkshire NHS Board**

During 2015/16, as planned, the system and arrangements for corporate performance reporting were developed to provide an online electronic system comprising 89 KPIs and 22 narrative reports, including Local Delivery Plan Standards. The first Integrated Corporate Performance Report to the Planning, Performance and Resources Committee (PP&RC) was in September 2015, comprising a demonstration of the live electronic dashboard. From November 2015, the PP&RC has received full access to the live ICPR dashboard, and provided feedback in February 2016 resulting in further improvements to the system. It will continue to be developed in the light of experience during 2016/17.

The previous Quarterly Local Delivery Plan Report to the Board was subsumed into the new ICPR but has been re-instated as a separate summary report to Board following Internal Audit recommendations in spring 2016.

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**Sustainability and Environmental Reporting**

NHS Lanarkshire updated and submitted a Sustainable Development Action Plan (SDAP) in October 2015 and has been addressing many of the wider sustainability challenges raised by the Good Corporate Citizenship Assessment Model (GCCAM) [NHS CEL 14 (2010)]. The NHS Lanarkshire Sustainability & Environment Group continues to ensure that all relevant statutory and mandatory legislation is complied with.

The following table outlines current GCCAM Performance.

**NHS Lanarkshire GCCAM Comparison scores 2014-15 v 2015-16**

	2014/2015	2015/2016
Buildings	56%	57%
Community Engagement	57%	61%
Workforce	65%	67%
Facilities Management	63%	65%
Procurement	50%	52%
Travel	61%	61%

There has been an increase in scores in the Buildings and Facilities Management categories, due to the work that has been carried out in the last year around staff travel and climate change adaptation. The improvement in Community Engagement can be attributed to consultation at the 3 new Build Health Centres and the Lanarkshire Beatson Facility.

**Energy & Greenhouse Gas Targets 2020/21**

Work on the new 10 bed ICU / Theatre refurbishment at Monklands Hospital is ongoing and the BREEAM Pre-assessment rating at design stage of Very Good was achieved.

The NHSScotland energy and GHG targeting regime changed from April 2015 after the end of the Phase 2 HEAT Reporting on E8 KPM1 and KPM2. The new emissions and energy targets are percentage reduction targets based on a 3 year average baseline to financial year 2020/21. It should be noted that NHS Lanarkshire exceeded the Phase 2 HEAT targets by 1% and 2% respectively for energy and greenhouse gas emissions respectively.

**NHS Lanarkshire Performance 2015/16**

The three new Health Centres and Lanarkshire Beatson (which opened in 2015/16) are significantly more energy intensive due to site activities. Due to previous energy efficiency projects across the wider estate, achievement of the 2016-21 targets will be challenging as opportunities for further efficiency improvements become increasingly difficult to identify and funding constraints restrict the viability of further improvement projects. Most new energy efficiency projects now need to dovetail with lifecycle replacement opportunities to become viable, or alternative funding sources are required.

**Carbon Management Programme**

The Carbon Management Programme (CMP) (2% reduced CO<sub>2</sub>) target of 15% by 2016 has been exceeded by 18% and is equivalent to a reduction of over 6,900 tonnes of CO<sub>2</sub>. This has been achieved through energy and water efficiency measures, awareness raising initiatives and travel reduction projects. A decision was taken by the Sustainability & Environment Group in 2014 not to renew the CMP targets at the end of the reporting period as the Sustainable Development Action Plan and the 2016-21 energy and GHG targets are evidence that NHS Lanarkshire are continuing efforts to reduce our carbon footprint. The impact of CRC – EES significantly increased from 2014/15 as the price/tonne rose from £12 /tonne to £16.40 /tonne. NHS Lanarkshire took advantage of a buy in advance allowances at a cheaper rate, at a saving of over £27,000. Some of this improvement has, however, been offset by service expansion and increased reliance on electricity to power equipment.



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**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. Participants in the scheme are required to monitor their CO<sub>2</sub> emissions based on energy use in buildings, and to buy allowances from The Environment Agency/SEPA for each tonne of CO<sub>2</sub> they emit. NHS Lanarkshire has implemented a range of measures to ensure that the CRC–EES financial burden is minimised. The impact of CRC – EES significantly increased from 2014/15 as the price/tonne rose from £12 /tonne to £16.40/tonne.

**Next Steps**

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 equipment.

NHS Lanarkshire has developed an energy investment programme linked to EAMS and the NHS Lanarkshire Property & Assessment Management Strategy 2013 – 2017. Some of the projects funded and other initiatives carried out include:

- NHS Lanarkshire participated in the Adaptation Learning Exchange (ALE) which supports organisations with climate change adaptation planning through the sharing of knowledge and ideas, highlighting good practice and increasing learning and networking opportunities to promote further work on adaptation to climate change;
- Introduction of a pilot pool car scheme at 2 NHS Lanarkshire main administration sites;
- Use of three hybrid vehicles to support NHS Lanarkshire fleet, including regular GP specimen collections;
- Installation and repair of limited electric vehicles, recharging points at four main sites; Monklands Hospital, Wishaw DGH, Kirklands HQ and Law House.

Signed.....  ..... Date 29 June 2016

Chief Executive

## SECTION B - ACCOUNTABILITY REPORT

### CORPORATE GOVERNANCE REPORT

#### The Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2016.

#### 1. Date of Issue

Financial statements were approved and authorised for issue by the Board on 29 June 2016.

#### 2. 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 NHS Lanarkshire. 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.

#### 3. 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.

<b>Chair</b>	Mrs N Mahal	
<b>Executive Directors</b>	Mr C Campbell	Chief Executive
	Mrs L Ace	Director of Finance
	Dr H S Kohli	Director of Public Health and Health Policy
	Mrs I Barkby	Director for Nurses, Midwives and the Allied Health Professionals
	Dr I Wallace	Medical Director

**Non-Executive Directors** Councillor J Burns, Mrs L Macer, Mr M Fuller, Dr A Docherty, Miss M Morris, Mr P Campbell, Dr A Osborne, Mr T Steele, Councillor J Smith (from 1 April 2015 to 8 March 2016), Councillor P Kelly (from 8 March 2016)

The board members' responsibilities in relation to the accounts are set out in a statement (see section C).

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

Details of any interests of Board members, senior managers and other senior staff in contracts or potential contractors with the Health Board as required by IAS 24 are disclosed in note 29.

The board members' and senior managers' declarations of interests can be found on the Boards website using the following link –

<http://www.nhslanarkshire.org.uk/About/Board/Pages/Interests.aspx>

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## 5. 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.

## 6. 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).

### ***Healthcare Quality Assurance and Improvement Committee***

The Healthcare Quality Assurance and Improvement Committee met 6 times in 2015/16. 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 2015/16. Its role is to:

- Receive assurance on the adequacy and effectiveness of the Board's system of internal control and, in particular, risk management;
- 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>	Mr T Steele
<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 2015/16.

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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.

**Chairman** Mrs L Macer  
**Members** Mrs N Mahal, Mr P Campbell, Dr A Osborne, Mr Tom Wilson, Mrs S Samson, Staff Side Chair, South Lanarkshire CHP (to 12 July 2015), Mr D Boyd, Staff Side Chair, North Lanarkshire CHP (to 1 April 2015), 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 2015/16.

**Chairman** Mrs N Mahal  
**Members** Mrs L Macer, Mr M Fuller, Miss M Morris, Mr P Campbell

**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 2015/16 1 Reference Committee was required to be convened by NHS Lanarkshire.

**Additional Board Committees -**

**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

**Health and Social Care Partnership 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. Integration Boards have been established for South and for North Lanarkshire, with membership as follows:

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***South Lanarkshire Health and Social Care Partnership Integration Joint Board***

<b>Chair</b>	Councillor J Burns, South Lanarkshire Council
<b>Vice-Chair</b>	Mr P Campbell, Non-Executive Director, Lanarkshire NHS Board
<b>Members</b>	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 Joint Integration Board***

<b>Chair</b>	Councillor J Smith, North Lanarkshire Council (to March 2016) Councillor H McGuigan, North Lanarkshire Council (from March 2016)
<b>Vice-Chair</b>	Dr A Osborne, Non-Executive Director, Lanarkshire NHS Board
<b>Members</b>	Councillor G O'Rorke, North Lanarkshire Council (to March 2016) Councillor T Lunny, North Lanarkshire Council (to March 2016) Councillor W Shields, North Lanarkshire Council (to March 2016) Councillor J Logue, North Lanarkshire Council (from March 2016) Councillor P Kelly, North Lanarkshire Council (from March 2016) Councillor W Goldie, North Lanarkshire Council (from March 2016) 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.

<b>Co-Chair</b>	Mr M Fuller, Miss M Morris
<b>Members</b>	Mrs C Prentice, Mrs M Caraher, Mrs L Robertson, Mr C J Sargent, Mr J Woods, Mrs L Wilson

7. 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.

8. 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.

9. Value of Land

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

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10. 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.

11. Personal data related incidents reported to the Information Commissioner

There were 3 personal data related incidents reported in the year.

12. 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 Board endeavoured to comply with the principles of The Better Payment Practice Code by processing suppliers invoices for payment without unnecessary delay and by settling them in a timely manner.

- In 2015/16 average credit taken was 9.6 days. (2014/15 - 8 days);
- In 2015/16 the board paid 91.53% by value (2014/15 – 95.03%) and 93.41% by volume (2014/15 - 93.27%) within 30 days;
- In 2015/16 the board paid 82.37% by value (2015/16 89.5%) and 86.68% by volume (2014/15 – 87.25%) within 10 days.

13. 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.

14. Events after the end of the reporting period

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

15. 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.

**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;
- 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's 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.

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**Statement of NHS Board Members' Responsibilities in Respect of the Annual 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 2016 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.



# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

## 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 is developing a more detailed clinical strategy within this strategic framework and in line with the "National Clinical Strategy for Scotland" published in February 2016. The Board's clinical strategy will be consulted on during 2016/17.

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

The Public Bodies (Joint Working) (Scotland) Act 2014, which substantially integrates Health and Social Care services, received royal assent on 1 April 2014. To achieve this two separate legal bodies, known as Integration Joint Boards (IJBs), were established, one for North and one for South Lanarkshire. Under the Act, 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. Legal status was attained with the approval by Scottish Government of their integration schemes in June 2015. The formal transfer of powers to these bodies happened on 1 April 2016. Following the publication of the IJBs' Strategic and Commissioning plans- these documents will complement the NHS Board's clinical strategy and together the 3 documents will form the strategic framework under which Health services will be delivered.

## **NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

The Board met 5 times in public during 2015/16 both to maintain its strategic direction and to receive assurance on achievement of its objectives and on the quality of its services. In June, September, November and February the Board also convened a Planning, Performance and Resource Committee (PPRC) to allow more detailed consideration of these aspects to inform and support the business of the Board.

During 2014/15 there had been a comprehensive review of the Board's performance management arrangements. This did not alter the longstanding practice of formal quarterly performance reporting to the Board against objectives and key indicators. It did however review the suite of indicators most relevant to supporting the Board's objectives and, through the creation of an electronic integrated performance dashboard improve the visible presentation and allowed Board members to track the indicators in between formal reports to the Board and PPRC. The PPRC received its first full report under the new arrangements in September 2015 and the Board in March 2016.

In addition, the Board receives reports on the most recent reported performance against Access targets, Finance, Clinical Governance including Healthcare Associated Infection. In between Boards the PPRC will review performance to ensure it remains on track. 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.

To oversee the system of internal control the Board has established, in addition to the PPRC, Standing Committees for Clinical Governance, Staff Governance and Audit, chaired by Non Executive directors. NHS Lanarkshire's Clinical Governance Committee, (Health Quality Assurance and Improvement Committee - HQAIC), has a remit to ensure that clinical governance mechanisms are in place and effective throughout 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 ensure 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. Key issues arising at each committee meeting are reported to the next Board meeting along with full committee minutes when they are available. Further information on the membership of these committees is set out in the Directors' report.

Given the scale of NHS Lanarkshire, Operating Management Committees with Non Executive Chairs and representation had been established 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. As a result of the Public Bodies (Joint Working) (Scotland) Act 2014, the Community Health Partnerships ceased to exist on 1 April 2015. The scrutiny role performed by the North and South Operating Management Committees (OMCs) migrated to the IJBs. Their transitional status in 2015/16 meant they did not consider the full suite of information previously reviewed by the OMCs but management continued to receive detailed reports and the Board continued to provide overall scrutiny. The Acute Division's OMC role did not change during the year.

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 2015/16 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.

In March 2016 the Board reviewed, updated and approved its Scheme of Delegation and its Standing Financial Instructions. The Board's Code of Governance was approved in August 2014 and can be accessed on the public website.

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 Corporate Management Team and Audit Committee receive reports on the status of internal policies and procedures so they can monitor compliance with the internal policy on keeping these up to date.

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. Workshops on cyber crime, a growing issue for all organisations, were run in conjunction with Counter Fraud services. 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 reviewed its extant policy “Whistleblowing – Safely Raising Concerns about Risk, Malpractice or Wrong Doing at Work” for implementation in December 2015 and scheduled for review December 2018. This policy has been introduced to reassure staff that it is safe and acceptable to raise concerns and to describe the correct process for staff to follow. This Policy is for staff who wish to raise a qualifying disclosure under the Public Interest Disclosure Act 1998. The Policy includes cross reference to other relevant points of access for staff who wish to raise a concern.

The Board has well established stakeholder engagement mechanisms in place. As well as having public representation on the Acute Operating Committee and relevant other groups (such as the group to oversee the recent development of the three community health centres), a Public Reference Forum for person-centred care was established in June 2015. At the quarterly meetings, the Public Reference forum provides an opportunity for open discussion on subjects of public interest in relation to health and social care in Lanarkshire. The outputs from the group are reported through the Healthcare Quality Assurance and Improvement Committee.

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. 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 and the introduction of monthly “Back to the Floor” visits by executive directors. The national iMatter tool, where staff can express their views on their workplace continues to be rolled out across the organisation.

The Board Annual Report on Feedback, Comments, Concerns and Complaints published in June 2015 describes activities undertaken to improve how these are handled. This included initial risk assessment and introduction of monitoring against key performance indicators. As agreed by the Board in June 2015, a mid-year report was prepared and submitted to the Healthcare Quality Assurance & Improvement Committee in December 2015. This included performance against the complaints KPIs.

In conjunction with our public partners actions were taken to improve aspects of our complaints handling processes and two surveys of people’s experiences of using the complaints process were carried out.

Work continued to implement the Board’s Person-Centred Health & Care Strategic Prioritised Plan in conjunction with public partners and staff. This included: reviewing, revising and expanding the range of feedback mechanisms available; testing approaches to gather the experiences of people who were admitted to hospital; displaying in wards and departments what was done in response to feedback; and developing our responsiveness to Patient Opinion.

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.”

## **NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

The Scottish Health Council continues to conduct independent assessment of the adequacy of specific consultations. In 2015/16 they provided guidance on the review of the Primary Care Out of Hours service and have continued with advice and dialogue on the development of the Lanarkshire Healthcare Strategy.

In December 2015 the Board ran a facilitated development day to review effectiveness and identify priorities and actions in support of any improvement or development to be taken forward.

This included a reflection on progress against the previous year's action plan and consideration of the report from the NHS Scotland Board Diagnostic Tool completed by Board members in preparation for the day.

Members recognised that the report overall was positive and agreed to focus on two main improvement areas: Strategic Intent and Stakeholder Engagement. A refreshed action plan was produced the main focus of which was on the development of a Healthcare Strategy for NHS Lanarkshire built on strong stakeholder engagement and aligned with the Strategic Commissioning Plans.

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.

### **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;
- The results of any fraud investigations including the quarterly reports considered by the Audit Committee;
- Comparative performance on key performance indicators;
- The annual reports of the governance committees;
- Regular reports on significant adverse events, regular review of the corporate risk register and in particular risks whose rating exceeds the stated risk tolerance.

In accordance with IAS 27 – Consolidated and Separate Financial Statements, the Financial Statements consolidate the legally separate NHS Lanarkshire Board Endowment Fund. The NHS Board's Audit Committee has received assurance that there are no issues arising in respect of these Endowment Accounts that would require disclosure in this statement.

## **NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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 was well controlled. Seeking assurance on the processes in place has been an additional feature of my review of internal control in 2015/16 with the Audit Committee providing scrutiny.

All NHS Lanarkshire specific external audit reports, including any assessments against best value toolkits, reviews of performance management arrangements or other risks and priorities 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 midyear 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. 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 on the adequacy and effectiveness of the system of risk management in operation within the organisation.

### **Risk Management Arrangements**

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.

The risk management strategy, which forms a key part of NHS Lanarkshire's system of internal control, was reviewed and enhanced during the year. 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 was approved by the Board in May 2015.

The Board considers an annual report on risk management, the 2015/16 report being considered in June 2016. 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 2016.

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 the corporate 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. The Corporate Management Team considers a suite of information to maintain an overview of risk and risk management on a monthly basis. 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 corporate risk register.

**NHS LANARKSHIRE  
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The corporate risk register is considered at each meeting of the Audit Committee and of the Board. The latest version considered by the Board can be accessed through the May 2016 Board papers. From the 35 live corporate risks, the profile, plotted by likelihood x impact = assessed level of risk, is shown below:

		Score	IMPACT				
			Low	Minor	Moderate	Major	Extreme
			1	2	3	4	5
LIKELIHOOD	Almost Certain	5				1 ↔	
	Likely	4				1 ↔	1 ↔
	Possible	3		3 ↓	11 ↑	5 ↑	
	Unlikely	2		2 ↓	1 ↔	7 ↑	
	Rare	1		2 ↑	1 ↔		

\*Directional Arrows denote change in level of assessment for the overall risk profile from the March 2016 report.

The 3 risks denoted in red above are as follows:

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. Average monthly performance, which sat just under 90% in 2014/15 increased to 92.3% in 2015/16 with further improvement in April 2016.

The second is a risk that NHSL will not be able to realise the required savings for 2016/17, in order to deliver a balanced budget. At £42.988m, the efficiency savings needed to balance the financial plan are the highest ever to be delivered in a single financial year. Substantial progress has been made with £36.725m of potential ideas identified by May 2016. Delivering these and identifying further potential savings remains a high priority and the Board is working with the Scottish Government to achieve this.

The third risk relates to part of the savings plan which involves more cost effective prescribing. Achieving these is essential to maintain other services given the funding challenge. Lanarkshire's primary care prescribing costs are high but it has proved difficult to move them nearer expected levels so the risk of incomplete achievement has been rated very high. Increased pharmacy and IT system support and regular senior management focus through a structured programme are in place in 2016/17.

The very high risk around achieving financial balance in 2016/17 is also expressed in a further high risk in the risk register around the ability to meet all Local Delivery Plan targets in 2016/17. For example, the number of patients in Lanarkshire who waited more than 12 weeks for inpatient and day case treatment increased from 236 in 2014/15 to 1,828 in 2015/16. In the absence of additional financial resources, improved performance will have to be driven by service or process redesign which will take longer to achieve. Further information on NHS Lanarkshire's performance during 2015/16 against waiting times and other Local Delivery Plan targets can be found in the Performance Report.

In 2014/15 the risk register reflected a very high risk around delivering an adequate Primary Care Out of Hours service to meet the demand because of the national and local shortage of salaried and sessional GPs willing to participate in Out of Hours services. Following an increased frequency of having to invoke business continuity procedures on a short notice basis due to having insufficient GPs to staff all centres, the service was consolidated on 2 well supported sites to ensure safe care could be continuously provided. The ability to staff these sites has improved markedly as has the performance of the Out of Hours service following the new arrangements and this risk has now been reduced to medium. During 2016/17 the Board will review the future configuration of Out of Hours services.

## **NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

These risk areas are the subject of 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 the level of assessed risk or level of control for this reporting period.

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. Following an externally facilitated review, in 2014 NHS Lanarkshire introduced a new policy on the reporting, recording and management of adverse incidents including undertaking Significant Adverse Event Reviews (SAER). An Internal audit report in June 2016, whilst giving adequate assurance that objectives would be met, highlighted occasions where the reviews exceeded target deadlines and further actions have been agreed to improve performance in this area.

NHS Lanarkshire works closely with the NHS Counter Fraud services to ensure all reported cases of suspected fraud are appropriately followed up and any relevant lessons learned. During 2015/16 a suspected fraud potentially involving supplier collusion was identified and remains the subject of an ongoing investigation. Whilst waiting for the police investigation to conclude, NHS Lanarkshire has enhanced controls in the area affected and is working on a more general action plan aimed at reducing the chance of any future incident.

More generally, the organisation is committed to continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice. In addition to improvements already noted in the preceding sections of this report paragraphs, during the year to 31 March and up to the signing of the accounts, there was a best value review of the governance arrangements in place to recognise the new role of the Integrated Joint Boards.

### **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.

**NHS LANARKSHIRE  
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**REMUNERATION REPORT AND STAFF REPORT**

**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 employee's 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.



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**NHS LANARKSHIRE  
REMUNERATION REPORT  
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(AUDITED INFORMATION)**

Remuneration Table						
	Gross Salary (Bands of £5,000)	Performance related bonus (Bands of £5,000)	Benefits in Kind (£000)	Total Earnings in Year (Bands of £5,000)	Pension Benefits (£000)	Total Remuneration (Bands of £5,000)
<b>Remuneration of:</b>						
<b>Executive Members</b>						
Chief Executive: Mr Calum Campbell	145 - 150	0	0	145 - 150	33	180 - 185
Director of Public Health and Health Policy: Dr H Kohli	155 - 160	0	0	155 - 160	17	170 - 175
Director of Finance: Mrs L Ace	100 - 105	0	0	100 - 105	24	120 - 125
Medical Director: Dr I Wallace	165 - 170	0	0	165 - 170	29	190 - 195
Director for Nurses, Midwives and AHP's: Mrs I Barkby	90 - 95	0	0	90 - 95	53	145 - 150
<b>Non Executive Members</b>						
The Chair: Mrs N Mahal	25 - 30	0	0	25 - 30	0	25 - 30
Employee Director: Mrs L Macer *1	45 - 50	0	0	45 - 50	17	65 - 70
Mr J Burns	5 - 10	0	0	5 - 10	0	5 - 10
Mr M Fuller	5 - 10	0	0	5 - 10	0	5 - 10
Mrs M Morris	5 - 10	0	0	5 - 10	0	5 - 10
Mr A Docherty *2	160 - 165	0	0	160 - 165	25	185 - 190
Mr P Campbell	10 - 15	0	0	10 - 15	0	10 - 15
Dr A Osborne	5 - 10	0	0	5 - 10	0	5 - 10
Mr T Steele	5 - 10	0	0	5 - 10	0	5 - 10
Mr J Smith (from 1.4.15 to 8.3.16)	5 - 10	0	0	5 - 10	0	5 - 10
<b>Senior Managers</b>						
Director of HR: Mr K Small	115 - 120	0	3.1	120 - 125	46	165 - 170
Director of Strategic Planning & Performance: Mr C Sloey	115 - 120	0	0	115 - 120	68	185 - 190
Director of Acute Services: Mrs H Knox	100 - 105	0	0	100 - 105	56	155 - 160
<b>Total</b>			<b>3.1</b>		<b>368</b>	

\*1. Mrs L Macer's salary includes £41,000 in respect of non-board duties.

\*2. Mr A Docherty's salary includes £152,000 in respect of non-board duties.

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**NHS LANARKSHIRE  
REMUNERATION REPORT  
FOR THE YEAR ENDED 31 MARCH 2016  
(AUDITED INFORMATION)**

<b>Pensions Values Table</b>					
	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 2015 (£000)	Cash Equivalent Transfer value (CETV) at 31 March 2016 (£000)	Real increase in CETV in year (£000)
<b>Remuneration of:</b>					
<b>Executive Members</b>					
Chief Executive: Mr Calum Campbell	45-50 plus lump sum of 125-130	2.5-5	754	788	11
Director of Public Health and Health Policy: Dr H Kohli	55-60 plus lump sum of 175-180	0-2.5	1,302	1,379	44
Director of Finance: Mrs L Ace	30-35 plus lump sum of 85-90	0-2.5	487	510	9
Medical Director: Dr I Wallace	65-70 plus lump sum of 195-200	0-2.5	1,321	1,409	63
Director for Nurses, Midwives and AHP's: Mrs I Barkby	35-40 plus lump sum of 110-115	2.5-5	684	761	65
<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	226	251	21
Mr J Burns	0	0	0	0	0
Mr M Fuller	0	0	0	0	0
Mrs M Morris	0	0	0	0	0
Mr A Docherty	35-40 plus lump sum of 95-100	0-2.5	534	558	7
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	55-60 plus lump sum of 170-175	2.5-5	1,216	1,313	81
Director of Strategic Planning & Performance: Mr C Sloey	55-60 plus lump sum of 165-170	2.5-5	1,038	1,144	91
Director of Acute Services: Mrs H Knox	30-35 plus lump sum of 95-100	2.5-5	544	616	52
<b>Total</b>			<b>8,106</b>	<b>8,729</b>	<b>444</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 2015/16 can be different from the "CETV at end of period" reported for 2014/15.

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

NHS LANARKSHIRE REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2015 (AUDITED INFORMATION)						
Remuneration Table						
	Gross Salary (Bands of £5,000)	Performance related bonus (Bands of £5,000)	Benefits in Kind (£000)	Total Earnings in Year (Bands of £5,000)	Pension Benefits (£000)	Total Remuneration (Bands of £5,000)
<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.

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**NHS LANARKSHIRE  
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.

2015-16		2014-15	
Highest Earning Director's Total Remuneration (£000s)	165-170	Highest Earning Director's Total Remuneration (£000s)	160-165
Median Total Remuneration	£26,949	Median Total Remuneration	£27,160
Ratio	6.14	Ratio	5.98
<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.			

# NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

## **Staff Report**

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 issue;
- 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.

## **NHS LANARKSHIRE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

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;
- 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.

a) Number of senior staff by band

The definition of Senior Staff is that which is applied to Senior Employees in the Remuneration Report. This information is provided by headcount.

Band (bands of £5,000)	2016	2015
	Number of Staff	Number of Staff
165,000 – 170,000	1	0
160,000 – 165,000	1	1
155,000 – 160,000	1	0
150,000 – 155,000	0	1
145,000 – 150,000	1	0
135,000 – 140,000	0	1
120,000 – 125,000	0	1
115,000 – 120,000	2	0
110,000 – 115,000	0	2
100,000 – 105,000	2	0
95,000 – 100,000	0	1
90,000 – 95,000	1	0
85,000 – 90,000	0	1

b) Staff Numbers

STAFF NUMBERS	Wte	Wte	Headcount***	Headcount***
	2016	2015	2016	2015
	Annual Mean	Annual Mean	Annual Mean	Annual Mean
Administration Costs	193	182	189	192
Hospital & Community Services	10,865	10,657	12,510	12,368
Non Clinical Services	190	184	268	255
<b>Board Total Average Staff</b>	<b>11,248</b>	<b>11,023</b>	<b>12,967</b>	<b>12,815</b>
Permanent Staff	10,660	10,977	12,479	12,389
Staff with Short Term Contract	488	445	557	501
Inward Secondees	11	13	***	***
Agency Staff	143	86	***	***
Outward Secondees	(54)	(53)	(69)	(75)
<b>Board Total Average Staff</b>	<b>11,248</b>	<b>11,023</b>	<b>12,967</b>	<b>12,815</b>
Disabled Staff	12.9	10	16	12
Special Advisers	0	0	0	0
The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital	4.34	3.7	7	6

\*\*\* Headcount does not include Agency Staff or Inward Secondees as this level of data cannot be separately identified by the Finance and HR information systems.

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**c) Staff composition – an analysis of the number of persons of each sex who were directors and employees**

	2016				2015			
	Male	Female	Prefer not to say	Total	Male	Female	Prefer not to say	Total
Executive Directors	3	2	0	5	3	2	0	5
Non-Executive Directors and Employee Director	6	4	0	10	6	4	0	10
Senior Employees	2	1	0	3	2	1	0	3
Other	2,092	10,857	0	12,949	2,091	10,706	0	12,797
Total Headcount	2,103	10,864	0	12,967	2,102	10,713	0	12,815

**d) Sickness absence data**

	2016	2015
Sickness Absence Rate	5%	5%

**e) Staff policies applied during the financial year relating to the employment of disabled persons**

The Equality, Diversity and Human Rights Policy sets out the aims of NHS Lanarkshire to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010 and less favourable treatment of other categories of worker as set out within other relevant legislation;
- Advance equality of opportunity between people who share a protected characteristic (i.e. age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation) and those who do not; Foster good relations between people who share a protected characteristic and those who do not; and
- Ensure that the organisation has due regard for the European Convention of Human Rights (ECHR) in the discharge of its function.

**f) Expenditure on consultancy**

Details of expenditure on consultancy can be found in the Directors' Report above within section 10 - Public Services Reform (Scotland) Act 2010.

**g) Off payroll engagements as defined in Public Expenditure System (PES) guidance**

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, NHS Boards are required to publish information on their highly paid and/or senior off-payroll engagements.

In line with the background and the purpose of this disclosure, such engagements are defined in these accounts as individuals who would, if employed directly, come within the scope of Senior Employees in the Remuneration Report.

This note excludes individuals engaged on a secondment basis or employed by agencies. The costs associated with these individuals are disclosed in these accounts within staff costs (note 2).


NHS Lanarkshire has no off-payroll arrangements within the scope described above.



**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**h) Exit packages**

Information on exit packages can be found in Note 32 of the accounts.

Signed.......... Date 29 June 2016  
Chief Executive

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

**AUDIT REPORT**

**Independent auditor's report to the members of NHS Lanarkshire, the Auditor General for Scotland and the Scottish Parliament**

We have audited the financial statements of NHS Lanarkshire and its group for the year ended 31 March 2016 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure and Summary of Resource Outturn, the Consolidated Balance Sheet, the Statement of Consolidated Cash Flows, 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 2015/16 Government Financial Reporting Manual (the 2015/16 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 circumstances of the board and its group 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 affairs of the board and its group as at 31 March 2016 and of their 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 2015/16 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 and Staff 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 performance report 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 and Staff 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

29 June 2016

LANARKSHIRE HEALTH BOARD

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE  
AND SUMMARY OF RESOURCE OUTTURN

FOR THE YEAR ENDED 31 MARCH 2016

2014/15 £000		Note	2015/16 £000	2015/16 £000
	<b>Clinical Services Costs</b>			
936,960	Hospital and Community	4	996,207	
32,428	Less: Hospital and Community Income	8	34,450	
<u>904,532</u>				961,757
303,492	Family Health	5	310,645	
8,756	Less: Family Health Income	8	9,415	
<u>294,736</u>				<u>301,230</u>
<b>1,199,268</b>	<b>Total Clinical Services Costs</b>			<b>1,262,987</b>
8,771	Administration Costs	6	8,835	
0	Less: Administration Income	8	0	
<u>8,771</u>				8,835
32,535	Other Non Clinical Services	7	21,257	
39,505	Less: Other Operating Income	8	30,743	
<u>(6,970)</u>				<u>(9,486)</u>
<b>1,201,069</b>	<b>Net Operating Costs</b>			<b>1,262,336</b>

OTHER COMPREHENSIVE NET EXPENDITURE

2014/15 £000		2015/16 £000
(2,797)	Net (Gain)/Loss on Revaluation of Property Plant and Equipment	(18,894)
0	Net (Gain)/Loss on Revaluation of Intangibles	0
0	Net (Gain)/Loss on Revaluation of available for sale financial assets	0
<u>(2,797)</u>	Other Comprehensive Expenditure/(Income)	<u>(18,894)</u>
<b>1,198,272</b>	<b>Total Comprehensive Expenditure</b>	<b>1,243,442</b>

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

**LANARKSHIRE HEALTH BOARD**  
**SUMMARY OF RESOURCE OUTTURN**  
**FOR THE YEAR ENDED 31 MARCH 2016**

<b>SUMMARY OF CORE REVENUE RESOURCE OUTTURN</b>	<b>Note</b>	<b>2015/16 £000</b>
<b>Net Operating Costs</b>		<b>1,262,336</b>
Total Non Core Expenditure (see below)		(26,606)
FHS Non Discretionary Allocation		(74,302)
Donated Assets Income		263
Endowment Net Operating Costs		(782)
<b>Total Core Expenditure</b>		<b>1,160,909</b>
Core Revenue Resource Limit		1,161,190
<b>Saving/(Excess) Against Core Revenue Resource Limit</b>		<b>281</b>

**SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN**

Capital Grants to / (from) Other Bodies	0
Depreciation/Amortisation	13,452
Annually Managed Expenditure - Impairments	9,750
Annually Managed Expenditure - Creation of Provisions	(1,557)
Annually Managed Expenditure - Depreciation of Donated Assets	31
Additional SGHSCD non-core funding	0
AME Pension Valuation	0
IFRS PFI Expenditure	4,930
<b>Total Non Core Expenditure</b>	<b>26,606</b>
Non Core Revenue Resource Limit	26,606
<b>Saving/(excess) against Non Core Revenue Resource Limit</b>	<b>0</b>

<b>SUMMARY RESOURCE OUTTURN</b>	<b>Resource £000</b>	<b>Expenditure £000</b>	<b>Saving/ (Excess) £000</b>
Core	1,161,190	1,160,909	281
Non Core	26,606	26,606	0
<b>Total</b>	<b>1,187,796</b>	<b>1,187,515</b>	<b>281</b>

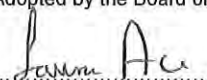
## LANARKSHIRE HEALTH BOARD

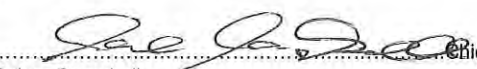
## BALANCE SHEET

AS AT 31 MARCH 2016

Consolidated 1 April 2014 £000	Board 1 April 2014 £000	Consolidated 1 April 2015 £000	Board 1 April 2015 £000		Note	Consolidated 31 March 2016 £000	Board 31 March 2016 £000
<b>Non-Current Assets</b>							
477,033	477,033	524,807	524,807	Property, Plant and Equipment	<u>11</u>	550,721	550,721
2,317	2,317	2,285	2,285	Intangible Assets	<u>10</u>	1,696	1,696
Financial Assets:							
5,216	976	5,717	976	Available for Sale Financial Assets	<u>14</u>	5,276	976
12,774	12,774	20,001	20,001	Trade and Other Receivables	<u>13</u>	25,760	25,760
<b>497,340</b>	<b>493,100</b>	<b>552,810</b>	<b>548,069</b>	<b>Total Non-Current Assets</b>		<b>583,453</b>	<b>579,153</b>
<b>Current Assets</b>							
5,182	5,182	5,363	5,363	Inventories	<u>12</u>	5,894	5,894
Financial Assets:							
44,866	44,862	40,530	40,549	Trade and Other Receivables	<u>13</u>	32,587	32,599
2,842	1,960	1,268	455	Cash and Cash Equivalents	<u>15</u>	591	419
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
2,121	2,121	5,916	5,916	Assets Classified as Held for Sale	<u>11C</u>	4,590	4,590
<b>55,011</b>	<b>54,125</b>	<b>53,077</b>	<b>52,283</b>	<b>Total Current Assets</b>		<b>43,662</b>	<b>43,502</b>
<b>552,351</b>	<b>547,225</b>	<b>605,887</b>	<b>600,352</b>	<b>Total Assets</b>		<b>627,115</b>	<b>622,655</b>
<b>Current Liabilities</b>							
(49,398)	(49,398)	(32,402)	(32,402)	Provisions	<u>17</u>	(23,005)	(23,005)
Financial Liabilities:							
(116,743)	(116,699)	(145,281)	(144,978)	Trade and Other Payables	<u>16</u>	(153,057)	(153,047)
0	0	0	0	Derivatives Financial Liabilities	<u>28</u>	0	0
<b>(166,141)</b>	<b>(166,097)</b>	<b>(177,683)</b>	<b>(177,380)</b>	<b>Total Current Liabilities</b>		<b>(176,062)</b>	<b>(176,052)</b>
<b>386,210</b>	<b>381,128</b>	<b>428,204</b>	<b>422,972</b>	<b>Non-Current Assets plus/less Net Current Assets/Liabilities</b>		<b>451,053</b>	<b>446,603</b>
<b>Non-Current Liabilities</b>							
(38,668)	(38,668)	(48,619)	(48,619)	Provisions	<u>17</u>	(58,578)	(58,578)
Financial Liabilities:							
(153,826)	(153,826)	(173,104)	(173,104)	Trade and Other Payables	<u>16</u>	(177,232)	(177,232)
<b>(192,494)</b>	<b>(192,494)</b>	<b>(221,723)</b>	<b>(221,723)</b>	<b>Total Non-Current Liabilities</b>		<b>(235,810)</b>	<b>(235,810)</b>
<b>193,716</b>	<b>188,634</b>	<b>206,481</b>	<b>201,249</b>	<b>Assets Less Liabilities</b>		<b>215,243</b>	<b>210,793</b>
<b>Taxpayers' Equity</b>							
36,981	36,981	30,038	30,038	General Fund	<u>SOCTE</u>	25,155	25,155
151,653	151,653	171,211	171,211	Revaluation Reserve	<u>SOCTE</u>	185,638	185,638
0	0	0	0	Other Reserves	<u>SOCTE</u>	0	0
5,082	0	5,232	0	Funds held on Trust		4,450	0
<b>193,716</b>	<b>188,634</b>	<b>206,481</b>	<b>201,249</b>	<b>Total Taxpayers' Equity</b>		<b>215,243</b>	<b>210,793</b>

Adopted by the Board on 29 June 2016

  
 ..... Director of Finance  
 Laura Ace

  
 ..... Chief Executive  
 Calum Campbell

**LANARKSHIRE HEALTH BOARD**  
**STATEMENT OF CONSOLIDATED CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

2014/15 £000		Note	2015/16 £000	2015/16 £000
	<b>Cash Flows from Operating Activities</b>			
(1,201,069)	Net Operating cost		(1,261,759)	
22,692	Adjustments for Non-Cash Transactions		26,137	
16,125	Add Back: Interest Payable Recognised in Net Operating Cost		18,630	
0	Deduct: Interest Receivable Recognised in Net Operating Cost		0	
0	Investment Income		0	
(2,922)	(Increase) / Decrease in Trade and Other Receivables		2,182	
(181)	(Increase) / Decrease in Inventories		(531)	
28,453	Increase / (Decrease) in Trade and Other Payables		(11,217)	
(7,064)	Increase / (Decrease) in Provisions		562	
<u>(1,143,966)</u>	<b>Net Cash Outflow from Operating Activities</b>	<u>33</u>		<u>(1,225,996)</u>
	<b>Cash Flows from Investing Activities</b>			
(21,837)	Purchase of Property, Plant and Equipment		(43,347)	
(709)	Purchase of Intangible Assets		(310)	
0	Investment Additions		300	
438	Proceeds of Disposal of Property, Plant and Equipment		3,595	
0	Proceeds of Disposal of Intangible Assets		0	
0	Receipts From Sale of Investments		0	
0	Interest Received		0	
<u>(22,108)</u>	<b>Net Cash Outflow from Investing Activities</b>	<u>33</u>		<u>(39,762)</u>
	<b>Cash Flows from Financing Activities</b>			
1,188,651	Funding		1,252,057	
(1,505)	Movement in General Fund Working Capital		(36)	
1,187,146	Cash Drawn Down		1,252,021	
(6,521)	Capital Element of Payments in Respect of Finance Leases and On-Balance Sheet PFI Contracts		32,266	
676	Interest Paid		411	
(16,801)	Interest Element of Finance Leases and On-Balance Sheet PFI/PPP Contracts		(19,041)	
<u>1,164,500</u>	<b>Net Financing</b>	<u>33</u>		<u>1,265,657</u>
(1,574)	<b>Net Increase / (Decrease) in Cash and Cash Equivalents in the Period</b>			(677)
2,842	<b>Cash and Cash Equivalents at the Beginning of the Period</b>			1,268
<u>1,268</u>	<b>Cash and Cash Equivalents at the End of the Period</b>			<u>591</u>
	<b>Reconciliation of Net Cash Flow to Movement in Net Debt/Cash</b>			
(1,574)	Increase/(Decrease) in Cash in Year			(677)
2,842	Net Debt/Cash at 1 April			1,268
<u>1,268</u>	<b>Net Debt/Cash at 31 March</b>			<u>591</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 2016

	Note	General Fund £000	Revaluation Reserve £000	Other Reserve £000	Funds Held on Trust £000	Total Reserves £000
<b>Balance at 31 March 2015</b>		30,038	171,211	0	5,232	206,481
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 2015</b>		30,038	171,211	0	5,232	206,481
<b>Changes in Taxpayers' Equity for 2015/16</b>						
Net Gain/(Loss) on Revaluation/Indexation of Property, Plant and Equipment	<u>11</u>	0	28,361	0	0	28,361
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	(576)	(576)
Impairment of Property, Plant and Equipment	<u>11</u>	0	(19,217)	0	0	(19,217)
Impairment of Intangible Assets	<u>10</u>	0	0	0	0	0
Revaluation & Impairments Taken to Operating Costs	<u>3</u>	0	9,750	0	0	9,750
Release of Reserves to Statement of Comprehensive Net Expenditure	<u>11b</u>	0	0	0	0	0
Transfers Between Reserves		4,467	(4,467)	0	0	0
Transfer of Non Current Assets from Other Bodies		0	0	0	0	0
Pension Reserve Movements		0	0	0	0	0
Other Non Cash Costs		146	0	0	0	146
Net Operating Cost for the Year		(1,261,553)	0	0	(206)	(1,261,759)
<b>Total Recognised Income and Expense for 2015/16</b>		(1,256,940)	14,427	0	(782)	(1,243,295)
<b>Funding:</b>						
Drawn Down		1,252,021	0	0	0	1,252,021
Movement in General Fund (Creditor) / Debtor		36	0	0	0	36
<b>Balance at 31 March 2016</b>	<u>BS</u>	<b>25,155</b>	<b>185,638</b>	<b>0</b>	<b>4,450</b>	<b>215,243</b>

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 2016

	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 2015</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	0
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		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
Net Gain/(Loss) on Revaluation of Assets Held for Sale		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 2012/13</b>		<u>(1,195,594)</u>	<u>19,558</u>	<u>0</u>	<u>150</u>	<u>(1,176,036)</u>
<b>Funding:</b>						
Drawn Down		1,187,146	0	0		1,187,146
Movement in General Fund (Creditor) / Debtor		1,505	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 31, form an integral part of these Accounts.

## NOTES TO THE ACCOUNTS

### 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 (FRoM) 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 2015/16**

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 2015/16**

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 15 – Revenue from Contracts with Customers;
- IFRS 9 – Financial Instruments;
- IFRS16 – Lease;
- IAS 12 – Recognition of Deferred Tax Assets for Unrealised Assets;
- IAS 7 – Disclosure Initiative.

The impact of implementing the above is currently being assessed by HM Treasury.

### 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.

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**3. Prior Year Adjustments**

None.

**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:

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- 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.

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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.

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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.

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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.

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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.

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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.

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(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

**NHS LANARKSHIRE  
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

- 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 2016

2. (a) STAFF NUMBERS AND COSTS

2014/15 £000		Executive Board Members 2015/16 £000	Non Executive Members 2015/16 £000	Permanent Staff 2015/16 £000	Inward Secondees 2015/16 £000	Other Staff 2015/16 £000	Outward Secondees 2015/16 £000	Total 2015/16 £000
	<b>STAFF COSTS</b>							
378,938	Salaries and Wages	668	150	387,577	0	0	(2,407)	385,988
31,408	Social Security Costs	81	8	32,010	0	0	(204)	31,895
44,590	NHS Scheme Employers' Costs	108	6	49,925	0	0	(317)	49,722
1,346	Inward Secondees	0	0	0	1,396	0	0	1,396
8,540	Agency Staff	0	0	0	0	16,128	0	16,128
<u>464,822</u>		<u>857</u>	<u>164</u>	<u>469,512</u>	<u>1,396</u>	<u>16,128</u>	<u>(2,928)</u>	<u>485,129</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>464,822</u>	<b>TOTAL</b>	<u>857</u>	<u>164</u>	<u>469,512</u>	<u>1,396</u>	<u>16,128</u>	<u>(2,928)</u>	<u>485,129</u>

118,908 Included in the total staff Costs above were costs of staff engaged directly on capital projects,  
charged to capital expenditure of: £188,737

ANNUAL MEAN	STAFF NUMBERS (EMPLOYEES BY WHOLE TIME EQUIVALENT)	ANNUAL MEAN
182.1	Administration	184.3
10,494.4	Hospital and Community Services	10,659.1
183.4	Non Clinical Services	190.5
117.0	Other, Including Recharge Trading Accounts	113.7
12.8	Inward Secondees	10.8
86.0	Agency Staff	143.0
<u>(53.1)</u>	Outward Secondees	<u>(53.4)</u>
<u>11,022.6</u>	<b>Board Total Average Staff</b>	<u>11,248.0</u>
<b>Restated</b>		
<u>10.0</u>	Disabled Staff	<u>12.9</u>
<u>3.7</u>	The total number of staff engaged directly on capital projects, included in Staff Numbers above and charged to capital expenditure was:	<u>4.3</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 2016

2. (b) HIGHER PAID EMPLOYEES REMUNERATION

2014/15 Number		2015/16 Number
	Other employees whose remuneration fell within the following ranges:	
	<b>Clinicians</b>	
67	£ 50,000 to £ 60,000	90
58	£ 60,001 to £ 70,000	48
58	£ 70,001 to £ 80,000	69
62	£ 80,001 to £ 90,000	40
60	£ 90,001 to £100,000	67
64	£100,001 to £110,000	57
64	£110,001 to £120,000	61
41	£120,001 to £130,000	46
26	£130,001 to £140,000	36
24	£140,001 to £150,000	30
28	£150,001 to £160,000	25
15	£160,001 to £170,000	22
5	£170,001 to £180,000	19
2	£180,001 to £190,000	5
5	£190,001 to £200,000	2
2	£200,001 and above	9
	<b>Other</b>	
154	£ 50,000 to £ 60,000	173
49	£ 60,001 to £ 70,000	56
10	£ 70,001 to £ 80,000	22
13	£ 80,001 to £ 90,000	12
2	£ 90,001 to £100,000	1
0	£100,001 to £110,000	2



LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

3. OTHER OPERATING COSTS

2014/15 £000		Note	2015/16 £000
	<b>Expenditure Not Paid In Cash</b>		
17,660	Depreciation	<u>11</u>	17,688
741	Amortisation	<u>10</u>	899
15	Depreciation Donated Assets	<u>11b</u>	31
4,750	Impairments on Property, Plant and Equipment Charged to SOCNE	<u>11</u>	9,750
0	Funding of Donated Assets		(263)
27	Loss/(Profit) on Disposal of Property, Plant and Equipment		(2,255)
0	General Fund Adjustment for PFI creditors		146
<u>23,193</u>	<b>Total Expenditure Not Paid In Cash</b>	<u>CFS</u>	<u>25,996</u>
	<b>Interest Payable</b>		
16,801	PFI Finance Lease Charges Allocated in the Year	<u>23</u>	19,041
<u>(676)</u>	Provisions - Unwinding of Discount		<u>(411)</u>
<u>16,125</u>	<b>Total</b>		<u>18,630</u>
	<b>Statutory Audit</b>		
<u>270</u>	External Auditor's Remuneration and Expenses		<u>270</u>
0	During the year the Board purchased the following non-audit services from its auditor.		0
<u>0</u>			<u>0</u>

**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 2016

4. HOSPITAL AND COMMUNITY HEALTH SERVICES

2014/15 £000	BY PROVIDER	Note	2015/16 £000
687,178	Treatment in Board Area of NHS Scotland Patients		742,809
184,758	Other NHS Scotland Bodies		185,778
1,136	Health Bodies outside Scotland		1,258
1,785	Primary Care Bodies		1,938
9,707	Private Sector		10,234
	<b>Community Care</b>		
43,263	Resource Transfer		44,910
8,609	Contributions to Voluntary Bodies and Charities		8,803
<u>936,436</u>	<b>Total NHS Scotland Patients</b>		<u>995,730</u>
<u>524</u>	Treatment of UK Residents Based Outside Scotland		<u>477</u>
<u>936,960</u>	<b>Total Hospital &amp; Community Health Service</b>	<u>SOCNE</u>	<u>996,207</u>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

5. FAMILY HEALTH SERVICE EXPENDITURE

2014/15 £000		Note	Unified Budget 2015/16 £000	Non Disc 2015/16 £000	Total 2015/16 £000
79,768	Primary Medical Services		81,479	0	81,479
162,685	Pharmaceutical Services		144,469	23,008	167,477
48,195	General Dental Services		872	47,830	48,702
12,844	General Ophthalmic Services		108	12,879	12,987
<u>303,492</u>	<b>Total</b>	<u>SOCNE</u>	<u>226,928</u>	<u>83,717</u>	<u>310,645</u>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

6. ADMINISTRATION COSTS

2014/15 £000		Note	2015/16 £000
999	Board Members' Remuneration		1,021
212	Administration of Board Meetings and Committees		207
568	Corporate Governance and Statutory Reporting		596
801	Health Planning, Commissioning and Performance Reporting		903
2,110	Treasury Management and Financial Planning		2,067
511	Public Relations		513
<u>3,570</u>	Other		<u>3,528</u>
<u>8,771</u>	<b>Total Administration Costs</b>	<u>SOCNE</u>	<u>8,835</u>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

7. OTHER NON CLINICAL SERVICES

2014/15 £000		2015/16 £000
2,248	Nurse Teaching	2,491
12,937	Compensation payments - Clinical	1,949
1,190	Compensation payments - Other	92
457	Pension Enhancement & Redundancy	899
23	Patients' Travel Attending Hospitals	31
5,543	Health Promotion	5,823
1,591	Public Health	1,595
66	Public Health Medicine Trainees	113
45	Emergency Planning	41
1,540	Post Graduate Medical Education	1,910
27	Loss on Disposal of Non Current Assets	0
869	Endowment Expenditure	901
<u>5,999</u>	Other	<u>5,412</u>
<b><u>32,535</u></b>	<b>Total Other Non Clinical Services</b>	<b><u>SOCNE 21,257</u></b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

8. OPERATING INCOME

2014/15 £000		2015/16 £000
	<b>HCH Income</b>	
	<b>NHS Scotland Bodies</b>	
26,959	Boards	28,609
524	NHS Non-Scottish Bodies	477
	<b>Non NHS</b>	
24	Private Patients	15
1,628	Compensation Income	1,924
3,293	Other HCH Income	3,425
<u>32,428</u>	<b>Total HCH Income</b>	<u>SOCNE 34,450</u>
	<b>FHS Income</b>	
	<b>Non Discretionary</b>	
8,756	General Dental Services	9,415
<u>8,756</u>	<b>Total FHS Income</b>	<u>SOCNE 9,415</u>
<u>0</u>	<b>Administration Income</b>	<u>SOCNE 0</u>
	<b>Other Operating Income</b>	
9,204	NHS Scotland Bodies	9,865
5	NHS Non-Scottish Bodies	6
342	SGHD	468
14,578	Contributions in Respect of Clinical and Medical Negligence Claims	2,463
0	Profit on Disposal of Non Current Assets	2,255
0	Donated Assets Additions	263
1,019	Endowment Income	119
14,357	Other	15,304
<u>39,505</u>	<b>Total Other Operating Income</b>	<u>SOCNE 30,743</u>
<u>80,689</u>	<b>Total Income</b>	<u>74,608</u>
<u>36,163</u>	<b>Of the above, the amount derived from NHS bodies is</b>	<u>38,474</u>

**LANARKSHIRE HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**9. ANALYSIS OF CAPITAL EXPENDITURE**

2014/15 £000		Note	2015/16 £000
	<b>EXPENDITURE</b>		
709	Acquisition of Intangible Assets	<u>10</u>	310
53,166	Acquisition of Property, Plant and Equipment	<u>11</u>	34,240
<u>0</u>	Donated Asset Additions	<u>11b</u>	<u>263</u>
<b><u>53,875</u></b>	<b>Gross Capital Expenditure</b>		<b><u>34,813</u></b>
	<b>INCOME</b>		
465	Value of Disposal of Non-current Assets Held for Sale	<u>11c</u>	1,340
<u>0</u>	Donated Asset Income		<u>263</u>
<b><u>465</u></b>	<b>Capital Income</b>		<b><u>1,603</u></b>
<b><u>53,410</u></b>	<b>Net Capital Expenditure</b>		<b><u>33,210</u></b>

**SUMMARY OF CAPITAL RESOURCE OUTTURN**

25,850	Core Capital Expenditure Included Above	21,900
<u>25,850</u>	Core Capital Resource Limit	<u>21,900</u>
<b><u>0</u></b>	<b>Saving against Capital Resource Limit</b>	<b><u>0</u></b>
27,560	Non Core Capital Expenditure Included Above	11,310
<u>27,560</u>	Non Core Capital Resource Limit	<u>11,310</u>
<b><u>0</u></b>	<b>Saving/(excess) against Non Capital Resource Limit</b>	<b><u>0</u></b>
53,410	Total Capital Expenditure	33,210
<u>53,410</u>	Total Capital Resource Limit	<u>33,210</u>
<b><u>0</u></b>	<b>Saving against Total Capital Resource Limit</b>	<b><u>0</u></b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

10. INTANGIBLE ASSETS - CONSOLIDATED

	Software Licences £000	Information technology - software £000	Total £000
<b>Cost or Valuation:</b>			
As at 1st April 2015	3,592	1,983	5,575
Additions	212	98	310
Disposals	(8)	0	(8)
<b>At 31st March 2016</b>	<b>3,796</b>	<b>2,081</b>	<b>5,877</b>
<b>Amortisation</b>			
As at 1st April 2015	2,031	1,259	3,290
Provided During the Year	400	499	899
Disposals	(8)	0	(8)
<b>At 31st March 2016</b>	<b>2,423</b>	<b>1,758</b>	<b>4,181</b>
<b>Net Book Value at 1st April 2015</b>	<b>1,561</b>	<b>724</b>	<b>2,285</b>
<b>Net Book Value at 31 March 2016</b>	<b>1,373</b>	<b>323</b>	<b>1,696</b>

B S

10. INTANGIBLE ASSETS - BOARD

	Software Licences £000	Information technology - software £000	Total £000
<b>Cost or Valuation:</b>			
As at 1st April 2015	3,592	1,983	5,575
Additions	212	98	310
Disposals	(8)	0	(8)
<b>At 31st March 2016</b>	<b>3,796</b>	<b>2,081</b>	<b>5,877</b>
<b>Amortisation</b>			
As at 1st April 2015	2,031	1,259	3,290
Provided During the Year	400	499	899
Disposals	(8)	0	(8)
<b>At 31st March 2016</b>	<b>2,423</b>	<b>1,758</b>	<b>4,181</b>
<b>Net Book Value at 1st April 2015</b>	<b>1,561</b>	<b>724</b>	<b>2,285</b>
<b>Net Book Value at 31 March 2016</b>	<b>1,373</b>	<b>323</b>	<b>1,696</b>

B S



LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

10. INTANGIBLE ASSETS - CONSOLIDATED PRIOR YEAR

	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 PRIOR YEAR

	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 2016

## 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 2015	26,695	427,502	353	66,953	26,207	6,248	49,372	603,330
Additions	0	1,931	0	4,451	2,297	190	25,371	34,240
Completions	0	65,060	0	0	0	0	(65,060)	0
Transfers	0	122	0	(122)	0	0	0	0
Revaluation	195	12,320	0	0	0	0	0	12,515
Impairment Charge	(731)	(8,750)	0	0	0	0	0	(9,481)
Disposals	(1)	0	(72)	(7,571)	(178)	(19)	0	(7,841)
<b>At 31 March 2016</b>	<b>26,158</b>	<b>498,185</b>	<b>281</b>	<b>63,711</b>	<b>28,326</b>	<b>6,419</b>	<b>9,683</b>	<b>632,763</b>
<b>Depreciation</b>								
At 1 April 2015	9	1,112	298	45,164	22,051	5,694	4,236	78,564
Provided During the Year	0	11,471	8	4,465	1,632	112	0	17,688
Transfers	0	54	0	(54)	0	0	0	0
Revaluation	(311)	(15,535)	0	0	0	0	0	(15,846)
Impairment Charge	311	6,060	0	0	0	0	5,394	11,765
Impairment Reversal	0	(2,015)	0	0	0	0	0	(2,015)
Disposals	(1)	0	(72)	(7,571)	(178)	(19)	0	(7,841)
<b>At 31 March 2016</b>	<b>8</b>	<b>1,147</b>	<b>234</b>	<b>42,004</b>	<b>23,505</b>	<b>5,787</b>	<b>9,630</b>	<b>82,315</b>
Net Book Value at 1 April 2015	26,686	426,390	55	21,789	4,156	554	45,136	524,766
Net Book Value at 31 March 2016	<b>B S</b> 26,150	<b>497,038</b>	<b>47</b>	<b>21,707</b>	<b>4,821</b>	<b>632</b>	<b>53</b>	<b>550,448</b>
Open Market Value of Land in Land and Dwellings Included above	13,953	0						
<b>Asset Financing:</b>								
Owned	19,381	229,036	47	21,707	4,821	632	53	275,677
On-Balance Sheet PFI contracts	6,769	268,002	0	0	0	0	0	274,771
Net Book Value at 31 March 2016	26,150	497,038	47	21,707	4,821	632	53	550,448

## 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 2015	26,695	427,502	353	66,953	26,207	6,248	49,372	603,330
Additions	0	1,931	0	4,451	2,297	190	25,371	34,240
Transfers	0	65,060	0	0	0	0	(65,060)	0
Transfers (to)/from Non-current Assets Held for Sale	0	122	0	(122)	0	0	0	0
Revaluation	195	12,320	0	0	0	0	0	12,515
Impairment Charge	(731)	(8,750)	0	0	0	0	0	(9,481)
Disposals	(1)	0	(72)	(7,571)	(178)	(19)	0	(7,841)
<b>At 31 March 2016</b>	<b>26,158</b>	<b>498,185</b>	<b>281</b>	<b>63,711</b>	<b>28,326</b>	<b>6,419</b>	<b>9,683</b>	<b>632,763</b>
<b>Depreciation</b>								
At 1 April 2015	9	1,112	298	45,164	22,051	5,694	4,236	78,564
Provided During the Year	0	11,471	8	4,465	1,632	112	0	17,688
Transfers	0	54	0	(54)	0	0	0	0
Revaluation	(311)	(15,535)	0	0	0	0	0	(15,846)
Impairment Charge	311	6,060	0	0	0	0	5,394	11,765
Impairment Reversal	0	(2,015)	0	0	0	0	0	(2,015)
Disposals	(1)	0	(72)	(7,571)	(178)	(19)	0	(7,841)
<b>At 31 March 2016</b>	<b>8</b>	<b>1,147</b>	<b>234</b>	<b>42,004</b>	<b>23,505</b>	<b>5,787</b>	<b>9,630</b>	<b>82,315</b>
Net Book Value at 1 April 2015	26,686	426,390	55	21,789	4,156	554	45,136	524,766
Net Book Value at 31 March 2016	<b>B S</b> 26,150	<b>497,038</b>	<b>47</b>	<b>21,707</b>	<b>4,821</b>	<b>632</b>	<b>53</b>	<b>550,448</b>
Open Market Value of Land in Land and Dwellings Included above	13,953	0						
<b>Asset Financing:</b>								
Owned	19,381	229,036	47	21,707	4,821	632	53	275,677
On-Balance Sheet PFI contracts	6,769	268,002	0	0	0	0	0	274,771
Net Book Value at 31 March 2016	26,150	497,038	47	21,707	4,821	632	53	550,448

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) PRIOR YEAR 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
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>
Net book value at 1 April 2014	30,694	410,716	0	22,365	4,613	527	8,062	476,977
Net book value at 31 March 2015	<b>B S</b> 26,686	426,390	55	21,789	4,156	554	45,136	524,766
Open Market Value of Land in Land and Dwellings Included above	15,722	0						
<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
Net Book Value at 31 March 2015	26,686	426,390	55	21,789	4,156	554	45,136	524,766

## 11. (a) PROPERTY, PLANT AND EQUIPMENT (Purchased Assets) PRIOR YEAR 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)
Impairment Reversal	0	0	0	0	0	0	0	0
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
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>
Net book value at 1 April 2014	30,694	410,716	0	22,365	4,613	527	8,062	476,977
Net book value at 31 March 2015	<b>B S</b> 26,686	426,390	55	21,789	4,156	554	45,136	524,766
Open Market Value of Land in Land and Dwellings Included above	15,722	0						
<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
Net Book Value at 31 March 2015	26,686	426,390	55	21,789	4,156	554	45,136	524,766

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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

	Plant & Machinery £000	Total £000
<b>Cost or Valuation</b>		
At 1 April 2015	264	264
Additions	263	263
Disposals	(42)	(42)
	<hr/>	<hr/>
<b>At 31 March 2016</b>	<b>485</b>	<b>485</b>
<b>Depreciation</b>		
At 1 April 2015	223	223
Provided During the Year	31	31
Disposals	(42)	(42)
	<hr/>	<hr/>
<b>At 31 March 2016</b>	<b>212</b>	<b>212</b>
<b>Net book value at 1 April 2015</b>	<b>41</b>	<b>41</b>
<b>Net book value at 31 March 2016</b>	<b>BS 273</b>	<b>273</b>

**Asset Financing:**

Owned	273	273
<b>Net Book Value at 31 March 2016</b>	<b>273</b>	<b>273</b>

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

	Plant & Machinery £000	Total £000
<b>Cost or Valuation</b>		
At 1 April 2015	264	264
Additions	263	263
Disposals	(42)	(42)
	<hr/>	<hr/>
<b>At 31 March 2016</b>	<b>485</b>	<b>485</b>
<b>Depreciation</b>		
At 1 April 2015	223	223
Provided During the Year	31	31
Disposals	(42)	(42)
	<hr/>	<hr/>
<b>At 31 March 2016</b>	<b>212</b>	<b>212</b>
<b>Net book value at 1 April 2015</b>	<b>41</b>	<b>41</b>
<b>Net book value at 31 March 2016</b>	<b>BS 273</b>	<b>273</b>

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

**Asset Financing:**

Owned	273	273
<b>Net Book Value at 31 March 2016</b>	<b>273</b>	<b>273</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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

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

**Asset Financing:**

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

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

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

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

**Asset Financing:**

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

**LANARKSHIRE HEALTH BOARD**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**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 have been presented as held for sale following the approval for sale by NHS Lanarkshire Capital Investment Group. These properties were being marketed for sale in 2015/16.

	Property, Plant & Equipment £000	Intangible Assets £000	Total £000
At 1 April 2015	5,916	0	5,916
Gains/Losses Recognised on Remeasurement of Non-current Assets Held for Sale	14	0	14
Disposals of Non-current Assets Held for Sale	(1,340)	0	(1,340)
<b>As At 31 March 2016</b>	<b>4,590</b>	<b>0</b>	<b>4,590</b>

BS

**ASSETS HELD FOR SALE - BOARD**

	Property, Plant & Equipment £000	Intangible Assets £000	Total £000
At 1 April 2015	5,916	0	5,916
Gains/Losses Recognised on Remeasurement of Non-current Assets Held for Sale	14	0	14
Disposals of Non-current Assets Held for Sale	(1,340)	0	(1,340)
<b>As At 31 March 2016</b>	<b>4,590</b>	<b>0</b>	<b>4,590</b>

BS

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

	Property, Plant & Equipment £000	Intangible Assets £000	Total £000
At 1 April 2014	2,121	0	2,121
Transfers (to)/from Property, Plant and Equipment	4,324	0	4,324
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>5,916</b>	<b>-</b>	<b>5,916</b>

11a

BS

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

	Property, Plant & Equipment £000	Intangible Assets £000	Total £000
At 1 April 2014	2,121	0	2,121
Transfers (to)/from Property, Plant and Equipment	4,324	0	4,324
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>5,916</b>	<b>0</b>	<b>5,916</b>

11a

BS

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 11. (d) PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

Consolidated 31 March 2015 £000	Board 31 March 2015 £000		Consolidated 31 March 2016 £000	Board 31 March 2016 £000
		Net book value of Property, Plant and Equipment at 31 March		
524,766	524,766	Purchased	<u>11a</u> 550,448	550,448
41	41	Donated	<u>11b</u> 273	273
<b>524,807</b>	<b>524,807</b>	<b>Total</b>	<b><u>B S</u> 550,721</b>	<b>550,721</b>
15,722	15,722	Net Book Value Related to Land Valued at Open Market Value at 31 March	13,953	13,953
0	0	Net Book Value Related to Buildings Valued at Open Market Value at 31 March	0	0
		<b>Total Value of Assets Held Under:</b>		
228,600	228,600	PFI and PPP contracts	274,771	274,771
<b>228,600</b>	<b>228,600</b>		<b>274,771</b>	<b>274,771</b>
		<b>Total Depreciation Charged in Respect of Assets Held Under:</b>		
4,690	4,690	PFI and PPP contracts	4,930	4,930
<b>4,690</b>	<b>4,690</b>		<b>4,930</b>	<b>4,930</b>

Property was fully revalued by an independent valuer, Gerald Eve at 31 March 2016 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 £18.894m, (2014-15 increase of £21.293m) which was credited to the revaluation reserve. Impairment of £9.750m (2014-15 £4.750m) 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 2016

12. INVENTORIES

Consolidated 1 April 2014 £000	Board 1 April 2014 £000	Consolidated 1 April 2015 £000	Board 1 April 2015 £000		Consolidated 31 March 2016 £000	Board 31 March 2016 £000
5,182	5,182	5,363	5,363	Raw Materials and Consumables	5,894	5,894
5,182	5,182	5,363	5,363	Total Inventories	<u>B S</u> 5,894	5,894



## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 13. TRADE AND OTHER RECEIVABLES

Consolidated 1 April 2014 £000	Board 1 April 2014 £000	Consolidated 1 April 2015 £000	Board 1 April 2015 £000		Note	Consolidated 31 March 2016 £000	Board 31 March 2016 £000
				<b>Receivables Due Within One Year</b>			
				<b>NHS Scotland</b>			
79	79	48	48	- SGHSCD		20	20
2,137	2,137	1,140	1,140	- Boards		2,262	2,262
<b>2,216</b>	<b>2,216</b>	<b>1,188</b>	<b>1,188</b>	<b>Total NHS Scotland Receivables</b>		<b>2,282</b>	<b>2,282</b>
221	221	300	300	NHS Non-Scottish Bodies		164	164
3,131	3,131	3,337	3,337	VAT Recoverable		3,557	3,557
8,072	8,068	7,796	7,796	Prepayments		7,344	7,344
3,435	3,435	2,997	3,016	Accrued Income		4,485	4,485
2,909	2,909	3,874	3,874	Other Receivables		2,788	2,800
24,882	24,882	21,038	21,038	Reimbursement of Provisions		11,967	11,967
<b>44,866</b>	<b>44,862</b>	<b>40,530</b>	<b>40,549</b>	<b>Total Receivables Due Within One Year</b>	<b>B S</b>	<b>32,587</b>	<b>32,599</b>
				<b>Receivables Due After More Than One Year</b>			
				<b>NHS Scotland</b>			
458	458	457	457	Prepayments		428	428
12,316	12,316	19,544	19,544	Reimbursement of Provisions		25,332	25,332
<b>12,774</b>	<b>12,774</b>	<b>20,001</b>	<b>20,001</b>	<b>Total Receivables Due After More Than One Year</b>	<b>B S</b>	<b>25,760</b>	<b>25,760</b>
<b>57,640</b>	<b>57,636</b>	<b>60,531</b>	<b>60,550</b>	<b>TOTAL RECEIVABLES</b>		<b>58,347</b>	<b>58,359</b>
802	802	716	716	The total receivables figure above includes a provision for impairments of:		533	533
				<b>WGA Classification</b>			
2,137	2,137	1,140	1,140	NHS Scotland		2,262	2,262
3,375	3,375	3,385	3,385	Central Government Bodies		3,577	3,577
1,230	1,230	2,363	2,363	Whole of Government Bodies		990	990
221	221	300	300	Balances with NHS Bodies in England and Wales		164	164
50,677	50,673	53,343	53,362	Balances with Bodies External to Government		51,354	51,366
<b>57,640</b>	<b>57,636</b>	<b>60,531</b>	<b>60,550</b>			<b>58,347</b>	<b>58,359</b>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 MARCH 2016

## 13. TRADE AND OTHER RECEIVABLES CONTINUED

Consolidated 31 March 2015 £000	Board 31 March 2015 £000		Consolidated 31 March 2016 £000	Board 31 March 2016 £000
		<b>Movements on the Provision for Impairment of Receivables are as follows:</b>		
		At 1 April	716	716
		Provision for receivables impairment	281	281
		Receivables written off during the year as uncollectible	(81)	(81)
		Unused amounts reversed	(383)	(383)
		<b>At 31 March</b>	<b>533</b>	<b>533</b>

As at 31 March 2016, receivables with a carrying value of £0.533m (2014-15 £0.716m) were impaired and provided for.

The amount of the provision was £0.533m (2014-15 £0.716m). The aging of these receivables is as follows:

£000	£000		£000	£000
		3 to 6 months past due	172	172
		Over 6 months past due	361	361
			<b>533</b>	<b>533</b>

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 2016, receivables of carrying value of £4.530m (2014-15 £4.377m) 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
		Up to 3 months past due	4,530	4,530
			<b>4,530</b>	<b>4,530</b>

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 2015 £000	1 April 2015 £000		31 March 2016 £000	31 March 2016 £000
		Counterparties with external credit ratings	53,829	53,829
		Existing customers with some defaults in the past	53,829	53,829

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
		The carrying amount of receivables are denominated in the following currencies:		
		Pounds	58,347	58,359

All non-current receivables are due within 20 years (2014-15 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 £25.760m (2014-15 £20.001m)

The effective interest rate on non-current other receivables is 2.2% (2014-15 2.2%)

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 14. AVAILABLE FOR SALE FINANCIAL ASSETS

Consolidated 1 April 2014 £000	Board 1 April 2014 £000	Consolidated 1 April 2015 £000	Board 1 April 2015 £000		Consolidated 31 March 2016 £000	Board 31 March 2016 £000
5,216	976	5,717	976	Other	5,276	976
<b>5,216</b>	<b>976</b>	<b>5,717</b>	<b>976</b>	<b>TOTAL</b>	<b>BS 5,276</b>	<b>976</b>
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
3,924	0	5,216	976	At 1 April	5,717	976
1,199	976	139	0	Additions	155	0
(12)	0	(20)	0	Disposals	(20)	0
105	0	382	0	Revaluation Surplus/(Deficit) Transferred to Equity	(576)	0
<b>5,216</b>	<b>976</b>	<b>5,717</b>	<b>976</b>	At 31 March	<b>5,276</b>	<b>976</b>
0	0	0	0	<b>Current</b>	<b>BS 0</b>	<b>0</b>
5,216	976	5,717	976	<b>Non-current</b>	<b>BS 5,276</b>	<b>976</b>
<b>5,216</b>	<b>976</b>	<b>5,717</b>	<b>976</b>	At 31 March	<b>5,276</b>	<b>976</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

15. CASH AND CASH EQUIVALENTS

	Note	At 1 April 2015 £000	Cash Flow £000	At 31 March 2016 £000
Government Banking Service Account Balance		412	(37)	375
Cash at Bank and In Hand		43	1	44
Endowment Cash		813	(641)	172
<b>Total Cash and Cash Equivalents - Balance Sheet</b>	<u>B S</u>	1,268	(677)	591
Overdrafts	<u>16</u>	0	0	0
<b>Total Cash - Cash Flow Statement</b>		<u>1,268</u>	<u>(677)</u>	<u>591</u>
		<u>CFS</u>		<u>CFS</u>

Prior Year

	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>	2,842	(1,574)	1,268
Overdrafts	<u>16</u>	0	0	0
<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>

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 2016

## 16. TRADE AND OTHER PAYABLES

Consolidated 1 April 2014 £000	Board 1 April 2014 £000	Consolidated 1 April 2015 £000	Board 1 April 2015 £000		Note	Consolidated 31 March 2016 £000	Board 31 March 2016 £000
				<b>Payables Due Within One Year</b>			
				<b>NHSScotland</b>			
7,102	7,102	10,755	10,755	- Boards		14,222	14,222
<b>7,102</b>	<b>7,102</b>	<b>10,755</b>	<b>10,755</b>	<b>Total NHS Scotland Payables</b>		<b>14,222</b>	<b>14,222</b>
439	439	783	783	NHS Non-Scottish Bodies		858	858
1,960	1,960	455	455	General Fund Payable		419	419
37,112	37,112	42,847	42,847	FHS Practitioners		45,448	45,448
5,236	5,205	10,317	10,317	Trade Payables		14,474	14,464
38,523	38,503	43,530	43,227	Accruals		45,550	45,550
1,786	1,786	2,178	2,178	Deferred income		2,860	2,860
5,773	5,773	7,537	7,537	Net Obligations Under PPP/PFI/Hub Contracts	<u>23</u>	8,112	8,112
9,187	9,187	9,093	9,093	Income Tax and Social Security		9,246	9,246
6,159	6,159	6,346	6,346	Superannuation		6,874	6,874
2,949	2,949	3,135	3,135	Holiday Pay accrual		4,734	4,734
0	0	7,741	7,741	Clinical/Medical Negligence Claims		0	0
517	524	564	564	Other Payables		260	260
<b>116,743</b>	<b>116,699</b>	<b>145,281</b>	<b>144,978</b>	<b>Total Payables Due Within One Year</b>	<u>B S</u>	<b>153,057</b>	<b>153,047</b>
				<b>Payables Due After More Than One Year</b>			
				<b>NHS Scotland</b>			
6,707	6,707	8,661	8,661	Net obligations under PPP/PFI/Hub Contracts due within 2 years	<u>23</u>	9,359	9,359
27,012	27,012	33,940	33,940	Net obligations under PPP/PFI/Hub Contracts due after 2 years but within 5 years	<u>23</u>	37,301	37,301
120,107	120,107	102,940	102,940	Net Obligations Under PPP/PFI/Hub Contracts Due After 5 Years	<u>23</u>	130,572	130,572
0	0	27,563	27,563	Liabilities in relation to Hub Assets under construction		0	0
<b>153,826</b>	<b>153,826</b>	<b>173,104</b>	<b>173,104</b>	<b>Total Payables due After More Than One Year</b>	<u>B S</u>	<b>177,232</b>	<b>177,232</b>
<b>270,569</b>	<b>270,525</b>	<b>318,385</b>	<b>318,082</b>	<b>TOTAL PAYABLES</b>		<b>330,289</b>	<b>330,279</b>
				<b>WGA Classification</b>			
7,102	7,102	10,755	10,755	NHS Scotland		14,222	14,222
15,346	15,346	15,401	15,401	Central Government Bodies		16,340	16,340
2	2	227	227	Whole of Government Bodies		233	233
439	439	783	783	Balances with NHS Bodies in England and Wales		858	858
247,680	247,636	291,219	290,916	Balances with Bodies External to Government		298,636	298,626
<b>270,569</b>	<b>270,525</b>	<b>318,385</b>	<b>318,082</b>			<b>330,289</b>	<b>330,279</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

16. TRADE AND OTHER PAYABLES CONTINUED

Consolidated 31 March 2015 £000	Board 31 March 2015 £000		Consolidated 31 March 2016 £000	Board 31 March 2016 £000
		<b>Borrowings Included Above Comprise:</b>		
153,078	153,078	PFI Contracts	185,344	185,344
<u>153,078</u>	<u>153,078</u>		<u>185,344</u>	<u>185,344</u>
		The carrying amount and fair value of the non-current borrowings are as follows:		
£000	£000	<b>Carrying Amount</b>	<b>Carrying amount</b>	<b>Carrying amount</b>
145,541	145,541	PFI Contracts	£000	£000
<u>145,541</u>	<u>145,541</u>		177,232	177,232
		The carrying amount and fair value of the non-current borrowings are as follows:	<u>177,232</u>	<u>177,232</u>
£000	£000	<b>Fair Value</b>	<b>Fair value</b>	<b>Fair value</b>
145,541	145,541	PFI Contracts	£000	£000
<u>145,541</u>	<u>145,541</u>		177,232	177,232
		The carrying amount of short term payables approximates to their fair value.	<u>177,232</u>	<u>177,232</u>
£000	£000	The carrying amount of payables are denominated in the following currencies:	£000	£000
318,385	318,082	Pounds	330,289	330,279
<u>318,385</u>	<u>318,082</u>		<u>330,289</u>	<u>330,279</u>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 17. PROVISIONS - Consolidated and Board

	Pensions and Similar Obligations £000	Clinical & Medical £000	Participation in CNORIS £'000	Other £000	Total £000	
At 1 April 2015	12,337	33,852	33,399	1,433	81,021	
Arising During the Year	471	8,913	9,347	104	18,835	
Utilised During the Year	(886)	(3,257)	(2,925)	(608)	(7,676)	
Unwinding of Discount	31	(380)	(57)	(5)	(411)	
Reversed Unutilised	(357)	(1,297)	(8,198)	(334)	(10,186)	
<b>At 31 March 2016</b>	<b>11,596</b>	<b>37,831</b>	<b>31,566</b>	<b>590</b>	<b>81,583</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	1,513	11,814	9,103	575	23,005
Payable between 2 - 5 years	3,354	19,027	12,448	15	34,844
Payable between 6 - 10 years	3,563	944	1,171	0	5,678
Thereafter	3,166	6,046	8,844	0	18,056
<b>At 31 March 2016</b>	<b>11,596</b>	<b>37,831</b>	<b>31,566</b>	<b>590</b>	<b>81,583</b>

## PRIOR YEAR

	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>

	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>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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 1.37% (2014-15 1.3%) 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 -1.55% (2014-15( -1.5%))

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 -1.55% (2014-15( -1.5%))



NHS LANARKSHIRE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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

2014	2015		Note	2016
£'000	£'000			£'000
38,029	34,162	Provision recognising individual claims against the NHS Board as at 31 March	17	37,952
(37,198)	(40,582)	Associated CNORIS receivable at 31 March	13	(37,299)
36,907	33,399	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	17	31,566
<b>37,738</b>	<b>26,979</b>	<b>Net Total Debtor relating to CNORIS at 31 March</b>		<b>32,219</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 £25,000 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 £25,000 "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 2016

## 18. MOVEMENT ON WORKING CAPITAL BALANCES

31 March 2015 Net Movement £000		Note	1 April 2015 Opening Balances £000	31 March 2016 Closing Balances £000	31 March 2016 Net Movement £000
	<b>INVENTORIES</b>				
(181)	Balance Sheet	12	5,363	5,894	
<u>(181)</u>	<b>Net Decrease/(Increase)</b>				<b>(531)</b>
	<b>TRADE AND OTHER RECEIVABLES</b>				
4,313	Due Within One Year	13	40,549	32,599	
(7,227)	Due After More Than One Year	13	20,001	25,760	
			60,550	58,359	
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	
			60,550	58,359	
<u>(2,914)</u>	<b>Net Decrease/(Increase)</b>				<b>2,191</b>
	<b>TRADE AND OTHER PAYABLES</b>				
28,279	Due Within One Year	16	144,978	153,047	
19,278	Due After More Than One Year	16	173,104	177,232	
(27,420)	Less: Property, Plant & Equipment (Capital) Included in Above		30,320	39,427	
0	Less: Intangible Assets (Capital) Included in Above	16	0	0	
0	Less: Bank Overdraft	16	0	0	
1,505	Less: General Fund Payable Included in Above	16	(455)	(419)	
6,521	Less: Lease and PFI Payables Included in Above		(153,078)	(185,344)	
0	Less : Interest Payable Included in Above		0	0	
			194,869	183,943	
<u>28,163</u>	<b>Net (Decrease)/Increase</b>				<b>(10,926)</b>
	<b>PROVISIONS</b>				
(7,045)	Balance Sheet	17	81,021	81,583	
(19)	Transfer from Provision to General Fund				
<u>(7,064)</u>	<b>Net (Decrease)/Increase</b>				<b>562</b>
<u>18,004</u>	<b>NET MOVEMENT (Decrease)/Increase</b>	<b>CFS</b>			<b>(8,704)</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

19. CONTINGENT LIABILITIES

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

31 March 2015 Value £000	Nature	31 March 2016 Value £000
17,262	<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	16,567
0	<b>Employer's Liability</b>	0
0	<b>Third Party Liability</b>	0
0	<b>Doubtful Debts</b>	0
<u>17,262</u>		<u>16,567</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**

16,395	<b>Clinical and Medical Compensation Payments</b>	15,583
0	<b>Employer's Liability</b>	0
<u>16,395</u>		<u>15,583</u>

**LANARKSHIRE HEALTH BOARD**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

**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 2016

21. COMMITMENTS

<b>Capital Commitments</b>		<b>Property Plant and Equipment</b>	<b>Total</b>
<b>31 March 2015 £000</b>	The Board has the following Capital Commitments which have not been included in the accounts.	<b>31 March 2016 £000</b>	<b>31 March 2016 £000</b>
	<b>Contracted</b>		
17,840	Monklands Replacement of Theatres & ICU	10,876	10,876
6,075	Beatson at Monklands West of Scotland Radiotherapy Centre	0	0
2,285	Monklands - Pathology Centralisation	0	0
1,400	Primary Care Investment Equipment	0	0
<b>27,600</b>		<b>10,876</b>	<b>10,876</b>
	<b>Authorised but not Contracted</b>		
	Significant commitments over £250,000 authorised by the Board are :		
1,000	Monklands Business Continuity	935	935
<b>1,000</b>	<b>Total</b>	<b>935</b>	<b>935</b>

**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 2016

22. COMMITMENTS UNDER LEASES

31 March 2015	Operating Leases	31 March 2016
£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>	
1,269	Not Later Than One Year	1,234
1,168	Later than one year, not later than 2 years	1,194
3,009	Later Than Two Years, Not Later Than Five Years	2,685
3,947	Later Than Five Years	3,228
	<b>Other</b>	
2,755	Not Later Than One Year	3,042
2,302	Later than one year, not later than 2 years	2,675
2,130	Later Than Two Years, Not Later Than Five Years	1,187
0	Later Than Five Years	0
	<b>Amounts Charged to Operating Costs in the Year Were:</b>	
3,862	Hire of Equipment (Including Vehicles)	3,847
2,368	Other Operating Leases	2,450
<u>6,230</u>	<b>Total</b>	<u>6,297</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 £73.538m. 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 £150.695m. 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 £4.282m. 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.

## Hub Projects

The provision of three community Health Centres in East Kilbride, Kilsyth and Wishaw under the Scottish Future Trust Hubco leased model.

These new facilities opened in 2015/16 and are provided by hub South West Scotland under a 25 year contract. The Hubco provides the centres and is responsible for lifecycle and hard facilities management services which are delivered under a subcontract with Graham Facilities Management Ltd. The contract is managed under a performance regime with deduction applied to the payment for performance failures. The current estimated capital value of these facilities is £ 39.486m.

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:

2013/14	2014/15		Hairmyres	Wishaw	Stonehouse	Hub	Total
£000	£000	Gross Minimum Lease Payments	2015/16	2015/16	2015/16	2015/16	2015/16
			£000	£000	£000	£000	£000
22,853	23,720	Rentals Due Within 1 Year	7,796	15,204	434	3,028	26,462
23,235	24,121	Due within 1 to 2 years	7,955	15,472	434	3,028	26,889
72,283	74,831	Due Within 2 to 5 Years	24,849	48,329	1,303	9,085	83,566
205,534	166,544	Due After 5 Years	0	147,610	5,645	58,099	211,354
323,905	289,216	Total	40,600	226,615	7,816	73,240	348,271
2013/14	2014/15		Hairmyres	Wishaw	Stonehouse	Hub	Total
£000	£000	Less Interest Element	2015/16	2015/16	2015/16	2015/16	2015/16
			£000	£000	£000	£000	£000
(17,080)	(16,183)	Rentals Due Within 1 Year	(3,125)	(12,606)	(366)	(2,253)	(18,350)
(16,528)	(15,460)	Due within 1 to 2 years	(2,646)	(12,316)	(359)	(2,209)	(17,530)
(45,271)	(40,891)	Due Within 2 to 5 Years	(4,371)	(34,532)	(1,024)	(6,338)	(46,265)
(85,427)	(63,604)	Due After 5 Years	0	(54,321)	(2,694)	(23,767)	(80,782)
(164,306)	(136,138)	Total	(10,142)	(113,775)	(4,443)	(34,567)	(162,927)
2013/14	2014/15		Hairmyres	Wishaw	Stonehouse	Hub	Total
£000	£000	Present Value of Minimum Lease Payments	2015/16	2015/16	2015/16	2015/16	2015/16
			£000	£000	£000	£000	£000
5,773	7,537	Rentals Due Within 1 Year	4,671	2,598	68	775	8,112
6,707	8,661	Due within 1 to 2 years	5,309	3,156	75	819	9,359
27,012	33,940	Due Within 2 to 5 Years	20,478	13,797	279	2,747	37,301
120,107	102,940	Due After 5 Years	0	93,289	2,951	34,332	130,572
159,599	153,078	Total	30,458	112,840	3,373	38,673	185,344
Total	Total		Total				
2013/14	2014/15		2015/16				
£000	£000		£000				£000
28,464	29,024	Service Charges	29,077				
17,551	16,801	Interest Charges	19,041				
0	0	Other Charges	0				
46,015	45,825	Total	48,118				
2013/14	2014/15		Total				
£000	£000		2015/16				£000
450	476	Contingent Rents (included in other charges)	682				

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

**24. PENSION COSTS**

NHS Lanarkshire participates in the National Health Service 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.

The employer contribution rate for the period from 1 April 2015 was 14.9% of pensionable pay. While the employee rate applied is 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.

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 total employer contributions received for the NHS Scotland scheme in the year to 31 March 2015 were £659.8 million. NHS Lanarkshire's level of participation in the scheme is 6.8% based on the proportion of employer contributions paid on 2014-15.

The scheme is an unfunded multi-employer defined scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme as NHS Lanarkshire is unable to identify its share of the underlying assets and liabilities of the scheme.

The participation rate of 6.8% is calculated as the PY pension costs per the note (£44.59m) over the total contributions disclosed on the scheme for 2014/15 (£659.8m). This is because the total contributions for 2015/16 are not yet reported.

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 will be 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 8.5% of pensionable earnings. Pensions are increased in line with Consumer Price Index.

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

All other members automatically joined the NHS 2015 scheme on 1 April 2015.

**Arrangements from 2008:**

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 the 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 8.5% 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.

**Arrangements from 2015:**

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54th of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Price Index (CPI). This continues until the member leaves the scheme or retires. In 2015-16 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal retirement age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

	2015/16	2014/15
	£000	£000
Pension Cost Charge For the Year	49,722	44,590
Additional Costs Arising From Early Retirement	0	0
Provisions/Liabilities/Prepayments Included in the Balance Sheet	11,596	12,337



LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

25. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

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

	Dr £000	Cr £000
Adjustment 1		
	<u>0</u>	<u>0</u>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

26a. RESTATED SOCNE

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Clinical Services Costs</b>			
Hospital and Community	0	0	0
Less: Hospital and Community Income		0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Family Health Services		0	0
Less: Family Health Services Income		0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Clinical Services Costs</b>	<u>0</u>	<u>0</u>	<u>0</u>
Administration Costs		0	0
Less: Administration Income	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Other Non Clinical Services			0
Less: Other Operating Income			0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Operating Costs</b>	<u>0</u>	<u>0</u>	<u>0</u>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 26b. RESTATED BALANCE SHEET

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Non-current assets</b>			
Property, plant and equipment	0	0	0
Intangible assets	0	0	0
Financial assets:			
Available for sale financial assets	0	0	0
Trade and other receivables	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>CURRENT ASSETS</b>			
Inventories	0	0	0
Financial assets:			
Trade and other receivables	0	0	0
Cash and cash equivalents	0	0	0
Available for sale financial assets	0	0	0
Derivatives financial assets	0	0	0
Assets classified as held for sale	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>CURRENT LIABILITIES</b>			
Provisions	0	0	0
Financial liabilities:			
Trade and other payables	0	0	0
Derivatives financial liabilities	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NON-CURRENT ASSETS PLUS/LESS NET CURRENT ASSETS/LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Non-current liabilities</b>			
Provisions	0	0	0
Financial liabilities:			
Trade and other payables	0	0	0
<b>Total non-current liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Assets less liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TAXPAYERS' EQUITY</b>			
General Fund	0	0	0
Revaluation Reserve	0	0	0
Other Reseves	0	0	0
Funds Held on Trust	0	0	0
<b>Total taxpayers' equity</b>	<u>0</u>	<u>0</u>	<u>0</u>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 26c. RESTATED CASH FLOW STATEMENT

	Previous Accounts £'000	Adjustment 1 £'000	These Accounts £'000
<b>Cash flows from operating activities</b>			
Net operating cost	0	0	0
Adjustments for non-cash transactions	0	0	0
Add back: interest payable recognised in net operating cost	0	0	0
Deduct: interest receivable recognised in net operating cost	0	0	0
Investment Income	0	0	0
(Increase) / decrease in trade and other receivables	0	0	0
(Increase) / decrease in inventories	0	0	0
Increase / (decrease) in trade and other payables	0	0	0
Increase / (decrease) in provisions	0	0	0
<b>Net cash outflow from operating activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	0	0	0
Purchase of intangible assets	0	0	0
Investment Additions	0	0	0
Proceeds of disposal of property, plant and equipment	0	0	0
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>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from financing activities</b>			
Funding	0	0	0
Movement in general fund working capital	0	0	0
Cash drawn down	0	0	0
Capital element of payments in respect of finance leases and on- balance sheet PFI contracts	0	0	0
Interest paid	0	0	0
Interest element of finance leases and on-balance sheet PFI/PPP contracts	0	0	0
<b>Net Financing</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at the beginning of the period</b>			<b>0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
Increase/(decrease) in cash in year	0	0	0
Net debt/cash at 1 April		0	<b>0</b>
<b>Net debt/cash at 31 March</b>	<b>0</b>	<b>0</b>	<b>0</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

27. FINANCIAL INSTRUMENTS BY CATEGORY

Financial Assets

CONSOLIDATED

	Note	Loans and Receivables £000	Available for Sale £000	Total £000
<b>AT 31 MARCH 2016</b>				
<b>Assets Per Balance Sheet</b>				
Investments	<u>14</u>	0	5,276	5,276
Trade and Other Receivables Excluding Prepayments, Reimbursements of Provisions and VAT Recoverable.	<u>13</u>	7,437	0	7,437
Cash and Cash Equivalents	<u>15</u>	591	0	591
		<b>8,028</b>	<b>5,276</b>	<b>13,304</b>

BOARD

	Note	Loans and Receivables £000	Available for Sale £000	Total £000
<b>AT 31 MARCH 2016</b>				
<b>Assets Per Balance Sheet</b>				
Investments	<u>14</u>	0	976	976
Trade and Other Receivables Excluding Prepayments, Reimbursements of Provisions and VAT Recoverable.	<u>13</u>	7,449	0	7,449
Cash and Cash Equivalents	<u>15</u>	419	0	419
		<b>7,868</b>	<b>976</b>	<b>8,844</b>

CONSOLIDATED (Prior Year)

	Note	Loans and Receivables £000	Available for Sale £000	Total £000
<b>AT 31 MARCH 2015</b>				
<b>Assets Per Balance Sheet</b>				
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
		<b>8,439</b>	<b>5,717</b>	<b>14,156</b>

BOARD

	Note	Loans and Receivables £000	Available for Sale £000	Total £000
<b>AT 31 MARCH 2015</b>				
<b>Assets Per Balance Sheet</b>				
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
		<b>7,645</b>	<b>976</b>	<b>8,621</b>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

27. FINANCIAL INSTRUMENTS CONTINUED

Financial Liabilities

CONSOLIDATED

	Note	Other Financial Liabilities £000	Total £000
<b>AT 31 MARCH 2016</b>			
<b>Liabilities Per Balance Sheet</b>			
PFI / Hub Liabilities	<u>16</u>	185,344	185,344
Trade and Other Payables excluding Statutory Liabilities (VAT and Income Tax and Social Security) Deferred Income and Superannuation	<u>16</u>	111,743	111,743
		<u>297,087</u>	<u>297,087</u>

BOARD

	Note	Other Financial Liabilities	Total
<b>AT 31 MARCH 2016</b>			
<b>Liabilities Per Balance Sheet</b>			
PFI / Hub Liabilities	<u>16</u>	185,344	185,344
Trade and Other Payables excluding Statutory Liabilities (VAT and Income Tax and Social Security) Deferred Income and Superannuation	<u>16</u>	111,733	111,733
		<u>297,077</u>	<u>297,077</u>

CONSOLIDATED (Prior Year)

	Note	Other Financial Liabilities £000	Total £000
<b>AT 31 MARCH 2015</b>			
<b>Liabilities Per Balance Sheet</b>			
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 (Prior Year)

	Note	Other Financial Liabilities £000	Total £000
<b>AT 31 MARCH 2015</b>			
<b>Liabilities Per Balance Sheet</b>			
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>

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

**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 a 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 2016

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 2016</b>				
PFI/Hub Liabilities	8,112	9,359	37,301	130,572
Total	<b>8,112</b>	<b>9,359</b>	<b>37,301</b>	<b>130,572</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 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>

**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 2016**

**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 2016**

**29. RELATED PARTY TRANSACTIONS**

NHS Lanarkshire is one of 14 Regional Boards within NHS Scotland and the Scottish Government Health and Social Care Directorate (SGHSCD) is regarded as a related party. During the year NHS Lanarkshire has had various material transactions with the SGHSCD and with other entities for which it is regarded as a parent Department, for example other Health Boards.

In addition, NHS Lanarkshire has had various material transactions with other government departments and other central government bodies. Most of these transactions have been with North Lanarkshire Council, South Lanarkshire Council, Scottish Public Pensions Agency and HMRC.

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

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 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 2016	349,835	149,142	125,838	56,727	316,309	263,966	1,261,817
Net Operating Cost per Annual Accounts	349,835	149,142	125,838	56,727	316,309	263,966	1,261,817

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 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.

LANARKSHIRE HEALTH BOARD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

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.

	2015 £000	Gross Inflows £000	Gross Outflows £000	2016 £000
Monetary Amounts Such as Bank Balances and Monies on Deposit - Patients Funds Accounts	768	451	(354)	865
Total Monetary Assets	<u>768</u>	<u>451</u>	<u>(354)</u>	<u>865</u>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

**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	0	0
£10,000 - £25,000	0	1	1
£25,000 - £50,000	0	4	4
£50,000 - £100,000	0	3	3
<b>Total Number Exit Packages By Type</b>	<b>0</b>	<b>8</b>	<b>8</b>
<b>Total Resource Cost (£'000)</b>	<b>0</b>	<b>361</b>	<b>361</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>
<£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>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 33a. CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Group 2015 £'000		Board 2016 £'000	Endowments 2016 £'000	Consolidated 2016 £'000
	<b>Clinical Services Costs</b>			
936,960	Hospital and Community	996,207	0	996,207
32,428	Less: Hospital and Community Income	34,450	0	34,450
<u>904,532</u>		<u>961,757</u>	<u>0</u>	<u>961,757</u>
303,492	Family Health	310,645	0	310,645
8,756	Less: Family Health Income	9,415	0	9,415
<u>294,736</u>		<u>301,230</u>	<u>0</u>	<u>301,230</u>
<b>1,199,268</b>	<b>Total Clinical Services Costs</b>	<b>1,262,987</b>	<b>0</b>	<b>1,262,987</b>
8,771	Administration Costs	8,835	0	8,835
0	Less: Administration Income	0	0	0
<u>8,771</u>		<u>8,835</u>	<u>0</u>	<u>8,835</u>
32,535	Other Non Clinical Services	20,356	901	21,257
39,505	Less: Other Operating Income	30,624	119	30,743
<u>(6,970)</u>		<u>(10,268)</u>	<u>782</u>	<u>(9,486)</u>
<b>1,201,069</b>	<b>Net Operating Costs</b>	<b>1,261,554</b>	<b>782</b>	<b>1,262,336</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 2016

## 33b. CONSOLIDATED GROUP BALANCE SHEET

Group 2015 £'000		Note	Board 2016 £'000	Endowment 2016 £'000	Intra Group adjustment 2016 £'000	Group 2016 £'000
	<b>Non-current assets:</b>					
524,807	Property, plant and equipment	<u>11</u>	550,721	0	0	550,721
2,285	Intangible assets	<u>10</u>	1,696	0	0	1,696
	Financial assets:					
5,717	Available for sale financial assets	<u>14</u>	976	4,300	0	5,276
20,001	Trade and other receivables	<u>13</u>	25,760	0	0	25,760
<b>552,810</b>	<b>Total non-current assets</b>		<b>579,153</b>	<b>4,300</b>	<b>0</b>	<b>583,453</b>
	<b>Current Assets:</b>					
5,363	Inventories	<u>12</u>	5,894	0	0	5,894
	Financial assets:					
40,531	Trade and other receivables	<u>13</u>	32,599	29	(41)	32,587
1,268	Cash and cash equivalents	<u>15</u>	419	172	0	591
5,916	Assets classified as held for sale	<u>11c</u>	4,590	0	0	4,590
<b>53,078</b>	<b>Total current assets</b>		<b>43,502</b>	<b>201</b>	<b>(41)</b>	<b>43,662</b>
<b>605,888</b>	<b>Total assets</b>		<b>622,655</b>	<b>4,501</b>	<b>(41)</b>	<b>627,116</b>
	<b>Current liabilities</b>					
(32,402)	Provisions	<u>17</u>	(23,005)	0	0	(23,005)
	Financial liabilities:					
(145,282)	Trade and other payables	<u>16</u>	(153,047)	(51)	41	(153,057)
<b>(177,684)</b>	<b>Total current liabilities</b>		<b>(176,052)</b>	<b>(51)</b>	<b>41</b>	<b>(176,062)</b>
<b>428,204</b>	<b>Non-current assets plus/less net current assets/liabilities</b>		<b>446,603</b>	<b>4,450</b>	<b>0</b>	<b>451,053</b>
	<b>Non-current liabilities</b>					
(48,619)	Provisions	<u>17</u>	(58,578)	0	0	(58,578)
	Financial liabilities:					
(173,104)	Trade and other payables	<u>16</u>	(177,232)	0	0	(177,232)
<b>(221,723)</b>	<b>Total non-current liabilities</b>		<b>(235,810)</b>	<b>0</b>	<b>0</b>	<b>(235,810)</b>
<b>206,481</b>	<b>Assets less liabilities</b>		<b>210,793</b>	<b>4,450</b>	<b>0</b>	<b>215,243</b>
	<b>Taxpayers' Equity</b>					
30,038	General fund	SOCTE	25,155	0	0	25,155
171,211	Revaluation reserve	SOCTE	185,638	0	0	185,638
5,232	Funds Held on Trust	SOCTE	0	4,450	0	4,450
<b>206,481</b>	<b>Total taxpayers' equity</b>		<b>210,793</b>	<b>4,450</b>	<b>0</b>	<b>215,243</b>

## LANARKSHIRE HEALTH BOARD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2016

## 33c. CONSOLIDATED STATEMENT OF CASHFLOWS

Board 2015 £'000	Endowment 2015 £'000	Group 2015 £'000		Board 2016 £'000	Endowment 2016 £'000	Group 2016 £'000
			<b>Cash flows from operating activities</b>			
(1,201,219)	150	(1,201,069)	Net operating cost	(1,261,553)	(206)	(1,261,759)
23,193	(501)	22,692	Adjustments for non-cash transactions	25,996	141	26,137
16,125	0	16,125	Add back: interest payable recognised in net operating cost	18,630	0	18,630
(2,914)	(8)	(2,922)	(Increase) / decrease in trade and other receivables	2,191	(9)	2,182
(181)	0	(181)	(Increase) / decrease in inventories	(531)	0	(531)
28,163	290	28,453	Increase / (decrease) in trade and other payables	(10,926)	(291)	(11,217)
(7,064)	0	(7,064)	Increase / (decrease) in provisions	562	0	562
<b>(1,143,897)</b>	<b>(69)</b>	<b>(1,143,966)</b>	<b>Net cash outflow from operating activities</b>	<b>(1,225,631)</b>	<b>(365)</b>	<b>(1,225,996)</b>
			<b>Cash flows from investing activities</b>			
(21,837)	0	(21,837)	Purchase of property, plant and equipment	(43,347)	0	(43,347)
(709)	0	(709)	Purchase of intangible assets	(310)	0	(310)
0	0	0	Investment Additions	0	300	300
438	0	438	Proceeds of disposal of property, plant and equipment	3,595	0	3,595
<b>(22,108)</b>	<b>0</b>	<b>(22,108)</b>	<b>Net cash outflow from investing activities</b>	<b>(40,062)</b>	<b>300</b>	<b>(39,762)</b>
			<b>Cash flows from financing activities</b>			
1,188,651	0	1,188,651	Funding	1,252,057	0	1,252,057
(1,505)	0	(1,505)	Movement in general fund working capital	(36)	0	(36)
<b>1,187,146</b>	<b>0</b>	<b>1,187,146</b>	<b>Cash drawn down</b>	<b>1,252,021</b>	<b>0</b>	<b>1,252,021</b>
(6,521)	0	(6,521)	Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	32,266	0	32,266
676	0	676	Interest paid	411	0	411
(16,801)	0	(16,801)	Interest element of finance leases and on-balance sheet PFI/PPP contracts	(19,041)	0	(19,041)
<b>1,164,500</b>	<b>0</b>	<b>1,164,500</b>	<b>Net Financing</b>	<b>1,265,657</b>	<b>0</b>	<b>1,265,657</b>
(1,505)	(69)	(1,574)	<b>Net Increase / (decrease) in cash and cash equivalents in the period</b>	(36)	(641)	(677)
1,960	882	2,842	<b>Cash and cash equivalents at the beginning of the period</b>	455	813	1,268
<b>455</b>	<b>813</b>	<b>1,268</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>419</b>	<b>172</b>	<b>591</b>
			<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
(1,505)	(69)	(1,574)	Increase/(decrease) in cash in year	(36)	(641)	(677)
1,960	882	2,842	Net debt/cash at 1 April	455	813	1,268
<b>455</b>	<b>813</b>	<b>1,268</b>	<b>Net debt/cash at 31 March</b>	<b>419</b>	<b>172</b>	<b>591</b>

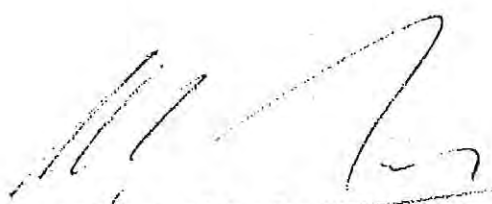




**Lanarkshire Health Board**

**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

